

Scottish Council for Voluntary Organisations (SCIO)



Report and Financial

Statements

Year ended 31 March 2022



 Charity No: SC003558

**ANNUAL REPORT & FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2022**

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**ANNUAL REPORT - FORWARD**

Last year’s Annual Report was dominated by the impact of the coronavirus pandemic on SCVO and the voluntary sector as a whole. The fallout from the pandemic continues to impact on us all and is now exacerbated by global events and the cost-of-living crisis. However, 2021/22 has been largely positive for SCVO. We have continued to deliver a wide range of services and activities, and our membership has grown significantly.

There have been many highlights for me, particularly achieving gold accreditation from Investors in People recognising our significant work on culture change and staff wellbeing. We aim to be a good employer and it’s great to see that reflected in external assessments. The launch of our new membership package has been successful with more members joining every day and few leaving us. Digital inclusion is a challenge across Scotland and I’m proud that SCVO is playing an important part in addressing it, in partnership with Scottish Government, councils and hundreds of voluntary organisations through Connecting Scotland and other initiatives. And we continue to offer excellent support to enable voluntary organisations to operate in the digital world.

We’ve built on our learning from what worked, and what didn’t, during the pandemic and have developed our expertise and systems in fund management and information services, as well as growing our infrastructure support in things like HR, IT and Payroll services. We have an important role to play in influencing government and others to make sure the voice of the voluntary sector is heard in policymaking and legislation. We have good relationships with Scottish Government and opposition parties in the Scottish Parliament and are building our relationships with UK Government as policies such as Levelling Up emerge. We are continually developing our relationship with local government, in partnership with colleagues in the third sector interfaces.

Of course, 2021/22 hasn’t been without its challenges. I am particularly saddened by the loss of national funding for Community Jobs Scotland. This national programme supporting voluntary organisations to offer jobs to disadvantaged young people has seen remarkable success over the last decade, with over 10,000 young people benefitting. As Scottish Government presses ahead with its No One Left Behind policy, it’s still unclear what support will be available to voluntary sector employers and the young people they work with in local areas.

Having mastered remote working, SCVO like many other organisations is now moving into a more blended approach and it will take time to get that working well. We are also struggling with the impact of rising inflation and costs on us as an organisation and on our staff. We’re not immune from the shocks that hit the voluntary sector and wider society. But we are in a good place and I’m sure we will weather the storm, with the support of everyone that works at SCVO, our members and our funders.



Andrew Burns, Convener

**TRUSTEES’ ANNUAL REPORT**

The Trustees present the annual report together with the audited financial statements for the year ending 31 March 2022.

**ORGANISATION**

The Scottish Council for Voluntary Organisations (SCVO) is a Scottish Charitable Incorporated Organisation recognised by the Scottish Charity Regulator (OSCR), registration number SC003558. It is governed by its constitution which was adopted on 3 July 2014 (updated 4 December 2019).

**OBJECTIVES**

SCVO is the national membership body for Scotland’s voluntary sector. We are passionate about what the voluntary sector can achieve. Along with our 3,100+ members, we believe that charities, social enterprises, and voluntary groups make Scotland a better place.

We are committed to supporting Scotland’s voluntary sector to achieve its ambitions.

**ACTIVITES AND ACHIEVEMENTS**

This was due to be the final year of delivery against our Strategic Plan 2019-22, but because of the coronavirus pandemic, the Board extended the current plan to 31 March 2023. The coronavirus pandemic has meant that we have done more and different activity than we imagined at the start. However, we have made significant progress in line with the plan and have learned so much in taking on the challenge of these last few years.

We have continued to support, promote and develop the sector in an uncertain and constantly changing environment. We have also completely changed ‘how’ we work and end this year as an organisation that has embraced blended working and the benefits it can bring. While the transition has not always been easy, we are a more digital, agile and resilient organisation than we were back in 2019. During the year we achieved gold accreditation from Investors in People.

**Delivering our strategic aims**

As a membership organisation, our members sit at the heart of what we do, informing and influencing our priorities. A key development in April 2021 was the launch of our new membership structure and benefits package. We now have three categories of membership based on organisational income and a supporter package for organisations and individuals who do not qualify for membership but want to be part of what we do.

As a result, 687 (655 members and 32 supporters) new organisations joined SCVO in 2021-22, expanding our membership community to a total of 2,942 organisations by the end of March 2022. Through joining SCVO, members access specialist information, support and advice on a range of key topics, learning and development opportunities and the opportunity to network and connect with others, all to help develop and build their capacity.

We have three strategic pillars that we deliver against for our members and the wider voluntary sector. These are: support, promote and develop.

Our activities to **SUPPORT** a confident, sustainable voluntary sector in Scotland this year continued to include coronavirus response activity. This has become integrated with our core work rather than being seen as separate or stand alone and is included within the following overview. This year:

* our information services handled 989 queries that helped organisations to comply with regulatory and legal requirements, implement good practice and make informed decisions
* Trustees’ Week in November 2021 provided us with an opportunity to promote the Good Governance Code. We also launched our new Governance Check Up tool, which has been completed by 72 organisations, including SCVO, giving them practical steps and solutions to improve Trustees’ experience and effectiveness
* we developed the HR service that we launched as part of our covid response, to offer 21 online guides and 27 model constitutions and enable 50 organisations to benefit from free learning and development opportunities. We supported 500 organisations overall with their HR issues, supporting them to implement good employment practices
* before being wound up in March 2022, our Third Sector Coronavirus Information Hub, received 125,000 page visits. The information from the Hub has now been mainstreamed into the core information service pages at scvo.scot
* we ran 72 training courses, with 120 sessions and 744 learners, totalling over 4,000 hours of learning and development. We also ran 59 tailored in-house training courses for 28 organisations and delivered 41 online webinars to an audience of 2,855, supporting professional development and helping people excel and shine in their current roles and beyond
* as the national funding for Community Job Scotland (CJS) came to an end, we created and filled 491 more CJS jobs bringing the total number of jobs created over the 11 years of the programme to 10,367. To mark the end of the programme, we celebrated the contribution of hundreds of employers from across the voluntary sector and the positive difference CJS made to the lives of young people
* in our role as a gateway organisation for the UK government’s Kickstart scheme, we helped fill over 400 jobs giving participants a positive experience of working in the voluntary sector
* we worked with Highland Council and the Highland TSI to secure funding from the UK Government’s Community Renewal Fund to create 30 six-month voluntary sector work placements in the Highlands for 16 to 29-year-olds and people aged 50+
* we started working with Fife, Highland, South Lanarkshire and Scottish Borders councils to create and fill 76 new six-month job placements under the Young Person’s Guarantee for people aged 16 to 24, and a further 54 places for those aged 25 years and above, who have been unemployed for 12 months or more under the Long-Term Unemployed Job Creation Programme

* working closely with voluntary sector employers through the ‘great resignation’, we supported organisations to advertise 6,714 jobs on our recruitment website, goodmoves.com – 50% more than in the previous year. 1,472 organisations advertised with us, and we attracted 120,000 users each month
* our payroll service processed 81,000 payslips for 452 organisations and their employees, totalling £86 million in salaries and delivering a reliable and responsive service that included dealing with furlough claims
* we managed the delivery of five funds to the voluntary sector, receiving 313 applications and making 123 awards totalling over £1 million. We delivered a further 7 funds for partners through our built-for-purpose fund management systems. These funds attracted 1,312 applications and 501 awards were made totalling over £16 million
* we administered Milo, a shared database supporting third sector interfaces (TSIs) to manage their work, particularly in relation to volunteering. There are 400 users across 32 TSIs
* we maintained the Saltire Awards website where young people receive accreditation for their volunteering, useful in applications for college, university and jobs. Over 5,000 new volunteers registered this year, over 7,000 Saltire awards were achieved, and more than 300,000 volunteering hours logged

Our activities to **PROMOTE** a confident, sustainable voluntary sector in Scotland this year included:

