



Scottish Council for Voluntary Organisations (SCVO)

# Report and Financial Statements

Year ended 31 March 2023

Charity No: SC003558

**ANNUAL REPORT & FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

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## ANNUAL REPORT - FOREWORD

There is no doubt that Scotland's voluntary sector is in the midst of turbulent times. We are still feeling the impact of the pandemic and have now been hit by the worst economic situation in decades. Inequalities are growing and the climate and nature emergencies loom ever larger. Charities, community organisations and social enterprises have simultaneously never been more needed and never been more fragile.

But despite the many challenges, there is cause for optimism. There is a growing recognition of our sector's value in supporting our social fabric and delivering essential services, as well as adding economic value and protecting the environment. Embracing digital approaches has extended the reach and effectiveness of many voluntary organisations, and collaboration within the sector, and with the public and private sectors is stronger.

The wider context we operate in certainly doesn't make it easy to survive, let alone thrive, and therefore fundamental to SCVO's role is addressing the things that make our members' lives difficult - so they can focus on the vital work they do for people and communities.

And the overall, financial resilience of the sector has been fragile for a long time - the widely accepted need for systemic change is now urgent. So, as well as delivering excellent services and products, the ambition set out in our new Strategic Plan is that the voluntary sector is properly recognised and valued as a critical component of Scotland's society and economy, and also in securing our national ambitions on the environment.

So, as I come to the end of my second term as Convener and make way for my successor, I do look back with pride on what SCVO has achieved in recent years, whilst acknowledging the very real challenges that the sector still faces. And I've no doubt that SCVO will continue to do all it can to help promote and develop both our individual members and the wider sector.



Andrew Burns, Convener

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (Incorporating the Strategic Report)  
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## TRUSTEES' ANNUAL REPORT

The Trustees present the annual report together with the audited financial statements for the year ending 31 March 2023.

## 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 over 3,800 member organisations, 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.**

## ACTIVITIES AND ACHIEVEMENTS

This was an additional year of delivering against our Strategic Plan 2019-22, which was extended for a year by our Board due to the coronavirus pandemic.

As we and the sector have started to navigate the post-pandemic environment, the cost-of-living crisis has brought yet more challenge and uncertainty. We have once again pivoted our plans to meet emerging needs during yet another crisis.

We continue to focus on doing what works and being savvy with the resources we have. This includes continuing to support our staff as well as our members and the wider sector. The resilience, commitment, and hard work of SCVO staff sits behind every one of our achievements, and their wellbeing rightly remains a priority.

### Delivering our strategic aims

Our members sit at the heart of what we do, informing and influencing our priorities. By joining SCVO, organisations 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 welcomed 695 new organisations to our membership community last year. The majority of those (534) were small organisations and benefit from free membership and targeted support.

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We also continue to support the wider sector through our work, balancing this where appropriate with exclusive activities to support SCVO members only.

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

Our activities to **SUPPORT** a confident, sustainable voluntary sector in Scotland this year included specific activity to help organisations with rising running costs in addition to delivery and continuous development of our existing support services. This year:

- our information service experts handled 1,516 queries, helping new organisations to set up and existing organisations to comply with legal and regulatory requirements, work towards best practice and run effectively, even in difficult circumstances. This included 72 referrals to our free legal advice service and 20 tax and VAT referrals. We also launched one to one sessions offering in-depth advice and support to members, helping 32 organisations so far.
- in response to the cost-of-living crisis and as part our #RunningCostsCrisis work, we developed a hub to support members and the wider sector with rising costs. Our Annual TFN Guide to Running your Charity or Social Enterprise focused on the cost-of-living crisis. And we ran webinars in partnership with other organisations including NCVO and Utility Aid to help organisations understand the changes to energy prices and wider support available. We also raised awareness of issues facing voluntary organisations with Scottish and UK governments and lobbied for additional support. We were successful in lobbying the UK government to provide charities with access to the same support as businesses through the Energy Bill Relief Scheme.
- we provided practical support to help boards work towards Good Governance and measure their progress. This included: 10 Good Governance webinars, on topics like charity investments, surviving and thriving in challenging times, trustee journeys and the lifecycle of a charity; 6 trustee bulletins to our growing network of over 800 subscribers; and our Good Governance check-up has been completed 161 times. We observed themes emerging around good practice like quorate boards, financial accountability and activities that meet charity aims and objectives and can see the need for development around new trustee induction and support, audits of board skills and experience and equality and diversity.
- we launched a new subscription-based HR Service, providing one to one support from our HR advisors and access to over 100 policies, templates, and guides. We have supported our 50 subscribers with over 150 HR queries so far, helping them implement good **employment practices and Fair Work**. We've also provided webinars on managing hybrid and remote workers and provided HR-focused networking opportunities for employers in our sector.
- we ran 64 training courses, with 92 sessions and 686 learners, totalling nearly 4,000 hours of learning and development. We also ran 27 tailored in-house training courses, made up of 44 sessions for 465 learners, supporting professional development and helping people excel and shine in their current roles and beyond.

