

Annual Report & Accounts 2021-22

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Performance Report

Introduction by the Interim Chair

As OSCR's Interim Chair, I am proud to present our Annual Report and Accounts for 2021-22.

Over my time with OSCR we've continued our work as an enabling regulator to Scotland's 25,000 charities, while striving to ensure that public confidence in the sector remains high.

Over this year we've managed a significant change in the governance of OSCR, with a number of long standing Board Members reaching the end of their time in post. I'd like to thank Pat Armstrong, Stuart Cross, Stephanie Fraser and Shona Ulrichsen for their work and wise advice during my time with the organisation. I'd also like to take this opportunity to welcome our new Board Members, Lynn Bradley, Kirsten Howie, Neil Mackay, William Maxwell and Robin Strang, whose appointment was announced by the cabinet secretary on 1 April, I look forward to working with them over the months ahead.

I'd also like to thank OSCR's diligent and professional staff team for their hard work and focus over the past twelve months. Despite the turbulent environment we've all found ourselves in, their work has ensured that we can now begin to build on the firm foundations they've put in place in a range of areas, delivering our Knowledge Management Strategy and working to improve transparency around our important work.

Finally, I would also like to recognise the work of Scotland's charities, their trustees, staff and volunteers who have made such a positive difference to our society and the communities and individuals they serve. It's been a privilege to be able to regulate and better understand the fantastic work you do.



George Walker
Interim OSCR Board Chair

Chief Executive's Welcome



The past year has been a significant journey for us all. As we slowly emerged from the significant challenges and constraints of the COVID-19 pandemic, I'm proud to look back at the successes of OSCR, our team and the sector we regulate and the real progress we've all made over this time.

During the pandemic, OSCR has become more flexible and dynamic in the way that we work, and in how we can go about our day to day tasks. We have now settled into our updated organisational structure, and have developed a more cross-disciplinary approach to our regulatory work.

This is already delivering benefits in allowing us to better target our resources towards addressing more challenging cases. We have also now adapted to offer opportunities for hybrid working to our staff, making the best use of our offices in Dundee while taking advantage of the flexibilities offered through working at home and other offices. We've also taken positive action to address a number of areas highlighted to us in our conversations and surveys with our people with a particular focus on our training offer and dedicated HR support. We've been joined by a number of new staff over the year and it's been great to see a number of colleagues move into new promoted posts both within and beyond OSCR.

Our work to share our intelligence and data to better inform and support the development of policies that impact on charities has continued to grow. Our State of the Sector report last year details the current state of Scotland's charity sector and is being accessed by policy colleagues across a wide range of bodies. At the same time, we have continued our work to engage with charities and intermediary groups through a programme of tailored and targeted online events.

We continue to make progress in delivering our Digital Strategy and our replacement to 'OSCR Online' will launch this year. The new system will make it easier for charities to fulfil their responsibilities in terms of regulation, and will oil the wheels of our own internal processes by increasing the flexibility, efficiency and effectiveness of our own work.

Overall I am assured that the work undertaken by the OSCR team during this year has built well on previous activities and positions us to deliver fully on our Business Plan and Corporate Plan for 2020-23.

As we emerge from the pandemic, OSCR is better equipped than ever to face the challenges ahead, and serve the needs of a dynamic sector though modern, flexible and proportionate regulatory activity.

Maureen Mallon
OSCR Chief Executive and Accountable Officer

Purpose and activities of the organisation

OSCR regulates Scotland's 25,000 charities, and maintains the Scottish Charity Register.

As a Non-Ministerial Office of the Scottish Administration, we are accountable to the Scottish Parliament. We work alongside the Scottish Government, but are separate from them.

We carry out our work to ensure that the Scottish public have confidence that the country's 25,000 charities are well run.

All charities in Scotland must be registered with us and must meet annual reporting requirements. We undertake a range of inquiries based on intelligence, analysis and reporting and work to ensure that any wrongdoing is highlighted, addressed and relevant parties are held to account. As an enabling regulator, we also offer a wide range of services to support and encourage improvement in the sector, using our knowledge and intelligence to positively influence and inform the development of national policy, legislation and practice.

Our four strategic priorities, as set out in our current **Corporate Plan**, are:

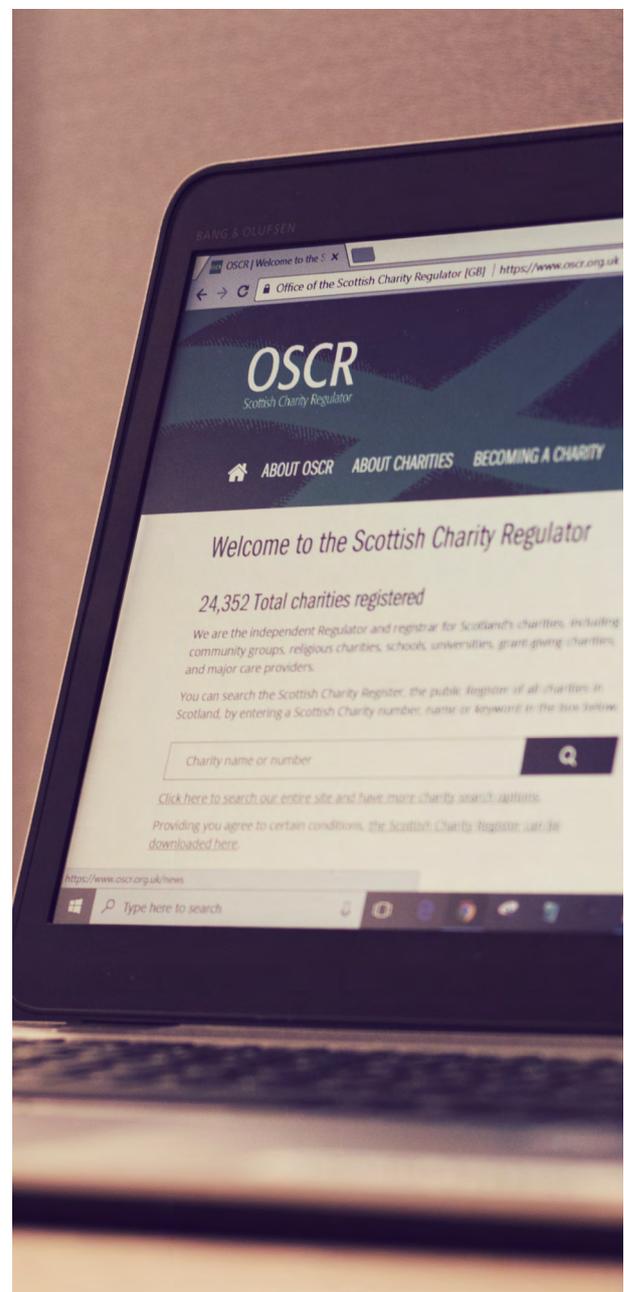
1. The public has confidence in charities
2. Charities are well run and thriving
3. Charities are at the heart of a vibrant and sustainable Scotland, and
4. The Scottish Charity Regulator is a highly effective organisation.

We deliver this by:

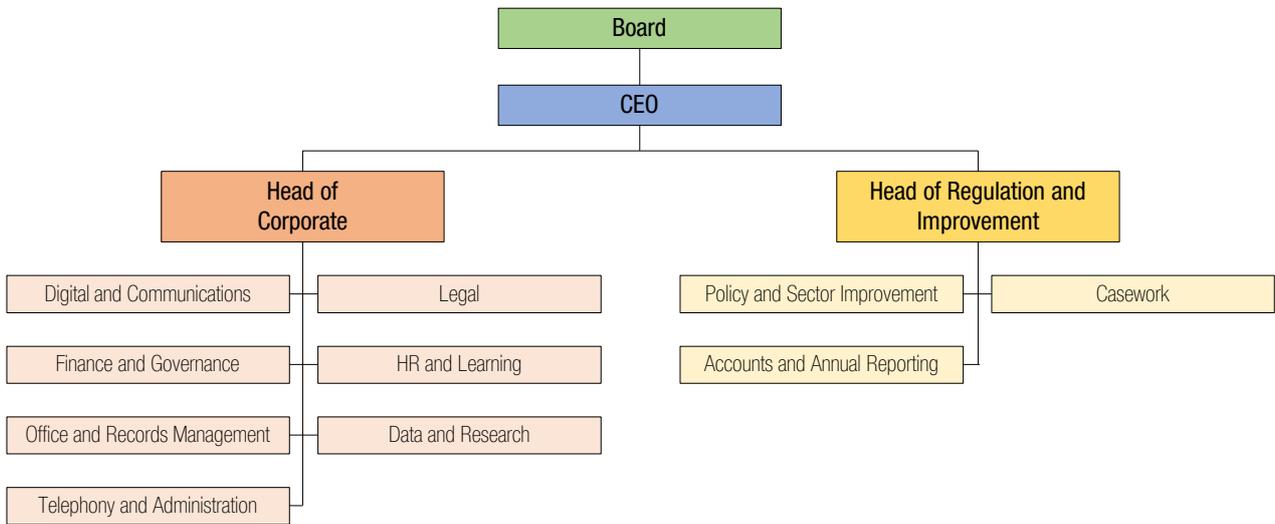
- granting charitable status
- publishing a Register of all Scottish charities
- receiving annual returns and accounts from all charities registered in Scotland and using these to gather intelligence to underpin sector improvement
- identifying and taking action where we believe misconduct, including mismanagement, has occurred in a charity
- offering a range of services which support and encourage sustainable improvement within the charity sector

- supporting improvement in and understanding of the sector through a collaborative working approach, working with other organisations, government and the sector itself.

We are independent; proportionate; accountable; informed; consistent; fair and transparent.



How we are structured



Our Senior Management Team (SMT) is made up of the CEO, Head of Corporate and Head of Regulation and Improvement. The chart above outlines the remit of each member of SMT.

