

## Glossary: Jargon busting the Third Sector

### **Agenda**

A list of matters to be discussed at a meeting. The order of items to be discussed should start with the most important items first in order to allocate the appropriate amount of time for discussion.

### **AGM**

An annual general meeting is a meeting of the general membership of an organisation. These organisations include membership associations and companies with shareholders. These meetings may be required by law or by the constitution, charter, or by-laws governing the body.

### **Annual Accounts/Report**

An annual report is a comprehensive report on a charity's activities throughout the preceding year. Annual reports are intended to give stakeholders and other interested people information about the charity's activities and financial performance.

### **Board member**

A board of directors is a group of people who jointly supervise the activities of an organisation, which can be either a for-profit business, non-profit organisation, or a government agency. The term Board member is interchangeable with trustee or committee member.

### **Charity limited by guarantee**

A charity is a membership organisation formed and registered under the provisions of the Companies Acts. It is incorporated and benefits from limited liability for its members. It's a structure that can be chosen by voluntary sector organisations that employ staff, regularly enter into contracts, manage investments, and/or own property and other assets, because limited liability helps to minimise the threat of personal liability for the directors. It is regulated by Companies House and subject to the Companies Acts and other legislation. If a company is charitable then it will be subject to charity law and regulated by OSCR as well.

### **Charitable test**

The charity test is the legal set of requirements that an organisation must pass to become a charity and be entered in the Scottish Charity Register. The charity test is in two main parts: an organisation has to show that it has only charitable purposes and that it provides public benefit in achieving those purposes.

### **CIC**

A community interest company is a type of company introduced by the United Kingdom government in 2005 under the Companies Act 2004, designed for social enterprises that want to use their profits and assets for the public good.

### **Conflict of interest**

You have a legal duty to act in your charity's best interests when making decisions as a trustee. If there's a decision to be made where a trustee has a personal or other interest, this is a conflict of interest and you won't be able to comply with your duty unless you declare it.

### **Constitution**

A constitution is the governing document of your organisation that details your purposes and the rules and decision-making structures.

### **Contractual Commitments**

A commitment to do something that is made legal by being included in the terms of a contract.

### **Fundraising plan**

A fundraising plan is a document that organises all of your fundraising activities over a certain period of time (usually 1-year). These strategic plans generally include key dates and strategies, funder-tracking, special event details, and a targeted communication schedule.

### **GDPR**

The General Data Protection Regulation 2016/679 is a regulation in EU law on data protection and privacy in the European Union and the European Economic Area. It also addresses the transfer of personal data outside the EU and EEA areas. It is still in force post-Brexit.

**Governing Document** - A governing document is a legal document which represents the rule book for the way in which your charity will operate. It should contain information about what the charity is set up to achieve (purposes) and how the charity goes about achieving its purposes (powers). See also **Constitution**.

### **HMRC**

Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes including the national minimum wage.

### **Induction**

A proper trustee induction programme helps ensure consistency and awareness among charity trustees. An induction pack - kept up to date - should at least include the constitution and information on the charity's aims, values and current activities.

### **LAs**

Local Authorities.

### **Logic Model**

A logic model tells the story of your project or programme in a diagram and a few simple words. It shows a causal connection between the need you have identified, what you do and how this makes a difference for individuals and communities. [ESS Support Guide 1.2 Developing a Logic Model](#) gives you tips on completing a logic model.

### **Management Accounts**

Set of summarised *accounting* data (balance sheet, cash flow, and income statement) prepared and presented (usually every month, fortnight, or week) specifically for a charity's *management* and Board.

### **Marketing plan**

A marketing plan may be part of an overall business plan. Solid marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, without a sound strategic plan, it is of little use to a business.

### **Mission statement**

What you do to achieve your vision.

### **OSCR**

Office of the Scottish Charity Regulator. The Scottish Charity Regulator is a non-ministerial department of the Scottish Government with responsibility for the regulation of charities in Scotland. OSCR is the independent regulator and registrar for more than 24,000 Scottish charities.

### **PVG**

The Protecting Vulnerable Groups (PVG) membership scheme is managed and delivered by Disclosure Scotland. It helps ensure people whose behaviour makes them unsuitable to work with children and protected adults cannot do regulated work with these vulnerable groups.

### **Quorate/Quorum**

The smallest number of people needed to be present at a meeting before it can officially begin and before official decisions can be taken. This number will be found in your governing document or constitution.

### **Reserves level**

Reserves are the funds that your charity has which can be freely spent on any of its charitable purposes. This definition excludes restricted income funds and endowment funds as these must be spent in a specific way. Reserves will also normally exclude tangible fixed assets held for the charity's own use.

### **Resource plan**

A resource plan summarises the level of resources needed to complete a project. A properly documented resource plan will specify the exact quantities of labour, equipment and materials needed to complete your project.

### **Restricted income**

The term restricted income is used for funds whose use is restricted by a particular purpose and where the assets must be used in a reasonable period from their receipt.

**Risk management**

Risk management is the identification, evaluation, and prioritisation of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximise the realisation of opportunities.

**Risk register**

A risk register, also referred to as a risk log, is a master document which plays an important part in your Risk Management Plan, helping you to track issues and address problems as they arise. It should be proportionate to the size of the organisation and regularly reviewed by the Board.

**SCVO**

The Scottish Council for Voluntary Organisations is the national membership body for Scotland's charities, voluntary organisations, and social enterprises. SCVO works to support people to take voluntary action to help themselves and others, and to bring about social change.

**SCIO**

A Scottish Charitable Incorporated Organisation is a legal structure which has been purpose built for the voluntary sector in Scotland. It provides limited liability and a separate legal identity to organisations that want to become charities but do not want or need the complex structure of company law. This means that even the smallest charity can access the benefits of incorporation – including limited liability and legal capacity.

**Set term**

The term a trustee serves on a Board typically for three years with a nine-year maximum term.

**Skills review**

A skills audit is a useful tool for mapping out the skills and expertise of trustees to see if you have the right mix and identify gaps.

**SMT**

Senior Management Team.

**Strategic plan**

Strategic planning is an organisation's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy. Interchangeable with action plan.

**Unrestricted income**

Unrestricted funds are donations the charity may use for any purpose. Unrestricted funds usually go toward the operating expenses of the organisation or to a particular project that the charity picks.

**Vision Statement**

Where you want to be in 20 years.