



**Trustees' Report
& Accounts
Year Ended
31 March 2024**

**Capability
Scotland** 

Reference & Administrative Information

Charity Number	SC011330
Company Number	SC036524
Registered Office	Vantage Point, 24 St John's Road, Edinburgh EH12 6NZ
Chief Executive	Brian Logan
Company Secretary	Andrew Philip, Director of Finance & Resources

Committee Members & Officials

President	The Rt Hon. Lord Hardie KC
Honorary Life Members	George D Holmes CV FRSE FICFor James Sinclair

Board of Trustees

Chair Alexander Cameron CBE	Ben Supple
Annalu Waller OBE	Amanda Britain
Chris Johnston	David Hourston
Chris Gilmour	Lisa McPherson
Malcolm Payton	Gavin Thomson (elected 10 October 2023)
Stuart Alexander	Maria Pollard (resigned 15 November 2023)
Brian Bingham	

For the purposes of the Companies Act 2006, the Trustees of the charity are the directors of the company.

External Auditors	Henderson Loggie LLP, 11 Thistle Street, Edinburgh EH2 1DF
Internal Auditors	Wylie Bissett, 168 Bath Street, Glasgow G2 4TP
Bankers	The Royal Bank of Scotland, 36 St Andrew Square, Edinburgh, EH2 2YB
Solicitors	Morton Fraser LLP Solicitors, 2 Lister Square, Edinburgh, EH3 9GL Brodies, LLP Solicitors, 110 Queen Street, Glasgow, G1 3BX Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE

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Trustees' Annual Report incorporating the Strategic Report for the year ended 31 March 2024

The Trustees present their Annual Report incorporating the Strategic Report and audited financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with Capability Scotland's memorandum of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities.

Structure, Governance and Management

Capability Scotland is a company limited by guarantee (SC036524) and a registered charity in Scotland (SC011330). The management of Capability Scotland is the responsibility of a Board of Trustees, under the terms of the Memorandum and Articles of Association dated 5 June 1961 and altered by special resolutions passed on 8 October

1997, 11 October 2006, 8 October 2008, and 7 December 2017. The Memorandum and Articles of Association are currently being reviewed and a revised version is expected to be laid before a Special General Meeting of members during 2024/25.

The membership of Capability Scotland shall not exceed 300 and the power to admit new members is exercisable only by the Board of Trustees. Members are required to contribute an amount not exceeding £1 in the event of the charity winding up.

Trustees are invited on to the Board from people who have relevant experience and expertise, and a commitment to furthering the aims and objectives of Capability Scotland. The Board consists of not less than five members, with a requirement for one third of its membership to retire from office each year but eligible for reappointment at the Annual General Meeting. An induction programme of information meetings with senior staff and visits to services is arranged for each new Trustee, and internal training events

are arranged for all Trustees on strategic themes such as governance, safeguarding, risk management and financial awareness.

The Board is responsible for strategic direction and policy, and normally meets four times in each calendar year. There are subsidiary committees covering Finance, Audit & Resources and Service Quality that also meet four times per year, and a Remuneration & Nominations Committee that meets as required.

Day-to-day management is delegated to the Chief Executive and senior managers responsible for Adult Services & Business Development, Education & Young People, and Finance & Resources.



Our Strategic Statement 2023-2028: *One Capability, Our Capability.*



Our strategic statement *One Capability Our Capability* has been developed in consultation and with feedback from our staff, the people we support, and internal and external stakeholders. It sets the course of Capability Scotland's practice and direction from 2023 to 2028 to deliver our mission:

What we believe in - An inclusive Scotland where everyone has the opportunity to have their voice heard, contribute to society and fulfil their potential.

Who We Are - We are the trusted not-for-profit provider of quality care, support and education, enabling people with diverse needs to live their best life.

What We Do - We deliver exemplary services for disabled children, young people and adults in communities across Scotland.

The work we undertake to deliver our strategic statement is supported by our operational plan, financial plan and risk register.

Our Values



Kind: We will show all of our people kindness, dignity and compassion through our actions and words.



Inclusive: We will treat people with respect, value the opinions of others and celebrate diversity.



Open & Honest: We will always strive to do the right thing and will build trust by being transparent.



Aspirational: We will enable one another to achieve our ambitions and will seek to always do better.



Creative: We will push boundaries, explore alternatives and seek new innovative solutions.

Our Strategic Priorities

The Trustees identified the following priorities for our Strategic Statement 2023-2028, and these continue to be our focus:

- **Voice** - We put the people we support at the heart of everything we do and make sure their voices are heard loud and clear.
- **Excellence** - We strive to deliver the highest quality services, tailored to the individual needs of disabled people, their families and carers.
- **Flexibility** - We create innovative solutions which enable the people we support to achieve their goals.
- **Thriving** - We invest in our talent, developing the highest quality employees, all built on strong financial foundations and sustainable services.

These priorities drive our decisions and actions, and by doing so, the difference we make leads to:

- Improved health & wellbeing
- Increased opportunities
- Social inclusion

We provide care, support and education to disabled children, young people and adults with the most complex needs through the provision of day and residential schools, further education, residential care, respite services, housing support services, care in people's own homes and a range of creative and exciting day opportunities in the community and in buildings.

We promote independence and quality of life for disabled people throughout their lives through the application of our specialist knowledge and the delivery of our broad range of flexible services. We also campaign with disabled people on issues that matter to them. We undertake voluntary fundraising activities to enable us to continue to achieve these objectives and activities and add value to the services we deliver.

The Trustees continue to receive information and feedback throughout the year to scrutinise performance and measure success in meeting Capability Scotland's aims and objectives. This includes detailed reports and risk assessments, service quality indicators, customer feedback, external feedback including Care Inspectorate reports and financial monitoring reports. The reports are scrutinised by the Board and its sub-committees (Finance, Audit & Resources, Service Quality and Remuneration & Nominations) with matters referred to the respective sub-committees, as required, for additional oversight, monitoring and action.

The Trustees receive feedback directly from the Have Your Say group meetings and feedback forms. The Have Your Say group is a representative body of those who use our services and provides a mechanism to ensure that the Trustees and senior management hear the voice of the people we support. This provides the Trustees with invaluable insight into the impact our services have on the people we support.

The Trustees acknowledge the amount and speed of change that the organisation faces on an ongoing basis and are committed to continue to drive forward with the need to modernise and develop our services despite the challenging financial and regulatory environment in which we operate.

The Trustees recognise the contribution made by our dedicated volunteers. We acknowledge the tremendous amount of time and expertise that volunteers make to raising funds through their participation in events and other activities and to all those who support our services.

Trustees' Section 172 Statement

The Trustees continue to be mindful of their responsibility to promote the long-term success of Capability Scotland. As a Board, we consider our decision-making process to be in the best interests of our stakeholders and charitable reputation.

As Trustees, our aim is to continually support Capability Scotland to ensure that we deliver our mission. In doing so, we are an organisation that guarantees effective stewardship and management of resources, raises income, builds influence and demonstrates impact, whilst keeping the people we support at the heart of everything we do.

Our staff are fundamental to the execution of our vision. The communication on all Capability Scotland activities and performance, which is relevant to them, are regularly updated through our internal newsletter "In the Loop", email communications, team meetings and our Viva Engage (Yammer) social media site. The integration of new staff to Capability Scotland, through our induction process, is of paramount importance to the board as a method of instilling our vision and values. Staff wellbeing is prominent in the board's decision-making process and even more so since the Covid-19 pandemic.

