

## SCOTTISH CHARITABLE INCORPORATED ORGANISATION (SCIO)

The Scottish Charitable Incorporated Organisation (SCIO) is a somewhat new legal structure having only been introduced in 2011. Traditionally if an organisation applying for charitable wished to be incorporated (*please see section 1.1*) it would adopt the **company limited by guarantee** structure. However, in addition to being regulated by the *Office of the Scottish Charity Regulator (OSCR)*, companies are also regulated by *Companies House*, the official registrar of private and public companies in the UK. Recognising a need for charities to be able to incorporate without the burden of reporting to two regulators, the SCIO structure was introduced by the Scottish Government in 2011 and is proving a popular model with approximately half of all applications for charitable status being SCIOs (July 2018). The key characteristics of a SCIO are detailed in the below table.

Key characteristics of a SCIO	
<i>Is this legal structure incorporated?</i>	Yes.
<i>Can this legal structure be a charity?</i>	A SCIO <u>can only</u> exist with charitable status. Should charitable status be revoked, the SCIO must dissolve.
<i>Who are the regulators?</i>	SCIOs are regulated solely by OSCR.
<i>What is the key legislation?</i>	Charities and Trustee Investment (Scotland) Act 2005.
<i>Is there a registration fee?</i>	No. Applications for charitable status are free of charge.
<i>What type of governing document is required</i>	SCIO constitution.
<i>What is the membership structure?</i>	SCIOs may have a single tier structure (governed by charity trustees with no additional members) or a two tier structure (governed by charity trustees who are elected by a membership).
<i>What are the annual reporting requirements?</i>	As with all charities, a SCIO must submit to OSCR a Trustees' Annual Report, completed Annual Return form and externally scrutinised accounts.
<i>What are the accounting requirements?</i>	Providing its constitution doesn't state that it should prepare accrued accounts and its income is under £250,000, a SCIO can prepare accounts on a receipts and payments basis.
<i>Are there any specific duties or requirements?</i>	<p>A SCIO's constitution must contain certain information including:</p> <ul style="list-style-type: none"> <li>• A statement that its principal office is, and will remain in, Scotland.</li> <li>• Details of how a person can become a member, how trustees are appointed and how both can withdraw or be removed from their positions as charity trustees or members.</li> <li>• Procedures for dealing with any conflict of interest.</li> </ul> <p>Additionally SCIOs are required to keep a register of trustees and members (if two tier) which must be updated within 28 days of any change being notified. Only a member or charity trustee can request a copy of the register of members (addresses can be omitted if the request is by a member) but any person can request a copy of the register of trustees which must be provided within 28 days, either in electronic or hard copy format.</p> <p>Since 1<sup>st</sup> January 2018, SCIOs have been listed on the <i>Registrar's Index of Company Names</i> (maintained by Companies House) which protects their names. However, this means that prior to submitting a SCIO application to OSCR, permission will have to be sought from Companies House if the proposed name includes a 'sensitive word or expression' such as <i>Trust, Foundation, Association, Society or Fund</i> etc. OSCR's <a href="#">FAQ</a> provides full details.</p>