



Scottish Council for Voluntary Organisations (SCVO)

Report and Financial Statements

Year ended 31 March 2024

Charity No: SC003558

**ANNUAL REPORT & FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

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FOREWORD

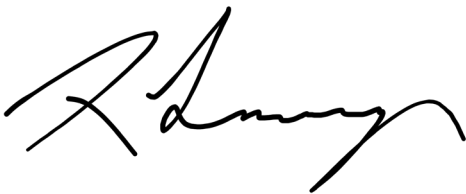
I was delighted to be appointed as Convener of SCVO at the AGM in December 2023, following an open recruitment process, taking over from Andrew Burns who had chaired the board for 6 years. I'm grateful to Andrew for everything he did for SCVO.

2023-24 has been another successful year for SCVO, with our membership continuing to grow and uptake of our service offers holding strong. We are reporting in this document on the first year of our new Strategic Plan, "Ambitious for SCVO, Ambitious for the Voluntary Sector". That plan sets out our aims and objectives and the very important role our members play, and together with my fellow trustees, I am determined to make progress so that SCVO fulfils its purpose and ambitions.

At a time when voluntary organisations are in an even more fragile position than ever, and yet have increasing demands on them, it's important that SCVO is there to provide a comprehensive range of support, advice and services and to give the sector a voice on a national stage. I was particularly pleased to be at the premiere of the Essential Sector films made by 10 great organisations with support from SCVO and Media Co-Op, and to have those voices heard at an event in the Scottish Parliament.

I am also pleased that we are continuing to lead the partnership delivering the Third Sector Tracker which gives us up-to-date research on what challenges are facing the sector every quarter. We are grateful to the hundreds of participants for sticking with us.

We are in a time of great uncertainty, politically, financially, globally. One thing we do know for sure is that charities, community organisations and social enterprises are adding significant and vital value in our society and economy. The people who work and volunteer in those organisations, and the people and causes they support deserve to be respected and valued for what they do. SCVO is here to help and to fight for the sector's role to be recognised.

A handwritten signature in black ink, appearing to read 'Richard Jennings', written in a cursive style.

Richard Jennings, 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 2024.

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.

Our vision is of a thriving voluntary sector at the heart of a successful, fair and inclusive Scotland.

And our mission is to champion the role of voluntary organisations in building a flourishing society, and to support them to do work that has a positive impact.

ACTIVITIES AND ACHIEVEMENTS

This was the first year of delivering SCVO's new five-year strategy for 2023-28: Ambitious for SCVO, ambitious for the voluntary sector.

While still feeling the impact of the pandemic, the sector has gone on to face the worst economic situation in decades. Charities, social enterprises and community organisations have never been more needed and, worryingly, never been more under threat.

SCVO is determined to address the things that make our members' lives difficult so they can focus on the vital work they do for people and communities.

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.

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We welcomed 824 new organisations into our membership community last year, including 679 small organisations that benefit from free membership and targeted support. Since launching a new membership benefits package in 2021, we're celebrating our third consecutive year of growth in membership, and the biggest year of growth so far.

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

SCVO's three strategic aims are:

- Being an authoritative voice for the sector
- Supporting a diverse sector
- Performing well to deliver success

Our work plans are designed to deliver against these aims.

Being an authoritative voice for the sector

SCVO engages with Scottish Government, UK Government, local government and policy makers to make sure policy and legislation are developed collaboratively and implemented in a way that best supports our sector.

Two main outcomes this year were that, after several years of SCVO campaigning, the Scottish Government's 2023 Programme for Government committed to a review of charity law in Scotland; and, thanks to our continued pressure on Scottish Government to provide Fair Funding for the sector, we have secured commitments from the First Minister, Deputy First Minister and Cabinet Secretary for Social Justice that Scottish Government will pursue fairer funding for the sector. We are keeping up the pressure to see that these warm words are implemented in 2024-2025.

Our Policy Network events supported SCVO members with an interest to learn more about, and build their own skills in, policy and influencing. Three hundred people attended nine Policy Network events. This included the opportunity to meet Scotland Office Minister John Lamont, and former Scottish Labour leader Kezia Dugdale.

We participate in cross-sector groups and forums, raising the profile of the voluntary sector with public and private sector stakeholders. For example, the Fair Work Convention, the Community Planning Improvement Board and the Scottish Leaders Forum. The Gathering in November brought together a broad range of private and public sector representatives with delegates from the voluntary sector.

As part of our commitment to campaign on issues that matter to the sector as a whole, SCVO launched the #EssentialSector campaign in November 2023 to shine a light on how voluntary organisations change people's lives for the better, bring communities together, improve policy and contribute to the economy. The campaign was devised by SCVO along with campaign partners ACOSVO, the Chartered Institute of Fundraising, Evaluation Support Scotland, Social Enterprise Scotland, the TSI Scotland Network, and Volunteer Scotland.

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Ten organisations were trained and supported in using video to tell the story of their organisation and its impact. The films were premiered at a launch event in November 2023 and have been widely shared with the sector and stakeholders. The campaign process was designed to build video-making skills within the organisations taking part that they will be able to go on and use in other ways too.

Another key vehicle for SCVO to tell the sector's story is the Third Sector Tracker, a longitudinal research project that has been running since summer 2021 to build a body of evidence focusing on the experiences and challenges of the sector across time. Between April 2023 and March 2024, fieldwork for two new waves of the research were completed involving 621 organisations. The findings showed challenges with financial health, service delivery, staffing and volunteering, and provided insights into how organisations had dealt with the crises that have affected the sector during this period.