The Trustees are committed to monitoring and reducing any negative impact Capability Scotland's activities may have on the environment. Energy and Carbon reporting has increased our awareness of energy costs and consumption across Capability Scotland and provides data to inform the adoption of energy efficient measures to be delivered through our sustainability plans aimed at reducing our impact on climate change.

Staff Engagement and Involvement

The Trustees greatly appreciate the dedication and commitment of our staff, and it is a credit to our staff that services to the people we support continue to thrive in the current challenging environment.

The Trustees were pleased to visit many of our services during the year. We have held Board and Service & Quality Committee meetings at our services, where we have met with staff in person. We attended the Staff Awards ceremony in Glasgow in October 2023 and were pleased to participate in the celebrations and recognition of staff for their achievements and commitment to Capability Scotland. The Trustees have also contributed to the staff newsletter, 'In the Loop', throughout the year.

Staff involvement is key at Capability Scotland. We have mechanisms in place to ensure staff and their representatives have opportunities to contribute when key decisions are being discussed. This has included a Recognition and Procedural Agreement with our five trade union partners (Unison, Unite, Royal College of Nurses, Educational Institute of Scotland, and the Chartered Society of Physiotherapists). This Agreement ensures regular communication with our Executive Team to discuss organisational matters.

As part of this agreement, we have created individual negotiating forums with the respective unions that allow focused discussions on the matters that impact upon the different staffing groups. This increased dialogue will help to improve communication and feedback between management, representatives, and staff.

Review of Achievements & Performance During 2023/24



Our Strategic Statement was developed in 2023, setting the course of Capability Scotland's practice and direction from 2023 to 2028. It was developed in consultation and with feedback from our staff, the people we support, and internal and external stakeholders.

Our Operational Plan has been updated to reflect the challenges we face moving forward. It underpins the Strategic Statement to ensure Capability Scotland is best placed to respond to changes in the external environment. The Operational Plan is monitored regularly by the Executive Team with updates submitted to the Board twice per year. The achievement of our strategic objectives will be through development, delivery, outcomes, and empowerment.

The Trustees remain alert to proposals for a National Care Service and the implementation of the Scottish Government's Coming Home strategy. The Bill for the creation of a National Care Service was published in June 2022 and has been widely debated since. Although the Bill is broadly in line with what had been expected, there is much still to be determined including the specific role of the proposed local Care Boards, the financial memorandum, a final determination on where children's services and criminal justice services will sit and many other areas. Coming Home implementation relates to out of area placements for people with learning disabilities and complex needs, which may have implications for the people we support, particularly those in residential care.

The Charities (Regulation and Administration) (Scotland) Bill was passed into legislation in October 2023. The new Bill amends the rules on who can be a charity trustee in a charity, updates the information that the Office of the Scottish Charity Regulator (OSCR) holds about trustees, and gives OSCR wider powers to investigate charities and their trustees. The Trustees are satisfied that the changes outlined in this legislation will not have a significant impact on Capability Scotland.

Our ambitious plans to relocate our largest service provision from Upper Springland to Bertha Park, Perth continues to gather momentum. Named Our Inclusive Community Project, we have an exclusivity agreement with the developers to secure land for the site. This is a hugely challenging project for Capability Scotland requiring substantial capital investment to deliver this exemplar facility. We have created a project team, led by the Director of Adult Services & Business Development and supported by a team of professionals to develop the project to planning stage. A project board reports directly to our Board of Trustees, and has four workstreams in place covering Service Design, Building Design, Communications and Finance & Fundraising, to progress the project and inform the way forward. The ongoing continuity of services at our Upper Springland site remains a key priority for Capability Scotland in conjunction with our aspirational plans for the new Bertha Park provision.

The Final Salary Pension Scheme buy-out process has progressed significantly following the strong pension valuations reported as at 31 March 2021 and 31 August

2021. In May 2022, the pension trustees executed a full member insurance buy-in transaction, which meant the Pension Scheme is no longer exposed to any market risk associated with the pension valuations. A Project Group, consisting of membership of pension trustees, their advisers, and Board and Executive Team representatives will oversee the transition from buy-in to buy-out of the pension scheme. This is expected to be concluded by December 2024.

We welcomed HRH The Duchess of Edinburgh to our Craigmillar Hub, Edinburgh in May 2024 where she engaged with the people we support in a number of activities. This followed her previous visit to Riccarton, Edinburgh in June 2022.

VOICE

In 2023, we launched "Connect", a newsletter for the people we support at Capability Scotland. Now in its second issue, the newsletter has been warmly received by the people we support and features inspiring stories from across Capability Scotland's services.

Have Your Say meetings are facilitated four times a year and are open to those we support. This forum provides the people we support the opportunity and platform to raise any issues they may have or to give positive feedback on their service delivery. Safeguarding is a standing agenda item and topical disability issues are also discussed.

Our customers continue to be involved in the development of policies and procedures, including the use of easy read formats. Our Inclusive Communication Officer's role is to develop and enhance how we communicate with our customers, supporting services and individual members of staff to improve communication skills with customers.

The Co-Production Lead for the Our Inclusive Community Project in Perth, has ensured the aspirations of our customers, families and staff are incorporated in our service modelling and design plans, a process positively received by the Care Inspectorate. Development of a comprehensive Design

Statement and Design Brief in partnership with architects, has helped shape early concept designs to deliver inclusive, enabling, accessible services and buildings that promote health, well-being and opportunities for personal growth and independence, at the heart of this new community.

Supported individuals from Upper Springland, Perth and Junction 52, Glasgow participated in pilot tests for Talking Mats which is a communication system for non-verbal people or those with learning difficulties. They trialed a new resource being developed that gives people a voice to say what is important when recruiting new staff. Everyone involved gave great feedback on this resource and agreed it gave them the opportunity to express themselves and say what really matters to them. At Capability Scotland we encourage those we support to participate in the interview process for new staff.

Capability Scotland is part of the National Involvement Network which is facilitated by ARC Scotland. The National Involvement Network (NIN) is a network of people with additional support needs. They have been meeting since 2007 to promote involvement and share ideas about things that matter the most to disabled people. Representatives from those we support have attended the NIN meetings on a regular basis to voice their views on a variety of subjects including transport and getting out and about, and the challenges faced when doing so.

100 individuals who use Capability Scotland services were supported to complete a questionnaire to inform the Independent Covid Inquiry "Let's Be Heard" chaired by Lord Brailsford. The inquiry was reviewing how Covid-19 affected the lives of disabled people, and those who took part from Capability Scotland were happy that their experiences during the pandemic were being listened to.

Jeremy Balfour MSP visited Capability Scotland to inform the people we support of his intention to bring forward a Member's Bill to establish a Disability Commissioner in Scotland. The proposed Commissioner is deliberately based on a commissioner

model with wide-ranging functions, with the specific intention that the Disability Commissioner would be viewed as the first and main port of call for people with a disability who are facing issues that might cut across a number of policy areas and may also require a number of associated actions (from high level policy challenge to specific investigations of their case). Those supported by Capability Scotland were enabled to take part in the consultation to assist developing legislation that will allow for the establishment of a Disability Commissioner for Scotland.