* acknowledging the achievements of the most innovative and effective voluntary organisations and people in our sector through the Scottish Charity Awards 2021, attracting 258 applications, 12,000 public votes and 3,000 viewers online
* sharing important sector news online through Third Force News (TFN), with over 900,000 visits to the website throughout the course of the year
* building on the #NeverMoreNeeded campaign, by creating a short film showcasing just some of the amazing contributions of voluntary organisations throughout the pandemic. The film was viewed over 8,000 times and shortlisted on the 2022 UK Charity Film Awards
* raising awareness of the role of the voluntary sector in the climate crisis through a series of activities including webinars, a live event at COP26 and the creation of a new Climate Conscious Award in the Scottish Charity Awards
* partnering with stakeholders to build a Scotland-focused research community called the Third Sector Tracker to provide an evidence base about the sector, and to inform and influence decision-making by voluntary organisations, policy makers and funders
* maintaining a high profile and strong reputation for SCVO and the voluntary sector at Scottish Parliament, and advocating on behalf of the sector on issues affecting the sector’s operating environment

And finally, our activities to **DEVELOP** a confident, sustainable voluntary sector in Scotland this year included:

* providing support to 39 of the 76 organisations who completed our Digital Check-up to assess their digital strengths and weaknesses
* providing practical digital training and development opportunities, including monthly DigiShift Q&A webinars for our 1,000 strong DigiShift community and 18 digital training sessions for 800 attendees
* partnering with Microsoft to offer free training to 1,400 people across 13 sessions
* Mpower (supported by the European Union’s INTERREG VA Programme, managed by the Special EU Programmes Board) – has continued to support people to live well, safely, and independently in their own homes by self-managing their own health and care in their communities. The project has supported 2,700 well-being plans, 5,300 digital interventions. 1,200 shared learning opportunities and has worked with over 6,000 older people
* Connecting Scotland – continuing to support the sector in a concerted response to combat digital exclusion and isolation, helping to reach the Government’s target of awarding 60,000 devices by the end of 2021. This involved supporting 1,047 organisations throughout the life of the project and delivering 4,917 projects to help thousands of digitally excluded households

* delivering a range of digital inclusion activities supporting people to get online in ways that are sustainable and meaningful for them, and supporting organisations to understand the need for digital inclusion and why they need to change their processes to build capacity and deliver excellence

**Challenges**

The pandemic and its fall out has continued to raise challenges for SCVO. This included:

* transitioning from a remote, homeworking model to trialling a more permanent blended working model, while understanding and responding to the impact of that on staff, their work and well-being. This work has been recognised at a national level, with SCVO being among the top ten employers for flexible working and featuring as a CIPD good practice case study, as well as gaining gold accreditation from Investors in People
* scaling down some activities that dominated in the early stages of the pandemic - most notably the end of furlough claims processes as part of our payroll service, and the windup of our Third Sector Coronavirus Information Hub
* reopening our offices to tenants as well as staff and making adjustments to accommodate the new blended working approach
* the pandemic continues to influence our financial situation. While we increased our income for some services, other sources haven’t yet returned to pre-pandemic levels
* Scottish Government’s decision to stop funding Community Jobs Scotland (CJS) as a national programme and transfer the funding to local authorities before successor local arrangements were properly in place has dealt SCVO a severe blow and left many voluntary sector employers unable to offer employment opportunities to disadvantaged young people

**FINANCIAL REVIEW**

Unrestricted income for 2022 is £11,262,663 (2021: £11,466,090). This is broadly consistent with last year. Restricted income stands at £3,617,792 (2021: £53,513,401), a decrease on the previous year which included £49,067,795 for Scottish Government’s Connecting Scotland project. Total turnover for 2021/22 is therefore £14,880,455 (2021: £64,979,491).

Income comes from a diverse mix of sources; trading such as Goodmoves, Payroll Services, Events, and Property Services; grant-funded programmes from Scottish Government, Local Authority and DWP Employability funding and others. SCVO receives a mix of unrestricted and restricted income, all of which is directed to fulfilling its strategic objectives.

Included in expenditure of £28,890,609 is £6,246,522 (2021: £6,833,734) of onward funding that was passed directly to voluntary sector organisations.

This year SCVO is recording an overall deficit of £12,753,717 (2021: surplus £33,202,783). Unrestricted activities surplus is £2,666,495 (2021: £322,186) of this. There is a restricted deficit of £15,420,212 (2021: surplus £32,880,597). This is primarily due to income for the Connecting Scotland programme recognised in 2020/21, that has been spent in the 2021/22 financial year. This expenditure has been funded from Restricted Reserves brought forward into the 2021/22 financial year.

Tangible fixed assets of £5,359,273 (2021: £5,416,032) primarily consist of properties, which were financed by £2,042,641 (2021: £2,155,956) of bank loans. Net current assets were £20,657,369 (2021: £35,218,656), of which £3,511,080 (2021: £2,680,310) was available as general funds as shown in note 17.

Total unrestricted funds were £4,895,845 (2021: £2,229,350). This includes the long-term creditor for the pension recovery plan of £466,937 (2021: £2,062,767). The pension recovery plan liability has reduced due to an improvement in the September 2020 valuation, which effects payments from 1 April 2022. Further details can be found in Note 19.

Funds employed stand at £23,622,206 (2021: £36,375,923) of which £18,726,361 (2021: £34,146,573) is of a restricted nature. The trustees in considering their ongoing commitments have designated in total £387,945 (2021: £268,788) as detailed in note 14 to the financial statements.

Designated funds have been established to:

* avoid the necessity of realising fixed assets held for the charity’s use or selling investments at an inappropriate state of the market
* equate to the unrealised appreciation of the value of its investments
* equate to tangible assets, other than property, required by SCVO to run its operations.

**GRANT-MAKING**

SCVO has in the past year obtained grants from Scottish Government and other funders for the purpose of providing onward grants to voluntary sector organisations. The grant-making policy for these onward grants is determined by the body providing the grant funding.

**RESERVES**

The trustees regularly review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow SCVO to cope with unexpected costs and opportunities. We principally hold reserves to:

* protect the continuity of SCVO’s work against uncertain future income streams
* provide the capital needed to finance investment in operations
* provide funds to replace assets
* to cover for specific liabilities and identifiable risks
* to allow SCVO to respond to unexpected opportunities that can further mission
* to allow SCVO to meet contractual obligations.

The trustees have set optimal reserves at £3,423,663 (2021: £3,058,501) which equates to approximately six months unrestricted expenditure. As at 31 March 2022, the level of Free Reserves (defined as total general unrestricted funds, less tangible assets and excluding defined benefit pension obligations and long-term commitments) stands at £3,511,080 (2021: £2,680,310), thereby exceeding the optimal reserves figure.

SCVO has designated reserves of £387,945 (2021: £268,788) and restricted reserves of £18,726,361 (2021: £34,156,573). The designated reserves are held to represent reserves that are not available for other activities since they have been used to purchase fixed assets and are not available unless the assets are disposed. Restricted reserves relate to income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves.

The Reserves Policy is reviewed quarterly as part of our internal financial control systems.

**RISK MANAGEMENT**

SCVO is not a risk averse organisation. It recognises that to stay in the forefront of representing the sector’s interests and developing services, calculated risks will need to be taken. The overall level of risk accepted may, if the risks materialise, lead to significant change and disruption in the organisation but should not place the organisation as a whole in jeopardy. The level of risk acceptable is considered against the benefit to the sector. High risk activities with little direct benefit to the sector are not to be undertaken even if there is a possibility of significant amounts of income generation.

SCVO operates a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks faced, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risk; risk velocity is also considered when reviewing risks. Three key risks identified by the Trustees are:

* **Maintaining enough income** - to maintain generation of unrestricted income SCVO is pursuing an asset-backed income strategy and investment in its services, development, and project work, while also looking to diversify income sources to reduce dependence on any single stream of money
* **Reputational risk** – to mitigate reputational risk SCVO invests in staff training, risk appraisal and evaluation. We also have systems in place to respond quickly to reputational risks that might arise
* **Scottish Voluntary Sector Pension Scheme obligations** - this is a difficult risk to mitigate due to the high cost of exiting SCVO’s defined benefit obligations. To mitigate this risk SCVO engaged in a managed transfer exercise, the first part of which was completed in 2016/17. It mitigated some of the risk out of the scheme and along with a second phase in April 2017 reduced liabilities by approximately 18%. This risk mitigation exercise is a long-term strategy that will be built on if/when funding becomes available. Recent improvement in the funding level of the scheme has also helped to mitigate some of the risk of SVSPS membership

**PLANS FOR THE FUTURE**

The strategic priorities from our workplan for 2022-2023 are:

Support:

* promoting good governance, management and well-run organisations and supporting the sector to cope with and respond to change
* supporting the sector as an employer

Promote:

* contributing towards achieving a more positive funding environment for the sector
* increasing the visibility of the impact and contribution of the sector

Develop:

* reducing the environmental impact of the sector
* building digital capacity and inclusion

We will also be working hard internally to improve how we do things by:

* improving SCVO’s own financial sustainability
* producing a refreshed strategic plan
* embedding a customer service approach
* focusing on equality, diversity and inclusion
* developing our People Strategy
* strengthening partnership and collective voice with infrastructure organisations

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Board of Trustees**

SCVO is governed by a Board of up to eleven trustees, six of whom are elected from member nominations, with five co-options to bring in additional skills and knowledge. This year, trustees completed a self-assessment exercise using the Third Sector Governance Code and SCVO’s digital check-up tool. Two new trustees were elected on to the Board in December 2021 and there is an open recruitment exercise for two new co-opted Trustees.