In June 2023, we held our annual Scottish Charity Awards celebrating the incredible work of 32 voluntary sector finalists. Our People's Choice Award attracted 14,221 votes and 400 people joined us for the awards ceremony. As always, it was a wonderful celebration.

Our flagship annual event, the Gathering took place in November 2023, featuring 75 workshops, 75 exhibition stands and welcoming 3,000 people over two days. We reached 500 more people with the Gathering Extra two weeks later, an online event with live input from special guests as well as curated, recorded content from the in-person Gathering.

We promote these and many more sector stories and insights through SCVO's corporate communications channels which include Third Force News, the daily news website and online monthly magazine. We also engage proactively with the mainstream media to reach an even wider audience to help increase understanding of charities, community groups and social enterprises, why they exist and the difference they make.

This year we generated local media coverage for Scottish Charity Awards and #EssentialSector campaign. We also nurtured new and existing relationships with national press and broadcast successfully generating coverage at a national level as part of our media plan to promote the findings of the Third Sector Tracker and support of our policy and influencing agenda.

Supporting a diverse sector

We offer high quality, trusted information, advice and services to support with all aspects of setting up and running a voluntary organisation. This year:

- 55,000 people accessed information on the SCVO website, with over 170,000 views
- we responded to 1,436 information requests and provided one-to-one support to 64 SCVO members
- 145,406 people used SCVO's Funding Scotland website to seek out essential sources of funding for their work
- 765 of our online check-ups were completed to gauge organisational performance in terms of governance, climate, digital and cyber

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- 380 organisations engaged with our digital advice and support, including 500 sign-ups to 17 training sessions on digital hot topics. We also welcomed 100 attendees to a one-day conference with Scotland IS on cyber resilience in the voluntary sector
- 1,386 learners took part in our training courses – either as delegates on one of SCVO’s 72 training courses or as part of bespoke training opportunities that we provided in-house at 36 voluntary organisations
- over 100 organisations subscribed to our HR service to access high-quality and trusted information from in-house HR specialists
- 1,398 organisations advertised 5,334 charity and voluntary sector jobs on our Goodmoves recruitment website, with a 90% first-time success rate in securing the right candidate
- we supported 40 organisations with over 920 devices through our fully managed IT service
- we processed 87,000 payslips for over 400 organisations through our payroll service
- we hosted 28 organisations as tenants in our Glasgow, Edinburgh and Inverness offices, and welcomed a host more as users of our meeting rooms in the same buildings.

Wave 7 of the Third Sector Tracker showed that 76% of organisations have no plan to achieve net zero, yet 65% of organisations see it as important or very important that their organisation takes steps to tackle the climate crisis. We want to support the sector to address climate change and as part of this work, we launched ‘Growing Climate Confidence’ in June 2023. It’s an entry level resource to help organisations understand how to build a net zero action plan and approach to climate action that is relevant for their organisation. So far, we have reached 500 organisations through events and webinars, attracted 5,000 people to the website and 400 organisations have completed scorecards.

Other new resources we’ve created this year include:

- revised Third Sector Governance Code
- new guide to closing down a charity
- updated guide to finding funding
- new charity law hub, keeping people informed of changes
- Village and community halls handbook.

Nurturing relationships with trusted partners has also helped us to support the sector with knowledge and services we cannot provide ourselves. For example, we referred 110 SCVO members to our professional services partners for free legal advice, and 40 SCVO members for free tax and VAT advice; and we welcomed news that our partnership with energy broker, Utility Aid, generated £68,000 in savings this year for SCVO members.

Artificial Intelligence (AI) became a high-profile interest and also a concern for the sector this year, so we worked hard to demonstrate leadership and provide expertise on responsible use of AI. We delivered a series of webinars and in-person events on emerging AI technology to over 250 people, and produced in-depth guidance viewed by almost 2,000 people. We took on this rapidly developing and complex area of digital and quickly gained recognition for our expertise.

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We continue to build on our strong track record and established partnerships to build digital capacity in the sector and tackle digital exclusion. SCVO's Digital Inclusion team delivered 20 webinars and events, 19 Community of Learning sessions, and 12 in-house workshops, reaching 1,300 people in 2023-24. We also launched 'Making digital inclusion everyone's responsibility: a roadmap for Scotland' in November 2023. This report pulls together our learning from working with the sector and a vision for a fairer, more digitally inclusive Scotland.

Through Connecting Scotland, we launched two new capital funding opportunities to provide short-term support to organisations' new or existing digital inclusion initiatives during the cost-of-living crisis. Through these funds £86,655 was awarded for devices and connectivity to 19 organisations running digital device lending schemes, and £117,897 awarded for devices and connectivity to 16 organisations providing social housing or transitional accommodation.

We also supported people who received devices and connectivity in earlier stages of Connecting Scotland, particularly as the free connectivity issued during the pandemic is coming to an end. So far, we have supported 1,070 people with emergency extensions to their connectivity and issued 160 new free SIM cards.

And we continued managing the delivery of funds to the voluntary sector through our bespoke fund management system, receiving 351 applications and making 142 awards totalling £2,499,652. As part of this work, we've supported organisations to submit better applications, improve their monitoring and evaluation, and to be more climate confident in their applications.

Performing well to deliver success

SCVO is determined to continue being a good employer, valuing our staff team so that we can fulfil our aspirations for the sector. Our 2023 staff survey told us that 98% of respondents would recommend SCVO as a great place to work, 98% feel motivated to contribute to the achievement of SCVO's aims and objectives and 96% believe SCVO is committed to creating a diverse and inclusive workplace.