How we are funded

As a Non-Ministerial Office, we are funded by the Scottish Government and the level of funding is set out yearly Budget (Scotland) Act. Our revenue budget for 2021-22 was £3.58m, our net operating costs for 2021-22 were £3.293m.

Scotland's National Performance Framework

The National Performance Framework (NPF) is for all of Scotland, and sets out the how the government's ambitions for the following will be achieved.

- create a more successful country
- give opportunities to all people living in Scotland
- increase the wellbeing of people living in Scotland
- create sustainable and inclusive growth
- reduce inequalities and give equal importance to economic, environmental and social progress.

- Globally competitive, entrepreneurial, inclusive and sustainable economy
- Open, connected and make a positive contribution internationally
- We live in communities that are inclusive, empowered, resilient and safe
- We are well educated, skilled and contribute to society
- We have thriving and innovative businesses with quality jobs and fair work for everyone.

Through our work, we support charities to contribute effectively to delivery of the Scottish Government's ambition for the country.

We believe that charities are essential to the implementation of the National Performance Framework (NPF) and have identified the five NPF indicators where we as an organisation can contribute; and where Scotland's charities will play a significant role in delivery.



Scotland's National Performance Framework

Highlights of progress against our corporate objectives

Much of the detailed work we undertook that delivers our corporate objectives is set out in specific sections across this report. Some additional highlights include:

The public has confidence in charities

During 2021-22 we launched our 2021-24 **Engagement Strategy**, which supports delivery of the Corporate Plan by being a blueprint for shaping our engagement with partners and stakeholders. The strategy enables us to be transparent about our work with others, and its success will be measured through our key performance indicators and by a yearly review of progress by our Senior Management Team.

Martin Tyson, Head of Regulation and Improvement said,

‘Our Engagement Strategy is helping us to ensure that the whole organisation’s contacts with our stakeholders within and outside the sector are positive, consistent and targeted on our key regulatory priorities.’

In March we published our **Sector Overview Report**, which uses the unique range of data about Scottish charities which we hold, to provide a comprehensive overview of the sector in Scotland, its beneficiaries; income and activities.

- In 2021, public trust in Scottish charities is at the highest level since OSCR began to measure this in 2009.
- With an annual income of £13.17bn and employing over 208,977 people, the Scottish charity sector is a similar size to the Scottish NHS.
- There is a wide diversity of charities in Scotland, with 68% of organisations reporting that they are run entirely by volunteers and around 50% reporting an income of less than £25,000.
- While the majority of charities (52%) are not set up to benefit a particular group, Scottish charities are most likely to report that they are set up to benefit children or young

people at 47%, people with disabilities at 23% and older people (at 22%).

- The majority of charities in Scotland (63%) operate within a single local authority area (63%), but charities are not evenly distributed across the country.

Our Data and Research manager, Louise Meikleham adds,

‘We published data and research on the scope and scale of the Scottish charity sector in our Sector Overview report to increase knowledge and understanding of the sector, to support better decisions about the sector and to help ensure its contribution in Scotland is recognised.’

Charities are well run and thriving

Throughout the year we supplemented the day to day guidance we publish on our website with a number of **blogs**, aimed at enabling and supporting charities to continually improve the way they operate. Subjects included completing charity annual reports and accounts to take into account the impact of COVID, managing reputational damage after a cyber-attack, and charity reserves. These blogs supplement the comprehensive guidance for charities which we publish on our website.

In April 2021 we initiated a **Revitalising Trusts Project**, which identifies charitable trusts that are defaulting, inactive or reporting low levels of activity and are considered at risk of failing to provide public benefit.

In a formal collaboration with Foundation Scotland, the Project seeks to establish the reasons why trusts are failing, and works with trustees to agree and implement solutions.

Outcomes may include approval of reorganisation schemes to modernise their charitable purposes, improve their administration and governance, or to wind-up, transfer or amalgamate their funds to enable them to be used to better effect.

Of the 3,360 charitable trusts by legal form in the Scottish Charity Register, approximately 250 have been identified as meeting the Project criteria. Each is being assessed and where appropriate, contacted on a phased basis over the planned two-year life of the Project.

Charities are at the heart of a vibrant and sustainable Scotland

OSCR is joint chair of the body which develops and maintains the UK Charity SORP (Charities Statements of Recommended Practice), together with the charity regulators from England & Wales and Northern Ireland. During 2021-22 the committee began working on a new and updated SORP which will be effective from January 2025, engaging with stakeholders around the main topics for inclusion.

We have worked with Scottish Government colleagues throughout the year in relation to **legislative change**, providing advice and information based on our survey feedback and annual return data to advise and inform on issues relating to the charity sector, and help shape policy development. We have also focused on outcomes from the Scottish Government's Consultation on Charity Law published in 2019, in line with recommendations in our 2020-21 Annual Report. We have provided information and support to officials who are considering charity law reform, and we look forward to seeing further progress in this respect over the coming months.

We welcomed the Cabinet Secretary for Health and Sport's statement on 28 October 2021 which accepted the findings of the Independent Review of Governance of NHS Endowment Funds, and welcomed the commitment to improving the governance structures and frameworks of NHS charities. We anticipate further work with SG colleagues on this issue over the coming months.

The Scottish Charity Regulator is a highly effective organisation

As a regulator we have developed a considerable

amount of knowledge through our regulatory work and by enabling charities to fulfil their requirement set out in charity law. We published our strategy and framework for managing this knowledge through our 'Sharing knowledge for better charity regulation' document in March 2022, which outlines how we plan to use and share the knowledge and intelligence we have, and to develop a knowledge sharing culture within the organisation.

Louise Meikleham, our Data and Research manager said, *'We recognise the knowledge and expertise we have built as Scotland's charity regulator. Our Knowledge Management Strategy will help us harness that knowledge and share it effectively so we can make better decisions, improve efficiency and contribute to better outcomes.'*

As a regulator, we know and appreciate that that the people who work at OSCR are our greatest asset. We developed and published a **People Strategy** in March 2022, which is focussed on delivery of six strategic goals aimed at development and retention of our people and making OSCR a place people want to work.

Key challenges and how we addressed them

As outlined in our Chief Executive's introduction, 2021-22 was a year of change at OSCR as we began to emerge from the pandemic.

- We started to implement new ways of working, responding to feedback from colleagues around generating operational efficiencies; embedding new teams, and developing training materials. We also began to trial hybrid working, and based on feedback this will be adopted as our preferred way of working in 2022-23.
- As a consequence of higher than previous staff turnover levels, and delays with recruiting new staff we identified a risk to the wellbeing of our people, caused by the volume of work and cover for vacancies being required. This prompted a review and reprioritisation of our Business Plan which led to us identifying and focussing on the highest priority activities during the last quarter of the year.
- Work with our preferred supplier in respect of replacing our core charity reporting system continued throughout the year. Some delays were incurred in this major digital transformation project, but we are targeting summer 2022 as the go live date.
- We have continued to work with Scottish Government officials, providing advice and support, based on our data, to help shape policy development. We have also provided assistance and support in relation to the consideration of charity law reform and will continue to provide advice and information on future policy development.
- Our 2021-22 budget allocation was £3.58m, and our budget for 2022-23 is confirmed as £3.43m. Our main operating cost is staffing, and we anticipate that staffing costs will account for just over 70% of this sum. Other contracted spending commitments mean that in the coming year we will have very little uncommitted funding available to deliver and develop new projects and functionality. We added a provision to

our 2021-22 accounts to cover upcoming building dilapidation costs due in 2022-23, when our lease on our Quadrant House office ends.

- At the end of 2021-22, three Board Members reached the end of their appointment terms. A recruitment exercise was conducted in conjunction with the Scottish Government Public Appointments team in respect of these posts and also the two Board vacancies we were already operating with. A Board Induction programme was developed to help enable new Board Members to become familiar with OSCR's work as quickly as possible, and to ensure robust governance arrangements were in place



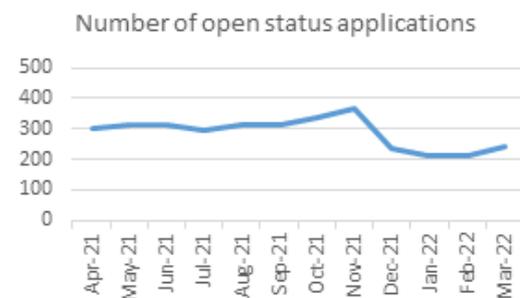
Performance and analysis

At the beginning of 2021-22 we reviewed and updated the monthly performance information which we publish on our website. The number of performance indicators reported on increased to 52, to encompass information which covered all areas of OSCR and closely linked to delivery of our strategic objectives. Prior to April 2021, a number of these performance measures were not recorded, hence some of the comparisons within the performance highlights section of this report demonstrate trends from April 2021 to April 2022, whilst others provide a comparison for 2020, 2021 and 2022. The performance highlights below demonstrate our performance in relation to our key functions and priority areas for the year 2021-22.

Granting charitable status

- **There has been a continued increase in the number of registered charities in Scotland this year**, with the 2021-22 total sitting at 25,412, compared to 25,230 in 2020-21 and 24,882 in 2019-20.
- **We received fewer applications for new charities in 2021-22.** (865 2021-22, 981 2020-21) However more charities were removed (607 2021-22, 476 2020-21) from the Scottish Charity Register in the year probably as a result of the easing of pandemic restrictions allowing more opportunities for charity trustees to meet again and make decisions about the future of their charity.
- **The number of applications for charitable status awaiting a decision reduced during the year**, from 301 at the end of 2020-21 to 244 at the end of 2021-22. As well as the filling of staffing vacancies, this reflects process improvements which have streamlined handling of low risk cases. This improvement was also reflected in the average time taken to make a decision on applications for charitable status, from 94 days in April 2021 to 73 days in February 2022 (latest available figures). The reduction in time to process application for charitable status, means charities can begin to operate

more quickly and provide public benefit in the areas they are working in.