**Sub-Committees**

The Board has two sub-committees.

The **Strategic Resources Committee** is set up to give detailed scrutiny to finance, risk and control systems including budget monitoring and development, property, ICT, environmental issues and regulatory compliance. It reports directly to the Board, and over the year has worked on scrutinising and developing risk identification, reviewing our Environmental Policy, property strategy, financial regulations, financial strategy, business continuity, anti-fraud policy and defined benefit pension obligations. It has also directed on Brexit contingency planning alongside examining internal and external controls and developing the relationship between operational planning and budgeting.

During the year the strategic Resources Committee also oversaw the tendering and interviewing for new auditors.

The **Strategic Development Committee** supports the Board of Trustees in evaluating the implementation of our Strategic Plan and other matters related to strategic direction and business development. Over the past year the Committee has focused on refreshing membership criteria and reviewing the approach to sales of commercial services and customer service. New membership criteria was developed and implemented from 1 January 2022 and a new customer service team was recruited over the year with the aim of increasing sales and a delivering a more joined-up approach to customer service across SCVO’s different teams.

**Senior Leadership Team**

Day to day operation of SCVO is delegated to the Chief Executive and the senior leadership team. SCVO’s current Chief Executive is Anna Fowlie. The other members of the Senior Leadership Team are Tim Hencher, Strategic Director of Delivery, and David McNeill, Strategic Director of Development.

SCVO has a pay grading structure that covers all staff. The pay and grading structure for the whole organisation was reviewed over the last 18 months and a new scheme put in place. Annual cost of living awards are made at the same rate across all pay grades.

**CONTROLS**

The Board of Trustees is the ultimate governing body of SCVO and is responsible for the organisation’s system of internal financial controls. The system of controls aims to give the Board reasonable (but not total) assurance that issues are identified as they arise and are dealt with appropriately in an effective, timely manner.

The three main objectives of the control system are:

* to ensure that the SCVO continues to maintain proper accounting records
* to safeguard the organisation’s assets from unauthorised disposal or use
* to ensure the integrity and reliability of financial and operational information used for decision making within the organisation and for external publication

SCVO’s internal controls include:

* a strategic plan and an annual budget approved by the Trustees
* regular consideration by the Trustees of financial results, variance from budgets, non-financial and performance indicators, including regular updates on workplan objectives
* delegation of authority and segregation of duties
* identification and management of risks

**AUDITOR**

In April 2021 the audit engagement was put out to tender, with Chiene & Tait appointed as auditor for the financial year 2021/22. Subject to annual AGM approval their initial term of engagement will be for three years.

It is the Trustees’ assessment that all necessary steps have been taken to ensure that the auditor has been made aware of all relevant audit information and as such there is no relevant audit information which the auditor has not been made aware of.

The Trustees would like to thank staff, members, and supporters of SCVO for all that has been achieved in a year that has seen some challenges and significant changes.

Approved on behalf of the Board of Trustees



**Andrew Burns (Convener)**

Date: 4 October 2022

**LEGAL AND ADMINISTRATIVE INFORMATION**

**Trustees**

The trustees during the year and their date of election, or appointment if co-opted, were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Elected Trustees | Elected | Re-elected | Resigned |
| Rebecca Duff | 8 December 2016 |  | 7 December 2021 |
| Adam Lang | 8 December 2017 | 2 December 2020 |  |
| James Adams | 4 December 2019 |  |  |
| Manish Joshi | 4 December 2019 |  |  |
| Pauline Lunn | 4 December 2019 |  |  |
| Debbie Adams | 7 December 2021 |  |  |
| Ashley Ryan | 7 December 2021 |  |  |
|  |  |  |  |
| Co-opted Trustees | Appointed | Re-appointed | Resigned |
| Theresa Shearer (Vice Convener) | 26 November 2015 | 4 December 2019 | 7 December 2021 |
| Andrew Burns (Convener) | 11 January 2018 | 7 December 2021 |  |
| Sean Duffy | 25 July 2018 | 7 December 2021 |  |
| Fiona Gillespie (Treasurer) | 25 July 2018 | 7 December 2021 |  |
| Kenneth Pinkerton | 25 July 2018 | 7 December 2021 | 22 March 2022 |
| Jonathan Christie | 7 June 2022 |  |  |
| Janette Mitchell | 7 June 2022 |  |  |
|  |  |  |  |

**Key Management Team**

Chief Executive Anna Fowlie

Strategic Director of Delivery Tim Hencher

Strategic Director of Services David McNeill

**Registered Office** Mansfield Traquair Centre

 15 Mansfield Place

 Edinburgh

 EH3 6BB

**Bankers**

SCVO’s main bank accounts are held at: The Royal Bank of Scotland plc

 36 St. Andrew Square

 Edinburgh

 EH2 2AD

**Auditor** Chiene & Tait LLP

 61 Dublin Street

 Edinburgh

 EH3 6NL

**Charity Registration Number** SC003558

**TRUSTEES’ RESPONSIBILITIES**

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees are required to prepare financial statements that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

* select suitable accounting policies and then apply them consistently
* observe the methods and principles of the charities SORP
* make judgements and accounting estimates that are reasonable and prudent
* state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity’s transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Account (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity’s website is the responsibility of the Trustees. The Trustees’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

**INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS**

### Opinion

We have audited the financial statements of Scottish Council for Voluntary Organisations for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.  The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

* give a true and fair view of the state of the charity’s affairs as at 31 March 2022, and of its incoming resources and application of resources, for the year then ended
* have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
* have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the trustees’ annual report, other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees’ report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

* the information given in the trustees’ report is inconsistent in any material respect with the financial statements; or
* sufficient accounting records have not been kept; or
* the financial statements are not in agreement with the accounting records and returns; or
* we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the trustees’ responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### Auditor’s responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

We focused on laws and regulations that could give rise to a material misstatement in the charity’s financial statements. Our tests included, but were not limited to:

* agreement of the financial statement disclosures to underlying supporting documentation;
* enquiries of management and the trustees;
* review of minutes of trustee meetings throughout the period;
* specific consideration was given to transactions with related parties; and
* obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation.  This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

### Use of our report

This report is made exclusively to the charity’s trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity’s trustees those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Chiene + Tait LLP**

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

24 October 2022

### Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED 31 MARCH 2022**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Unrestricted | Restricted | Total |  | Unrestricted | Restricted | Total |
|  | Funds | Funds | Funds |  | Funds | Funds | Funds |
|  |  |  | 2022 |  |  |  | 2021 |
| **Notes** | £ | £ | £ |  | £ | £ | £ |
|  |  |  |  |  |  |  |  |  |
| **Income from:** |  |  |  |  |  |  |  |  |
| Donations and legacies |  | 1,020,008 | - | 1,020,008 |  | 1,266,980 | - | 1,266,980 |
| Charitable activities |  | 10,239,934 | 3,617,792 | 13,857,726 |  | 10,196,423 | 53,513,401 | 63,709,824 |
| Investments |  | 2,721 | - | 2,721 |  | 2,687 | - | 2,687 |
|  |  |  |  |  |  |  |  |  |
| **Total** | 3 | 11,262,663 | 3,617,792 | 14,880,455 |  | 11,466,090 | 53,513,401 | 64,979,491 |
|  |  |  |  |  |  |  |  |  |
| **Expenditure on:** |  |  |  |  |  |  |  |  |
| Charitable activities: |  |  |  |  |  |  |  |  |
| Services to the sector |  | 4,194,260 | 139,976 | 4,334,236 |  | 3,371,954 | 241,689 | 3,613,643 |
| Development and capacity build |  | 2,055,530 | 17,067,736 | 19,123,266 |  | 2,998,585 | 20,391,115 | 23,389,700 |
| Employment initiatives |  | 3,602,815 | 1,830,292 | 5,433,107 |  | 4,642,712 | - | 4,642,712 |
|  |  |  |  |  |  |  |  |  |
| **Total** | 4 | 9,852,605 | 19,038,004 | 28,890,609 |  | 11,013,251 | 20,632,804 | 31,646,055 |
|  |  |  |  |  |  |  |  |  |
| **Net income/(expenditure)** | 7 | 1,410,058 | (15,420,212) | (14,010,154) |  | 452,839 | 32,880,597 | 33,333,436 |
|  |  |  |  |  |  |  |  |  |
| Pension revaluation movements |  | 1,256,437 | - | 1,256,437 |  | (130,653) | - | (130,653) |
|  |  |  |  |  |  |  |  |  |
| **Net income/(expenditure) after pension** | 7 | 2,666,495 | (15,420,212) | (12,753,717) |  | 322,186 | 32,880,597 | 33,202,783 |
| **Fund balances brought forward at 1 April** |  | 2,229,350 | 34,146,573 | 36,375,923 |  | 1,907,164  | 1,265,976  | 3,173,140  |
| **Fund balances carried forward at 31 March** | 17 | 4,895,845 | 18,726,361 | 23,622,206 |  | 2,229,350 | 34,146,573 | 36,375,923 |
|  |  |  |  |  |  |  |  |  |
| All amounts relate to continuing activities. |