In early 2023, all our staff participated in an anti-racism learning programme delivered by Viana Maya of pRESPECT. We focused on anti-racism in our appraisals and developed our HR policies and approaches, including how we recruit, working towards an 'inclusion by design' approach.

We continue to develop our approach to flexible and blended working, working closely with Unite the Union, our recognised trade union.

We are also determined to be financially resilient, growing and diversifying our income, while ensuring our services remain affordable to our members. This year we grew our income from sponsors and corporate partners by over 50%, and secured grant funding from four new sources.

Despite a reluctance for many to return to working in offices, we have welcomed 3 new tenants into Fairways House and 2 to the Mansfield Traquair Centre, and increased use of our

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meeting space in Edward House. Consolidation of our properties from two to one in Glasgow both reduces costs and reduces future liabilities.

We continue to ensure our staff and tenants have access to up to date systems and devices, and we have upgraded our video conferencing facilities to allow for more flexibility in platforms. We have further developed our CRM/web interface to provide a more tailored, accessible experience and continue to improve our online services both internally and externally. We have invested in developing our website including My SCVO user accounts, to improve members' experience of engaging with SCVO and using our services and enabling better data to direct new service development.

Carbon Reporting

SCVO is committed to becoming a net zero organisation, as well as supporting voluntary organisations to become more climate conscious. Last year's Annual Report included our carbon footprint for the first time, and that has been developed this year. We are gradually improving our buildings and ensuring our events are as green as possible. Our staff are very engaged in this topic and the majority have participated in The Week, a powerful online learning resource.

We do not have vehicles or manufacturing processes to address, but through our properties and our actions as an organisation and as individual members of staff, we will make our best efforts to minimise our carbon footprint and promote environmental responsibility - our most significant environmental impact comes from 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 SCVO's office buildings. Using this baseline data, we set the first of a set of five-year carbon budget plans to reduce SCVO's carbon emissions – we aim to reduce our impact by 25% by the end of 2027/28.

Year	Annual targeted (tCO2e)	Targeted annual change against baseline (%)	Actual (tCO2e)	Change from baseline (%)
2022/23 - Baseline	257		-	-
2023/24	244	-5%	283	+10%
2024/25	231	-5%	-	-
2025/26	218	-5%	-	-
2026/27	206	-5%	-	-
2027/28	193	-5%	-	-

We have not achieved the 2023/24 reduction goal we set despite positive changes to how we use the buildings. The baseline data was established as staff started to return to the office and with hindsight, the baseline period has not reflected a 'normal' year's emissions. We do however remain on target to meet, and exceed, the targeted five-year reduction. The disposal

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of Brunswick House at the end of May 2024 will reduce tCO₂e greenhouse gas emissions by approximately 30%. SCVO is also looking to move out of Mansfield Traquair Centre to more environmentally sustainable accommodation from June 2025, which will further reduce our impact.

The tCO₂e emission data for Scope 1 and Scope 2 for energy usage in our buildings over the last two years is:

	2022/23 tCO ₂ e	2023/24 tCO ₂ e
Brunswick House	79.2	83.7
Edward House	48.7	53.8
Fairways House	11.8	13.9
Mansfield Traquair Centre	117.2	131.8

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

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 control systems are set up efficiently
- accelerating the replacement of office light fittings with more efficient LED fittings
- when making repairs we consider 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.

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Longer term we aim to meet as a minimum the Scottish Government net zero by 2045 objective. The main element to accomplish this involves maintaining a smaller and alternative portfolio of accommodation - a process that has been started by selling Brunswick House and a planned move from Mansfield Traquair Centre.

Challenges

- we continue to grapple with the pros and cons of owning property and being a landlord to other organisations
- generating sustainable income continues to be a challenge, particularly in a context where public sector grant-making is short-term and subject to last minute changes. In particular, we want unrestricted, self-generating income to outweigh grant-funding
- political volatility at Holyrood and Westminster has made it harder to focus on proactive, longer-term influencing.

FINANCIAL REVIEW

Unrestricted income for 2023/24 is £6,157,571 (2023: £8,257,956). Two programmes came to an end before the 2023/24 financial year. The National Third Sector Fund (European Structural Funds) ended in January 2023 accounting for £1.3m of this difference. Work with local authorities on employability through No One Left Behind mostly ended in March 2023, accounting for £1.5m. Restricted income stands at £1,311,650 (2023: £4,396,671). Total turnover for 2023/24 is therefore £7,489,221 (2023: £12,654,627).

Income comes from a diverse mix of sources; trading such as Goodmoves, Payroll Services, HR Services, Events, and Property Services; grant-funded programmes from Scottish Government and other funders. SCVO receives a mix of unrestricted and restricted income, all of which is directed towards fulfilling its strategic objectives.

Included in expenditure of £13,143,215 (2023: £15,685,184) is £3,211,023 (2023: £4,998,209) of onward funding that was passed directly to voluntary sector organisations. A dilapidation provision has been made for the potential end of lease obligations expiring in next financial year, details of which are in Note 13.

This year SCVO is recording an overall deficit of £5,653,994 (2023: deficit £3,030,556). This split between an unrestricted activities surplus of £525,476 (2023: £384,837) and a restricted activities deficit of £6,179,470 (2023: deficit £3,415,393). The restricted deficit is due to spend on projects from income that was received in prior years - £3.4m of expenditure relates to the Connecting Scotland programme, with another £2.3m related to Scottish Government digital inclusion projects. Income to cover the Connecting Scotland expenditure was recognised in 2020/21 and held in Restricted Reserves prior to spending.