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- the final phase of Community Job Scotland (CJS) came to an end in March 2022, but we were able to create a final cohort of jobs completing in April 2023 with 80% of young people involved moving on into employment.
- 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. These were complete by September 2022 with 60% of people staying in a role with their employer.
- we worked with 8 local authority partners to create 166 jobs as part of the Scottish Government's No One Left Behind initiative. This included Young Person Guarantee contracts for 16 to 24-year-olds and Long-Term Unemployed contracts for people aged 25 plus. 61% of people progressed to either a job or higher/further education.
- the jobs market in the voluntary sector remained buoyant and we supported 1,511 organisations to advertise 6,500 jobs on our recruitment website, goodmoves.com, reaching 125,000 job seekers every month. 280 of these organisations were advertising with us for the first time.
- our payroll service processed 87,500 payslips for 469 organisations and their employees, totalling £97 million in salaries and delivering a reliable and responsive service.
- we provided affordable office accommodation for 26 tenants across our Edinburgh, Glasgow and Inverness offices creating voluntary sector hubs suitable for post-pandemic working.
- our IT service provided high-quality technology transformation projects enabling their clients to enhance productivity and run their organisations more effectively.
- we managed the delivery of 11 funds to the voluntary sector, receiving 612 applications and making 202 awards. We delivered a further 4 funds for partners through our built-for-purpose fund management systems, making 68 awards. As part of this work, we answered over 1,300 queries from applicants and awardees.
- 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. 6,700 new volunteers registered this year, 11,600 Saltire awards were achieved, and more than 467,000 volunteering hours were logged.

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

- bringing together more than 1,500 attendees at our first post-pandemic Gathering in June 2022 in Glasgow. We provided 80 workshops, seminars, and training events under one roof, and lots of opportunities for people to network, showcase their work and to be inspired and learn from each other.
- showcasing the achievements of the most innovative and effective voluntary organisations and people in our sector through the Scottish Charity Awards 2022, attracting 223 applications, and a return to the much-loved in-person awards ceremony.
- sharing important sector news online through Third Force News (TFN), with over 1 million visits to the website throughout the course of the year.
- working with partner organisations to carry out research and develop thinking around a new campaign to support long term messaging about the essential role of the sector. The #EssentialSector campaign is in development with plans to launch in late 2023.
- raising awareness of the role of the voluntary sector in the climate crisis through a series of activities: training 130 people in carbon literacy, attracting 60,000 visits to climate related content on the SCVO website and Third Force News, and running 10 events engaging 364 people.
- continued building a sound evidence base about the sector through delivery of four more waves of the Third Sector Tracker research, demonstrating the size and shape of the sector, the breadth of activity, and its key role in Scottish society. Findings of the research were referenced in the Scottish Budget.
- 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. Key achievements included: securing commitments to Fairer Funding by 2026 and a wider review of charity regulation, securing sector representation on the Delivery Board for the National Strategy for Economic Transformation, and ensuring the sector's place in the UK Government's UK Shared Prosperity Fund prospectus.

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

- providing support to 18 of the 112 organisations who completed our Digital Check-up to assess their digital strengths and weaknesses. And completing Cyber Readiness Check support calls with 60 organisations. These activities gave organisations valuable insight into their digital capabilities and support to plan their next steps.
- providing practical digital training and development opportunities for over 1,000 participants including 12 monthly DigiShift Q&A webinars and 35 digital training sessions. Our online content and resources to support this work has attracted 43,000 views.

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- 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. 840 people completed our essential digital skills check-up tool, and we launched our series of #connect23 engagement events.
- focusing on building capacity for partnership working on digital inclusion. This included 14 partnership-building sessions through our place-based digital inclusion work.
- Connecting Scotland – by the end of 2022, over 61,000 households across Scotland had received a Chromebook or iPad, along with 2 years of free, unlimited internet access. Over 1,000 organisations got involved and supported their device recipients to get online. The programme evaluation found that Connecting Scotland has improved online access for households, many of whose internet use had been restricted by insufficient and inadequate devices and/or limited or inconsistent access to data.

We have also continued to deliver work strands to ensure that how we deliver our work aligns with our vision and values. This year we focused on:

- strengthening our partnerships and collective voice with other infrastructure organisations.
- developing new **systems and processes to support SCVO's commitment to a customer service approach.**
- refreshing our internal roles and processes to better deliver on our digital ambitions for internal processes and external service delivery.
- rolling out all-staff anti-racism training as part of our work on equality, diversity, inclusion and belonging.
- developing the next phase of our people strategy.
- researching and developing our new Strategic Plan 2023-2028.

### **Challenges**

- the increasing cost of running an organisation is impacting on SCVO as it is on other organisations.
- making best use of our properties in the context of new ways of working for our own staff and our tenants.
- income-generation remains a key challenge, with stretching targets set by the Board.
- building on the successes in our influencing work to ensure that political commitments are delivered.