EXCELLENCE

In 2023/24, we supported 976 children, young people, and adults through our schools, college, services, and projects. Our direct service provision can vary from a few hours of support each week from a community enablement service through to being resident at one of our residential care homes or 'living-in' at Stanmore House School.

We contract directly with nine key Local Authority/ HSCP and have services based in these areas, with further spot-purchase contracts with another 19 Local Authorities. Both our schools and care homes support children and adults from a wide range of areas and operate as national services.

Within our services, no two support packages are the same, and this is increasingly the case as we respond flexibly to people's individual needs and outcomes, and self-directed support expectations and requirements. Our models of care are designed to ensure that they are able to provide flexible and responsive care, support and education based on individual needs and aspirations.

We currently have 25 registered care services and continue to receive positive external certifications from the Care Inspectorate for those services inspected. Fifteen inspections were undertaken during the year, all receiving grades of 4 and 5,

indicating a good and very good service. Key messages from the Care Inspectorate across Capability Scotland services note:

- Staff had an excellent approach to people's care and support. Staff treated people with dignity and respect, showed compassion, and knew them well as individuals. The same approach was extended to their families and carers, who said they were well informed and fully involved with directing and reviewing care.
- Staff had excellent communication skills and knew people as individuals.
- Individual and group activities were abundant. These reflected personal needs and preferences. People were being supported to take part in activities that were aspirational and of interest to them.
- Our services actively celebrated success for individual and group achievements.

Safeguarding continues to be at the heart of everything we do. Our Adult and Child Protection policies and procedures and the implementation of our Values Statement; Equality, Diversity & Human Rights Policy; and Positive Behaviours Framework ensures customers, staff and volunteers of Capability Scotland feel safe and supported at all times.

Throughout 2023/24, we continued to prioritise the development of our Schools to meet the needs of children and young people with complex additional support needs. Both Stanmore House and Corseford Schools are supported through the Scottish Government's Grant Aided Special Schools (GASS) programme. They continue to provide vital care, support and education and allied health provision in accordance with legislative and policy drivers, principally Curriculum for Excellence. They aim to achieve outcomes for the children and young people in line with the principles of GIRFEC (Getting It Right For Every Child) and SHANARRI

(Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included).

In line with Scottish Government expectations, both Schools have detailed School Improvement Plans in place and are working closely with Education Scotland to ensure that we continue to grow and develop our education provision. A Business Plan for 2020-2024 for our Schools / Education Services has been submitted to the Scottish Government, which will shape the future direction of our education provision and map out our response to the proposed phased withdrawal of the GASS grant from 2025/26.

Our College at Corseford started its second year with a further intake of 11 students, taking our total number to 26. Funded by the Scottish Government, local authority partners and the RS MacDonald Trust, Corseford College provides an opportunity for people with complex needs to continue their education post-school leaving age. The College Oversight & Advisory Board provides an overview of the College operations and reports to our Board of Trustees. We are in discussion with the Scottish Government regarding the longer-term funding of the College and have still to secure agreement on 2024/25 funding. We have strong interest for the 2024/25 session, but need to confirm funding arrangements before we can finalise offers.

In November 2023, we had to relocate Corseford school and Corseford College to alternative accommodation due to a structural issue with the Corseford building. The education provision previously located at Corseford is temporarily being provided at Inchinnan, near Renfrew, and will remain there whilst remedial works are undertaken.

Within our care homes, we experienced a number of vacancies during 2023/24 which have taken time to fill. Vacancies at Upper Springland, Lanarkshire Houses and Fife Houses all had a negative impact on income due to under-occupancy which represented a key financial risk to Capability Scotland.

The internal audit programme continued in

2023/24, providing assurance on the internal controls and systems across the organisation. Internal audits covering reviews of Treasury Management, HR policies, the effectiveness of the Dumfries & Galloway brokerage service model and the financial controls at our Fife and Dundee services were conducted by the Internal Auditors in 2023/24 and reported to the Executive Team and Finance, Audit & Resources Committee. Five reviews are planned for 2024/25; Sustainability (climate change), Payroll management, key financial controls at Upper Springland, in-year forecasting and a review of the new finance system.

FLEXIBILITY

Capability Scotland remains flexible in our ability to contract with Local Authorities and Health & Social Care Partnerships (HSCP) through a variety of funding mechanisms. We still have a small number of services that are contracted through historic 'block contract' arrangements, whilst others are dependent on packages of support secured from our placement on Local Authority/ HSCP Frameworks. There is additional complexity as each Local Authority/ HSCP has interpreted self-directed support slightly differently. We are now operating with a multiplicity of funding arrangements across the country, and sometimes even in the same area.

We remain well placed in terms of tendering and framework agreements for new and existing services. Tendering activity has increased in 2023/24, with three tenders successfully accepted for framework agreements for supported living and care at home services. We expect tendering activity to increase momentum in the coming year.

Our Little Acorns scheme invites staff to suggest improvements to their workplace, our services and the lives of the people we support. All suggestions are reviewed by our Leadership Team and outcomes communicated to all staff through our staff newsletter "In The Loop." In 2023/24 we received 11 ideas, five of which we have taken forward and implemented.

In spring 2023 we embarked on a partnership with the Lens Perspective, who are dedicated to supporting organisations like Capability Scotland to transform ideas into action. Working with the Lens Perspective enabled Capability Scotland to give our staff a voice, to harness some of the most creative minds within the organisation and make their ideas for new services, products, and resources a reality.

We created the Change Makers, an ideas to action programme consisting of a series of workshops that enabled participants to develop professionally, collaborate with others across the organisation and develop a compelling case that could lead to a financial investment from Capability Scotland. The programme culminated in an Investment Panel event where participants got to “pitch” to a group of colleagues with the aim of securing funding for their idea. Four amazing ideas were pitched to the Investment Panel, and all secured funding from the £15,000 Investment Fund.

Orbit - Orbit is an inclusive and tailored centralised portal giving greater independence and choices to all through knowledge and information provision. Using a touchscreen or switch all the information you need is accessible in one place. This is an application which can be updated as and when required to ensure information is right, up-to-date, and accessible to all.

Easy Eaters - This project is about highlighting the difficulties and barriers that the people we support face, when eating out at restaurants, particularly those with chewing and swallowing difficulties e.g. little or no suitable choices on meaningless menus, limited accessibility and equipment. Easy Eaters is about how and what can be done to make their experiences more inclusive, dignified, fun and as risk free as possible.

Craigmillar Creatives - Craigmillar Creatives is a social enterprise that enables the people we support to participate in arts, crafts, digital and other creative activities. They have been successfully selling their work and raising funds and are now looking for help to build

an enterprise model to self-fund their future projects and have access to the enterprise income, along with help with their marketing, website development and social media presence.

Capability Connectz - Capability Connectz', aims to bring together young people (16-25 years) living with a learning disability within Dumfries and Galloway, who would otherwise be excluded from educational or social care opportunities. The group will support the young people to gain life skills, make steps towards independence, and will aim to bridge the gap between education and social care. Work is now underway to support the participants to bring their ideas to life.