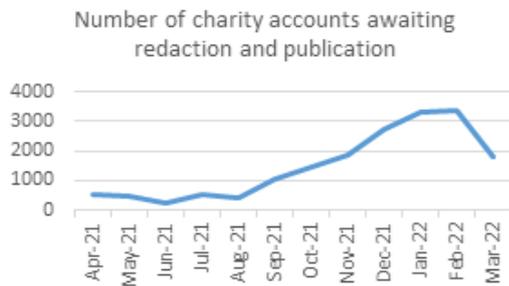


Publishing charity accounts

- To support transparency amongst charities, we publish all SCIO (Scottish Charitable Incorporated Organisation) accounts, but for other charities only accounts above a specific income threshold (£25,000) or where they're not available elsewhere (e.g. the charity's website or Companies House) are published on our website. Although these accounts are in the public domain (that is to say anyone has the right to request the reports and accounts from a charity), we must redact the signature, name or address of a charity trustee, auditor or independent examiner prior to publication, to ensure that we comply with the Data Protection Act 2018. Up to date accounts must be published on the register as checks are made using the income and expenditure by third parties, funders and other Government Departments to confirm this information. If it is not up to date, there is a risk charities will not be awarded appropriate exemptions or funding. In April 2021 we had 546 account redactions outstanding, this peaked at 3388 in February. The cause of the increase was related to reduced resource (as highlighted in the key risks sections) and other work taking priority. The year (2021-22) ended with 1783 outstanding, the reduction reflecting the increase in resource in this area.

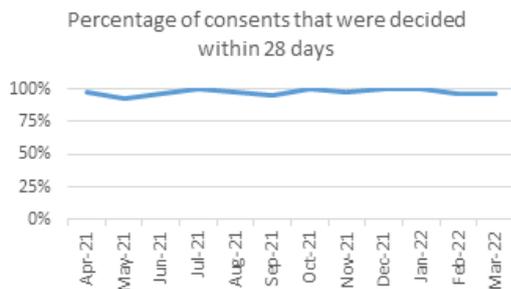
25,412
registered Scottish
charities





Consenting to charity changes

- The timescale that we have for considering applications for consent from charities was met in 97% of cases during 2021-22, which is an increase from 96% 2020-21 but a decrease from 98% 2019-20.

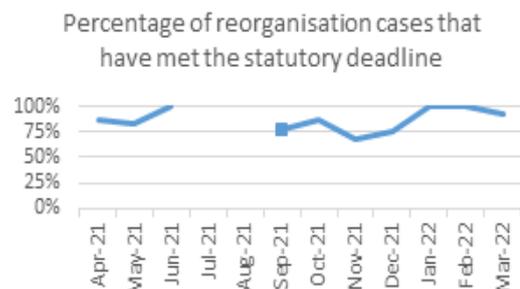


Charity compliance

- The percentage of charities late in submitting an annual return and accounts to us in 2021-22 was 13.5% (3,431 charities),** which is a substantial increase on pre-pandemic levels (approx. 1,200 charities filing their returns within 12 months of their filing date). The pandemic continued to present challenges for some charities in allowing them to finalise their annual report and accounts and submit this to us within the 9 month post year end filing deadline. Some charities which had difficulties in meeting the 2020-21 deadline, also experienced difficulties in 2021-22 and are now required to make good their filing status. In the coming year we plan to resume work on supporting charities to bring their accounts up to date or to wind up the charity if it is no longer operating.

Charity reorganisations

- The number of reorganisations we completed within target timescales decreased from 88% (2020-21) to 86% (2021-22). In 2019-20, 100% of applications were considered on time.** Very small charities (those with income of less than £1,000, have to have a decision made on a reorg within 13 weeks of us receiving the application. Target timescales for reorganisation of small and large charities are noted on the website and in our guidance as being an average of 6 months, noting that where the case is particularly complex, it may take longer. The decrease in meeting target timescales was caused by reduced resource within the organisation (as highlighted in the 'Key issues and risk' section of this report) and prioritising different aspects of our work at different points in the year.



Charity concerns

- The number of concerns about charities which we received in 2021-22 increased to 563 from 426 in 2020-21 (for comparison 620 were received in 2019-20).** Following an initial risk assessment, we determined that it was appropriate for us

to open an inquiry on 60 cases, which was an increase on the 43 we opened in the previous year. We expected to see a small increase this year in the number of concerns about charities brought forward as the levels during the first year of the pandemic were particularly low in comparison to previous years. The increases seen this year are not to pre-pandemic levels and reflect a period where public concern and attention was still to some extent diverted elsewhere and many charities were just starting to re-open and recommence work.

In terms of case outcomes, we closed 99 inquiry cases during the year. In one of these cases we used our regulatory powers to achieve an outcome. We closed a third of cases with recommendations or guidance to trustees. The remainder of cases were closed on the basis that after consideration of information or engagement with charity trustees no action or further inquiry was required.

Although there is a rise in the number of concerns and the number of those concerns where it is appropriate for OSCR to open an inquiry, the proportion of charities that are the subject of concern remains very small, reflecting that most charities are doing a good job of delivering charitable activities and providing public benefit. Where inquiry is justified, most cases can be concluded on the basis of engagement with trustees rather than use of OSCR's formal powers. However, in the coming year we will work to help ensure that people coming to us to raise concerns have a more helpful idea of what we can and cannot deal with, to reduce the high proportion of concerns received that we do not take forward.

60

concerns where it was appropriate for OSCR to act



Prioritising our activities

- In order to make sure applications for charitable status, concerns raised about charities and notifiable events are appropriate for us as a regulator to deal with and to make sure they are dealt with as effectively as possible, they are risk assessed. Our Board identified this as a priority activity for the organisation during the year, and in January 2022, we reviewed and targeted resources to enable delivery of this work. The average time taken for us to risk assess cases was variable during most of 2021-22 from 33 days at the beginning of the year, to a peak of 49 days in June and stabilising in February and March at 11 days.



Stakeholder Engagement Events

During 2021-22 we held 6 virtual events for our stakeholders, covering the following themes:

- Updating your governance document
- Hybrid working
- Collective responsibility
- Charity Fraud Awareness
- Transparency and trust
- Meet OSCR

The event themes were identified by analysis of our regulatory work, and holding these interactive sessions is designed to help enable sector improvement.

In total 460 delegates attended the events, which are filmed and also accessible to stakeholders via OSCR's YouTube Channel.

Feedback received in respect of all events has been positive, and in addition to providing feedback scoring, delegates also provided comments on the events, including the following,

'Was very useful to me to understand my role as a manager of a charity and making sure that the committee understands their roles too'

'I really value the events and newsletters etc. provided by OSCR.'

'Love all the training you guys offer'

Payment performance

OSCR is required to pay contracts that are not with dispute in line with Scottish Government policy. OSCR paid 93.7% of invoices within these terms for the year 2021-22, which was an increase on our 2020-21 performance (91%) and an increase on our 2019-20 performance (92.7%). The policy also requires a measure of payments made within 10 days in respect of undisputed invoices.

Our performance in this area increased to 81.9%, (66.0% 2020-21) and we will continue to prioritise making further improvements in this area through process review and streamlining, and training for colleagues.

Financial review summary

OSCR is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio and consequently our budget is detailed separately in the relevant Budget (Scotland) Act.

The revenue resource expenditure, or net operating cost for the year ended 31 March 2022 was £3.293m, as shown in the Statement of Comprehensive Net Expenditure; compared to a revenue budget of £3.580m.

The main operating costs were incurred in relation to staff at £2.368m (£2.466m in 2020-21) with other expenditure at £0.922m (£0.813m in 2020-21) and depreciation and amortisation at £0.003m

(£0.003m in 2020-21).

A contingent liability was included in the 2020/21 accounts in relation to the introduction of IFRS 16 – Leases, effective 1 April 2022 for the dilapidations on Quadrant House and a provision of £162k is included in the 2021/22 accounts.

Going concern

OSCR has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2022-23 of £3.43m has been confirmed in the Budget Scotland Act 2022. It is therefore considered appropriate to prepare these accounts on a going concern basis.



Sustainability Report

The Climate Change (Scotland) Act 2009 is the key driver for our improved environmental and sustainability performance, and as a publicly funded body we have a responsibility to lead by example and influence how Scotland performs in terms of reducing carbon emissions.

Over the last 3 years we have reduced our emissions from 40tCO₂e in 2018-19 to 31 tCO₂e 2020-21, (the figures for 2021-22 are not yet available). In 2008-9 our emissions were 80 tCO₂e, so our reduction exceeds the goal of a 42% reduction by 2020 as set out in the Climate Change (Scotland) Act 2009.

This success was partly delivered by the impact of COVID-19 restrictions, as we had less staff working from our offices and a sharp reduction in business travel.

We aim to maintain the majority of these benefits though implementation of our hybrid working policy, which will allow staff to continue to work from home as well as attend the office.

Investment in modern IT infrastructure will also facilitate a greater number of remote and hybrid meetings (including Board Meetings and public webinars), further reducing the need for travel to in-person events.

Anti-corruption and anti-bribery

During the year 2021-22 there were no reports of fraud within OSCR. Staff are aware of the civil service code and contractors are bound by the SG terms and conditions. Staff are able to access information about raising concerns of fraud and whistleblowing via the SG website, Saltire and also have monthly conversations with their manager at which any issues could be raised (in addition to regular informal dialogue).

Key risks during 2021-22



OSCR Online upgrade

As previously highlighted, during 2021-22 we were involved in the development of a replacement for OSCR Online, our core charity reporting system. The upgrade will improve the efficiency and usability of the system for charities, and will provide us with an agile digital platform, through which additional services may be delivered in future.

As is common with significant digital transformation projects, some project delays were encountered, which impacted on resource planning assumptions and required careful monitoring and planning throughout the year. The development work is due to complete in quarter 2 of 2022, and we plan to be able to launch the new system in the summer.