### **Carbon Reporting**

As an infrastructure organisation, we don't have vehicles or manufacturing processes to address, but through our properties and our actions as an organisation and as individual members of staff, we make our best efforts to minimise our carbon footprint and promote



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environmental responsibility - our most significant environmental impact comes from our buildings.

During 2022/23 we put in place systems to record and monitor Scope 1 (e.g., burning gas and oil) and Scope 2 (e.g., electricity) energy usage for our buildings; we now have baseline data against which to plan against.

The 2022/23 baseline tCO2e emission data for Scope 1 and Scope 2 energy usage in our buildings is:

	tCO2e	% of total
Brunswick House	79.2	31%
Edward House	48.7	19%
Fairways House	11.8	5%
Mansfield Traquair Centre	117.2	46%

The size, age, structure, and configuration of our four buildings varies considerably and each presents its own challenges. Reducing the greenhouse emissions generated by Mansfield Traquair Centre will be difficult. It is an old, repurposed church with a large open event space that's does not easily lend itself to energy reduction initiatives.

To target emissions reduction and monitor success we have developed a carbon budgeting system. It uses a graduated approach to achieving reductions in greenhouse gas emissions. Some decreases can be made quickly and relatively easily, some will be longer-term and more difficult to achieve.

To maintain focus and ensure that we keep on track with our ambitions, we have broken up the target into five-year reporting blocks with the first these being 2023/24 – 2027/28:

Year	Annual budget (tCO2e)	Annual change against baseline (%)	Change from baseline (%)	Cumulative reduction (tCO2e)
22/23 - baseline	257			
23/24	244	5%	5%	12.9
24/25	231	5%	10%	25.7
25/26	218	5%	15%	38.6
26/27	206	5%	20%	51.4
27/28	193	5%	25%	64.3

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Longer term we aim to meet as a minimum the Scottish Government net zero by 2045 objective, along with its interim target of a 75% reduction by 2030 and 90% by 2040. This will require us developing a transition plan that might involve maintaining a smaller or alternative portfolio of accommodation.

Not all emissions generated by our buildings and activity can be avoided and some will need to be balanced by schemes that offset greenhouse gases entering the atmosphere.

We have some actions underway but are also developing a transition plan to meet and cope with the net zero targets. Current actions include:

- better understanding how, and when our staff and tenants use our buildings so that that control systems are set efficiently.
- accelerating the replacement of office light fittings with more efficient LED fittings.
- investigating installing secondary glazing in Edward House.
- when making repairs, considering additional ways to reduce energy and improve insulation.
- building relationships with specialists in the field of carbon reduction and energy efficiency to ensure we continue to be aware of new developments.
- SCVO internal Climate Change Group – looking at being climate confident and projects to green SCVO – electric transport initiatives, active travel, open and constructively challenging conversations.
- procurement – purchasing goods and services that are low carbon and environmentally sustainable, cleaning products and chemicals that are ecofriendly.
- circular economy – working towards being a zero-waste operation, in which we maintain, repair, upgrade, repurpose, reuse, and recycle.
- making it easy for staff to work remotely and encouraging staff to reduce energy use in their home working space.

## **FINANCIAL REVIEW**

Unrestricted income for 2023 is £8,257,956 (2022: £11,262,663). The CJS programme came to an end, which accounts for £3m of this difference, most of which was the value of grants to be paid onward. This was replaced partly by Local Authority Employability work, which brought in £1.5m, including onward grants. Restricted income stands at £4,396,671 (2022: £3,617,792). Total turnover for 2022/23 is therefore £12,654,627 (2022: £14,880,455).

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 £15,694,276 is £4,998,209 (2022: £6,246,522) of onward funding that was passed directly to voluntary sector organisations.

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This year SCVO is recording an overall deficit of £3,030,556 (2022: deficit £12,753,717). Unrestricted activities surplus is £384,837 (2022: £2,666,495) of this. There is a restricted deficit of £3,415,393 (2022: deficit £15,420,212). £7.8m of restricted expenditure is included in this figure, £4.6m of which relates to the Connecting Scotland programme. Income to cover the Connecting Scotland expenditure was recognised in 2020/21 and held in Restricted Reserves prior to spending.

Tangible fixed assets of £5,163,037 (2022: £5,359,273) primarily consist of properties, which were financed by £1,948,479 (2022: £2,042,641) of bank loans. Net current assets were £17,398,655 (2022: £20,657,369), of which £3,633,145 (2022: £3,511,080) was available as general funds as shown in note 17.

Total unrestricted funds were £5,280,682 (2022: £4,895,845). This includes the long-term creditor for the pension recovery plan of £113,965 (2022: £466,937). 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 £20,591,650 (2022: £23,622,206) of which £15,310,970 (2022: £18,726,361) is of a restricted nature. The trustees in considering their ongoing commitments have designated in total £299,324 (2022: £387,945) 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.

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- 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 £3,435,811 (2022: £3,423,663) which equates to approximately five months unrestricted expenditure. As at 31 March 2023, 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 £3,633,145 (2022: £3,511,080), thereby exceeding the optimal reserves figure by £197,330.