THRIVING

The staff awards ceremony took place in September 2023 and was a great success. Over 100 nominations were received across six categories: Outstanding Act of Kindness, Outstanding Customer Service, Living Our Values Everyday (LOVE), the Little Acorns award for Creativity, Outstanding Leadership and Team of the Year. The award ceremony presented the perfect opportunity to celebrate success, and the level of engagement has been positive.

In addition to our annual staff awards, our Making your Mark recognition scheme recognises colleagues who live our values daily. Staff can nominate anyone who they see displaying our values in the day-to-day role, with a badge recognising their contribution awarded.

Staff development and training continues to be delivered through blended learning, mixing online and face-to-face, with 268 individual courses delivered across 2023/24, an increase of 46 on the previous year. Continuing recruitment of new staff has increased demand for training throughout 2023/24 and we supported over 2,350 new and existing staff to attend online and in-person opportunities.

Our e-learning platform, LearnPro, delivers online learning to support classroom courses. The nine mandatory courses are Adult Protection, Child Protection, Data Protection, Equality & Diversity, Fire Safety, Health & Safety, Duty of Candour, Infection Control and Food Safety. In total, 12,624 courses were completed during 2023/24 (10,649 in 2022/23), including many non-mandatory personal development and role-specific courses like Mental Health at Work and Postural Care.

The Scottish Social Services Council (SSSC) have introduced significant changes in registration, qualifications, continuous professional learning and codes of practice during the year. We have supported staff to navigate through the changes by highlighting the changes to requirements in our weekly Learning and Development bulletin to staff.

We have been successful in securing additional funding to support our continued staff development; £70,800 to deliver 79 SVQs and modern apprenticeships; and £15,000 to support staff in non-care roles with training on health & Safety, Excel, minute-taking and effective support and supervision.

The Leadership Team successfully completed the leadership development programme which was facilitated by Connect Three. The programme ran from August 2023 until its conclusion in March 2024. Feedback from the programme was positive from those in attendance, and reflection and actions will be taken forward to ensure learning continues.

We are committed to increasing the Health and Wellbeing of the people we support and staff. Our BeWell+ programme continues in earnest, ensuring that staff health and wellbeing remains at the top of our agenda. Activities have included Step Count Challenges, Random Acts of Kindness days and "Capabili-tea" coffee mornings to foster a sense of team working across our services. Our Employee Assistance Programme, with an innovative Live Chat/WhatsApp service, is available to help those who don't feel comfortable discussing their mental or financial health on the phone. Our portfolio of e-learning modules continues to increase

to support staff and raise awareness of key health and wellbeing themes.

We remain committed to the principles of the Fair Work Framework, which are embedded in our recruitment, induction, and learning and development policies and procedures.

Staff recruitment and retention continues to be a significant challenge to Capability Scotland and the wider social care sector. Staff turnover of around 27% continues to be our greatest risk and this has an enormous pressure on service delivery. We continue to take various actions to mitigate the position, but it is a common story across all social care providers and indeed in a number of other sectors. The Recruitment Business Partner in our HR team, continues to make an impact and focused efforts have resulted in a number of offers being made to fill vacancies. There is an increased focus on growing our pipeline, creating partnerships with multiple agencies such as the Department of Work and Pensions, Remploy, Women Returners and multiple colleges and schools throughout the country.

During 2023/24, we moved to the Scottish Government-recommended £10.90 per hour for our main grade of care and support workers. Whilst this uplift was good news for our adult social care services, we were frustrated by the lack of a corresponding uplift for our schools and children's services. Despite this shortfall in government funding for schools and children's services, the Trustees approved the implementation of the uplift to all staff irrespective of the service they worked for, in recognition of their commitment and continued dedication to the people we support. This additional cost was borne by Capability Scotland.

We are continuing to work closely with our partners at Investors in People (IiP) following our successful accreditation in 2021. The accreditation recognises the good practice by our teams across the organisation, and we have included the learning from IiP in our People Action Plan for 2022-2024. Our reaccreditation is due to take place in November 2024.

Our IT transformation continues to advance, with the implementation of our new Case File Management System and HR/Payroll System in 2023/24. The Case File Management system is currently being rolled out across all services and the payroll system (iTrent) went live in April 2023. We are developing modules for the HR system to be implemented in 2024 including self-service facilities for all staff for annual leave and updated to personal details.

In June 2024, we received Cyber Essentials Plus re-accreditation for the consecutive third year which is a major achievement for Capability Scotland and provides assurance in our cyber security controls and arrangements.

Following the development and implementation of our Fundraising Strategy in 2021 Capability Scotland has made significant progress in embedding fundraising activity across the organisation, working with staff, the people we support and external stakeholders to enhance and grow fundraising activity.

Our corporate partnerships with Heriot's Rugby Club and Blackmount Wealth Management continue to generate unrestricted income enabling us to provide additionality to our services. To date our partnership with Heriots has raised £45,000 and this year Blackmount not only donated a percentage of their annual profits they all took part in the Glasgow Kiltwalk and are supporting with Our Inclusive Community Project.

Events fundraising continues to go from strength to strength with people taking part in various third party, Capability Scotland and individual events. In autumn 2023 50 people took part two new events, Zip Slide the Clyde and The Forth Rail Bridge Abseil. Following the success of these challenge events we plan to invest in more third-party events throughout 2024/25.

It has been another successful year for Trusts and Foundations, grants income is now our best performing income stream after legacies/gifts in wills. A significant number of grants have been secured supporting work

across Capability Scotland this includes but is not limited to providing music therapy at our Dundee day service, funding an end of year holiday for learners at Stanmore Residential and the renovation of our door spaces at Riccarton, benefiting not only the adults who use the day service but also the children and young people who attend Youth Zone.

Summer 2023 saw the launch of our new Gifts in Wills campaign as well as the beginning of our partnership with the Free Wills Network. Following the initial success of the campaign plans are in place for 2024/25 to develop this work further.

To support the development of Our Inclusive Community Project the Fundraising team has welcomed three new colleagues all dedicated to the project. The team have created a fundraising campaign plan and strategy, developed a new case for support and are now actively fundraising.

Marketing and Communications activity continues to focus on building our social media reach, developing how we communicate with our varying audiences, both internal and external as well as expanding our work in public relations.

Our social media presence continues to grow, and we are now operating across Facebook, X (formerly Twitter), Instagram, and LinkedIn. Facebook and X remain our primary channels of engagement, however as Our Inclusive Community Project develops our use and engagement on LinkedIn is increasing.

Across the organisation staff engagement with Viva Engage (Yammer) continues to improve. We now operate 73 communities where staff can engage with others on specific topics, share best practice and keep up to date on what's going on across Capability Scotland.

The Communications team has created several internal and external publications during the year including our community magazine "CS Matters", monthly staff newsletter "In the Loop," and "Connect," our accessible magazine dedicated to the people we support.

Monitoring Achievement

Achievement is monitored by the Board, and its Finance, Audit & Resources, and Service Quality sub-committees on a quarterly basis. The Remuneration and Nominations sub-committee meets as required. The remit of the Finance, Audit & Resources Committee encompasses the monitoring of financial performance including the review of all financial statements and monitoring of compliances and internal controls. The Service Quality Committee's remit includes performance management, quality assurance and statutory compliances. The remit of the Remuneration and Nominations Committee is to review and approve the remuneration for the Executive Team and undertake succession planning and recruitment of Board members.