Tangible fixed assets of £4,624,245 (2023: £5,163,037) primarily consist of properties. An impairment expense of £397,989 has been recognised in the year, accounting for the

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difference between the carrying value of Brunswick House and the agreed sales price. The sale was finalised on 31st May 2024. Properties were financed by £1,871,911 (2023: £1,948,479) of bank loans. Net current assets are £10,473,598 (2023: £17,398,655), of which £2,612,806 (2023: £3,633,145) is available as general funds as shown in note 18.

Total unrestricted funds are £5,806,158 (2023: £5,280,682). There is no longer a non-current liability for the pension recovery plan (2023: £113,965). The pension recovery plan liability has reduced due to an improvement in the September 2023 valuation, which affects payments from 1st August 2024. Further details can be found in Note 21.

Funds employed stand at £14,937,656 (2023: £20,591,650) of which £9,131,498 (2023: £15,310,968) is of a restricted nature. The trustees in considering their ongoing commitments have designated in total £266,030 (2023: £299,324) 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 level of reserves that looks at the reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow SCVO to cope with unexpected costs and opportunities. We principally hold reserves to:

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

The trustees have set optimal reserves at £2,703,598 (2023: £3,435,811) which equates to approximately six months unrestricted expenditure. As at 31 March 2024, the level of Free Reserves (defined as total general unrestricted funds, less tangible assets and excluding

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defined benefit pension obligations and long-term commitments) stands at £2,612,806 (2023: £3,633,145), thereby falling short of the optimal reserves target by £90,792. Unity Bank loans were redeemed in July 2024. Due to the redemption of all loans with Unity Bank the loans have been treated as a current liability in the Financial Statements, thereby decreasing the free reserves figure.

SCVO has designated reserves of £266,030 (2023: £299,324) and restricted reserves of £9,131,948 (2023: £15,310,968). 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 annually 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 the generation of unrestricted income SCVO invests 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** – as can be seen in Note 19, the scheme funding level on a technical basis has improved significantly with deficit recovery payments ending in July 2024. Key risks of being in the scheme are its last man standing status and although the scheme is largely derisked through Liability Driven Investments and interest rate and inflation hedging, there remains potential for future increases. Buying out of the scheme remains a difficult and unaffordable option.

PLANS FOR THE FUTURE

The strategic priorities from our Strategic Plan 2023-28 are:

- Valuing our members
- Being an authoritative voice for the voluntary sector
- Supporting a diverse sector
- Performing well to deliver success.

We are continually reviewing and improving our membership offer, including developing our My SCVO website user accounts to be more bespoke and accessible. As well as specific benefits like discounts and priority access, we are very mindful of our members as a community; to build a feeling of community across all the diversity of activities, scale and geography.

We have a particular focus on supporting our members and the wider sector to achieve net zero and mitigate against climate change as well as improving equality, diversity and inclusion across the sector. We are also mindful of contextual issues such as the cost of running an organisation, governance complexities and digital capacity building and continually enhance our offer to make sure it is up to date and goes beyond the basic minimum compliance requirements.

We will continue to raise awareness of the contribution the voluntary sector makes to Scotland's society and economy, pressing for parity of esteem with the public and private sectors. The Third Sector Tracker and other research will provide us with robust evidence to support our influencing work. We will continue to work with Scottish Government and other public sector bodies as well as with independent funders to press for implementation of our Fair Funding Principles and will contribute to the wider review of charity regulation and other significant Scottish Government policy and legislation to ensure the voice of the sector is heard.

We will work with our sister organisations in Wales, Northern Ireland and England to influence the incoming Westminster government on issues such as continuation of the UK Shared Prosperity Fund, respect for devolution, investment in public services, a fairer tax system for charities and more.

We know that voluntary organisations are facing significant challenges around financial resilience, staffing, volunteers, ever-changing technology and governance. So, it's a priority for us to make sure all our services are of a very high standard. We will build on the success of our work with partners on the Village Halls Handbook to tailor resources where possible. Internally, we will be implementing our property strategy to minimise risk and optimise blended/hybrid working and pursuing progress on our journey to be a net zero organisation.

Like all voluntary organisations, we will be focused on diversifying and maximising our income generation and being the best employer we can be.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board of Trustees

SCVO is governed by a board of up to eleven trustees, six of whom are elected from member nominations, with five co-options to bring in additional skills and knowledge. This year, one new trustee was elected on to the Board in December 2023 and two new co-opted trustees were appointed through an open recruitment process, including the Convener.

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 SCVO's financial regulations, financial strategy, business continuity, anti-fraud policy and defined benefit pension obligations. It has also examined internal and external controls and is developing the relationship between operational planning and budgeting.

This year, a large part of the Committee's work was overseeing the disposal of SCVO's half of Brunswick House, which was sold to SAMH on 31st May 2024.

The Strategic Resources Committee met five times during the year. To November 2023 the Committee was chaired by Fiona Gillespie. From March 2024 it was chaired by SCVO's Treasurer, Farha Jamadar.

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 our services, with a particular focus for the year on membership and Goodmoves. The committee is chaired by Sean Duffy.

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. 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.

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



Richard Jennings (Convener)

Date: 8th October 2024

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	5 December 2023
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		
Bushra Iqbal	5 December 2023		
Co-opted Trustees	Appointed	Re-appointed	Resigned
Andrew Burns (Convener)	11 January 2018	7 December 2021	5 December 2023
Sean Duffy	25 July 2018	7 December 2021	
Fiona Gillespie (Treasurer until 5 December 2023)	25 July 2018	7 December 2021	
Jonathan Christie	7 June 2022		
Janette Mitchell	7 June 2022		7 September 2023
Richard Jennings (Convener)	5 December 2023		
Farha Jamadar (Treasurer)	1 February 2024		

Key Management Team

Chief Executive
Strategic Director of Delivery
Strategic Director of Development

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

Opinion

We have audited the financial statements of Scottish Council for Voluntary Organisations for the year ended 31 March 2024 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 2024, and of its incoming resources and application of resources, including its income and expenditure, 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.