SCVO has designated reserves of £299,324 (2022: £387,945) and restricted reserves of £15,310,968 (2022: £18,726,361). 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

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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 new Strategic Plan 2023-28 are:

Valuing our members

- building on My SCVO, we will actively engage our vibrant membership community to personalise our services and keep them relevant
- we will enable our members to be ambitious for themselves and their communities, be more resilient and navigate the external environment
- we will promote excellence in governance, digital capacity, diversity, and inclusion.

Being an authoritative voice for the voluntary sector

- champion, and raise the profile of, the sector, its impact and challenges
- influence government at all levels to improve the development and implementation of policy and legislation
- campaign on issues that matter to the sector as a whole
- generate high quality research and evidence.

Supporting a diverse sector

- building voluntary organisations' capacity in financial resilience, governance, skills and digital
- offering high quality information, advice, and services
- offering support to address big challenges like equality, inclusion, and diversity, addressing climate change and recruiting and retaining good staff.

Performing well to deliver success

- being a good employer and valuing our staff team to fulfil our aspirations for the sector.
- becoming financially resilient to maintain and improve our support for the sector.
- being a digital-savvy organisation.
- engaging regularly and proactively with our members and the wider voluntary sector.
- making progress to being a climate neutral organisation.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Board of Trustees

SCVO is governed by a Board of up to 11 trustees, six of whom are elected from member nominations, with five co-options to bring in additional skills and knowledge. This year, three new trustees were elected on to the Board in December 2022 and two new co-opted Trustees were appointed through an open recruitment process.

### 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 SCVO carbon footprint, property strategy, financial strategy, business continuity and defined benefit pension obligations.

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 identifying ways to grow unrestricted income through the development of existing and new commercial services, as well as developing targets and indicators to track progress.

### 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 in 2021 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 SCVO's **governing body 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.

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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 the aims of the Strategic Plan.
- delegation of authority and segregation of duties.
- identification and management of risks.

## AUDITOR

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: 3<sup>rd</sup> October 2023

## 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
Adam Lang	8 December 2017	2 December 2020	
James Adams	4 December 2019		5 December 2022
Manish Joshi	4 December 2019		5 December 2022
Pauline Lunn	4 December 2019		5 December 2022
Debbie Adams	7 December 2021		
Ashley Ryan	7 December 2021		
Gillian Reid-McKee	6 December 2022		
Barry Sillers	6 December 2022		
Kim Atkinson	6 December 2022		
Co-opted Trustees	Appointed	Re-appointed	Resigned
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	
Jonathan Christie	7 June 2022		
Janette Mitchell	7 June 2022		7 September 2023

### Key Management Team

Chief Executive  
Strategic Director of Delivery  
Strategic Director of Services

Anna Fowlie  
Tim Hencher  
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 (trading as CT)  
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 2023 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 2023**, 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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

CT  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

Date: 6<sup>th</sup> October 2023

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 MARCH 2023

		Unrestricted Funds	Restricted Funds	Total Funds 2023	Unrestricted Funds	Restricted Funds	Total Funds 2022
	Notes	£	£	£	£	£	£
<b>Income from:</b>							
Donations and legacies		1,007,874	-	1,007,874	1,020,008	-	1,020,008
Charitable activities		6,993,338	4,396,671	11,390,009	10,239,934	3,617,792	13,857,726
Investments		256,744	-	256,744	2,721	-	2,721
<b>Total</b>	3	<b>8,257,956</b>	<b>4,396,671</b>	<b>12,654,627</b>	<b>11,262,663</b>	<b>3,617,792</b>	<b>14,880,455</b>
<b>Expenditure on:</b>							
Charitable activities:							
Services to the sector		4,018,394	359,821	4,378,215	4,194,260	139,976	4,334,236
Development and capacity build		2,066,524	6,889,703	8,956,227	2,055,530	17,067,736	19,123,266
Employment initiatives		1,797,294	562,540	2,359,834	3,602,815	1,830,292	5,433,107
<b>Total</b>	4	<b>7,882,212</b>	<b>7,812,064</b>	<b>15,694,276</b>	<b>9,852,605</b>	<b>19,038,004</b>	<b>28,890,609</b>
<b>Net income/(expenditure)</b>	7	<b>375,744</b>	<b>(3,415,393)</b>	<b>(3,039,649)</b>	<b>1,410,058</b>	<b>(15,420,212)</b>	<b>(14,010,154)</b>
Pension revaluation movements		9,093	-	9,093	1,256,437	-	1,256,437
<b>Net income/(expenditure) after pension</b>	7	<b>384,837</b>	<b>(3,415,393)</b>	<b>(3,030,556)</b>	<b>2,666,495</b>	<b>(15,420,212)</b>	<b>(12,753,717)</b>
<b>Fund balances brought forward at 1 April</b>		<b>4,895,845</b>	<b>18,726,361</b>	<b>23,622,206</b>	<b>2,229,350</b>	<b>34,146,573</b>	<b>36,375,923</b>
<b>Fund balances carried forward at 31 March</b>	17	<b>5,280,682</b>	<b>15,310,968</b>	<b>20,591,650</b>	<b>4,895,845</b>	<b>18,726,361</b>	<b>23,622,206</b>

All amounts relate to continuing activities.