John Fellows, our Senior Manager, Digital and Comms added, *'Our new system will allow OSCR the opportunity to improve the experience we offer charities, and help our staff to work more efficiently and effectively.'*

Resourcing

During 2021-22 we experienced higher staff turnover levels than in previous years, at 10%. Whilst we were happy that most of our leavers moved on to promoted posts in Dundee, or transfers within the Scottish Government 'family', some posts remained vacant for far longer than we would have hoped. This was particularly the case for new staff joining from outwith the Scottish Government, who are required to undergo a number of checks before commencing employment.

We recognised that not having sufficient cover in certain posts could cause delays in our work and impact on staff wellbeing, prompting us to review our Business Plan priorities and focus primarily on priority activities during the final quarter of the year.

A new training package was created to support staff working on, or new to charity regulation and we engaged with external providers to create guidance and provide training on key areas of work to reduce internal pressures where possible.

We also used temporary staff to support our delivery where possible, and to help minimise the impact of vacancies on our activities.



Remote and hybrid working

For almost all of 2021-22, the majority of our people worked at home in accordance with Scottish Government guidance and practice. Individual wellbeing and workloads were regularly reviewed by line managers who met with individuals and teams to share ideas and concerns, but feedback from staff surveys indicated that solely remote working was impacting on team efficiency and relationships, informal engagement and cross organisational working, and was challenging for new colleagues who joined the organisation. Staff surveys carried out during 2021-22 indicated most staffs preference was a mixture of office and home working.

Once restrictions eased in February we started a hybrid working trial, where our people spent time working remotely, and with colleagues in our office. Based on feedback from the trial, hybrid working will be adopted moving into 2022 which should increase opportunities for learning together, team working, informal interactions and overall engagement within the organisation.

By operating this way, we will be able to deliver and meet all of our business needs whilst also providing flexibility for our people.



Financial management

Our 2021-22 allocation was £3.58m, and the **2022-23 Budget Act** budget has confirmed our allocation for the year ahead will be slightly reduced at £3.43m.

As a regulator, our main operating cost is staffing, and we anticipate that staffing costs will account for around 70% of this sum. Other contracted spending commitments mean that in the coming year we will have very little uncommitted resource funding available, and this will impact on our prioritisation of some activities, and inform our thinking around development of our 2023-26 Corporate Plan.



Changes to our Board

At the end of 2021-22 three of our Board Members reached the end of their Board appointment terms. A recruitment exercise in respect of these posts, plus the two Board positions which became vacant at the end of 2020-21 was conducted during the year with the Public Appointment's Team, and five new Board Members were recruited. From April 2022, the Board will be up to its full complement for the first time in two years.

To support new Board Members becoming familiar with our work, we developed a comprehensive induction programme in March for implementation in April, with a view to equipping the new Board with the information and knowledge they required to enable the skills and experience they bring to OSCR to be maximised.

Recommendations to Scottish Ministers

The progress on the recommendations we made in the 2020-21 Annual Report and accounts are highlighted in the 'Legislative Change' section of this report (on page 19.). We have no further recommendations to make to Scottish Ministers at this time.

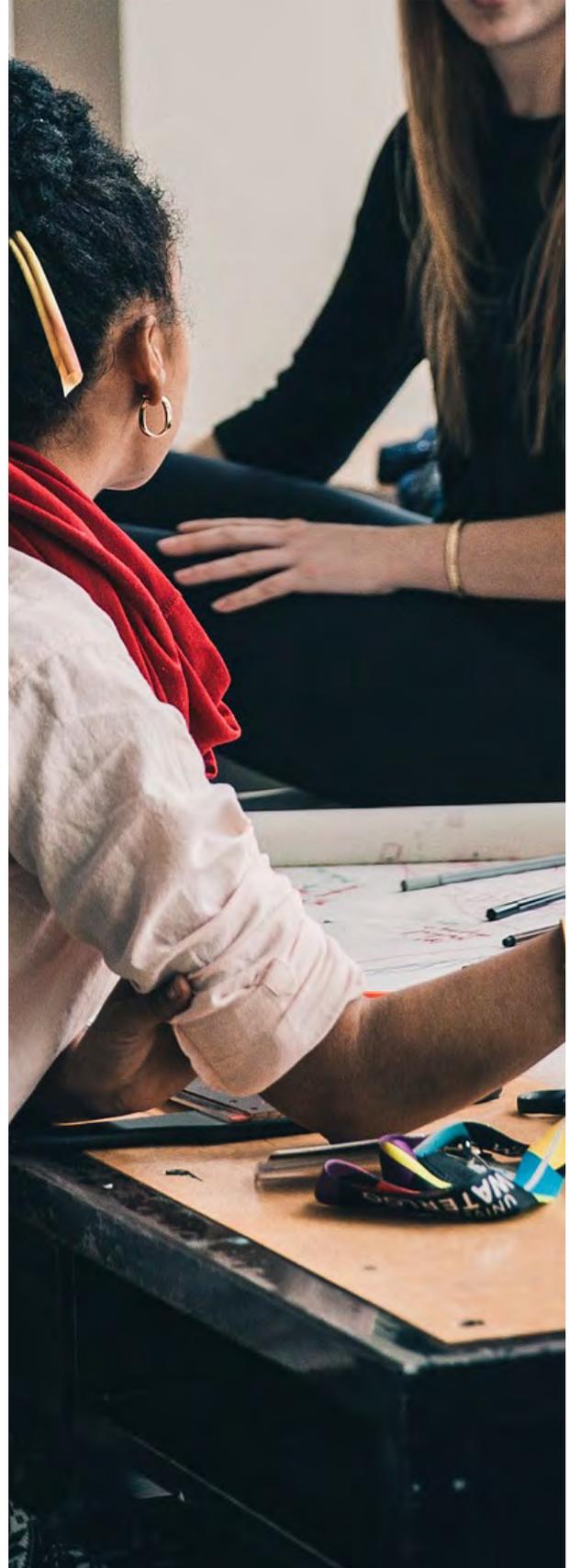


Diversity, equality and human rights

As an employer, OSCR is committed to recruit, support and develop all staff equally and fairly and positively values the different perspectives and skills each brings to our work. As Civil Servants we follow the Scottish Government's **Equality Outcomes and Mainstreaming: Report 2021 principles**. All staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership.

Our vacancies are advertised fairly and openly with successful applicants being recruited on merit. We encourage and embrace ideas from all staff promoting inclusion across the organisation and ensure all staff are trained in, and are championing diversity and inclusion on an ongoing basis. We support a number of staff to work on a part time basis, and our hybrid working model supports flexibility for individuals. We work together with HR professionals, Occupational Health and Workplace Adjustment teams to ensure workplace adjustments are put in place to support those who need them due to disability or other needs

OSCR is committed to protecting and respecting the human rights of everyone ensuring no one is directly or indirectly discriminated against. We do this by treating everyone as individuals; being fair and inclusive in our approaches; providing staff training; following Scottish Government policy, and considering equality and human rights impacts on any new guidance or policy being developed.



The Public Interest Disclosure Act 1998 (PIDA)

OSCR is a 'prescribed person' under the **Public Interest Disclosure Act 1998** (PIDA) which means that we are allowed to accept disclosures from people who carry out paid work for a charity.

Our regulatory priorities are set out in our **Risk Framework**, and when we receive a whistleblowing disclosure we assess it in the light of our Risk Framework and in line with our **Whistleblowing guidance** and our **Inquiry Policy**.

Whistleblowing disclosures help us identify and prevent concerns within the sector and help charities to put things right. They play an important part in supporting OSCR to underpin public trust and confidence in the charity sector.

We received three (3) whistleblowing reports in 2021-22 compared to the two (2) received in the previous year. This reflects the context of reduced activity in parts of the Scottish charity sector during the COVID-19 pandemic.

All of the three concerns received were assessed as requiring OSCR to open inquiries using our powers under section 28 of the 2005 Act and using our other statutory powers as appropriate. Two of the three inquiries are still ongoing, while one was closed in light of further evidence received.

In 2021-22 whistleblowing concerns helped us to:

- Identify regulatory concerns
- Take action to protect charity assets and beneficiaries
- Identify risks to charities and to the charity sector that would not otherwise.

Maureen Mallon

Maureen Mallon

Chief Executive and Accountable Officer
01.08.2022

Accountability Report

Chief Executive's Report

OSCR staff are employed by Scottish Ministers, but have the same terms and conditions as staff within the core Scottish Government, including access to Civil Service pension arrangements. OSCR follow Scottish Government policies and procedures, including Performance Management Procedures, and all staff use the digital HR system to record transactional matters relating to absence and performance.

Our aim is that OSCR staff have a clear understanding of how the work they carry out on a day to day basis, contributes to delivery of our corporate vision and objectives. We have an induction programme for new staff joining the organisation, and although we worked remotely for most of 2021-22, new colleagues joining the organisation took part in a number of in person training sessions with their managers, to help smooth their transition into OSCR.

A staff newsletter which provides feedback from meetings, outlines key events and decisions, and includes general updates is prepared and issued electronically to each staff member each week. In addition during 2021-22 all staff meetings via MS Teams, were held every month. Staff members have a minimum once weekly meeting with their manager to discuss work priorities, in addition to a slightly more formal monthly conversation, which includes discussion about wellbeing, learning and performance.

OSCR participates in the annual UK Civil Service People survey which is co-ordinated by the Cabinet Office. Our 2021 results showed our employee engagement score to be very low, and in order to understand the concerns better, we undertook short pulse surveys in March and June 2021. These were used to inform the development of our 2022-25 People Strategy; and during the latter half of the year, we prioritised the development of training and support for colleagues, as well as improving transparency around decision making, in direct response to feedback. Prioritising staff development and support will remain a key priority for 2022-23, informed by the 2022 Cabinet Office survey.

Pensions

OSCR staff members are eligible to be members of the Principal Civil Service Pension Scheme (PCSPS) and at 31 March 2022 all permanent members of staff had joined. In accordance with the Government Financial Reporting Manual (FReM) the PCSPS is accounted for as if it were a defined contribution scheme.