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

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 xx, 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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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. This description forms part of our auditor's report.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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.

CT

Jeremy M Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of CT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh,

EH3 6NL

Date: 11 October 2024

CT 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 2024**

STATEMENT OF FINANCIAL ACTIVITIES AS AT 31 MARCH 2024

		Unrestricted Funds	Restricted Funds	Total Funds 2024	Unrestricted Funds	Restricted Funds	Total Funds 2023
	Notes	£	£	£	£	£	£
Income from:							
Donations and legacies		1,438,054	-	1,438,054	1,007,874	-	1,007,874
Charitable activities		4,144,277	1,331,650	5,475,927	6,993,338	4,396,671	11,390,009
Investments		575,240	-	575,240	256,744	-	256,744
Total	3	6,157,571	1,331,650	7,489,221	8,257,956	4,396,671	12,654,627
Expenditure on:							
Charitable activities:							
Services to the sector		5,014,938	342,896	5,357,834	4,018,394	359,821	4,378,215
Development and capacity build		590,948	7,168,224	7,759,172	2,066,524	6,889,703	8,956,227
Employment initiatives		26,181	-	26,181	1,797,294	562,540	2,359,834
Total	4	5,632,067	7,511,120	13,143,187	7,882,212	7,812,064	15,694,276
Net income/(expenditure)	7	525,504	(6,179,470)	(5,653,966)	375,744	(3,415,393)	(3,039,649)
Pension revaluation movements		(28)	-	(28)	9,093	-	9,093
Net income/(expenditure) after pension	7	525,476	(6,179,470)	(5,653,994)	384,837	(3,415,393)	(3,030,556)
Fund balances brought forward at 1 April		5,280,682	15,310,968	20,591,650	4,895,845	18,726,361	23,622,206
Fund balances carried forward at 31 March	17	5,806,158	9,131,498	14,937,656	5,280,682	15,310,968	20,591,650

All amounts relate to continuing activities.

The notes on pages 26 to 50 form part of these financial statements

BALANCE SHEET AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Fixed Assets			
Tangible assets	9	4,624,245	5,163,037
Current Assets			
Debtors	10	1,216,596	1,501,370
Cash at bank and in hand		12,221,213	17,834,337
		<u>13,437,809</u>	<u>19,335,707</u>
Creditors: amounts falling due within one year	11	<u>(2,964,212)</u>	<u>(1,937,052)</u>
Net current assets		<u>10,473,597</u>	<u>17,398,655</u>
Total assets less current liabilities		<u>15,097,842</u>	<u>22,561,692</u>
Creditors: amounts falling due after more than one year	12	<u>-</u>	<u>(1,856,077)</u>
Net assets excluding non-current pension liability		15,097,842	20,705,615
Pension liability	12	-	(113,965)
Total net assets		<u>15,097,842</u>	<u>20,591,650</u>
Provisions	13	<u>(160,186)</u>	<u>-</u>
		<u>14,937,656</u>	<u>20,591,650</u>
Funds employed:			
Restricted funds	14	9,131,498	15,310,968
Unrestricted funds			
Designated funds	15	266,030	299,324
Pension fund	16	(129,802)	(500,060)
General funds	17	5,669,930	5,481,418
Total funds	18	<u>14,937,656</u>	<u>20,591,650</u>

The financial statements were approved and authorised for issue by the Board 8th October 2024



Signed on behalf of the Board of Trustees
Richard Jennings (Convener)

The notes on pages 26 to 50 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2024**

	2024	2023
	£	£
Cash flows from operating activities:		
Net income for the year	(5,653,994)	(3,030,556)
Adjustments for:		
Depreciation charges	189,522	253,882
Impairment Expense	397,989	-
Provisions	160,186	-
Dividends, interest, and rents from investments	(575,240)	(256,744)
(Gain)/ loss on disposal of fixed assets	-	-
(increase) in debtors	284,774	(270,025)
(decrease) in creditors	(733,948)	(2,183,720)
Interest paid	132,367	84,264
Net cash provided used in/ by operating activities	(5,798,343)	(5,402,899)
Cash flows from investing activities:		
Dividends, interest, and rents from investments	575,240	256,744
Purchase of property, plant, and equipment	(48,719)	(57,646)
Proceeds from disposal of property, plant, and equipment	-	-
Net cash used in investing activities	526,521	199,098
Cash flows from financing activities:		
Repayments of borrowings	(208,934)	(178,427)
Interest paid	(132,367)	(84,264)
Net cash used in financing activities	(341,301)	(262,691)
Changes in cash and cash equivalents in the year	(5,613,124)	(5,466,492)
Cash and cash equivalents at the beginning of the year	17,834,337	23,300,829
Cash and cash equivalents at the end of the year	12,221,213	17,834,337

The notes on pages 26 to 50 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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

b) Basis of Preparation

The financial statements have been prepared 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 2024

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 2024

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 that 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 that are to be used in accordance with specific restrictions imposed by donors.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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 a defined contributions pension arrangement for staff that is administered by Aegon. 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 2024