The notes on pages 24 to 47 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

**BALANCE SHEET AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
<b>Fixed Assets</b>			
Tangible assets	9	5,163,037	5,359,273
<b>Current Assets</b>			
Debtors	10	1,501,370	1,231,345
Cash at bank and in hand		17,834,337	23,300,829
		<u>19,335,707</u>	<u>24,532,174</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,937,052)</u>	<u>(3,874,805)</u>
<b>Net current assets</b>		<u>17,398,655</u>	<u>20,657,369</u>
<b>Total assets less current liabilities</b>		<u>22,561,692</u>	<u>26,016,642</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(1,856,077)</u>	<u>(1,927,499)</u>
<b>Net assets excluding non-current pension liability</b>		20,705,615	24,089,143
<b>Pension liability</b>	12	(113,965)	(466,937)
<b>Total net assets</b>		<u><u>20,591,650</u></u>	<u><u>23,622,206</u></u>
<b>Funds employed:</b>			
Restricted funds	13	15,310,968	18,726,361
<b>Unrestricted funds</b>			
Designated funds	14	299,324	387,945
Pension fund	15	(500,060)	(869,124)
General funds	16	5,481,418	5,377,024
<b>Total funds</b>	17	<u><u>20,591,650</u></u>	<u><u>23,622,206</u></u>

The financial statements were approved and authorised for issue by the Board 3<sup>rd</sup> October 2023

Signed on behalf of the Board of Trustees



**Andrew Burns (Convener)**

The notes on pages 24 to 47 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 MARCH 2023**

	2023	2022
	£	£
<b>Cash flows from operating activities:</b>		
Net income for the year	(3,030,556)	(12,753,717)
Adjustments for:		
Depreciation charges	253,882	293,181
Dividends, interest, and rents from investments	(256,744)	(2,721)
(Gain)/ loss on disposal of fixed assets	-	-
(increase) in debtors	(270,025)	29,024,042
(decrease) in creditors	(2,183,720)	(188,228)
Interest paid	84,264	54,015
<b>Net cash provided used in/ by operating activities</b>	<b>(5,402,899)</b>	<b>16,426,572</b>
<b>Cash flows from investing activities:</b>		
Dividends, interest, and rents from investments	256,744	2,721
Purchase of property, plant, and equipment	(57,646)	(236,422)
Proceeds from disposal of property, plant, and equipment	-	-
<b>Net cash used in investing activities</b>	<b>199,098</b>	<b>(233,701)</b>
<b>Cash flows from financing activities:</b>		
Repayments of borrowings	(178,427)	(112,104)
Interest paid	(84,264)	(54,015)
<b>Net cash used in financing activities</b>	<b>(262,691)</b>	<b>(166,119)</b>
<b>Changes in cash and cash equivalents in the year</b>	<b>(5,466,492)</b>	<b>16,026,752</b>
Cash and cash equivalents at the beginning of the year	23,300,829	7,274,077
Cash and cash equivalents at the end of the year	<b>17,834,337</b>	<b>23,300,829</b>

The notes on pages 24 to 47 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

**1. Accounting policies**

a) 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).**

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 15. The principal **activities of the charity are discussed in the trustees' report.**

b) 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.**

c) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

d) 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 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.

e) 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.

f) 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.

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed immediately (subject to penalty).

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

h) 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.

i) 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.

j) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

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.

a) 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.

b) 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**3. Income**

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
<b>Income from donations and legacies</b>			
Scottish Government Core Grant	928,000	-	928,000
Charities Aid Foundation & Other	79,874	-	79,874
	<u>1,007,874</u>	<u>-</u>	<u>1,007,874</u>
<b>Income from charitable activities</b>			
Scottish Government Grants			
• Community Capacity & Resilience	-	305,000	305,000
• Infrastructure (Milo)	-	140,000	140,000
• Community Jobs Scotland	14,292	-	14,292
• Digital Participation-Charter Fund	-	50,000	50,000
• Digital Participation- Core SG Grant	313,840	-	313,840
• Digital Participation- LCO	-	500,000	500,000
• Village Halls	-	32,500	32,500
• Cyber Readiness 2022/23	-	35,000	35,000
• CLDL- Practitioner Devices	-	465,000	465,000
• Digital Ethics	30,000	-	30,000
• Digital Inclusion for Mental Health	-	2,000,000	2,000,000
• Connecting Scotland - As a Service	-	30,171	30,171
European Funding	1,339,106	-	1,339,106
Other Grant Income	40,000	348,095	388,095
Community Jobs Scotland- Local Authorities	75,965	-	75,965
Employability Work- Local Authorities	1,521,654	-	1,521,654
Kickstart- DWP	10,400	490,905	501,305
Membership services	3,264,710	-	3,264,710
Other Earned Income	383,371	-	383,371
	<u>6,993,338</u>	<u>4,396,671</u>	<u>11,390,009</u>
Income from investments	256,744	-	256,744
	<u>8,257,956</u>	<u>4,396,671</u>	<u>12,654,627</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**3. Income (continued)**