Further information and details in respect of the pension schemes are included in note 4 to the accounts. Details of the pension entitlements of OSCR's Senior Management Team are given in the Remuneration Report.

Statement of Accountable Officer's responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Office of the Scottish Charity Regulator (OSCR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by the Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of OSCR's state of affairs at the period end and of its operating costs, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, the Accountable Officer is required to:

- Observe the Accounts Direction issued by Scottish Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- Prepare the accounts on a going concern basis.

The Scottish Permanent Secretary has appointed the Chief Executive, Maureen Mallon, as the Accountable Officer for OSCR.

As Accountable Officer, I am responsible for the regularity and propriety of the public finances for which I am answerable and for keeping proper records and for safeguarding OSCR's assets, as set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

Governance Statement

Purpose of governance statement

Our Governance Framework accords with the Scottish Public Finance Manual (SPFM).

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OSCR's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible.

Our system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve corporate policies, aims and objectives. It is focused on the ongoing identification and prioritisation of risks relating to strategic and operational activity, based on evaluation of the likelihood and impact of each risk being realised.

OSCR relies upon certain business critical systems which are provided by the Scottish Government, in particular in respect of Finance and Human Resource functionality. Internal Control is addressed by the respective Scottish Government Directorates, and I am provided with Annual Certificates of Assurance by the Scottish Government Director of Human Resources and Organisational Development, and also the Director of Financial Management.

Operation of the Board and Committees

The Board of OSCR is the Charity Regulator, and as such has collective responsibility for setting the strategic direction of the organisation, and for ensuring it carries out its functions effectively and efficiently. Scottish Ministers are responsible for appointing the OSCR Board, following a public appointments exercise, regulated by the Commission for Ethical Standards in Public Life in Scotland. Ministers must not direct, or otherwise seek to control OSCR in the exercise of its functions.

The Board sets the strategic direction for the organisation, oversees OSCR's work and monitors performance including the design

and operation of risk frameworks. They do this through scrutiny, and where appropriate, approval of:

- Corporate Plans and Business Plans
- Key strategies and policies
- Scrutiny of the Annual Report and Accounts
- Considering reports from the Audit Risk and Assurance, and Casework Committees
- Regular reports, including reports relating to risk management and performance.

Audit Risk and Assurance Committee

The Audit Risk and Assurance Committee support the Board in relation to responsibilities associated with risk, control and governance.

The terms of reference for the ARAC, which are reviewed annually, are published on the [OSCR website](#).

The ARAC, which comprises three Board Members, plus a co-opted Member, is attended by the CEO, Head of Corporate, and representatives from Internal and External Audit met three times in 2021-22 (June, November and February). The ARAC conducts its business with reference to the Scottish Government Audit Committee Handbook, and reviews its own effectiveness annually, reporting the results of that review to the Board and Accountable Officer. Feedback on each ARAC meeting is also provided by the ARAC Chair to the full Board, following each meeting.

Casework Committee

The Casework Committee support the Board by providing oversight of OSCR's case based activities, and assurance to the Board that case based decision making is undertaken in line with charity and other applicable laws; right first time principles; and OSCR's Risk Framework, policies and published guidance. Terms of Reference for the Committee are reviewed annually, and are published on our [website](#).

The Committee, which comprises at least three Board Members, met on a monthly basis throughout 2021-22.

During meetings, the Committee review changes to OSCR policies and external guidance which affect case-based decision making; oversee OSCR's court and tribunal activity; consider individual cases where OSCR Board involvement in decision making may be necessary; and highlight to ARAC and the Board any amendments which may be required to OSCR's Risk Register.

The Committee reviews its own effectiveness annually, reporting the results of that review to the Board and Accountable Officer. Feedback on each Casework Committee meeting is also provided by the Chair to the full Board.

Our Board

During 2021-22 our Board was made up of the Chair, Vice Chair and four members. Throughout 2021-22 there were two vacancies on the Board, a recruitment exercise was carried out and the Board will operate with full membership from 01 April 2022. In the period, six Board Meetings were held across April, June, September, October December and February.

In addition to these meetings, two Board strategy days were held in May and August.

Minutes from our Board meetings and registers of interests can be found on our [website](#).



George Walker
Interim Chair



Jill Vickerman
Vice Chair from October 2021,
Casework Committee Chair



Patricia Armstrong OBE
Vice Chair from April 2021
to September 2021, ARAC
Member



Dame Stephanie Fraser
Casework Committee member



Shona Ulrichsen
ARAC Chair



Jessica Wade
ARAC and Casework Committee
Member

Chief Executive

The Chief Executive of OSCR is appointed by the Permanent Secretary as the Accountable Officer of OSCR, and is accountable to the Board for the day-to-day running of the organisation. Maureen Mallon was appointed as Chief Executive in October 2019.

Maureen is a member of the Senior Civil Service.

Senior Management Team



Maureen Mallon
Chief Executive



Martin Tyson
Head of Regulation and
Improvement



Judith Hayhow
Head of Corporate

Our Senior Management Team who are responsible for day to day operations of the organisation is made up of our Chief Executive and two Heads of Service.

Details of Senior Management Team remuneration can be found in the Remuneration Report.

The risk and control framework

All bodies covered by the Scottish Public Finance Manual (SPFM) must operate a Risk Management Strategy in accordance with key principles specified, and these have been adopted by OSCR.

- In 2021-22 the OSCR Board and Audit Risk and Assurance Committee (ARAC) considered our Corporate Risk Register at each meeting; and corporate Risk Appetite Statements have been developed.
- Board Members receive ad hoc briefings from the CEO and SMT on specific matters which have the potential to create risks, as they arise throughout the year.
- The OSCR Leadership Team identify and consider risk in respect of operational delivery matters, and report these to SMT.
- A formal Report on the activity of the ARAC and Casework Committees is presented to the Board annually.
- The Board Chair conducts individual performance reviews of each Board Member annually, as a part of which any learning or development requirements are discussed.
- Internal Audit conduct an annual review of specific activities, with the coverage being determined through discussion with the CEO and ARAC, and drawn from our risk register.
- External Audit consider governance arrangements as part of their Annual Report and Accounts review work.

In addition to these formal Risk Management practices, we have:

- Mandatory all staff and Board training, which includes on line courses in respect of data handling, awareness and security.
- A Best Value Plan which considers our performance against the Best Value

themes detailed in the Audit Scotland Best Value toolkit.

- An IT Code of Conduct which staff and Board Members sign annually and which sets out our policy in respect of the use of technology.
- Issued briefings for staff working remotely reminding them of the requirements for information security whilst working at home.
- A Service Level Agreement with the Scottish Government Procurement Division under which they provide us with procurement and contract advice and support, thereby ensuring compliance with the complex European procurement directives.



Review effectiveness of the system of effective control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. My review of the effectiveness of the system is informed by the work of our internal auditors and the OSCR Senior Management Team who, supported by the Leadership Team are responsible for overseeing implementation of the internal control framework, and ensuring that any comments raised by internal audit through their management letter are adequately responded to. The Senior Management Team receive and consider management accounts on a monthly basis, and also review expenditure projections, and budget allocations during our fortnightly meetings. In addition, the Senior Management Team hold thematic based discussion around key areas of interest, every two weeks. I receive Certificates of Assurance from Heads of Service in respect of their business areas, annually.

The wider system of internal control is based on the ongoing identification of the principal risks in delivering OSCR's policies, aims and objectives as outlined in the Corporate and Business Plans. Following identification, the nature and extent of those risks are considered and a decision taken as to how to manage and mitigate them effectively, economically and efficiently.

OSCR Board Meetings are attended by myself and Senior Management Team Members, with specific input from staff members involved in the preparation of specific papers and lead areas. The Chair and I hold telephone or Teams meetings regularly, and throughout the year Committee Chairs have also engaged with other staff on specific topics, attended staff meetings and been visible in the organisation.

Internal Audit services are provided by the Scottish Government's Internal Audit Division. Based on their 2020-21 review, a 'substantial' assurance rating was awarded in respect of the adequacy of risk management, control and governance arrangements for those areas reviewed.

No lapses of data security took place in 2021-22

(Nil in 2020-21).

In light of the above, as Accountable Officer I can confirm that I am fully content with the effectiveness of OSCR's existing arrangements in respect of corporate governance and risk management.

Maureen Mallon

Maureen Mallon

Chief Executive and Accountable Officer
01.08.2022

Remuneration and Staff Report

Financial Review Summary

OSCR is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio and consequently our budget is detailed separately in the relevant Budget (Scotland) Act.

The revenue resource expenditure, or net operating cost for the year ended 31 March 2022 was £3.293m, as shown in the Statement of Comprehensive Net Expenditure; compared to a revenue budget of £3.580m.

The main operating costs were incurred in relation to staff at £2.368m (£2.466m in 2020-21) with other expenditure at £0.922m (£0.813m in 2020-21) and depreciation and amortisation at £0.003m (£0.003m in 2020-21).

Payment Practice Code

OSCR is required to pay contracts that are not with dispute in line with Scottish Government Policy. OSCR paid 93.7% of invoices within these terms for the 2021-22 financial year, which was an improvement on our 2020-21 performance (91.0%). The policy also requires a measure of payments made within 10 days in respect of undisputed invoices. We paid 81.9% of invoices within 10 working days in 2021/22, an improvement on our 2020-21 performance (66.0%).

Remuneration report

This report provides information on the remuneration of OSCR Board Members and senior managers.

The senior managers are:



Maureen Mallon
Chief Executive



Martin Tyson
Head of Casework



Judith Hayhow
Head of Support Services

This report contains audited information and also information which is not subject to audit.

Remuneration policy

Board Members are not employees of OSCR or part of the Civil Service. Board members' remuneration is determined in accordance with the **Public Sector Pay Policy For 2021-22** which the Scottish Government prepare.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at www.civilservice.gov.uk) and with independent advice from the Senior Salaries Review Body.