The notes on pages 22 to 45 form part of these financial statements

**BALANCE SHEET AS AT 31 MARCH 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Note** | 2022 £ |  | 2021 £ |
| **Fixed Assets** |  |  |  |  |
| Tangible assets | 9 | 5,359,273 |  | 5,416,032 |
|  |  |  |  |  |
| **Current Assets** |  |  |  |  |
| Debtors  | 10 | 1,231,345 |  | 30,255,387 |
| Cash at bank and in hand |  | 23,300,829 |  | 7,274,077 |
|  |  | 24,532,174 |  | 37,529,464 |
|  |  |  |  |  |
| **Creditors**: amounts falling due within one year | 11 | (3,874,805) |  | (2,310,808) |
| **Net current assets**  |  | 20,657,369 |  | 35,218,656 |
|  |  |  |  |  |
| **Total assets less current liabilities** |  | 26,016,642 |  | 40,634,688 |
|  |  |  |  |  |
| **Creditors:** amounts falling due after more than one year | 12 | (1,927,499) |  | (2,195,998) |
| **Net assets excluding non-current pension liability** |  | 24,089,143 |  | 38,438,690 |
|  |  |  |  |  |
| **Pension liability** | 12 | (466,937) |  | (2,062,767) |
|  |  |  |  |  |
| **Total net assets** |  | 23,622,206 |  | 36,375,923 |
|  |  |  |  |  |
| **Funds employed:** |  |  |  |  |
| Restricted funds | 13 | 18,726,361 |  | 34,146,573 |
|  |  |  |  |  |
| **Unrestricted funds** |  |  |  |  |
| Designated funds | 14 | 387,945 |  | 268,788 |
| Pension fund | 15 | (869,124) |  | (2,474,585) |
| General funds | 16 | 5,377,024 |  | 4,435,147 |
| **Total funds** | 17 | 23,622,206 |  | 36,375,923 |

The financial statements were approved and authorised for issue by the Board 4th October 2022.

Signed on behalf of the Board of Trustees



**Andrew Burns (Convener)**

The notes on pages 22 to 45 form part of these financial statements

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 MARCH 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2022 |  | 2021 |
| **Cash flows from operating activities:** |  | £ |  | £ |
| Net income for the year |  | (12,753,717) |  | 33,202,783 |
| Adjustments for: |  |  |  |  |
| Depreciation charges |  | 293,181 |  | 272,375 |
| Dividends, interest, and rents from investments |  | (2,721) |  | (2,687) |
| (Gain)/ loss on disposal of fixed assets |  | - |  | 3,497 |
| (increase) in debtors |  | 29,024,042 |  | (28,139,229) |
| (decrease) in creditors |  | (188,228) |  | (1,061,818) |
| Interest paid |  | 54,015 |  | 55,984 |
| **Net cash provided used in/ by operating activities** |  | **16,426,572** |  | **4,330,905** |
|  |  |  |  |  |
| **Cash flows from investing activities:** |  |  |  |  |
| Dividends, interest, and rents from investments |  | 2,721 |  | 2,687 |
| Purchase of property, plant, and equipment |  | (236,422) |  | (92,728) |
| Proceeds from disposal of property, plant, and equipment |  | - |  | - |
| **Net cash used in investing activities** |  | **(233,701)** |  | **(90,041)** |
|  |  |  |  |  |
| **Cash flows from financing activities:** |  |  |  |  |
| Repayments of borrowings |  | (112,104) |  | (111,686) |
| Interest paid |  | (54,015) |  | (55,984) |
| **Net cash used in financing activities** |  | **(166,119)** |  | **(167,670)** |
|  |  |  |  |  |
|  |  |  |  |  |
| **Changes in cash and cash equivalents in the year** |  | **16,026,752** |  | **4,073,194** |
|  |  |  |  |  |
| Cash and cash equivalents at the beginning of the year |  | 7,274,077 |  | 3,200,883 |
|  |  |  |  |  |
| Cash and cash equivalents at the end of the year |  | **23,300,829** |  | **7,274,077** |

The notes on pages 22 to 45 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2022**

1. **Accounting policies**
	1. General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity’s transactions are denominated. They comprise the financial statements of Scottish Council for Voluntary Organisations.

SCVO is a Scottish Charitable Incorporated Organisation (SCIO). It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC003558. The address of the registered office and charity registration number are given on page 13. The principal activities of the charity are discussed in the trustees’ report.

* 1. Basis of Preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (“FRS 102”) (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) ‘Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)’, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Scottish Council for Voluntary Organisations meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charity’s financial statements unless otherwise stated.

* 1. Going Concern

The Trustees have reviewed SCVO’s financial position and consider that there are sufficient resources to manage any operational financial risks, and that it is reasonable to expect that SCVO will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

* 1. Income

Donations and Legacies - donations received in the year are charged to the Statement of Financial Activities when SCVO becomes entitled to the income, its receipt is probable, and the amount can be measured reliably. Donated goods and services are brought into the accounts as income at their expected cost, or a reasonable estimate thereof, with an equivalent amount reflected under expenditure when the SCVO has control over the item.

Charitable activities - SCVO charges for services as part of its charitable activities and income is recognised on a receivable basis. Such income is included within income from charitable activities.

Income from membership subscriptions – membership fees are non-refundable with income recognised at the point of joining and at times of renewal.

Income from grants - where related to performance and specific deliverables, is accounted for as SCVO earns the right to consideration by its performance.

Investment income - interest and investment income is included within the Statement of Financial Activities when receivable by SCVO.

Where grants are received specifically to provide for a fixed asset the income is recognised in the Statement of Financial Activities in the year of receipt. An amount equal to the grant is transferred to a designated fund which is then reduced over the useful economic life in line with the depreciation charged.

* 1. Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Where costs cannot be directly attributed to activities, they have been allocated on a basis consistent with use of the resources.

Grant expenditure is recognised once the offer of grant has been accepted by the recipient.

* 1. Direct Costs

Direct costs are charged to the charitable activities and support costs have been allocated to all activities on the basis of the number of full-time equivalent staff working directly on an activity. Where a member of staff works on more than one activity the costs are allocated on the basis of time spent on each activity.

* 1. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account.

* 1. Financial Instruments

SCVO only enters into basic financial instruments. Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial liabilities are classified according to the substance of the financial instrument’s contractual obligations, rather than the financial instrument’s legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

* 1. Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

* 1. Termination Benefits

Termination benefits are accrued by the charity when there is a constructive obligation to pay them. This is normally via a contractual, legislation or other agreement with employees or their representatives.

k) Tangible Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. Freehold land is not depreciated. Assets in the course of construction are not depreciated until the asset is fully completed and ready for use. Depreciation is provided on all completed assets that are capitalised. It is charged on a straight-line basis over the expected life of the asset after taking into account the estimated residual value. The following expected lives are assumed:

* Computer equipment - 3 to 5 years
* Fixtures and fittings - 5 to 10 years
* Leasehold improvements - 20 years (or term of lease if less)
* Freehold buildings - 50 years

SCVO’s capitalisation policy is to capitalise individual items or grouped items over £5,000.

l) Funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

m) Leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight-line basis over the lease term. SCVO rents desk and floor space under formal leases. The rental income is recognised within membership services on an accruals basis when the organisation is entitled to that income.

n) Pensions

SCVO contributes to an Aegon defined contributions pension arrangement for staff. The employer makes a maximum contribution of 9% of the employee’s gross salary to the scheme. SCVO also runs a pension salary sacrifice scheme for its staff. SCVO makes additional contributions towards the Scottish Voluntary Sector Pension Scheme funding shortfall as required by the scheme’s pension recovery plan. This fund is now closed to new members and further accruals, or any further contributions from existing members. Further details on the defined benefit scheme can be found at note 19.

o) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statement of financial activities.