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
<b>Income from donations and legacies</b>			
Scottish Government Core Grant	925,000	-	925,000
Charities Aid Foundation	95,008	-	95,008
	1,020,008	-	1,020,008
<b>Income from charitable activities</b>			
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

**4. Expenditure**

	Activities undertaken £	Grant funding of activities £	Support costs (Note 5) £	2023 Total £
<b>Charitable activities</b>				
Services to the sector	3,420,052	338,603	619,561	4,378,216
Development and capacity build	5,849,038	2,757,505	349,683	8,956,226
Employment initiatives	410,211	1,902,101	47,522	2,359,834
	9,679,301	4,998,209	1,016,766	15,964,276

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**4. Expenditure (continued)**

	Activities undertaken	Grant funding of activities	Support costs (Note 5)	2022 Total
	£	£	£	£
<b>Charitable activities</b>				
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

Services to the sector costs are further analysed below:

	2023 £	2022 £
Salaries and staff costs	2,464,697	2,710,124
Pension obligations	58,256	(127,939)
Onward grants	338,603	181,961
Office costs, depreciation, and bank interest	1,288,428	1,059,657
Support costs	228,232	510,433
	4,378,216	4,334,236

SCVO paid out Employment initiatives activity grants of £1,860,968 relating to four projects (CJS £48,547, CJS Local Authority £74,397, Kickstart £579,541, Employability Local Authorities £1,255,576) These payments were made to 168 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 £1,438,089 relating to six projects (Digital Participation Charter Fund £94,689, Digital Lifelines £337,766, Local Carer Organisations £490,300, CLD £468,261, Social Action Inquiry £27,074, Digital Ethics £20,000) These payments were made to 165 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 £338,603 relating to Community Capacity & Resilience. These payments were made to 44 different organisations. None of these grants are individually material and all are onwards grants under the terms of funding.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**5. Support Cost Allocation**

	Accommodation £	Finance £	HR £	ICT £	Governance £	2023 Total £
Services to the sector	195,573	95,694	86,693	216,506	25,095	619,561
Development and capacity build	111,722	64,759	49,523	123,679	-	349,683
Employment Initiatives	15,183	8,801	6,730	16,808	-	47,522
	<u>322,478</u>	<u>169,254</u>	<u>142,946</u>	<u>356,993</u>	<u>25,095</u>	<u>1,016,766</u>

	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
	<u>306,313</u>	<u>181,264</u>	<u>148,202</u>	<u>435,753</u>	<u>19,876</u>	<u>1,091,408</u>

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

**6. Staff Costs**

	2023 £	2022 £
Salaries	3,247,804	3,333,924
Termination payments (redundancies)	287,592	47,624
Social security costs	354,775	322,086
Other pension costs	500,091	515,084
	<u>4,390,262</u>	<u>4,218,718</u>

The average monthly number of employees during the year was 91 (2022: 100). Four staff received redundancy payments in 2022/23 (2021/22 two). A further £176k was accrued for redundancy payments which were made in May 2023 for five staff- this appears in creditors at year end. One staff member subsequently found a new role within SCVO, and therefore did not receive a redundancy payment.



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

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

	2023 Number	2022 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001- £90,000	2	2
£90,001- £100,000	-	-
£100,001- £110,000	1	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 £305,529 (2022: £299,355).

### 7. Net income for the year

Net income is stated after charging:

	2023 £	2022 £
Depreciation	253,882	293,181
Auditor's remuneration - statutory audit services	17,670	14,700
Indemnity insurance	4,133	4,964
Operating lease rentals - equipment	22,259	26,878
- property	11,750	11,750

### 8. 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 (2022: £nil). No remuneration was received by Trustees in 2023 (2022: £nil).

During 2022/23 there were no payments to related parties.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**9. Fixed Assets**

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1 April 2022	6,865,297	472,873	441,541	7,779,711
Additions during year	-	52,513	5,133	57,646
Disposals	-	-	-	-
At 31 March 2023	6,865,297	525,386	446,674	7,837,357
<b>Depreciation</b>				
At 1 April 2022	1,855,683	356,068	208,687	2,420,438
Charge for year	112,358	67,452	74,072	253,882
Eliminated on disposal	-	-	-	-
At 31 March 2023	1,968,041	423,520	282,759	2,674,320
<b>Net book amount</b>				
At 31 March 2023	4,897,256	101,866	163,915	5,163,037
At 31 March 2022	5,009,614	116,805	232,854	5,359,273

Included within Land and Buildings is land with a cost of £1,452,540 (2022: £1,452,540), that has not been depreciated and leasehold improvements with a net book value of £215 (2022: £4,867).

