

Scottish Charity Regulator (OSCR)

Inquiry Report made under Section 33 of the Charities and Trustee Investment (Scotland) Act 2005

Dudgeon Park Community Centre, SC031703

1. Background

Dudgeon Park Community Centre is an unincorporated association and was awarded charitable status on 18 May 2001.

The charity is established with the following purposes:

- To promote the benefit of the inhabitants of Brora and its environs without distinction of sex, sexuality, political, religious or other opinions by associating the local statutory authorities, voluntary organisations and inhabitants in a common effort to advance education and to provide facilities, or assist in the provision of facilities, in the interest of social welfare for recreation and other leisure-time occupation so that their conditions of life may be improved.


The charity gives its principal activity in its Annual Report and Accounts as *'the day to day responsibility for the management and development of the facility. We continue to hire out the premises to community groups and fundraising activities take place'*.

2. Concerns received by OSCR

Between January and February 2022, the Scottish Charity Regulator (OSCR) received concerns regarding the charity. When we receive concerns, we assess each one to identify if there are regulatory matters for us to deal with.

The charity had applied to OSCR for consent to dissolve and this had been granted on 4 February 2022. One of the concerns raised was that this application had been submitted by a sole trustee without the knowledge of the other trustees.

During the course of our initial inquiries and risk assessment, we became aware that the charity had transferred cash to Brora Rangers Football Club (the football club) and we took the precautionary action of directing the charity



trustees in terms of section 28(3) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act) not to transfer any further assets of the charity to the football club and not to wind up or dissolve the charity pending further inquiries by OSCR.

Our assessment of the concerns received indicated that there were some regulatory issues that we needed to make inquiries about. The issues were:

- The activities of the charity in furtherance of its charitable purposes
- Management and use of Dudgeon Park Community Centre
- Use of charitable assets
- Management of conflicts of interest

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During the course of our initial inquiries and risk assessment, we became aware that the charity had transferred cash to Brora Rangers Football Club (the football club) and we took the precautionary action of directing the charity trustees in terms of section 28(3) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act) not to transfer any further assets of the charity to the football club and not to wind up or dissolve the charity pending further inquiries by OSCR.

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3. OSCR's inquiry

We opened an inquiry into the charity on 30 March 2022 and published an Interim Inquiry Report under section 33 of the 2005 Act on 05 May 2022.



We wrote to the newly appointed charity trustees ('the new charity trustees') who had taken over the management of the charity. Whilst they were keen to assist OSCR with their inquiries, they were unable to provide information on the activities of the charity prior to them becoming trustees or provide any information about why cash was transferred by the charity to the football club. They were also unable to provide any historic financial records or minutes of meetings recording any decisions taken by the former trustees.

The new charity trustees were able to confirm that the only current activity of the charity was the operation of a social club licensed to sell alcohol on premises owned by the football club.


The new charity trustees took the decision to cease operating the social club, believing that this was not in furtherance of the charity's purposes, and the football club took over the responsibility for the operation of it. They also took the decision to reapply to OSCR for consent to wind up the charity which OSCR consented to on 10 January 2023.

It was subsequently discovered that the cash assets of the charity had significantly reduced due to the inability of the new charity trustees to control the charity's bank account, which continued to make payments relating the operation of the social club for a significant period after the charity's responsibility for this had been transferred to the football club. Once this had been brought to OSCR's attention, we issued a new direction to the new charity trustees in terms of section 28(3) of the 2005 Act not to wind up or dissolve the charity until they had identified and recovered these payments from the football club. Once they had done this, OSCR revoked the direction on 9 May 2023.

We took steps to identify as many former charity trustees as possible and wrote to them giving them the opportunity to provide information on the governance and financial situation at the charity while they were trustees. It was clear from the responses received that many of these former charity trustees had little or no involvement in the management of the charity and that minutes of meetings, when held, were unavailable.

In March 2020 as a result of the Covid-19 pandemic, measures were taken by the Scottish and UK Governments which resulted in the closure of many facilities and the halting of many community activities and gatherings.

It was confirmed that the charity applied for and were given grants from Highland Council to support it through the Covid-19 pandemic and the measures imposed. From looking at the bank statements it was clear that the



charity had transferred substantial sums to the football club during this period. Conflicting reasons were given by two of the former charity trustees who were actively managing the activities of the charity as to the reason these sums were transferred to the football club. These included costs of repair and refurbishment of the premises following flood damage and payment for rent arrears. None of the annual accounts submitted by the charity to OSCR detail rent as expenditure for the charity.

4. Findings

OSCR found that many of the former charity trustees, as named in the annual accounts, had not understood that they had been charity trustees of the charity and had become involved in the 'social club' as a result of their support for the football club. Collectively, the former charity trustees have not fulfilled their charity trustee legal duties to act in the interests of the charity and with the care and diligence that is reasonable to expect of a person who is managing the affairs of another person.

The operation of a social club licensed to serve alcohol is not a charitable activity and there is no evidence of any other activities in furtherance of the charity's charitable purposes. In addition, no consideration appears to have been given to operating the social club through a trading subsidiary company.

There does not appear to have been a lease in place between the charity and the owner of the facility, the football club, and the charity has made payments to the football club for the repair and refurbishment of the facility and in lieu of the perceived rent which they were not contractually required to make.

Additionally, minutes of meetings at which decisions were taken by the former charity trustees appear either not to have been taken or have not been retained.

We recognise, from our continued engagement with the charity the improvements the new charity trustees have made in terms of compliance with their charity trustee duties. There is now greater understanding and appreciation of how a charity needs to be governed, which has led to the decision to cease operation of the social club and the plans they have for the future wind up and dissolution of the charity.

OSCR has concluded that it is neither necessary nor proportionate to take formal enforcement action in relation to the failure of the former charity trustees to meet their charity trustee duties. We have issued them with a letter explaining we would expect all of the former charity trustees to

undertake some form of charity trustee training before considering any further appointments as charity trustees and have provided them with links to our Guidance and Good Practice for Charity Trustees.

5. Learning points for the wider charitable sector

- Charity trustees are the people who have general control and management of the administration of a charity and are responsible for making sure that the charity works to achieve its purposes. Charity trustees must ensure that they understand the purposes for which the charity is established and only undertake activities and use its assets in furtherance of those purposes.
- It is important for charity trustees to seek appropriate support from sector advisors or specialists to deal with complex or challenging issues to avoid these escalating and potentially affecting the reputation of the charity.
<https://www.oscr.org.uk/guidance-and-forms/charities-and-trading-guide/>
- Where a charity intends to lease or rent premises, it is important for charity trustees to ensure that an appropriate lease or rental agreement is entered into which clearly sets out the terms of the agreement including the amount of rent due, duration of the agreement and any obligations placed on the charity.
- Minutes should be taken of trustee meetings which record the decisions made and reasons for them. These minutes should be agreed and approved at the next meeting.
- Where there are conflicts of interest, charity trustees have a collective responsibility to manage these and to act in the interests of the charity – more guidance is available here [OSCR | Conflict of Interest](#)

OSCR

20 March 2025