Staff employed below senior civil service level are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish Government and, in determining policy, account

is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

Service contracts

Board Members

Board members are appointed for a period determined by Scottish Ministers, and are eligible to be re-appointed following the end of their first period of Board membership. Either party may terminate early by giving notice.

Details of the service contracts for Board members serving during the year are detailed below, with those Members whose tenure will end in 2022 highlighted:

| | | Current term | Date of initial appointment | Date of termination of appointment |
|------------------------|----------------|--------------|-----------------------------|------------------------------------|
| George Walker | Chair | Interim | April 2021 | October 2022 |
| Patricia Armstrong OBE | Deputy Chair* | 2nd | April 2014 | September 2021 |
| Jill Vickerman | Deputy Chair** | 2nd | March 2018 | March 2026 |
| Stephanie Fraser | Member | 1st | March 2018 | March 2022 |
| Shona Ulrichsen | Member | 2nd | April 2014 | March 2022 |
| Jessica Wade | Member | 2nd | April 2016 | April 2024 |

* April 2021 - September 2021

** October 2021 onwards

Board Remuneration (Audited)

| | 2021-22 £'000 | 2020-21 £'000 |
|-------------------|------------------|------------------|
| George Walker | 10-15 | n/a |
| Pat Armstrong OBE | 5-10 | 0-5 |
| Jill Vickerman | 5-10 | 0-5 |
| Stephanie Fraser | 0-5 | 0-5 |
| Shona Ulrichsen | 5-10 | 0-5 |
| Jessica Wade | 0-5 | 0-5 |

The daily rate paid to members is set by the Scottish Government, and in 2021-22 was £212 per day for Members, and £285 for the Chair. The variance in rates paid reflects personal attendance levels throughout the year.

No Board Member received any benefit in kind, or pension payment.

Salary, Benefits in Kind and Pensions (Audited)

The following table provides remuneration information in respect of each senior officer.

| Official | Salary (£'000) | | Benefits in Kind (to nearest £'000) | | Pension Benefits (£'000) | |
|----------------|----------------|-------|--|-------|-----------------------------|-------|
| | 21-22 | 20-21 | 21-22 | 20-21 | 21-22 | 20-21 |
| Maureen Mallon | 80-85 | 85-90 | Nil | Nil | 24 | 48 |
| Judith Hayhow | 65-70 | 60-65 | Nil | Nil | 47 | -8 |
| Martin Tyson | 75-80 | 70-75 | Nil | Nil | 30 | 41 |

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by OSCR and as recorded in these accounts.

Bonus

No bonus payments were paid in 2020-21 or 2019-20.

Benefits in Kind

There were no benefits in kind in 2020-21 or 2019-20.

Fair pay disclosure (Audited)

We are required to disclose the relationship between the total remuneration of the highest paid employee in the organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The Chief Executive was the highest paid Director in the financial year 2021-22. The full time annual salary for the Chief Executive is in the salary band £80,000 to £85,000. The midpoint of this band is £82,250 which is 2.74 times greater than the median remuneration of the workforce.

The Chief Executive's salary (our highest paid Director) reduced by 6.4% from the previous financial year (based on mid-point of salary band). The reduction is attributable to a change in remuneration of the Chief Executive (highest paid director) as she made no claims for excess fares in 2021-22.

The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole (excluding highest paid director) was an increase of 0.08% in 2021-22. 2020-21 was a 2.46% increase on 2019-20.

| | 21-22 | 20-21 |
|--|--------------|--------------|
| Band of highest paid employee (mid point) | 82,500 | 87,500 |
| Median salary | 30,039 | 32,143 |
| Remuneration ratio | 2.74 | 2.72 |
| Staff minimum FTE remuneration | 21,045 | 21,148 |
| Staff maximum FTE remuneration | 75,341 | 73,935 |

Pension benefit (Audited)

| Pension benefits | Accrued pension at pension age as at 31.3.22 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31.3.22 | CETV at 31.3.21 | Real increase in CETV |
|-------------------------------|---|--|-----------------|-----------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Chief Executive | | | | | |
| Maureen Mallon | 25-30 | 0-2.5 | 476 | 434 | 13 |
| Senior Management Team | | | | | |
| Martin Tyson | 35-40 | 0-2.5 | 643 | 592 | 17 |
| | Lump Sum | Lump Sum | | | |
| | 25-30 | 0 | | | |
| Judith Hayhow | 30-35 | 0-2.5 | 610 | 544 | 35 |
| | Lump Sum | Lump Sum | | | |
| | 65-70 | 2.5-5 | | | |

Accrued pension

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The table below details pension ages for each of the schemes whilst note 6 to the Accounts provides further detail.

| Scheme | Pension age |
|---------------------------------|--|
| Classic (incl. Classic Plus) | 60 |
| Premium | 60 |
| Nuvos | 65 |
| Alpha | Later of 65, or state pension age |
| Partnership | Benefits must be drawn between 50 and 75 |

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The real increase reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff costs (Audited)

The staff costs for the year were as follows:

| | Permanently employed staff £'000 | Others £'000 | 2021-22 Total £'000 | 2020-21 Total £'000 |
|-----------------------|---|-------------------------|------------------------------------|------------------------------------|
| Wages and salaries | 1,689 | | 1,689 | 1,741 |
| Social security costs | 174 | | 174 | 180 |
| Other pension costs | 463 | | 463 | 463 |
| Agency staff costs | | 42 | 42 | 81 |
| Total | 2,326 | 42 | 2,368 | 2,466 |

Average staff numbers over the year by WTE (Audited)

The average number of whole-time equivalent persons employed during the year was as follows:

| | 2021-22 WTE | 2020-21 WTE |
|------------------------------------|------------------------|------------------------|
| Senior management (from September) | 3.0 | 3.0 |
| Other permanent staff | 39.6 | 40.3 |
| Agency staff | 1.2 | 1.6 |
| Total | 43.8 | 44.9 |

Breakdown by permanent and other at year end

In terms of corporate staffing levels, at the end of 2021-22 the overall permanent staff headcount number was 4 with 9 staff members working on a part time basis.

The overall Whole Time Equivalent for permanent staff was 40.06.

Breakdown by gender at year end

The table below details the gender breakdown of permanent staff, at 31 March 2022.

| | Female | Male |
|-------------------|---------------|-------------|
| Senior management | 2 | 1 |
| Employees | 23 | 17 |
| Total | 25 | 18 |

Sickness absence

The total number of days lost and the average number of days lost per full time equivalent (WTE) to sickness absence during 2021-22, at 7.1 days (SG Core for comparison was 7.31 days for the same period), was a decrease on the 2020-21 level of 9.6. A breakdown of absence shown between short term and long term is detailed in the table below, and highlights the significant increase in long terms absence during the year. Given the relatively small number of staff employed, absence levels can fluctuate significantly on an annual basis, particularly when periods of long term absence occur.

All staff absences are recorded using the Scottish Government's OneHR system, and absence information is provided to us on a quarterly basis by the SG Human Resource Division (SGHRD), as part of our shared service arrangement. SGHRD work with our HR advisor to manage long term absences, involving occupational health professionals, as required and in accordance with official absence policies and procedures.

| Days sick absence | 2021-22 | 2020-21 |
|------------------------------------|----------------|----------------|
| Short term (under 20 days) | 128.8 | 147.6 |
| Long term (Over 20 days) | 140.8 | 300.4 |
| Total | 269.6 | 448.0 |
| Average per FTE member of staff | 7.1 | 9.6 |

Policies in relation to disabled persons

OSCR performs its functions in a manner that supports equal opportunities and observance of equal opportunities requirements. These are based on the duties which are detailed in Equality Act 2010 (the 2010 Act) and the Charities and Trustee Investment (Scotland) Act 2005, Section 1 (8).

To ensure OSCR services and information is accessible as possible, our website meets accessibility standards, is Speak IT Plus enabled and we are a member of Happy to Translate. To support charities in complying with equality law we have **published guidance** highlighting their responsibilities.

We value the different skills and perspectives our staff bring to OSCR and seek to continually develop all staff. We adopt the Scottish Government policies on equal opportunities and diversity, and all staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. We have a variety of different working patterns to support a different staff circumstances and all staff now have the facility to work at home (no members of staff are homeworkers permanently).

Expenditure on consultancy and payroll arrangements

Consultancy expenditure totalled £6,000 in 2021/22. We paid £4,000 to the Scottish Government Procurement Directorate in respect of the Fully Managed Service (Lite) for the provision of procurement advice and support. In addition, we received executive coaching from DRM Consulting at a cost of £2,000.

Exit Packages

No staff member, Board member or senior manager left under voluntary or compulsory exit schemes in 2021-22 (nil in 2020-21).

Parliamentary Accountability Report

Losses and Special Payments

There were no losses and special payments incurred by OSCR in the year 2021-22 (nil in 2020-21).

Fees and Charges

OSCR do not charge for any of the work carried out, and so receive no fee income. All income is in the form of Scottish Government funding.

Remote contingent liabilities

There was one contingent liability which requires disclosure under IAS31 in 2010-22, this is detailed in note 1.12 to the accounts.