**2. Judgement and estimates**

The preparation of these financial statements has required the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts. The areas involving a degree of judgement significant to the view given by these statements are:

* actuarial assumptions in respect of the pension scheme. In making these assumptions, the trustees rely on figures provided by The Pension Trust. The assumptions are shown in note 19
* the useful economic lives of tangible fixed assets are assessed as to whether there are indicators of impairment. The annual depreciation charge is sensitive to changes in the estimated useful economic lives and residual values of the assets which are re-assessed annually taking into account factors such as physical condition, maintenance, and obsolescence.
1. Recognition of Grant Revenue

Grant revenue is recognised when we have established entitlement, probable receipt, and reliable measurement. In practice, this is satisfied in most cases by the acceptance of a formal grant offer letter.

1. Recognition of grants payable

Grants payable are recognised once there is an obligation to make the payment, the payment is probable, and the payment can be measured reliably.

* 1. **Income**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Unrestricted Funds****2022** | **Restricted****Funds****2022** | **Total** **Funds** **2022** |
|  | **£** | **£** | **£** |
| **Income from donations and legacies** |  |  |  |
| Scottish Government Core Grant | 925,000 | - | 925,000 |
| Charities Aid Foundation | 95,008 | - | 95,008 |
|  | 1,020,008 | - | 1,020,008 |
|  |  |  |  |
| **Income from charitable activities** |  |  |  |
| Scottish Government Grants |  |  |  |
| * Community Capacity & Resilience
 | - | 270,000 | 270,000 |
| * Infrastructure
 | - | 144,868 | 144,868 |
| * Community Jobs Scotland
 | 4,177,760 | - | 4,177,760 |
| * Digital Participation
 | 408,007 | - | 408,007 |
| * Connecting Scotland - As a Service
 | - | 329,920 | 329,920 |
|  |  |  |  |
| European Funding | 1,709,891 | - | 1,709,891 |
| Other Grant Income | 90,105 | 963,678 | 1,053,783 |
| Community Jobs Scotland- Local Authorities | 325,493 | - | 325,493 |
| Employability Work- Local Authorities | 48,018 | - | 48,018 |
| Kickstart- DWP | 312,901 | 1,901,926 | 2,214,827 |
| Membership services | 2,952,202 | - | 2,952,202 |
| Other Earned Income | 215,557 | 7,400 | 222,957 |
|  | 10,239,934 | 3,617,792 | 13,857,726 |
|  |  |  |  |
| Income from investments | 2,721 | - | 2,721 |
|  | 11,262,663 | 3,617,792 | 14,880,455 |

1. **Income (continued)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Unrestricted Funds****2021** | **Restricted****Funds****2021** | **Total** **Funds** **2021** |
|  | **£** | **£** | **£** |
| **Income from donations and legacies** |  |  |  |
| Scottish Government Core Grant | 1,082,034 | - | 1,082,034 |
| Charities Aid Foundation | 181,256 | - | 181,256 |
| Donations | 3,690 | - | 3,690 |
| **Income from charitable activities** | 1,266,980 | - | 1,266,980 |
|  |  |  |  |
|  |  |  |  |
| Scottish Government Grants |  |  |  |
| * Health work
 | 17,000 | - | 17,000 |
| * Infrastructure
 | - | 206,768 | 206,768 |
| * Community Jobs Scotland
 | 5,012,886 | - | 5,012,886 |
| * Digital Participation
 | - | 857,608 | 857,608 |
| * Connecting Scotland \*
 | 529,750 | 49,067,795 | 49,597,545 |
| * DIPDRD
 | - | 2,000,000 | 2,000,000 |
| * Carer’s Remote
 | - | 348,022 | 348,022 |
| Community Wellbeing | - | 278,000 | 278,000 |
| European Funding | 2,061,387 | 8,814 | 2,070,201 |
| Other Grant Income | 83,423 | 484,173 | 567,596 |
| The National Lottery Community Fund | - | 231,708 | 231,708 |
| Membership services | 1,974,800 | - | 1,974,800 |
| Other Earned Income | 517,177 | 30,513 | 547,690 |
|  | 10,196,423 | 53,513,401 | 63,709,824 |
|  |  |  |  |
| Income from investments | 2,687 | - | 2,687 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | 11,466,090 | 53,513,401 | 64,979,491 |

\* £529,750 unrestricted income is the element of administration and management costs that are attributable to SCVO for delivering the project.

1. **Expenditure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Activities undertaken** | **Grantfunding ofactivities** | **Supportcosts** **(Note 5)** | **2022Total** |
|  | **£** | **£** | **£** | **£** |
| **Charitable activities** |  |  |  |  |
| Services to the sector | 3,641,842 | 181,961 | 510,433 | 4,334,236 |
| Development and capacity build | 17,749,573 | 903,945 | 469,748 | 19,123,266 |
| Employment initiatives | 161,264 | 5,160,616 | 111,227 | 5,433,107 |
|  | 21,552,679 | 6,246,522 | 1,091,408 | 28,890,609 |

1. **Expenditure (continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Activities undertaken** | **Grantfunding ofactivities** | **Supportcosts** **(Note 5)** | **2021Total** |
|  | **£** | **£** | **£** | **£** |
| **Charitable activities** |  |  |  |  |
| Services to the sector | 3,035,640 | (29,849) | 607,852 | 3,613,643 |
| Development and capacity build | 20,468,482 | 2,569,583 | 351,635 | 23,389,700 |
| Employment initiatives | 258,061 | 4,294,000 | 90,651 | 4,642,712 |
|  | 23,762,183 | 6,833,734 | 1,050,138 | 31,646,055 |

Services to the sector costs are further analysed below:

|  |  |  |
| --- | --- | --- |
|  | **2022£** | **2021£** |
|  |  |  |
| Salaries and staff costs | 2,710,124 | 2,603,302 |
| Pension obligations | (127,939) | 63,066 |
| Onward grants | 181,961 | (29,849) |
| Office costs, depreciation, and bank interest | 1,059,657 | 340,946 |
| Support costs | 510,433 | 636,178 |
|  | 4,334,236 | 3,613,643 |

SCVO paid out Employment initiatives activity grants of £5,160,616 relating to four projects (CJS £3,101,966, CJS Local Authority £208,512, Kickstart £1,830,292, Employability Local Authorities £19,846) These payments were made to 317 separate organisations. None of these grants are individually material and all are onward grants under the terms of the funding.

SCVO paid out Development and Capacity Building grants of £903,945 relating to five projects (Digital Participation £533,424, Digital Lifelines £111,402, ELHF £150,000, CLD £122,135) Cyber Resilience grants of £13,015 accrued in 2019/2020 were reversed. These payments were made to 128 separate organisations for delivery of these projects, none of these grants are individually material and all are onwards grants under the terms of funding.

SCVO paid out Services to the Sector grants of £181,961 relating to Community Capacity & Resilience. These payments were made to 23 different organisations. None of these grants are individually material and all are onwards grants under the terms of funding.

1. **Support Cost Allocation**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Accommodation** | **Finance** | **HR** | **ICT** | **Governance** | **2022 Total** |
|  | **£** | **£** | **£** | **£** | **£** | **£** |
|  |  |  |  |  |  |  |
| Services to the sector | 104,159 | 84,211 | 76,692 | 225,495 | 19,876 | 510,433 |
| Development and capacity build | 163,449 | 78,473 | 57,820 | 170,006 | - | 469,748 |
| Employment Initiatives | 38,705 | 18,580 | 13,690 | 40,252 | - | 111,227 |
|  | 306,313 | 181,264 | 148,202 | 435,753 | 19,876 | 1,091,408 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Accommodation** | **Finance** | **HR** | **ICT** | **Governance** | **2021 Total** |
|  | **£** | **£** | **£** | **£** | **£** | **£** |
|  |  |  |  |  |  |  |
| Services to the sector | 164,946 | 109,556 | 112,478 | 205,366 | 15,506 | 607,852 |
| Development and capacity build | 122,358 | 64,740 | 58,226 | 106,311 | - | 351,635 |
| Employment Initiatives | 31,544 | 16,690 | 15,010 | 27,407 | - | 90,651 |
|  | 318,848 | 190,986 | 185,714 | 339,084 | 15,506 | 1,050,138 |

Support costs are apportioned to charitable activities based on staff numbers and level of activity.