**10. Debtors**

	2023 £	2022 £
Due within 1 year:		
Outstanding grants	146,541	70,301
Prepayments	519,943	72,417
Other debtors	834,886	1,088,627
	<u>1,501,370</u>	<u>1,231,345</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Creditors: amounts falling due within one year**

	2023 £	2022 £
Bank loans	92,402	115,141
Accruals	479,235	257,802
Deferred income	23,197	2,269,408
Other taxes and social security costs	187,223	210,211
Pension costs	43,636	45,124
Other creditors	725,264	574,932
Pension recovery plan	386,095	402,187
	<u>1,937,052</u>	<u>3,874,805</u>

**Deferred Income**

Opening balance	2,269,408	917,765
Released in year	(2,269,408)	(917,765)
Deferred income for year	23,197	2,269,408
	<u>23,197</u>	<u>2,269,408</u>

Deferred income relates mostly to four items of income which relate to work or contracts occurring in 2023/24.

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.

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

	2023 £	2022 £
Bank loans		
Due 2-5 years	436,995	492,574
Due after 5 years	1,419,082	1,434,925
	<u>1,856,077</u>	<u>1,927,499</u>
Pension Recovery Plan	113,965	466,937
	<u>1,970,042</u>	<u>2,394,436</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. 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 2022	Income	Expenditure	31 March 2023
	£	£	£	£
Capital Grants	1,177,887	-	(18,524)	1,159,363
COP26 Legacy	17,000	33,164	(50,164)	-
Community Capacity & Resilience	88,039	305,000	(338,603)	54,436
Digital Participation (Charter Fund)	126,576	50,000	(94,689)	81,887
Digital Evolution	95,775	44,917	(140,692)	-
Milo	-	140,000	(140,000)	-
Digital Inclusion for Mental Health	-	2,000,000	-	2,000,000
Cyber Resilience	49,263	-	(29,263)	20,000
Mpower	-	51,899	(51,899)	-
HR Employment Support NLCF	2,695	-	(2,695)	-
Connecting Scotland & Winter Support	13,798,126	-	(4,401,350)	9,396,776
Connecting Scotland - As a Service	271,395	30,172	(204,626)	96,941
Connecting Scotland - Care Homes	682,624	-	(203,716)	478,908
DIPDRD (Digital Lifelines)	1,840,250	-	(405,763)	1,434,487
Social Action Enquiry	477,487	210,000	(176,600)	510,887
Time to Shine	7,562	8,114	(15,676)	-
Longitudinal Research	16,702	-	(16,702)	-
ELHF Connecting People	-	-	-	-
Kickstart	71,635	490,905	(562,540)	-
CLD	3,345	-	(3,345)	-
CLDL- Practitioner Devices	-	465,000	(464,917)	83
Cyber Readiness SG 2022/23	-	35,000	-	35,000
Digital Participation LCO	-	500,000	(490,300)	9,700
Village Halls	-	32,500	-	32,500
<b>Total</b>	<b>18,726,361</b>	<b>4,396,671</b>	<b>(7,812,064)</b>	<b>15,310,968</b>

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**13. Restricted Funds (continued)**

**Restricted Funds: movements in the prior 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
<b>Total</b>	<b>34,146,573</b>	<b>3,617,792</b>	<b>(19,038,004)</b>	<b>18,726,361</b>

**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, providing 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 educates and informs 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**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 project supported by European Union's INTERREG VA programme, creating a cross border service between Scotland, Northern Ireland, and the Republic of Ireland. (Finished July 2022)

**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. (Finished December 2022)

**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 2020 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**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.

**Cyber Readiness 2022/23**- a Scottish Government funded project to provide expert one-to-one cyber advice to Scottish charities to help them make a baseline assessment of their cyber resilience and identify a roadmap of actions to improve their capability.

**Scottish Government- Local Carer's Organisations** - the fund aims to provide local carer services with the equipment and systems needed to improve capacity to deliver increased support to local unpaid carers' while minimising covid risk to staff and carers.

**Digital Inclusion in Mental Health & Housing**- a new programme funded by the Scottish Government's Digital Health & Care Directorate. SCVO provides grant management support and digital inclusion expertise. A range of community organisations will be funded to test new approaches and models for embedding digital inclusion in core mental health and housing service delivery.

**Village Halls**- a project funded by the Scottish Rural Network to develop, market, and promote an online guide to running a village hall or community building.

**14. Designated Funds**

	2023 £	2022 £
Balance at 1 April	387,945	268,788
Transfer (to)/from general funds	(88,621)	119,157
Balance at 31 March	299,324	387,945

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**15. Pension Fund**

	2023	2022
	£	£
Balance at 1 April	(869,124)	(2,474,583)
Movement in defined benefit obligation	(6,242)	1,236,874
Transfer (to)/from general funds	375,306	368,585
Balance at 31 March	(500,060)	(869,124)

**16. General Funds**

	2023	2022
	£	£
Balance at 1 April	5,377,024	4,435,147
Net income for year	384,837	2,666,493
Transfer (from)/ to designated funds	88,621	(119,157)
Transfer to pension fund	(369,064)	(1,605,459)
Balance at 31 March	5,481,418	5,377,024

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

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	2023 Total £
<b>31 March 2023</b>					
Tangible fixed assets	1,159,363	299,324	-	3,704,350	5,163,037
Net current assets	14,151,605	-	(386,095)	3,633,145	17,398,655
Long-term liabilities	-	-	(113,965)	(1,856,077)	(1,970,042)
	15,310,968	299,324	(500,060)	5,481,418	20,591,650

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	2022 Total £
<b>31 March 2022</b>					
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



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**18. 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:

	2023	2022
<b>Current assets</b>		
Cash at bank and in hand	2,863	2,863
<b>Creditors: amounts falling due within one year</b>		
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 (2022: £nil) and disbursements totalled £nil (2022: £nil).