Financial Review

The Income and Expenditure Account reports net expenditure of £98,921, which compares to net expenditure of £276,647 in 2022/23. The net movement in funds after actuarial gains/(losses) on the defined benefit pension scheme is £219,079 (2022/23 £375,353).

Total income for 2023/24 was £29,081,772, which is an increase of £967,845 on the previous year. Income from Charitable Activities (note 2) for the delivery of services to disabled people increased year on year by £1,149,837 to £28,053,795. The principal sources of funding were grants and contracts with local authorities and the Scottish Government.

Fundraising income this year was £702,757, which is a reduction of £263,538 on the previous year. The reduced income is due to fewer gifts in wills received during the year. The costs associated with raising funds was £273,885 (2022/23 £212,116).

Total expenditure for 2023/24 was £29,180,693, which is an increase of £792,119 on the previous year.

The final salary pension scheme valuation under FRS102 rules, which shows a positive position of £886,000 (2022/23 £1,171,000), has not been recognised as an asset because the scheme is now closed. The Trustees

have plans in place to ensure the full triennial valuation liability is managed while securing members' benefits.

Reserves Policy

The Trustees have considered the requirement for General Reserves that are not designated for specific purposes or otherwise committed. In doing so, they have considered the need for adequate working capital in services and to provide protection against adverse financial circumstances in the future.

Capability Scotland's policy is to hold the sum of net current assets attributable to unrestricted funds (note 9(d)) being equivalent to three months' expenditure. At 31 March 2024, free unrestricted net current assets, expressed as current assets less current liabilities (note 9(d)), totalled £6,775,993 which is 93% of the target amount. This compares to £6,346,356 and 89% in 2022/23.

The Trustees will continue to take action to improve the financial position of the organisation and to build up the free reserves position in line with our stated policy. At 31 March 2024, restricted funds totalled £445,664 (2022/23 £485,505).

Risk Management

The Trustees have reviewed the Register of Strategic Risks, looking into specific risk areas and the systems in place to mitigate those risks. Where appropriate, actions and procedures required to strengthen existing systems have been identified and instigated as part of the Strategic Risk Register and progress is monitored by the Executive Team. The Board has received reports and is satisfied that systems are in place to mitigate our exposure to the major risks.

The principal strategic risks relate to the recruitment and retention of staff; the financial sustainability of our schools and college due to existing funding arrangements; continued pressure on available public funds and the effect that this is having on our ability to continue to deliver high quality individualised services; and the safeguarding of vulnerable beneficiaries, staff and volunteers. The risks are mitigated

through continued dialogue and negotiation with Local Authorities/HSCP and the Scottish Government, business continuity planning, and by ensuring our policies and procedures, recruitment, training and supervision provide best practice safeguards for staff and the people we support.

During the year, the Strategic Risk Register has been reviewed, using the previous year's register as the basis and with reference to the Risk Management Policy. The Business Risk Register underpins the Strategic Risk Register and outlines the main business risks monitored and reviewed by the Executive Team and senior managers. The Strategic and Business risk registers inform each other, and risks can be escalated and de-escalated upon review by the Board of Trustees and Executive Team respectively.

Equal Opportunities

Capability Scotland aims to promote equality, diversity, and human rights in everything we do. We aim to work inclusively across the whole organisation at all times. These principles are upheld in behaviours and practices through our provision of care, support, and education, and as an employer. We aim to excel beyond legislative requirements and be an exemplar of best practice. We will break down all barriers of discrimination, prejudice, fear, or misunderstanding, which can damage the effectiveness and impact of our care, support, and education on the lives of our customers and our employment practices.

Capability Scotland uses the Equality and Human Rights Commission's nine protected characteristics to help focus our equality and diversity work. We will have due regard to advancing equality for people who identify with the relevant protected characteristics. Capability Scotland recognises that there are others that are not yet protected in legislation but are important to be mindful of to ensure that Capability Scotland creates an inclusive environment.

We recognise that the people we support, and our employees are a diverse group of

individuals and that they should all be treated as such. Each person has different strengths and by adapting our approach accordingly we create an environment where individuals can develop and grow, accessing their human rights, benefitting those we support, our staff and the organisation.

We ensure that all employees have equal access to the same opportunities. We further demonstrate this through our commitment to the Disability Confident Standard, and our accreditation as a Disability Confident Leader, which is the highest category of this programme.

In March 2024, we published our Gender Pay Gap figures in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Our Gender Pay gap figures show an average gap of 1.91% (2023 2.21%).

Key Management Personnel Remuneration

The Remuneration and Nominations Committee, a sub-committee of the Board, is responsible for setting pay and remuneration for key management personnel. Capability Scotland's Executive Team comprises the Chief Executive, Director of Adult Services & Business Development, Director of Education & Young People's Services and Director of Finance & Resources.

The Chief Executive is appointed by the Board to manage the day-to-day operation of the charity. To facilitate effective operation, the Chief Executive has delegated authority, as approved by the Board, for all operational matters.

Chief Executive

Brian Logan

Director of Finance & Resources

Andrew Philip

Director of Adult Services & Business Development

Callum MacGregor

Director of Education & Young People's Services

Vacant



Plans for the Future

We have built a strong foundation for the future during 2023/24.

Our future plans include:

- Explore business opportunities in areas of high population and low provision and redevelop existing services to meet changing priorities.
- Improve existing models of high intensity care, support and education provision and develop a range of new models to meet individual needs that embrace transition and the ability for progression and lifelong learning.
- Develop the business case for Our Inclusive Community Project in Perth and progress to planning stage.
- Develop long-term plans for Corseford School and Stanmore House School and support this using best practice and benchmarking.
- Develop the next stage of our IT Roadmap, exploring opportunities to utilise technology more effectively across Capability Scotland, implementing IT solutions to support our business processes, such as digital technologies and a new finance system.

- Develop a People Strategy incorporating themes on culture and engagement, resourcing and organisational development.
- Develop a five-year Funding Plan to underpin the delivery of the Strategic Plan.

The Scottish Government advised in 2020/21 of their intent to 'move to strategic commissioning of services for children with complex additional support needs' and this will impact on our two Grant Aided Special Schools (GASS), Corseford and Stanmore House. We have submitted a business case to the Scottish Government for the proposed phased withdrawal of the GASS grant from 2025/26 and we continue to work closely with the Scottish Government on the impact this will have on our service provision.

Following the success of our first-ever staff conference in October 2022, we will hold our second conference for staff in September 2024 to celebrate success and recognise achievements made during the year. This will bring together as many staff as possible with the purpose of motivating and connecting various disparate parts of the organisation and celebrating all the good things that we do.

Streamlined Energy & Carbon Reporting

A summary of the 2023/24 Streamlined Energy and Carbon Reporting (SECR) report for Capability Scotland is set out below. This is required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. It considers:

- Scope 1 direct emissions
- Scope 2 indirect emissions
- Scope 3 indirect emissions (SECR mandatory) related to fuel used in personal/hire cars on business use (including fuel for which Capability Scotland reimburses its employees following claims for business mileage).

The market-based method for calculating scope 2 emissions with respect to electricity consumption has been applied. Total emissions account for our efforts in purchasing low-carbon electricity across our estate.

The location-based method is provided for disclosure only, and all emissions shown are calculated using the Scope 2 market-based method.