1. **Staff Costs**

|  |  |  |
| --- | --- | --- |
|  | **2022£** | **2021£** |
| Salaries  | 3,333,924 | 3,142,380 |
| Termination payments (redundancies) | 47,624 | - |
| Social security costs | 322,086 | 308,653 |
| Other pension costs | 515,084 | 446,365 |
|  | 4,218,718 | 3,897,398 |

The average monthly number of employees during the year was 100 (2021: 96). Two staff received redundancy payments in 2021/22 (2020/21 £nil)

The numbers of staff whose emoluments, including termination payments, for the year fell in the following bands were:

|  |  |  |
| --- | --- | --- |
|  | **2022****Number** | **2021****Number** |
| £60,001 - £70,000 | 1 | - |
| £70,001 - £80,000 | - | - |
| £80,001- £90,000 | - | 2 |
| £90,001- £100,000 | 2 | - |
| £100,001- £110,000 | - | 1 |
| £110,001- £120,000 | 1 | - |
|  |  |  |

**Key Management Remuneration**

Key management include those individuals who have authority and responsibility for planning, directing, and controlling the activities of the charity. The key management personnel of the charity are listed on page 13. The total remuneration paid for services (including employer pension contributions) was £299,355 (2021: £296,646).

1. **Net income for the year**

Net income is stated after charging:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2022£** | **2021£** |
| Depreciation |  | 293,181 | 272,375 |
|  |  |  |  |
| Auditor’s remuneration  | - statutory audit services | 14,700 | 15,180 |
| Indemnity insurance |  | 4,964 | 4,482 |
| Operating lease rentals  | - equipment | 26,878 | 21,146 |
|  | - property | 11,750 | 11,750 |

1. **Related party transactions**

Trustees are reimbursed for expenses incurred on travel and subsistence in the performance of their duties. Reimbursements to Trustees amounted to £nil (2021: £nil). No remuneration was received by Trustees in 2022 (2021: £nil).

During 2021/22 there were no payments to related parties.

1. **Fixed Assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tangible Assets** | **Land &Buildings£** | **Computer Equipment£** | **Fixtures &Fittings£** | **Total£** |
|  |  |  |  |  |
| **Cost** |  |  |  |  |
| At 1 April 2021 | 6,909,122 | 420,762 | 650,842 | 7,980,726 |
| Additions during year | - | 70,255 | 166,167 | 236,422 |
| Disposals | (43,825) | (18,144) | (375,468) | (437,437) |
|  |  |  |  |  |
| At 31 March 2022 | 6,865,297 | 472,873 | 441,541 | 7,779,711 |
|  |  |  |  |  |
| **Depreciation** |  |  |  |  |
| At 1 April 2021 | 1,778,928 | 291,208 | 494,558 | 2,564,694 |
| Charge for year | 120,580 | 83,004 | 89,597 | 293,181 |
| Eliminated on disposal | (43,825) | (18,144) | (375,468) | (437,437) |
| At 31 March 2022 | 1,855,683 | 356,068 | 208,687 | 2,420,438 |
|  |  |  |  |  |
| **Net book amount** |  |  |  |  |
| At 31 March 2022 | 5,009,614 | 116,805 | 232,854 | 5,359,273 |
| At 31 March 2021 | 5,130,194 | 129,554 | 156,284 | 5,416,032 |

Included within Land and Buildings is land with a cost of £1,452,540 (2021: £1,452,540), that has not been depreciated and leasehold improvements with a net book value of £4,867 (2021 £21,531).

1. **Debtors**

|  |  |  |
| --- | --- | --- |
|  | **2022£** | **2021£** |
| Due within 1 year: |  |  |
| Outstanding grants | 70,301 | 29,168,255 |
| Prepayments  | 72,417 | 21,899 |
| Other debtors | 1,088,627 | 1,065,233 |
|  | 1,231,345 | 30,255,387 |

1. **Creditors: amounts falling due within one year**

|  |  |  |
| --- | --- | --- |
|  | **2022£** | **2021£** |
| Bank loans | 115,141 | 112,104 |
| Accruals | 257,802 | 423,638 |
| Deferred income | 2,269,408 | 917,765 |
| Other taxes and social security costs | 210,211 | 168,218 |
| Pension costs | 45,124 | 81,458 |
| Other creditors | 574,932 | 195,809 |
| Pension recovery plan | 402,187 | 411,816 |
|  | 3,874,805 | 2,310,808 |
|  |  |  |
| **Deferred Income** |  |  |
| Opening balance | 917,765 | 1,215,364 |
| Released in year | (917,765) | (1,329,078) |
| Deferred income for year | 2,269,408 | 1,031,479 |
|  | 2,269,408 | 917,765 |

Deferred income relates mostly to £2,000,000 received in March 2022 for Digital Inclusion for Mental Health, which is to be spent in 2022/23.

The bank loans are secured on Brunswick House, Fairways House, and Edward House. There are two loans, both repayable in instalments; both loan terms are for 10 years.

Loan repayments on one loan commenced in August 2012. Interest is repayable on this loan at a rate of 1.5% above the bank’s base rate, subject to a minimum charge of 2.5% per annum.

Loan repayments on the final loan commenced in August 2016. Interest is payable on this loan at rate of 2.5% above the bank’s base rate, subject to a minimum charge of 3.5% per annum.

1. **Creditors: amounts falling due after more than one year**

|  |  |  |
| --- | --- | --- |
|  | **2022** | **2021** |
|  | **£** | **£** |
| Bank loans |  |  |
| Due 2-5 years | 492,574 | 479,570 |
| Due after 5 years | 1,434,925 | 1,564,282 |
| Pension costs | - | 152,146 |
|  | 1,927,499 | 2,195,998 |
| Pension Recovery Plan | 466,937 | 2,062,767 |
|  | 2,394,436 | 4,258,765  |

1. **Restricted Funds**

The restricted funds relate to specific projects. Where the funding is in the form of a government grant, the nature and amount of the grant is disclosed below.

**Restricted Funds: movements in the year**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **1 April 2021****£** | **Income****£** | **Expenditure****£** | **31 March 2022****£** |
| Capital Grants | 1,196,411 | - | (18,524) | 1,177,887 |
| COP26 Legacy  | - | 17,000 | - | 17,000 |
| Community Capacity & Resilience | - | 270,000 | (181,961) | 88,039 |
| Digital Participation (Charter Fund) | 660,000 | - | (533,424) | 126,576 |
| Digital Evolution | - | 196,183 | (100,408) | 95,775 |
| Milo | - | 140,000 | (140,000) | - |
| Cyber Resilience | 31,380 | 4,868 | 13,015 | 49,263 |
| Mpower | - | 109,210 | (109,210) | - |
| HR Employment Support NLCF | 124,147 | - | (121,452) | 2,695 |
| Connecting Scotland - Winter Support | 29,011,657 | - | (15,213,531) | 13,798,126 |
| Connecting Scotland - As a Service | - | 329,920 | (58,525) | 271,395 |
| Connecting Scotland - Care Homes | 872,979 | - | (190,355) | 682,624 |
| DIPDRD (Digital Lifelines) | 2,000,000 | - | (159,750) | 1,840,250 |
| Social Action Enquiry | 50,000 | 511,031 | (83,544) | 477,487 |
| Time to Shine | - | 12,173 | (4,611) | 7,562 |
| Longitudinal Research | 49,999 | - | (33,297) | 16,702 |
| ELHF Connecting People | 150,000 | - | (150,000) | - |
| Kickstart | - | 1,901,927 | (1,830,292) | 71,635 |
| CLD | - | 125,480 | (122,135) | 3,345 |
| Total | 34,146,573 | 3,617,792 | (19,038,004) | 18,726,361 |

