

Scottish Charity Regulator (OSCR)

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

The Jericho Benedictine Society, SC016909

Background

The Jericho Benedictine Society is an unincorporated association which registered as a charity in 1991. It has three charity trustees, all of whom have served for an extended period.

We opened an inquiry into the charity following receipt of concerns about the charity trustees' governance and financial management of the charity.

The charity runs facilities in Greenock, Dundee, Derby and Wolverhampton that provide accommodation, treatment and support for people with drug and alcohol problems. One of the English facilities also provides accommodation for single women with these issues and their children. The charity therefore has up to 60 beneficiaries at any one time, many of whom are vulnerable. It has around 40 staff. As well as the properties used for the delivery of these services, the charity had two other properties, at one of which the trustees live rent-free.

OSCR's inquiry

We received concerns in July 2024 indicating major issues with the charity's governance and financial management, but also indicating that there was a clear plan for its survival that involved the sale of two of the properties, one of which was occupied by the trustees. In September 2024 we received concerns from a funder (who administered grants to the charity on behalf of Scottish Government) and others, that the issues had become acute, and the charity was in danger of collapse.

OSCR colleagues subsequently met with key stakeholders and the charity trustees.

Our view was that the issues raised with us were strongly evidenced and that there were very serious issues with the charity's governance and financial management and controls. There was a significant threat to the charity's viability. The lack of financial controls and information was such that it was not clear whether the charity was able to pay its debts or upcoming expenses, including staff costs.

The charity had two properties that were not used for service delivery that could be disposed of to assist in meeting the liabilities, one of which was on the market.

Our assessment of the information provided was that the charity trustees had a poor understanding of their duties and little insight into the charity's financial situation or the action that was required to save the charity from financial collapse. They were also regularly writing cheques from the charity's bank account for unreceipted expenditure.

The funder, Scottish Government and the local authorities were at that time extremely concerned about the impact on residents of the charity's facilities and were considering whether other services could be provided to them if the charity was unable to continue operating.

Action taken by OSCR

OSCR considered what action to take as a matter of urgency. The trustees undertook to comply with our request that they cease to issue cheques from the charity's bank account, bank all monies received and, should the sale of one of their properties conclude, not to part with any of the sale proceeds without prior consultation with us.

OSCR petitioned the Court of Session for the appointment of an Interim Judicial Factor with a view to protecting the income from the sale of the property and protecting the vulnerable beneficiaries currently in residence in the charity's facilities. On 15 October 2024 William Cleghorn of Aver Chartered Accountants was appointed by the Court as interim Judicial Factor.

Following this appointment the sale of one of the charity's properties concluded and the charity received the sale proceeds.

The Interim Judicial Factor undertook work to understand more about the financial health of the charity and how the charity was being run. The Interim Judicial Factor concluded that it was necessary for his appointment to be made permanent to allow him to continue to discharge his duties and take appropriate next steps.

OSCR petitioned the Court of Session for the permanent appointment of the Judicial Factor. This was granted on 6 December 2024.

The role undertaken by the Judicial Factor since his permanent appointment has been to try to secure the future delivery of services provided by the charity so that vulnerable beneficiaries are not disadvantaged or put at risk. He has considered options for how this could be achieved and engaged with stakeholders as required to be able to progress his work.

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The trustees have raised a petition in the Court of Session for recall of the Judicial Factor's appointment. This action is being vigorously defended by OSCR and the Judicial Factor.

OSCR will report further once its inquiry is concluded.