3. Income

	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £
Income from donations and legacies			
Scottish Government Core Grant	962,000	-	962,000
Charities Aid Foundation & Other	471,054	-	471,054
Donations	5,000	-	5,000
	1,438,054	-	1,438,054
Income from charitable activities			
Scottish Government Grants:			
• Infrastructure (Milo)	-	140,000	140,000
• Community Capacity & Resilience	-	270,000	270,000
• Digital Participation - Charter Fund	-	100,000	100,000
• Digital Participation - Core Scottish Government Grant	308,000	-	308,000
• Digital Participation - Local Carer's Organisations	-	(9,700)	(9,700)
• Cyber Readiness 2022/23	-	195,150	195,150
• Community Learning & Development - Practitioner Devices	-	465,000	465,000
Other Grant Income	34,291	171,200	205,491
Employability Work- Local Authorities	7,829	-	-
Membership services	3,378,157	-	3,378,157
Other Earned Income	416,000	-	416,000
	4,144,277	1,331,650	5,475,927
Income from investments	575,240	-	575,240
Total Income	6,157,571	1,331,650	7,489,221

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

3. Income (continued)

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Income from donations and legacies			
Scottish Government Core Grant	928,000	-	928,000
Charities Aid Foundation & Other	79,874	-	79,874
	1,007,874	-	1,007,874
Income from charitable activities			
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 Scottish Government Grant	313,840	-	313,840
• Digital Participation - Local Carer's Organisations	-	500,000	500,000
• Village Halls	-	32,500	32,500
• Cyber Readiness 2022/23	-	35,000	35,000
• Community Learning & Development- 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
	6,993,338	4,396,671	11,390,009
Income from investments	256,744	-	256,744
Total Income	8,257,956	4,396,671	12,654,627

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

4. Expenditure

	Activities undertaken £	Grant funding of activities £	Support costs (Note 5) £	2024 Total £
Charitable activities				
Services to the sector	4,224,073	329,286	804,474	5,357,833
Development and capacity build	4,477,593	2,877,177	404,402	7,759,172
Employment initiatives	21,621	4,560	-	26,181
	<u>8,723,287</u>	<u>3,211,023</u>	<u>1,208,876</u>	<u>13,143,186</u>

4. Expenditure (continued)

	Activities undertaken £	Grant funding of activities £	Support costs (Note 5) £	2023 Total £
Charitable activities				
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
	<u>9,679,301</u>	<u>4,998,209</u>	<u>1,016,766</u>	<u>15,964,276</u>

Services to the sector costs are further analysed below:

	2024 £	2023 £
Salaries and staff costs	2,634,848	2,464,697
Pension obligations	72,559	58,256
Onward grants	329,286	338,603
Office costs, depreciation, and bank interest	1,647,847	1,288,428
Support costs	673,293	228,232
	<u>5,357,833</u>	<u>4,378,216</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

SCVO paid out Employment initiatives activity grants of £4,650 relating to one Employability Local Authority. These payments were made to six 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 £2,877,177 relating to six projects (Digital Participation Charter Fund £148,411, Digital Lifelines £956,095, CLD £465,001, Social Action Inquiry £147,613, Digital Inclusion for Mental Health £1,143,597, Connecting Scotland £16,461) These payments were made to 188 separate organisations for delivery of these projects, none of these grants are individually material and all are onwands grants under the terms of funding.

SCVO paid out Services to the Sector grants of £329,386 relating to Community Capacity & Resilience. These payments were made to 52 different organisations. None of these grants are individually material and all are onwands grants under the terms of funding.

5. Support Cost Allocation

	Accommodation £	Finance £	HR £	ICT £	Governance £	2024 Total £
Services to the sector	353,885	98,615	101,849	217,696	32,429	804,474
Development and capacity build	177,895	65,875	51,198	109,434	-	404,402
Employment Initiatives	-	-	-	-	-	-
	531,780	164,490	153,047	327,130	32,429	1,208,876

	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
	322,478	169,254	142,946	356,993	25,095	1,016,766

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

6. Staff Costs

	2024 £	2023 £
Salaries	3,176,428	3,247,804
Termination payments (redundancies)	(19,771)	287,592
Social security costs	332,989	354,775
Other pension costs	523,670	500,091
	4,013,316	4,390,262

The average monthly number of employees during the year was 84 (2023: 91). £176k was accrued in 2022/23 relating to five redundancies. Four of these staff received redundancy payments in 2023/24 (2022/23 four). One staff member subsequently found a new role within SCVO, and this part of the redundancy accrual was reversed. This can be seen in "termination payments" row above.

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

	2024 Number	2023 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	-	-
£80,001- £90,000	2	2
£90,001- £100,000	-	-
£100,001- £110,000	-	1
£110,101- £120,000	1	-

Key Management Remuneration

Key management include those individuals who have authority and responsibility for planning, directing, and controlling the activities of the charity. The key management personnel of the charity are listed on page 17. The total remuneration paid for services (including employer pension contributions and NIC's) was £353,248 (2023: £337,543 restated)

7. Net income for the year

Net income is stated after charging:

	2024 £	2023 £
Depreciation	189,522	253,882
Auditor's remuneration - statutory audit services (including unrecoverable VAT)	19,020	17,670
Indemnity insurance	4,577	4,133
Operating lease rentals - equipment	20,836	22,259
- property	19,542	11,750

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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 £865 (2023: £nil). No remuneration was received by Trustees in 2024 (2023: £nil).

Tranent Youth & Community Facility received a grant of £8,500 through the Community Learning Devices Programme in November 2023. David McNeill (SCVO Strategic Director of Development) is a Trustee at this organisation. This was subject to a governance process before the point of application, and again at the time of awarding the grant.

No further payments were made to related parties during 2023/24.

9. Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2023	6,865,297	525,386	446,674	7,837,357
Additions during year	-	48,720	-	48,719
Impairment	(347,184)	-	(50,805)	(397,989)
Disposals	-	(192,749)	-	(192,749)
At 31 March 2024	6,518,113	381,356	395,869	7,295,336
Depreciation				
At 1 April 2023	1,968,041	423,520	282,759	2,674,320
Charge for year	107,881	57,924	23,717	189,522
Disposals	-	(192,749)	-	(192,751)
At 31 March 2024	2,075,922	288,693	306,476	2,671,091
Net book amount				
At 31 March 2024	4,442,191	92,664	89,393	4,624,245
At 31 March 2023	4,897,256	101,866	163,915	5,163,037

Included within Land and Buildings is land with a cost of £1,452,540 (2023: £1,452,540), that has not been depreciated and leasehold improvements with a net book value of £nil (2023: £215).

An impairment expense of £397,989 has been recognised in respect of Brunswick House, which was sold on 31st May 2024. The impairment figure is the difference between the agreed sale price and carrying value of Brunswick House and associated fixtures and fittings at 31st March 2024.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

10. Debtors

	2024 £	2023 £
Due within 1 year:		
Outstanding grants	-	146,541
Prepayments	200,162	519,943
Other debtors	1,016,434	834,886
	1,216,596	1,501,370

11. Creditors: amounts falling due within one year

	2024 £	2023 £
Bank loans	1,871,911	92,402
Accruals	312,437	479,235
Deferred income	51,415	23,197
Other taxes and social security costs	159,545	187,223
Pension costs	45,496	43,636
Other creditors	393,606	725,264
Pension recovery plan	129,802	386,095
	2,964,212	1,937,052

Deferred Income

Opening balance	23,197	2,269,408
Released in year	(23,197)	(2,269,408)
Deferred income for year	51,415	23,197
	51,415	23,197

Deferred income relates to seven items of income that relate to work or contracts occurring in 2024/25.

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. This loan was redeemed in full on the sale of Brunswick House on 31st May 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**12. Creditors: amounts falling due after more than one year**

	2024 £	2023 £
Bank loans		
Due 2-5 years	-	436,995
Due after 5 years	-	1,419,082
	-	1,856,077
Pension Recovery Plan	-	113,965
	-	1,970,042

All bank loans were redeemed in July 2024, therefore the balance of bank loans has been treated as a current liability.

13. Provisions**Deferred Income**

	2024 £	2023 £
Opening balance	-	-
Released in year	-	-
Provision made in year	160,186	-
	160,186	-

A dilapidation provision has been made for the potential end of lease obligations expiring in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

14. 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 2023	Income	Expenditure	31 March 2024
	£	£	£	£
Capital Grants	1,159,363	-	(18,459)	1,140,903
Community Capacity & Resilience	54,436	270,000	(324,436)	-
Digital Participation (Charter Fund)	81,887	100,000	(148,411)	33,476
Digital Evolution	-	131,200	(131,200)	-
Milo	-	140,000	(140,000)	-
Digital Inclusion for Mental Health	2,000,000	-	(1,262,783)	737,217
Cyber Resilience	20,000	-	(20,000)	-
Connecting Scotland & Winter Support	9,396,776	-	(3,255,810)	6,140,966
Connecting Scotland - As a Service	96,941	-	(96,941)	-
Connecting Scotland - Care Homes	478,908	-	(154,771)	324,137
DIPDRD (Digital Lifelines)	1,434,487	-	(1,037,276)	397,211
Social Action Enquiry	510,887	-	(393,639)	117,248
Longitudinal Research	-	40,000	(2,097)	37,903
Community Learning Development- Practitioner Devices	83	465,000	(465,083)	-
Cyber Readiness SG 2022/23	35,000	-	(35,000)	-
Digital Participation Local Carers Organisations	9,700	(9,700)	-	-
Village Halls	32,500	-	(23,083)	9,417
Scottish Government - Third Sector Cyber Resilience	-	195,150	(2,132)	193,018
Total	15,310,968	1,331,650	(7,511,120)	9,131,498

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

15. Restricted Funds (continued)

Restricted Funds: movements in the prior 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)	-
Kickstart	71,635	490,905	(562,540)	-
Community Learning Devices	3,345	-	(3,345)	-
Community Learning Devices- Practitioner Devices	-	465,000	(464,917)	83
Cyber Readiness SG 2022/23	-	35,000	-	35,000
Digital Participation Local Carers Organisations	-	500,000	(490,300)	9,700
Village Halls	-	32,500	-	32,500
Total	18,726,361	4,396,671	(7,812,064)	15,310,968

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 – a Scottish Government initiative aimed at increasing the rates of digital participation and growing the digital capability of the voluntary sector in Scotland.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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.

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.

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
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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.

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.

SG Third Sector Cyber Resilience - A Scottish Government post and programme budget to support actions across the third sector to increase awareness of cyber security and support actions to increase cyber resilience.

