

THE SCOTTISH CHARITABLE INCORPORATED ORGANISATION

This Fact Sheet is one of a series provided to assist Charities

Introduction

The Charities and Trustee Investment (Scotland) Act 2005 has now received the Royal Assent and most of it is to be brought into force on 1st April 2006. Its full text is available online at

<http://www.opsi.gov.uk/legislation/scotland/acts2005/20050010.htm>

Sections 49 – 64 of the Act introduce and deal with the new Scottish Charitable Incorporated Organisation (the SCIO - pronounced “skio”) which is to be introduced as a new type of organisation specifically for Scottish charities.

The SCIO will provide limited liability but will not be a company. It will be regulated by the Act and separate Regulations (yet to be issued) and will be administered by the Office of the Scottish Charity Regulator (OSCR).

The timetable for the introduction of the SCIO, originally anticipated to be “sometime in 2007” is now scheduled for early 2011, once the relevant Regulations are passed, hopefully at the end of 2010.

Historically, the SCIO comes from a proposal originally made by the Charity Commission of England & Wales in 2001. This model will provide a relatively simple type of charity, either as a single tier model (where the Trustees are the only members) or as a two-tier model (where there is a membership and a separate Board of Trustees). The SCIO may have advantages particularly for charities which do not wish to be regulated both by the Charities & Trustee Investment (Scotland) Act 2005 Act and the Companies Act 2006.

Nearer the time when the SCIO becomes available as an option, we will provide a detailed Fact Sheet about its features and essential elements. We will compare a Guarantee Company with the SCIO and will list the advantages and disadvantages between them.

Once the new SCIO is available, it will be possible for an existing Guarantee Company to apply to convert into a SCIO, should that be considered appropriate. This is a one-way system, however, as a SCIO cannot convert into a Guarantee Company.

Careful planning is therefore required and expert advice from the charity’s lawyers and accountants is essential.

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Although carefully prepared, this Fact Sheet is a guide only and is not intended to be comprehensive. Specific advice should be requested on individual situations.

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