Our reporting period covers 1 April 2023 to 31 March 2024.

Methodology

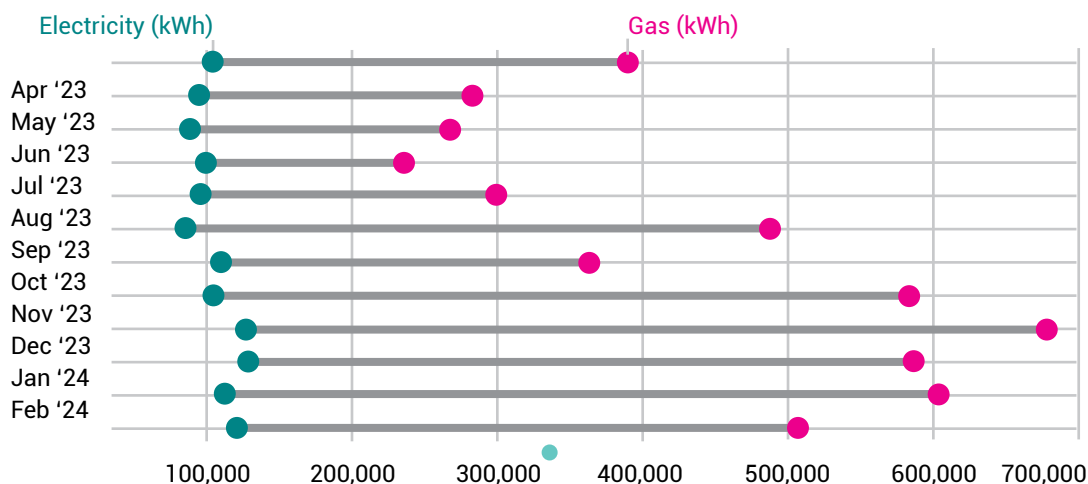
The methodology used is the Greenhouse Gas Protocol, using UK Government conversion factors produced by the Department for Business, Energy & Industrial Strategy (BEIS 2021, updated 20 September 2022).

Energy Consumption

The energy consumption used to calculate our emissions was 7,354,010 kWh, which is similar to the level of consumption for the previous year:

Scope	Category	Unit	2024	2023
Scope 1	Facilities – Stationary combustion	kWh	5,282,181	5,713,027
	Facilities – Fugitive emissions	kWh	-	-
	Vehicles – Fuel	kWh	302,949	261,623
Scope 2	Facilities – Purchased electricity	kWh	1,276,856	1,264,565
Scope 3	Indirect emissions related to fuel used in personal/ hire cars on business use (including fuel for which Capability Scotland reimburses its employees following claims for business mileage)	kWh	188,785	114,796
Total Consumption Reported		kWh	7,050,771	7,354,010

There has been an increase in our transport energy consumption as a result of using our minibuses to transport our staff and pupils from the Corseford campus to temporary locations at Inchinnan and Greenock. Conversely and positively, there was an 8% reduction in our electricity and gas consumption from our base year.



The monthly profile of our electricity and gas consumption shows that 80% of the energy we consume within our facilities is driven by natural gas consumption for space heating, and the production of domestic hot water.

Greenhouse Gas (GHG) Emissions

Capability Scotland's total emissions for 2023/24 is 1,252.32 tCO2 eq. (2022/23 1,383.29 tCO2 eq.)

Scope	Category	Unit	2024	2023
Scope 1	Facilities – Stationary combustion	tCO2 eq.	966.26	1,042.86
	Facilities – Fugitive emissions	tCO2 eq.	3.60	3.60
	Vehicles – Fuel	tCO2 eq.	71.98	62.71
Scope 2	Facilities – Purchased electricity	tCO2 eq.	264.40	244.54
Scope 3	Indirect emissions related to fuel used in personal/ hire cars on business use (including fuel for which Capability Scotland reimburses its employees following claims for business mileage)	tCO2 eq.	44.96	28.55
Total GHG emissions – Location-based		tCO2 eq.	1,351.20	1,382.25
Total GHG emissions – Market-based		tCO2 eq.	1,252.32	1,383.29

Our energy consumption has reduced by 4.2% year on year, and our market-based emissions have reduced by 3.5%.

Energy Efficient Actions

During the reporting year, we replaced our end-of-life gas boilers with eight new high-performance boilers at our Upper Springland Campus, Perth. This campus has three registered care homes and offers residential and respite care to sixty adults with physical and learning disabilities. The benefits can be seen in the 7% reduction in our overall gas consumption since our base year.

Ultimately, we plan to relocate our largest service provision from Upper Springland to Bertha Park, Perth. The primary objective of 'Our Inclusive Community Project (OICP) is to integrate disabled people into their local communities. OICP will focus on optimising accessibility,

increasing the deployment of assistive technologies to enhance people's lives, improving training and staff development, creating useable outdoor spaces and developing facilities that support wellbeing by providing natural light, excellent air quality and balanced temperatures. As part of the future design of OICP, we will ensure that the most practicable and energy-efficient building services and controls are deployed to reduce our operational expenditure, minimise our carbon footprint and lower our energy consumption. At present, we are considering the implementation of Air Source Heat Pumps and Solar Photovoltaics to reduce our gas and electricity consumption from the grid.

Minibus mileage increased in 2023/24 due to transporting staff and pupils to and from our Corseford site to the temporary locations at Inchinnan (school) and West College Scotland, Greenock Campus.

Our utilities contracts have been procured from mixed sources, the carbon content of which is driven by a high proportion of thermally generated fossil fuel sources. We intend to review our utility procurement strategy to optimise the renewable content therein and reduce our market-based emissions.

Working with ECO3 Partnership Limited, we continue to use a smart cloud-based energy and carbon monitoring system/portal which has allowed us to measure, manage, control, and monitor our energy and carbon effectively. The management dashboard delivers a clear insight into our energy consumption across our entire portfolio of energy consuming assets, buildings, processes and transport.

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Capability Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charities SORP (FRS 102).
- make judgements and 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 accounts.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees Annual Report is signed by the Chair on behalf of the Board of Trustees. The Trustees also approve the Strategic Report, which is contained within the Trustees Annual Report, in their capacity as company directors.

By order of the Board



Professor A Cameron CBE, Chair

27 June 2024

Independent Auditors' Report to the Members and Trustees of Capability Scotland

Opinion

We have audited the financial statements of Capability Scotland (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 FRS 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 charitable company'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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 directors' (who are also the trustees of the charitable company for the purpose of charity law) 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 charitable company'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 directors 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 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report which includes the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report, which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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 under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud.

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.