16. Designated Funds

	2024 £	2023 £
Balance at 1 April	299,324	387,945
Transfer (to)/from general funds	(33,294)	(88,621)
Balance at 31 March	266,030	299,324

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 2024**17. Pension Fund**

	2024	2023
	£	£
Balance at 1 April	(500,060)	(869,124)
Movement in defined benefit obligation	(15,837)	(6,242)
Transfer (to)/from general funds	386,095	375,306
Balance at 31 March	(129,802)	(500,060)

18. General Funds

	2024	2023
	£	£
Balance at 1 April	5,481,418	5,377,024
Net income for year	525,477	384,837
Transfer (from)/ to designated funds	33,294	88,621
Transfer to pension fund	(370,258)	(369,064)
Balance at 31 March	5,669,930	5,481,418

19. Analysis of Net Assets between Funds

	Restricted Funds	Designated Funds	Pension Fund	General Funds	2024 Total
	£	£	£	£	£
31 March 2024					
Tangible fixed assets	1,140,904	266,030	-	3,217,310	4,624,244
Net current assets	7,990,594	-	(129,802)	2,612,806	10,473,598
Long-term liabilities	-	-	-	(160,186)	(160,186)
	9,131,498	266,030	(129,802)	5,669,930	14,937,656

	Restricted Funds	Designated Funds	Pension Fund	General Funds	2023 Total
	£	£	£	£	£
31 March 2023					
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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

20. 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:

	2024	2023
Current assets		
Cash at bank and in hand	-	2,863
Creditors: amounts falling due within one year		
Covenant and gift aid funds	-	715
Other funds	-	2,148
	-	2,863
Total assets less liabilities	-	-

Total income administered during the year amounted to £nil (2023: £nil) and disbursements totalled £nil (2023: £nil). Note that SCVO has ceased to administer funds and returned £2,863 during the 2023/24 financial year.

21. 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 st 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 st 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 st 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 2024 £	31 March 2023 £	31 March 2022 £
Present value of provision	125,495	490,840	854,543

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

Reconciliation of opening and closing provisions

	Period Ending 31 March 2024 £	Period Ending 31 March 2023 £
Provision at start of period	490,840	854,543
Unwinding of the discount factor (interest expense)	15,456	15,062
Deficit contribution paid	(380,826)	(369,918)
Remeasurements - impact of any change in assumptions	25	(8,847)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	125,495	490,840

Income and Expenditure impact

	Period Ending 31 March 2024 £	Period Ending 31 March 2023 £
Interest expense	15,456	15,062
Remeasurements – impact of any change in assumptions	25	(8,847)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Contributions recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	31 March 2023 % per annum	31 March 2023 % per annum	31 March 2022 % per annum
Rate of discount	4.90	5.40	2.30

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

Deficit contributions schedule

Year ending	31 March 2023 £	31 March 2022 £	31 March 2021 £
Year 1	125,745	380,826	396,918
Year 2	-	125,745	380,826
Year 3	-	-	125,745

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 2023. As of this date the estimated employer debt for SCVO is £3,406,716 (September 2022: £4,869,459)

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 2023.

The Growth Plan

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

Deficit contributions

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

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

	31 March 2024 £	31 March 2023 £	31 March 2022 £
Present value of provision	4,307	9,220	14,462

Reconciliation of opening & closing provisions

	Period Ending 31 March 2024 £	Period Ending 31 March 2023 £
Provision at start of period	9,220	14,462
Unwinding of the discount factor (interest expense)	353	273
Deficit contribution paid	(5,269)	(5,269)
Remeasurements - impact of any change in assumptions	3	(246)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	4,307	9,220

NOTES TO THE FINANCIAL STATEMENTS
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Income and expenditure impact

	Period Ending 31 March 2024 £	Period Ending 31 March 2023 £
Interest expense	353	273
Remeasurements – impact of any change in assumptions	3	(246)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

Assumptions

	31 March 2024 % per annum	31 March 2023 % per annum	31 March 2022 % per annum
Rate of discount	5.31	5.52	2.35

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

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

Deficit contributions schedule

Year ending	31 March 2023 £	31 March 2022 £	31 March 2021 £
Year 1	4,391	5,269	5,269
Year 2	-	4,391	5,269
Year 3	-	-	4,391

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 2023. As of this date the estimated employer debt for SCVO is £40,676

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(September 2022: £57,265).

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 2023.

21. Leasing Commitments

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

	Buildings		Office Equipment	
	2024 £	2023 £	2024 £	2023 £
Falling due				
- within 1 year	22,542	16,800	3,759	15,679
- in 1 to 5 years	5,664	18,500	1,014	1,014
- more than 5 years	-	-	-	-
	<u>28,206</u>	<u>35,300</u>	<u>4,773</u>	<u>16,693</u>

22. Lessor Income

The total future minimum rental income under operating leases:

	2024 £	2023 £
Expiring within 1 year	149,633	160,314

23. Analysis of Net Debt

	At 1 April 2023 £	Cashflows £	Other non- cash changes £	At 31 March 2024 £
Cash & cash equivalents				
Cash	17,834,337	(5,613,124)	-	12,221,213
Borrowings				
Debt due within one year	(92,402)	(208,934)	(1,570,575)	(1,871,911)
Debt due after one year	(1,856,077)	-	1,856,077	-
	<u>(1,948,478)</u>	<u>(208,934)</u>	<u>285,502</u>	<u>(1,871,911)</u>
Total	<u>15,885,858</u>	<u>(5,822,058)</u>	<u>285,502</u>	<u>10,349,302</u>

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	At 1 April 2022 £	Cashflows £	Other non- cash changes £	At 31 March 2023 £
Cash & cash equivalents				
Cash	23,300,829	(5,466,492)	-	17,834,337
Borrowings				
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)
Total	21,258,188	(5,288,065)	(84,265)	15,885,858

24. Post Balance Sheet Events

SCVO sold its share of Brunswick House in Glasgow to Scottish Action for Mental Health on 31st May 2024. As the sale of the property concluded close to the year-end an impairment of £397,989 (Note 9) has been charged to the Financial Statements. This represents the difference between the carrying value in Financial Statement and sales proceeds of £1.3m.