Maureen Mallon

Maureen Mallon

Chief Executive and Accountable Officer
01/08/2022

Independent Auditor's Report

Independent auditor's report to the Office of the Scottish Charity Regulator, the Auditor General for Scotland and the Scottish Parliament.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Office of the Scottish Charity Regulator for the year ended 31 March 2022 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2022. The period of total

uninterrupted appointment is six years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the **Audit Scotland website**, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the

preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



John Boyd (for and on behalf of Grant Thornton UK LLP)
110 Queen Street
Glasgow
G1 3BX
01.08.2022

Annual Accounts

Financial Statements - Office of the Scottish Charity Regulator

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|--|------|------------------|------------------|
| Operating Costs | | | |
| Staff costs | 3 | 2,368 | 2,466 |
| Other administration costs | 5 | 922 | 813 |
| Depreciation and amortisation | 6,7 | 3 | 3 |
| Net operating cost | | 3,293 | 3,282 |
| Total comprehensive net expenditure | | 3,293 | 3,282 |

The notes on pages 54 to 69 form part of these accounts

Statement of Financial Position

as at 31 March 2022

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|--|------|------------------|------------------|
| Non-current assets: | | | |
| Property, plant and equipment | 6 | 3 | 6 |
| Intangible assets | 7 | 0 | 0 |
| Total non-current assets | | 3 | 6 |
| Current assets: | | | |
| Cash and cash equivalents | 9 | 1 | 1 |
| Other current assets | 10 | 46 | 37 |
| Total non-current assets | | 47 | 38 |
| Total assets | | 50 | 44 |
| Current liabilities: | | | |
| Trade and other payables | 11 | 263 | 357 |
| Total current liabilities | | 263 | 357 |
| Total assets less current liabilities | | (213) | (313) |
| Non current liabilities | | | |
| Provision for dilapidations | 12 | (162) | 0 |
| Assets less liabilities | | (375) | (313) |
| Taxpayers' equity: | | | |
| General fund | | (375) | (313) |

Maureen Mallon

Maureen Mallon

Chief Executive and Accountable Officer

The Accountable Officer authorised these statements for issue on 01.08.2022

The notes on pages 54 to 69 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2022

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|---|----------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net operating cost | SCNE | (3,293) | (3,282) |
| Adjustments for non-cash transactions: | | | |
| Depreciation and amortisation | 6,7 | 3 | 3 |
| Audit fee | 5 | 15 | 14 |
| Movements in working capital: | | | |
| (Increase)/decrease in trade and other receivables | 10 | (9) | (9) |
| (Decrease)/Increase in trade and other payables | 11 | (94) | 76 |
| Increase in provision | 12 | 162 | 0 |
| | | (3,216) | (3,198) |
| Cash flows from financing activities | | | |
| Net funding | 2 | 3,216 | 3,198 |
| Net increase/(decrease) in cash and cash equivalents | 9 | 0 | 0 |
| Cash and cash equivalents at the beginning of the period | 9 | 1 | 1 |
| Cash and cash equivalents at the end of the period | 9 | 1 | 1 |

The notes on pages 54 to 69 form part of these accounts

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2022

| | Note | General Fund £'000 |
|--|------|--------------------------|
| Balance at 31 March 2020 | | (189) |
| Changes in Taxpayers' equity for 2020-2021 | | |
| Non-cash charges – auditor's remuneration | 5 | 14 |
| Net operating cost for the year | SCNE | (3,282) |
| Total recognised income and expenditure for 2020-21 | | (3,268) |
| Net funding | 2 | 3,198 |
| Balance at 31 March 2021 | | (313) |
| Changes in Taxpayers' equity for 2021-2022 | | |
| Non-cash charges – auditor's remuneration | 5 | 15 |
| Net operating cost for the year | SCNE | (3,293) |
| Total recognised income and expenditure for 2021-22 | | (3,278) |
| Net funding | 2 | 3,216 |
| Balance at 31 March 2022 | | (375) |

The notes on pages 54 to 69 form part of these accounts

Notes to the Accounts

1. Statement of accounting policies

1.1 Basis of Accounting

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by HM Treasury, which follows International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, IFRIC Interpretations and the Companies Act 2006 a, to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8 (IAS 8): Accounting Policies, Changes in Accounting Estimates and Errors.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets where material at their value to the organisation by reference to their current cost.

1.3 Accounting standards issued but not yet effective

In accordance with IAS 8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application.

The effective date of IFRS 16 Leases in the public sector has been delayed until 1 April 2022. This is to recognise that bodies' preparations are being adversely affected by dealing with the COVID-19 crisis. OSCR has a lease relating to office space. This lease requires an adjustment to the Statement of Financial Position for the recognition of a right of use asset and a liability for future lease commitments.

1.4 Assumptions made about the future and other major sources of estimation uncertainty

OSCR does not have any uncertainties that would have a material effect with the exception of the provision for dilapidations (note 12).

1.5 Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. Further explanation of the going concern basis is contained in the Performance Overview (page 16).

1.6 Property, office furniture and equipment

OSCR occupies a leasehold building under a 17 year operating lease with five year rent reviews.

Leaseholder improvements to the building are capitalised at the cost of construction. Plant and equipment and information technology are capitalised at cost. Generally, leasehold improvements over £10,000 and plant and equipment and information technology over £5,000 are capitalised. Furniture and fittings are not capitalised and the full cost is charged to the operating costs in the year of acquisition.

As required under International Accounting Standard (IAS) 16 all non-current assets are valued at current value in existing use. Depreciated historic cost is used as a proxy for current value in existing use as the assets held under this category have a short life and are low value.

Depreciation is provided on a straight line basis, to write off the cost of the asset over its estimated useful life. Leasehold improvements are depreciated at the lower of expected useful economic life and lease term. The depreciation periods which normally apply to the categories of assets are:

| Asset category | Depreciation period (years) |
|------------------------|------------------------------------|
| Leasehold improvements | 5-12 |
| Plant and machinery | 5 |
| Information technology | 3-5 |

Assets in the course of construction are not depreciated until the asset is brought into use.

1.7 Intangible assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model. Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. Non income generating assets are carried at depreciated historic cost. These valuations are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity’.

The main category of intangible asset is software and its associated development. These assets have an estimated useful life of three to five years and are amortised over this period.

Intangible assets in the course of construction are not amortised until the asset is brought into use.

1.8 Impairment to tangible and intangible assets

All tangible and intangible non-current assets are reviewed for impairment in accordance with IAS 36 ‘Impairment of Assets’ when there are indications that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Whenever there is an indication that an asset may be impaired, any losses/gains arising on the disposal of the asset are posted to the Statement of Comprehensive Net Expenditure.

1.9 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consist of cash at bank.

1.10 Value Added Tax

OSCR is registered for VAT and where applicable will recover VAT on expenditure incurred. Where VAT is not recoverable, expenditure is charged including VAT, to operating costs or included in the cost of property, plant and equipment and intangible assets.

1.11 Pension

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. OSCR recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of defined contribution schemes, OSCR recognises the contributions payable for the year.

1.12 Leasing

Rentals applicable to operating leases are charged to operating costs as they are incurred in accordance with IAS17 - Leases.

1.13 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, OSCR discloses for parliamentary reporting and accountability purposes certain statutory and non statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but have been reported to Parliament in accordance with the requirements of the Scottish Public Finance Manual.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

1.14 Short term employee benefits

OSCR permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances, in accordance with Scottish Government resourcing policies. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used. In response to the COVID 19 pandemic, in 2020-21 Scottish Government policy on leave carry-forward was amended to enable up to 20 days leave, rather than 10 as was previously the case, to be carried forward by individual staff members into 2021-22 and 2022-23.

1.15 Financial instruments

OSCR does not hold any complex financial instruments. As the cash requirements of OSCR are met by the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Most financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and OSCR is therefore exposed to little credit, liquidity or market risk.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when OSCR becomes a party to the contractual provisions of the instrument.

1.16 Trade receivables and other current assets

All material amounts due at 31 March 2022 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

1.17 Trade payables and other current liabilities

All material amounts outstanding at 31 March 2022 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

1.18 Segmental reporting

Financial reporting to senior decision makers is at an organisation wide level and therefore segmental reporting under IFRS 8 is not required.

1.19 Changes in Accounting Policy

There have been no changes in accounting policy during the year.

2. Reconciliation of net resource outturn to net cash requirement in 2021-22

| 2020-21 Outturn £'000 | | 2021-22 Budget £'000 | 2021-22 Outturn £'000 | 2021-22 Variance £'000 |
|-----------------------------|---|----------------------------|-----------------------------|------------------------------|
| 3,282 | Resource outturn | 3,580 | 3,293 | (287) |
| <hr/> | | | | |
| 3,282 | Total resource requirement | 3,580 | 3,293 | (287) |
| | Accruals adjustments: | | | |
| (17) | Non-cash items | | (17) | |
| (67) | Changes in working capital other than cash | | (59) | |
| <hr/> | | | <hr/> | |
| 3,198 | Net cash requirement | | 3,215 | |
| 3,198 | Net funding received | | 3,215 | |
| 0 | Cash surplus | | 0 | |

3. Staff numbers and related costs

An analysis of staff numbers and costs is disclosed in the Staff Report section on page 37 of this report. A summary of cost is provided in the table below.

| | 2021-22 £'000 | 2020-21 £'000 |
|----------------------------------|--------------------------|--------------------------|
| Directly employed staff | 2,326 | 2,385 |
| Other staff costs (Agency staff) | 42 | 81 |
| Total | <hr/> 2,368 <hr/> | <hr/> 2,466 <hr/> |

4. Post Employment Benefits: Pension

International Accounting Standard 19 (IAS 19) "Employee Benefits" sets out the accounting treatment to be followed when accounting for the costs of providing a pension scheme.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but OSCR is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource account of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

The Scottish Government currently has five pension schemes offering employer contributions at one of four rates in the range of 20% to 24.5% of pensionable pay, depending on salary bands. Employee contributions range between 3.0% and 8.05%, depending on the scheme. Civil servants may be in one of the five defined benefit schemes; either a 'final salary' scheme: Classic (including Classic Plus) or Premium; or a 'whole career scheme': Nuvos or Alpha. There is also an annuity scheme (Partnership).

For 2021-22, employers' contributions of £463k were payable to the PCSPS (2020-21 £463k). The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under Classic (including Classic Plus), Premium, Nuvos and Alpha are increased annually in line with Pension Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (Partnership pension account).

From 1 April 2015 a single set of contribution rates was set across Civil Service Pensions, regardless of whether members are in Classic, Classic Plus, Premium, Nuvos or Alpha.