**19. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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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:	£1,473,969 per annum (payable monthly and increasing by 3% each year on 1 <sup>st</sup> April)
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Some employers have agreed concessions (both past and present) with the Trustee and have contributions up to 28 February 2034.

**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 1 <sup>st</sup> April)
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From 1 April 2019 to 30 September 2027:	£136,701 per annum (payable monthly and increasing by 3% each year on 1 <sup>st</sup> April)
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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 2023 £	31 March 2022 £	31 March 2021 £
Present value of provision	490,840	854,543	2,396,895

**NOTES TO THE FINANCIAL STATEMENTS**  
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**Reconciliation of opening and closing provisions**

	Period Ending 31 March 2023 £	Period Ending 31 March 2022 £
Provision at start of period	854,543	2,396,895
Unwinding of the discount factor (interest expense)	15,062	19,116
Deficit contribution paid	(369,918)	(348,956)
Remeasurements - impact of any change in assumptions	(8,847)	(13,594)
Remeasurements - amendments to the contribution schedule	-	(1,198,918)
Provision at end of period	490,840	854,543

**Income and Expenditure impact**

	Period Ending 31 March 2023 £	Period Ending 31 March 2022 £
Interest expense	15,062	19,116
Remeasurements – impact of any change in assumptions	(8,847)	(13,594)
Remeasurements – amendments to the contribution schedule		(1,198,918)

**Assumptions**

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.40	2.30	0.86

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.

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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 2023 £	31 March 2022 £	31 March 2021 £
Year 1	380,826	396,918	348,956
Year 2	125,745	380,826	359,425
Year 3	-	125,745	370,207
Year 4	-	-	381,314
Year 5	-	-	392,753
Year 6	-	-	404,536
Year 7	-	-	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 2022. As of this date the estimated employer debt for SCVO is £4,869,459 (September 2020: £7,896,822)

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

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**

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

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

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	31 March 2023 £	31 March 2022 £	31 March 2021 £
Present value of provision	9,220	14,462	77,569

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**Reconciliation of opening & closing provisions**

	Period Ending 31 March 2023 £	Period Ending 31 March 2022 £
Provision at start of period	14,462	77,569
Unwinding of the discount factor (interest expense)	273	447
Deficit contribution paid	(5,269)	(19,629)
Remeasurements - impact of any change in assumptions	(246)	(332)
Remeasurements - amendments to the contribution schedule	-	(43,593)
Provision at end of period	9,220	14,462

**Income and expenditure impact**

	Period Ending 31 March 2023 £	Period Ending 31 March 2022 £
Interest expense	273	447
Remeasurements – impact of any change in assumptions	(246)	(332)
<b>Remeasurements – amendments to the contribution schedule</b>	-	(43,593)

**Assumptions**

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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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 2023 £	31 March 2022 £	31 March 2021 £
Year 1	5,269	5,269	19,629
Year 2	4,391	5,269	20,218
Year 3	-	4,391	20,825
Year 4	-	-	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 2022. As of this date the estimated employer debt for SCVO is £57,265 (September 2021: £98,727)

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.

**20. Leasing Commitments**

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

	Buildings		Office Equipment	
	2023 £	2022 £	2023 £	2022 £
Falling due				
- within 1 year	16,800	11,750	15,679	23,719
- in 1 to 5 years	18,500	2,938	1,014	18,018
- more than 5 years	-	-	-	-
	35,300	14,688	16,693	41,737

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**21. Lessor Income**

The total future minimum rental income under operating leases:

	2023 £	2022 £
Expiring within 1 year	160,314	122,629

**22. Analysis of net debt**

	At 1 April 2022 £	Cashflows £	Other non- cash changes £	At 31 March 2023 £
<b>Cash &amp; cash equivalents</b>				
Cash	23,300,829	(5,466,492)	-	17,834,337
<b>Borrowings</b>				
Debt due within one year	(115,142)	115,142	(92,402)	(92,402)
Debt due after one year	(1,927,499)	63,285	8,137	(1,856,077)
	(2,042,641)	94,163	84,265	(1,948,478)

	At 1 April 2021 £	Cashflows £	Other non- cash changes £	At 31 March 2022 £
<b>Cash &amp; cash equivalents</b>				
Cash	7,274,077	16,026,752	-	23,300,829
<b>Borrowings</b>				
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)