1. **Restricted Funds (continued)**

**Restricted Funds: movements in the prior year**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **1 April 2020****£** | **Income****£** | **Expenditure****£** | **31 March 2021****£** |
| Capital Grants | 1,215,170  | - | (18,759) | 1,196,411 |
| European Funding | 5,891 | 8,713 | (14,607) | - |
| Digital Participation | - | 872,908 | (212,908) | 660,000 |
| Big Lottery Fund | 31,825  | 27,652 | (59,474) | - |
| Milo | - | 140,000 | (140,000) | - |
| Cyber Resilience | 13,090 | 47,628 | (29,338) | 31,380 |
| CAST | - | 103,400 | (103,400) | - |
| ESIF | - | 101 | (101) | - |
| Mpower | - | 128,314 | (128,314) | - |
| HR Employment Support NLCF | - | 204,056 | (79,910) | 124,146 |
| Carers Remote | - | 348,022 | (348,022) | - |
| Connecting Scotland | - | 43,463,998 | (17,496,431) | 25,967,567 |
| Connecting Scotland- Winter Support | - | 4,168,750 | (1,124,660) | 3,044,090 |
| Connecting Scotland- Care Homes | - | 1,435,047 | (562,068) | 872,979 |
| DIPDRD | - | 2,000,000 | - | 2,000,000 |
| Social Action Enquiry | - | 50,000 | - | 50,000 |
| Longitudinal Research | - | 49,999 | - | 49,999 |
| ELHF Connecting People | - | 161,813 | (11,813) | 150,000 |
| Community Wellbeing | - | 278,000 | (278,000) | - |
| William Grant Foundation | - | 25,000 | (25,000) | - |
| Total | 1,265,976 | 53,513,401 | (20,632,804) | 34,146,573 |

**Capital Grants -** represents grants received to support the purchase and equipping of the voluntary sector centre in Inverness, less amounts released to unrestricted funds to match the depreciation.

**Digital Participation -** Scottish Government initiative aimed at increasing the rates of digital participation and growing the digital capability of the voluntary sector in Scotland.

**Milo -** work that SCVO does on behalf of the third sector in Scotland, we provide a data management and reporting platform known as Milo that is used by Scotland’s Third Sector Interfaces (TSIs). Milo is funded by the Scottish Government.

**COP26 Legacy** - funded by Paths for All and CCLA, the project will educate and inform voluntary organisations on their role in tackling climate change and helping Scotland achieve net zero. It includes free climate emergency training and a series of awareness raising events and activities.

**Community Capacity & Resilience Fund -** this is a Scottish Government grant to increase the capacity and resilience of communities and local third sector organisations to provide support and skills required to mitigate the effects of welfare reform and poverty.

**Digital Evolution -** a two-year project supported by Wm Grant Foundation, Esmee Fairbairn Foundation, and Paul Hamlyn Foundation to support voluntary sector organisations throughout Scotland to rapidly grow their digital capacity through support, training and advice.

**Time to Shine -** The Rank Foundation funding that provides for a paid 12-month leadership and development placement within a host charity.

**CLD -** The CLD Practitioners Digital Devices Fund is a Scottish Government fund, administered by SCVO, which seeks to support Community Learning & Development Practitioners in Scotland by giving them the digital tools they need to help Scotland’s CLD learners.

**Cyber Resilience** - The project is funded by Scottish Enterprise and Scottish Government. Its aim is to help organisations in the third sector to improve their cyber security and robustness.

**Mpower** - a five year projected supported by European Union’s INTERREG VA programme, creating a cross border service between Scotland, Northern Ireland, and the Republic of Ireland.

**HR Employment Support** - funded by **National Lottery Community Fund**, this project aims to develop a sustainable Human Resources and Employment Support Service for voluntary organisations across Scotland.

**Connecting Scotland/ Care Homes/ As A Service** - aimed at providing devices and network connections for up to 60,000 people on low incomes who are considered at high risk, allowing them to access services and support, and to connect with friends and family during the pandemic. This included a first phase targeting shielding and clinically vulnerable people, followed by a second phase targeting families and young people leaving care in the autumn.

A **Winter Support** round of Connecting Scotland was launched in December to older and disabled people at risk of social isolation and loneliness. A dedicated strand of Connecting Scotland programme was also set up in November 2020 to help with internet connectivity for shared use in all of Scotland’s **Care Homes**, together with digital training for staff.

**DIPDRD (Digital Lifelines)** - the Digital Inclusion for Supporting the Prevention of Drug Related Deaths Programme aims to provide greater access to digital solutions that keep people at increased risk of drug related deaths safe and connected to support services.

**Social Action Inquiry** - a multi-partner project, aimed at understanding the value of Social Action and its power to effect change in Scottish communities. This is hosted by SCVO which provides office accommodation and in-kind support.

**Longitudinal Research -** The Scottish Third Sector Tracker is an 18-month longitudinal panel study with 800 third sector organisations across Scotland. The Tracker is managed by DJS Research and SCVO, in partnership with the Scottish Government and independent funders.

**ELHF Connecting People** - Edinburgh and Lothians Health Foundation Connecting Communities is a digital inclusion programme aimed at addressing digital and social exclusion. The programme will distribute small grants of up to £5,000 to support organisations address the digital exclusion experienced by the people in their local communities.

**Kickstart -** a DWP funded programme for providing funding to employers to create jobs for 16 to 24 year olds on Universal Credit. SCVO is a Gateway organisation so acts an intermediary to help employers manage their Kickstart Scheme grant.

1. **Designated Funds**

|  |  |  |
| --- | --- | --- |
|  | **2022****£** | **2021****£** |
| Balance at 1 April | 268,788 | 416,055 |
| Transfer from general funds | 119,157 | (147,267) |
| Balance at 31 March | 387,945 | 268,788 |

**Other Tangible Assets Reserve**

This reserve has been created to represent the reserves that are not available for other activities since they have been used to purchase fixed assets. The transfer from general funds represents the depreciation charge for the year.

1. **Pension Fund**

|  |  |  |
| --- | --- | --- |
|  | **2022** | **2021** |
|  | £ | £ |
| Balance at 1 April | (2,474,583) | (2,638,904) |
| Movement in defined benefit obligation | 1,236,874 | - |
| Transfer from general funds | 368,585 | 164,321 |
| Balance at 31 March | (869,124) | (2,474,583) |

1. **General Funds**

|  |  |  |
| --- | --- | --- |
|  | **2022** | **2021** |
|  | £ | £ |
| Balance at 1 April | 4,435,147 | 4,130,013 |
| Net income for year | 2,666,493 | 322,186 |
| Transfer to designated funds  | (119,157) | 147,269 |
| Transfer to pension fund  | (1,605,459) | (164,321) |
| Balance at 31 March | 5,377,024 | 4,435,147 |

1. **Analysis of Net Assets between Funds**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **31 March 2022** | **RestrictedFunds£** | **DesignatedFunds£** | **PensionFund£** | **GeneralFunds£** | **2022 Total****£** |
| Tangible fixed assets | 1,177,885 | 387,945 | - | 3,793,443 | 5,359,273 |
| Net current assets | 17,548,476 | - | (402,187) | 3,511,080 | 20,657,369 |
| Long-term liabilities | - | - | (466,937) | (1,927,499) | (2,394,436) |
|  | 18,726,361 | 387,945 | (869,124) | 5,377,024 | 23,622,206 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **31 March 2021** | **RestrictedFunds£** | **DesignatedFunds£** | **PensionFund£** | **GeneralFunds£** | **2021 Total****£** |
| Tangible fixed assets | 1,196,411 | 268,788 | - | 3,950,833 | 5,416,032 |
| Net current assets | 32,950,162 | - | (411,816) | 2,680,310 | 35,218,656 |
| Long-term liabilities | - | - | (2,062,769) | (2,195,996) | (4,258,765) |
|  | 34,146,573 | 268,788 | (2,474,585) | 4,435,147 | 36,375,923 |

1. **Administered Funds**

These are funds administered by SCVO on behalf of a number of organisations. In accordance with the SORP they have not been included in the main financial statements but are as follows:

|  |  |  |
| --- | --- | --- |
|  | **2022£** | **2021£** |
| **Current assets** |  |  |
| Cash at bank and in hand | 2,863 | 2,863 |
|  |  |  |
| **Creditors:** amounts falling due within one year |  |  |
| Covenant and gift aid funds | 715 | 715 |
| Other funds | 2,148 | 2,148 |
|  | 2,863 | 2,863 |
| Total assets less liabilities | - | - |

Total income administered during the year amounted to £nil (2021: £nil) and disbursements totalled £nil(2021: £nil).

