**THINKING ABOUT BECOMING A CHARITY**

**Key Questions**

**1. Is Charitable Status Possible?**

In short, yes. The Scottish Charity Regulator (OSCR) defines a charity in Scotland as ‘a body entered on the Register’ which OSCR holds. To be entered on the Register organisations have to meet a ‘Charity Test’. We could meet this by:

* Being an independently constituted body.
* Being formed entirely for one or more ‘charitable purposes’ – the list of legally defined purposes includes ‘the advancement of education’.
* Not aiming to advance any particular political party.
* Engaging in activities that further our charitable purpose(s).

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**2. Is Charitable Status an advantage?**

Potential advantages of Charitable Status include:

* Being able to receive money through Gift Aid (this increases the value of eligible cash donations by 25% so for each £1 raised we would get an extra 25p). This is particularly beneficial for fundraising based on sponsorship or direct donation appeals / crowd-funding.
* Being able to apply for grants. Many trusts will only give funds to registered charities. This can be a source of significant fundraising income for larger projects.
* Being able to receive donations through companies’ matched giving schemes and payroll giving.
* Being able to get gross rather than net interest on bank accounts – although we would normally be keeping only a minimal agreed reserve in our bank account so with current low interest rates this wouldn’t amount to much.

Are there any drawbacks to having charitable status?

Being a charity brings with it certain responsibilities:

* Receipt and payments accounts must be kept and copies have to be sent to OSCR each year with an Annual Return.
* Charities in Scotland are publicly accountable and must ensure that the public can readily obtain reliable information about their activities (including copies of the constitution and accounts).
* There is a requirement to produce a Trustee’s Annual Report detailing activities (although this can be quite a short, simple document similar to the Parent Council Co-Chairs’ AGM report).
* Depending on the legal form of the charity, trustees may have personal liabilities e.g. if the charity goes into debt. However this would not be the case if registered as a SCIO (see q3 below).
* You cannot switch charitable status on and off. Once granted, it commits the organisation to these duties and liabilities unless it goes through a formal process to deregister.
* A charity can be removed from the register but any assets that it holds will still be subject to OSCR’s regulatory regime.

**3. What legal form could our charity be?**

**Charitable Unincorporated Association**

* Still the most common type of Scottish charity.
* A flexible form of charity which can suit informally run organisations, however members potentially have unlimited personal liabilities.

**Scottish Charitable Incorporated Organisation** (SCIO)

* Newer and increasingly popular form of Scottish charity.
* Some additional duties for trustees and members however they are protected from personal liability.

**4. How would we register as a charity?**

To become a charity we would have to:

* Make a clear majority decision at a quorate PC meeting.
* Decide what form of charitable status would best suit our organisation.
* Develop and formally agree an appopriate constitution setting out the aims of the charity and an agreed set of rules on how it is to be run (Connect – formerly known as the Scottish Parent Teacher Council – has worked with OSCR to produce a model constitution for parent groups who wish to apply for charitable status)
* Identify and agree trustees / membership.
* Apply to OSCR with a copy of the constitution, trustee declarations and possibly most recent accounts.
* OSCR should process an application within 3 months.

Sources and further information:

OSCR <https://www.oscr.org.uk/>

EVOC <https://www.evoc.org.uk/>

Connect <https://connect.scot/>