From 1 April 2015 employee contribution rates were set as follows: (see next page)

| | Members who moved into alpha from classic | All other members |
|--|--|---|
| Full Time Equivalent Annual Pay Range | Contribution rates from 1 April 2015 | Contribution rates from 1 April 2015 |
| Up to £15,000 | 3.00% | 4.60% |
| £15,001 - £21,000 | 4.60% | 4.60% |
| £21,001 - £47,000 | 5.45% | 5.45% |
| £47,001 - £150,000 | 7.35% | 7.35% |
| £150,001 and above | 8.05% | 8.05% |

Benefits accrue as follows:

Classic:

Benefits accrue at the rate of 1/80th of the final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

Premium:

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. There is no automatic lump sum.

Classic Plus:

Benefits in respect of service before 1 October 2002 are calculated broadly as per Classic and benefits for service from 1 October 2002 are worked out as per Premium.

Nuvos and Alpha:

In both of these schemes a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pension Increase legislation. There is no automatic lump sum.

In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

Partnership:

The partnership pension account is a stakeholder pension arrangement. The employer contribution consists of 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement) plus an age related contribution ranging from 11.5% to 24.5%.

Members of a partnership pension scheme can select their own pension contribution rate. Partnership members do not need to contribute, but if they do so, the employer will match this up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Members of the partnership schemes are contracted in to the state pension scheme – so pay higher National Insurance contributions

than members of the four Scottish Government pension schemes. Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions.

5. Other administration costs

| | 2021-22 £'000 | 2020-21 £'000 |
|--|--------------------------------|--------------------------------|
| Property costs | 152 | 134 |
| Supplies and services | 397 | 518 |
| Staff related costs | 52 | 23 |
| Rentals under operating leases (note 14) | 144 | 124 |
| <u>Non-cash items</u> | | |
| Auditors' remuneration and expenses | 15 | 14 |
| Provision for dilapidations | 162 | 0 |
| Total | 922 | 813 |

(i) Property costs for 2021-22 comprise: property running costs recharged under Service Level Agreement (SLA) with the Care Inspectorate £86k (2021-22 £90k); Rates recharged from Care Inspectorate £63k (2020-21 £41k) and property maintenance costs £3k (2020-21 £3k).

(ii) Supplies and services costs for 2021-22 comprise: ICT support and equipment £222k (2020-21 £231k), ICT development £64k (2020-21 £105k), consultancy £6k (2020-21 £10k), administration costs £71k (2020-21 £57k) and professional fees £34k (2020-21 £115k).

(iii) Staff related costs for 2021-22 comprise: training £43k (2020-21 £21k), travel and subsistence £0k (2020-21 £1k), recruitment £6k (2020-21 £4k) and membership fees/subscriptions £3k (2020-21 £2k).

Auditor's remuneration is disclosed as a notional charge and relates to fees notified to OSCR by Audit Scotland in respect of the audit work carried out in relation to the year ended 31 March 2022. All audit fees are paid from the Scottish Consolidated Fund.

No other work was carried out by Grant Thornton UK LLP (appointed auditors), during the year ended 31 March 2022 (£ nil in the year to 31 March 2021).

6. Property, office furniture and equipment

| | Leasehold Improvements £'000 | Information technology £'000 | Furniture and equipment £'000 | Total £'000 |
|--|------------------------------------|------------------------------------|-------------------------------------|----------------|
| Cost | | | | |
| 1 April 2021 | 191 | 63 | 55 | 309 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| 31 March 2022 | 191 | 63 | 55 | 309 |
| Depreciation | | | | |
| 1 April 2021 | 182 | 63 | 55 | 300 |
| Charged in year | 3 | 0 | 0 | 3 |
| Disposals | 0 | 0 | 0 | 0 |
| 31 March 2022 | 188 | 63 | 55 | 306 |
| Net book value at 31 March 2022 | 6 | 0 | 0 | 6 |
| 31 March 2021 | 9 | 0 | 0 | 9 |

6. Property, office furniture and equipment (cont.)

| | Leasehold Improvements £'000 | Information technology £'000 | Furniture and equipment £'000 | Total £'000 |
|--|------------------------------------|------------------------------------|-------------------------------------|----------------|
| Cost | | | | |
| 1 April 2020 | 191 | 63 | 55 | 309 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| 31 March 2021 | 191 | 63 | 55 | 309 |
| Depreciation | | | | |
| 1 April 2020 | 182 | 63 | 55 | 300 |
| Charged in year | 3 | 0 | 0 | 3 |
| Disposals | 0 | 0 | 0 | 0 |
| 31 March 2021 | 185 | 63 | 55 | 303 |
| Net book value at 31 March 2021 | 6 | 0 | 0 | 6 |
| 31 March 2020 | 9 | 0 | 0 | 9 |

All assets are owned, with the exception of leased property.

7. Intangible assets

| | Software £'000 |
|-------------------------|---------------------------|
| Cost: | |
| At 1 April 2021 | 174 |
| Additions | 0 |
| Disposals | 0 |
| At 31 March 2021 | 174 |
| Amortisation: | |
| At 1 April 2020 | 174 |
| Charged in year | 0 |
| Disposals | 0 |
| At 31 March 2021 | 174 |
| Net book value: | |
| At 31 March 2021 | 0 |
| At 31 March 2020 | 0 |

7. Intangible assets (cont.)

| | Software £'000 |
|-------------------------|---------------------------|
| Cost: | |
| At 1 April 2020 | 182 |
| Additions | 0 |
| Disposals | (8) |
| At 31 March 2021 | 174 |
| Amortisation: | |
| At 1 April 2020 | 182 |
| Charged in year | 0 |
| Disposals | (8) |
| At 31 March 2021 | 174 |
| Net book value: | |
| At 31 March 2021 | 0 |
| At 31 March 2020 | 0 |

All assets are owned.

8. Financial instruments

As the cash requirement of the Non-Ministerial Department is met through the spending review process, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with OSCR's expected purchase and usage requirements and therefore OSCR is exposed to little credit, liquidity or market risk.

9. Cash and cash equivalents

| | 2021-22 £'000 | 2020-21 £'000 |
|---|--------------------------------|--------------------------------|
| Balance as at 1 April | 1 | 1 |
| Net change in cash and cash equivalent balances | 0 | 0 |
| Balance as at 31 March | 1 | 1 |

This balance is held in a commercial bank.

10. Other current assets

| | 2021-22 £'000 | 2020-21 £'000 |
|-----------------------------------|--------------------------------|--------------------------------|
| Prepayments | 46 | 32 |
| Trade receivables | 0 | 5 |
| Analysis of other current assets: | 46 | 37 |

| | 2021-22 £'000 | 2020-21 £'000 |
|---|--------------------------------|--------------------------------|
| Balances with other central Government bodies | 20 | 23 |
| Balances with bodies external to Government | 26 | 14 |
| | 46 | 37 |

11. Trade payables and other current liabilities

| | 2021-22 £'000 | 2020-21 £'000 |
|------------------------------------|--------------------------------|--------------------------------|
| Trade payables | 2 | 92 |
| Accruals | 164 | 168 |
| Other taxation and social security | 48 | 47 |
| Other payables | 49 | 50 |
| | <hr/> | <hr/> |
| | 263 | 357 |
| | <hr/> | <hr/> |

Analysis of trade payables and other current liabilities:

| | 2021-22 £'000 | 2020-21 £'000 |
|---|--------------------------------|--------------------------------|
| Balances with other central Government bodies | 91 | 141 |
| Balances with bodies external to Government | 172 | 216 |
| | <hr/> | <hr/> |
| | 263 | 357 |
| | <hr/> | <hr/> |

12. Provisions for liabilities and charges

There is a provision of £162k for property dilapidations in respect of lease obligations in 2021-22. Estimates of likely costs in respect of obligations for property dilapidations, reinstatement and decoration are charged to revenue in equal instalments over the life of the lease or the period to a planned early termination of the lease, whichever is shorter. There were no provisions for liabilities and charges in 2020-21.

Figures are available on the next page.

| | 2021-22 £'000 | 2020-21 £'000 |
|-----------------------------|--------------------------------|--------------------------------|
| Opening balance at 01 April | 0 | 0 |
| Provided in year | 162 | 0 |
| Released in year | 0 | 0 |
| Closing balance | 162 | 0 |

13. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2022.

14. Commitments under leases

Total future annual lease payments under operating leases are given in the table below for each of the following periods.

| | 2021-22 £'000 | 2020-21 £'000 |
|---|--------------------------------|--------------------------------|
| <u>Land and buildings</u> | | |
| Not later than one year | 124 | 124 |
| Later than one year and not later than five years | 23 | 147 |
| Later than five years | 0 | 0 |

15. Related party transactions

OSCR is part of the wider Scottish Administration and it considers that the Scottish Government is a related party within this context. OSCR had significant financial and non-financial transactions with the Scottish Government in the year, through the use of its electronic HR and transactional finance systems.

Facilities Management of our office at Quadrant House, Dundee is undertaken by the Care Inspectorate on a shared service basis, for which we paid £111k in 2021-22 (£131k 2020-21). OSCR also obtained some transactional financial services, and year-end and strategic accounting services from the Scottish Social Services Council during 2021-22 totalling £17k (2020-21 £19k).

The Board Members and Senior Management Team have not undertaken any material transactions or had a significant involvement with other related parties in the year except as reported in the remuneration report.

16. Contingent liabilities

There were no contingent liabilities at 31 March 2021 which required disclosure under IAS 37 or the Scottish Public Finance Manual.

17. Post statement of financial positions events

There were no events after the statement of financial position date relating to the 2021-22 financial year up to when the Accounts were signed.

Direction by Scottish Ministers



OFFICE OF THE SCOTTISH CHARITY REGULATOR

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2016 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

A handwritten signature in blue ink, appearing to read 'Nysan Staffin', written in a cursive style.

Dated 6 June 2021



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