1. **Pension Commitments**

SCVO participates in two multi-employer Defined Benefit pension schemes.

**Scottish Voluntary Sector Pension Scheme**

SCVO participates in the Scottish Voluntary Sector Pension Scheme, a multi-employer scheme which provides benefits to some 82 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for SCVO to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man-standing arrangement'. Therefore, SCVO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation was certified on 21 December 2021 and showed assets of £153.3m, liabilities of £160m and a deficit of £6.7m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers to the scheme as follows:

**Deficit contributions**

|  |  |
| --- | --- |
| From 1 April 2022 to 31 May 2024: | £1,507,960 per annum (payable monthly and increasing by 3% each year on 1st April) |

Some employers have agreed concessions (both past and present) with the Trustee and have contributions up to 29 February 2028.

Note that the scheme’s previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

|  |  |
| --- | --- |
| From 1 April 2019 to 30 September 2026: | £1,404,638 per annum (payable monthly and increasing by 3% each year on 1st April) |
| From 1 April 2019 to 30 September 2027: | £136,701 per annum (payable monthly and increasing by 3% each year on 1st April) |

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**Present values of provision**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 March 2022£ | 31 March 2021£ | 31 March 2020£ |
| Present value of provision | 854,543 | 2,396,895 | 2,547,386 |

**Reconciliation of opening and closing provisions**

|  |  |  |
| --- | --- | --- |
|  | Period Ending31 March 2022£ | Period Ending31 March 2021£ |
| Provision at start of period | 2,396,895 | 2,547,386 |
| Unwinding of the discount factor (interest expense) | 19,116 | 60,770 |
| Deficit contribution paid | (348,956) | (338,792) |
| Remeasurements - impact of any change in assumptions | (13,594) | 127,531 |
| Remeasurements - amendments to the contribution schedule | (1,198,918) | - |
| Provision at end of period | 854,543 | 2,396,895 |

**Income and Expenditure impact**

|  |  |  |
| --- | --- | --- |
|  | Period Ending31 March 2022£ | Period Ending31 March 2021£ |
| Interest expense | 19,116 | 61,000 |
| Remeasurements – impact of any change in assumptions | (13,594) | 127,531 |
| Remeasurements – amendments to the contribution schedule | (1,198,918) | - |

**Assumptions**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 March 2022 % per annum | 31 March 2021% per annum | 31 March 2020% per annum |
| Rate of discount | 2.30 | 0.86 | 2.57 |

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between SCVO and the scheme at each year end period:

**Deficit contributions schedule**

|  |  |  |  |
| --- | --- | --- | --- |
| Year ending | 31 March 2022£ | 31 March 2021£ | 31 March 2020£ |
| Year 1 | 396,918 | 348,956 | 338,792 |
| Year 2 | 380,826 | 359,425 | 348,956 |
| Year 3 | 125,745 | 370,207 | 359,425 |
| Year 4 | - | 381,314 | 370,207 |
| Year 5 | - | 392,753 | 381,314 |
| Year 6 | - | 404,536 | 392,753 |
| Year 7 | - | 208,336 | 404,536 |
| Year 8 | - | - | 208,336 |

SCVO must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e., the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive SCVO’s balance sheet liability.

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SVSPS based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt for SCVO is £7,896,822 (September 2020: £10,841,730)

The estimated debt is calculated on the solvency, or ‘buy-out’ basis. This is the Scheme Actuary’s estimate of the pricing basis used to secure pension liabilities with an insurance company in full at 30 September 2021.

**The Growth Plan**

SCVO also participates in The Growth Plan, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the SCVO to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, SCVO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

|  |  |
| --- | --- |
| From 1 April 2022 to 31 January 2025: | £3,312,000 per annum (payable monthly and increasing by 3% each on 1st April) |

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme’s previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

|  |  |
| --- | --- |
| From 1 April 2019 to 30 September 2025: | £11,243,000 per annum (payable monthly and increasing by 3% each on 1st April) |

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**Present values of provision**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 March 2022£ | 31 March 2021£ | 31 March 2020£ |
| Present value of provision | 14,462 | 77,569 | 91,908 |

Reconciliation of opening & closing provisions

|  |  |  |
| --- | --- | --- |
|  | Period Ending31 March 2022£ | Period Ending31 March 2021£ |
| Provision at start of period | 77,569 | 91,908 |
| Unwinding of the discount factor (interest expense) | 447 | 2,066 |
| Deficit contribution paid | (19,629) | (19,058) |
| Remeasurements - impact of any change in assumptions | (332) | 2,653 |
| Remeasurements - amendments to the contribution schedule | (43,593) | - |
| Provision at end of period | 14,462 | 77,569 |

**Income and expenditure impact**

|  |  |  |
| --- | --- | --- |
|  | Period Ending31 March 2022£ | Period Ending31 March 2021£ |
| Interest expense | 447 | 2,066 |
| Remeasurements – impact of any change in assumptions | (332) | 2,653 |
| Remeasurements – amendments to the contribution schedule | (43,593) | - |

**Assumptions**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 March 2022% per annum | 31 March 2021% per annum | 31 March 2020% per annum |
| Rate of discount | 2.35 | 0.66 | 2.53 |

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between SCVO and the scheme at each year end period:

**Deficit contributions schedule**

|  |  |  |  |
| --- | --- | --- | --- |
| Year ending | 31 March 2022£ | 31 March 2021£ | 31 March 2020£ |
| Year 1 | 5,269 | 19,629 | 19,058 |
| Year 2 | 5,269 | 20,218 | 19,629 |
| Year 3 | 4,391 | 20,825 | 20,218 |
| Year 4 | - | 17,875 | 20,825 |
| Year 5 | - | - | 17,875 |

SCVO must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e., the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the SCVO's balance sheet liability.

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt for SCVO is £98,727 (September 2020: £155,574.99)

The estimated debt is calculated on the solvency, or ‘buy-out’ basis. This is the Scheme Actuary’s estimate of the pricing basis used to secure pension liabilities with an insurance company in full at 30 September 2021.

1. **Leasing Commitments**

The total future minimum lease payments under non-cancellable operating leases:

|  |  |  |
| --- | --- | --- |
|  |  **Buildings** |  **Office Equipment** |
|  | **2022****£** | **2021****£** | **2022****£** | **2021****£** |
| Falling due |  |  |  |  |
|  - within 1 year | 11,750 | 11,750 | 23,719 | 14,644 |
|  - in 1 to 5 years | 2,938 | 21,146 | 18,018 | 23,435 |
|  - more than 5 years | - | - | - | - |
|  | 14,688 | 32,896 | 41,737 | 38,079  |

1. **Lessor Income**

The total future minimum rental income under operating leases:

|  |  |  |
| --- | --- | --- |
|  | **2022** | **2021** |
|  | **£** | **£** |
| Expiring within 1 year | 122,629 | 85,439 |

1. **Analysis of net debt**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **At 1 April****2021** | **Cashflows** | **Other non-cash changes** | **At 31 March** **2022** |
|  | **£** | **£** | **£** | **£** |
| **Cash & cash equivalents** |  |  |  |  |
| Cash | 7,274,077 | 16,026,751 | - | 23,300,828 |
|  | 7,274,077 | 16,026,751 | - | 23,300,828 |
| **Borrowings** |  |  |  |  |
| Debt due within one year | (112,104) | (3,038) | - | (115,142) |
| Debt due after one year | (2,043,852) | 116,353 | - | (1,927,499) |
|  | (2,155,956) | 113,315 | - | (2,042,641) |
| **Total** | 5,118,121 | 16,140,066 | - | 21,258,187 |

**21. Analysis of net debt (continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **At 1 April****2020** | **Cashflows** | **Other non-cash changes** | **At 31 March 2021** |
|  | **£** | **£** | **£** | **£** |
| **Cash & cash equivalents** |  |  |  |  |
| Cash | 3,200,882 | 4,073,195 | - | 7,274,077 |
|  | 3,200,882 | 4,073,195 | - | 7,274,077 |
| **Borrowings** |  |  |  |  |
| Debt due within one year | (109,064) | (3,040) | - | (112,104) |
| Debt due after one year | (2,158,576) | 114,724 | - | (2,043,852) |
|  | (2,267,640) | 111,684 | - | (2,155,956) |
| **Total** | 933,242 | 4,184,879 | - | 5,118,121 |