As part of our planning process:

- We enquired of management the systems and controls the charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We reviewed internal audit reports presented to the Finance and Audit Committee;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following areas were most likely to have a material impact on the financial statements: Health and Safety; Care regulations; charity law; employment law (including the Working Time Directive); and compliance with the UK Companies Act;
- We considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities

and fraud to be perpetrated, and tailored our risk assessment accordingly;

- Using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment;
- Documenting and verifying all significant related party balances and transactions; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiring of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading correspondence with regulators including the Care Inspectorate, Health and Safety Executive and OSCR;
- Reviewing board and sub-committee meeting minutes;
- Challenging assumptions and judgements made by management in significant accounting estimates, in particular in relation to depreciation rates; valuation of investment properties, items accounted for at fair value and the pension valuation and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the 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. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed

Keith Macpherson

Keith Macpherson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP
Chartered Accountants, Statutory Auditor

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11-15 Thistle Street
Edinburgh, EH2 1DF

5 JULY 2024

Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

For the year ended 31 March 2024

		2024			2023
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Income From:		£	£	£	£
Donations and Legacies	5	398,814	303,943	702,757	966,295
Charitable Activities	2	24,744,322	3,309,473	28,053,795	26,903,958
Other Trading Activities:					
Investments	4	325,220	-	325,220	243,674
Total		25,468,356	3,613,416	29,081,772	28,113,927
Expenditure On:					
Raising Funds	3	273,885	-	273,885	212,116
Charitable Activities	3	25,263,552	3,643,256	28,906,808	28,176,458
Total		25,537,437	3,643,256	29,180,693	28,388,574
Net Income/(Expenditure)		(69,081)	(29,840)	(98,921)	(274,647)
Transfers between Funds					
	9	-	-	-	-
		(69,081)	(29,840)	(98,921)	(274,647)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension scheme	13	318,000	-	318,000	650,000
Net Movement in Funds		248,919	(29,840)	219,079	375,353
Reconciliation of Funds:					
Funds brought forward at 1 April 2023		14,481,267	485,505	14,966,772	14,591,421
Funds carried forward at 31 March 2024		14,730,185	455,664	15,185,849	14,966,772

All of the above are derived from continuing activities.

The net movement in funds after actuarial gains/(losses) on the defined benefit pension scheme is £219,079 (2022/23 £375,353).

The analysis between restricted and unrestricted funds for 2023 is detailed in note 14. The notes on pages 31 to 49 form part of the Accounts.

Balance Sheet

As at 31 March 2024

	Notes	2024		As Restated 2023	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	6		7,954,190		8,134,913
CURRENT ASSETS					
Debtors	7	3,893,549		3,407,237	
Cash at bank and in hand		7,610,658		7,572,385	
		11,504,207		10,979,622	
Creditors: amounts falling due within one year	8	(4,272,548)		(4,147,763)	
NET CURRENT ASSETS			7,231,659		6,831,859
TOTAL ASSETS less CURRENT LIABILITIES			15,185,849		14,966,772
Liabilities:					
Creditors: amounts falling due after more than one year			-		-
TOTAL NET ASSETS			15,185,849		14,966,772
FUNDS OF THE CHARITY					
Unrestricted Funds	9		14,730,185		14,481,267
Restricted Funds	9		455,664		485,505
TOTAL FUNDS			15,185,849		14,966,772

The Accounts were approved by the Board on 27 June 2024 and signed on their behalf by:



Professor A Cameron CBE

Chair

The notes on pages 31 to 49 form part of the Accounts.

Company Number SC036524

Statement of Cash Flows

For the year ended 31 March 2024.

	Notes	2024 £	2023 £
Cash flows from operating activities	10	585,414	466,665
Net cash provided by (used in) operating activities			
Cash flows from investing activities:			
Dividends, interest and rents from investments		325,216	243,674
Proceeds from the sale of property, plant and equipment		7,980	-
Purchase of property, plant and equipment		(869,515)	(569,881)
Net cash provided by (used in) investing activities		(536,319)	(326,207)
		(536,319)	
Cash flows from financing activities:			
Repayments of borrowings		(10,823)	(11,874)
Net cash provided by (used in) financing activities		(10,823)	(11,874)
Change in cash and cash equivalents in the reporting period		38,272	128,584
Cash and cash equivalents at the beginning of the reporting period		7,572,385	7,443,801
Cash and cash equivalents at the end of the reporting period		7,610,658	7,572,385

Notes To The Accounts For The Year Ended 31 March 2024

ACCOUNTING POLICIES

Status of the Company

Capability Scotland is a company limited by guarantee registered in Scotland with the registered number and address as listed at page 2. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the company being wound up.

Basis of accounting

The financial statements have been prepared to fully comply with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The accounts have been prepared under the historical cost basis of accounting modified to include investment properties at market value and in accordance with applicable accounting standards.

Capability Scotland meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity rounded to the nearest £.

Prior year comparatives have been restated to reflect a transfer of £350,950 from restricted to unrestricted reserves were restrictions were to no longer apply. There was no impact on the overall net movement of funds or net assets of the charitable company.

The charity has availed itself of S396 of the Companies Act 2006, as permitted in paragraph 4(1) of Sc 1 of SI 2008 No. 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

Going concern

The charity's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Trustees' Annual Report.

As detailed in the Trustees report, Capability Scotland has responded to changes in funding and continues to monitor the position carefully to ensure it has adequate financial resources to be placed to manage its business risks sufficiently despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements and consider that the going concern basis of accounting in preparing the financial statements is appropriate.

Funds

Funds are classified as either Restricted funds or Unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority (e.g. by the restrictive wording of an appeal). Some are restricted

income funds expendable at the discretion of the Board in furtherance of a particular activity, such as central and local government grants and fees for a specific school or service, and funds raised for particular client groups or activities.

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objects of Capability Scotland. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project, it is designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the Board's discretion to apply the fund.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Legacies

A legacy is regarded as receivable if it is clear that at the accounting date it is probable it will be received, and the administrators of the estate have indicated the level of payment to be made.

Grants and fees receivable from statutory sources

Grants and fees receivable include Scottish Government grants and receipts under other funding arrangements from central and local government and their agencies which are of a revenue nature. This includes income recognised as earned (as the related services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Where grants and fees have been received but are in relation to services not yet provided, or the grant conditions state that the funding relates to a future period, the income is deferred and included in Other Creditors and Provisions.

Donated Services and Gifts in Kind

Donated services and facilities are included at the value to the charity where this can be quantified which is the value the charity would have paid on the open market. No amounts are included in the financial statements for services donated by volunteers.

Gifts in kind including donated goods for resale are recognised at fair value in the financial statements when received. Donated goods sold under the Gift Aid scheme earn a commission of 1%, which is recognised when goods are sold.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Costs to Raise Funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Governance costs are the costs associated with the governance arrangements of the Charity, which relate to the general running of the Charity as opposed to those costs associated with fundraising or charitable activity.

Support costs, which include Corporate functions such as general management, payroll administration, budgeting and accounting, information technology and human resources are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds.

The basis of the cost allocation has been explained in note 3 to the accounts.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

Redundancy and termination payments are recognised in the financial statements when there is a legal or constructive obligation and it is probable that a payment will be made.

Debtors

Trade and other debtors are recognised at the settlement amount due. A suitable provision is made should any amounts become doubtful. Prepayments are valued at the amount prepaid net of any known deductions that are available.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their full settlement amount.

Leases

Assets acquired under finance leases or hire purchase contracts are capitalised and the outstanding future lease obligations net of finance charges held as a liability within creditors. The finance and operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

Fixed assets and depreciation

Purchases of fixed assets over £1,000 are capitalised. Fixed assets are included in the Balance Sheet at cost, or valuation in certain cases.

Certain properties are held under an operating finance lease to earn rental income. Investment properties are accounted for as follows:

1. Investment properties are initially recognised at cost, which includes purchase cost and any directly attributable expenditure.
2. Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

- Leasehold improvements - Equal instalments up to the end of the period over which funding for the improvements will be received
- Other Buildings (incl. Long Leasehold properties) - 50 years

- Improvements to buildings - equal instalments over the remaining life of the original asset
- Plant and machinery - 5 years
- Furniture and fittings - 5 - 20 years
- Vans and minibuses - 6 years
- Motor cars - 4 years

Buildings purchased or improved using unrestricted funds

In certain cases, where a building has been built or improved using unrestricted funds in hand at the time (i.e. there is no intention to recover the cost subsequently through its use) the Board creates a designated fund reflecting the book value of the asset, which is then reduced over the useful economic life of the asset in line with its depreciation.

Dilapidations

Where leases require the reinstatement of buildings in line with a surveyor's report, the cost of dilapidations are recognised in the financial statements when they can be reasonably estimated.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Exceptional items

Items are treated as exceptional items whereby virtue of their size or nature they need to be disclosed separately in order to give a true and fair view.

Defined benefit pension scheme

The charity operates a defined benefit pension scheme, which is closed to new members and to future accrual. The assets for the scheme are held separately from those of the charity.

Pension scheme assets and liabilities are measured by a qualified actuary using the assumptions set out in note 13. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full on the Balance Sheet. The movement in the surplus/deficit is split between other income and actuarial gains/losses on the Statement of Financial Activities.

In May 2022, a 'buy-in' of the defined benefit pension scheme by an insurance company was achieved, resulting in the assets and liabilities of the scheme transferring to the new provider, following a positive valuation of the fund in 2021. The 'buy-out' process is expected to continue to December 2024, when final transfer values are confirmed.

Employee benefits

The charity contributes to a group personal pension scheme on behalf of certain employees. The assets of this scheme are held separately from those of the charity. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. Other short-term employee benefits are recognised in the period as an expense in the period in which they relate.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

In preparing these financial statements, the Trustees have made the following judgements:

- Determine whether leases entered into by the charity as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, considering factors such as physical condition, maintenance and obsolescence. In 2024, the useful economic life of two material assets were reassessed downwards and this resulted in an increase in the expected annual depreciation charge of £464,249.
- Fixed assets are also assessed as to whether that are indicators of Impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Capability Scotland's key sources of estimation uncertainty are as follows:

The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

The value of investment properties and value of donated property assets is determined using a qualified chartered surveyor. The valuation involved making assumptions about the price per sq. ft of similar property in a similar area, such estimates are subject to a degree of uncertainty as the true value can only be obtained in the open market.

1. STAFF NUMBERS AND COSTS

a) The aggregate remuneration and associated costs of Capability Scotland's employees were:

	2024	2023
	£	£
Wages and salaries	16,324,079	16,066,523
Redundancy payments	37,030	77,449
Social Security costs	1,355,203	1,368,279
Pensions costs - defined benefits	642,000	974,000
Pensions costs - defined contributions	604,226	623,076
Agency Fees	3,233,453	3,169,451
	<u>22,195,991</u>	<u>22,278,778</u>

	Number	Number
The average number of employees of Capability Scotland during the year was:	798	805

The above costs include Redundancy Costs of £37,030 (2023 £77,449) payable to staff at termination of employment. While Capability Scotland takes every step to avoid redundancy the nature of our funding makes such decisions necessary.

The remuneration and benefits paid to key management personnel is £322,964 for the year (2023 £317,426). Included within this amount are pension contributions of £23,755 (2023 £21,182) which were paid to a defined contributions pension scheme. Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the bands £60,001 - £70,000 1 (2023 0); £70,001 - £80,000 3 (2023 2); £80,001 - £90,000 0 (2023 0); £110,001 - £120,000 1 (2023 1).

External Agencies are used to provide staff in Services where vacancies are not filled and, in some circumstances to cover for staff absences, to ensure continued service delivery.

b) Trustees' Remuneration and Related Parties

No Trustees received remuneration in the year. Expenses of £nil (2023 £84) were paid to Trustees in the year in respect of Travel Expenses. Trustee indemnity insurance is provided as part of the overall insurance policy for the organisation.

c) Defined Contributions Pension Scheme

The contributions payable to the defined contribution pension schemes at the year-end was £73,128 (2023 £39,501).

2. NET INCOME

a) Net Income is stated after charging:	2023	2022
	£	£
Auditor's remuneration - audit	32,250	30,800
- audit of Pension Scheme	4,380	3,980
- other	535	900
Depreciation of tangible fixed assets (note 6)	1,050,238	521,621
Rental charges under operating leases	461,322	373,176
Rental Income under operating leases	146,809	199,037

The surplus is stated after charging:

Gain on disposal of tangible fixed assets	7,980	-
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b) Income for Charitable Activities by funding source is made up as follows:	2024	2023
	£	£
Local Authorities	24,116,856	22,980,869
Scottish Government	3,491,563	3,452,800
Benefits Agency	288,879	294,220
Covid-19 Support	-	40,308
Other	156,497	135,761
Total	28,053,795	26,903,988

Scottish Government income above includes grants for supporting children and young people with additional support needs of £3,036,771 (2023 £3,051,391).

c) Income for Charitable Activities is made up as follows:	2024	2023
	£	£
Schools	5,249,148	5,869,515
Other Children's Services	272,100	233,001
Adult Day Services	4,238,241	4,431,682
Adult Residential Services	10,825,544	10,091,037
Community Living Services	6,319,923	5,753,778
College Education & Support	916,746	456,858
Other Services and Activities	282,090	68,087
	28,053,794	26,903,958

3. EXPENDITURE

	Direct activities	Support costs	2024 Total	2023 Total
a) Expenditure:	£	£	£	£
Raising funds	219,004	54,881	273,885	212,116
Charitable Activities				
Schools	4,249,575	400,495	4,650,070	5,867,876
Other Children's Services	204,934	15,258	220,192	246,606
Adult Day Services	3,367,439	396,994	3,764,433	3,576,451
Adult Residential Services	10,927,661	1,055,957	11,983,618	10,911,045
Community Living Services	5,438,578	562,003	6,000,581	6,053,457
College Education & Support	946,221	92,167	1,038,388	493,819
Other Services	585,514	22,012	607,526	53,204
Pension Adjustment	642,000	-	642,000	974,000
Total Charitable activities	<u>26,361,922</u>	<u>2,544,886</u>	<u>28,906,808</u>	<u>28,176,458</u>
Total per the Statement of Financial Activities	<u>26,580,926</u>	<u>2,599,767</u>	<u>29,180,693</u>	<u>28,388,574</u>

b) Raising funds

Capability Scotland employs dedicated staff, supported by volunteers, to undertake fundraising activities to generate donations and legacies. Activities include arranging events or supporting events arranged by other bodies on behalf of the charity, submitting funding applications to trusts and corporate bodies and representing the organisation when meeting with such bodies and maintaining our database of committed givers. Our fundraisers also manage our legacy initiatives, direct mailing campaigns and collection boxes.

c) Support Costs

Support Costs of £2,599,767 (2023 £2,473,481) are included in Note 3a) above. Support Costs relate to corporate functions including general management, finance, payroll administration, human resources and information technology. Support costs have been allocated to expenditure on Raising Funds and Campaigning, Policy, Information and Influencing on an estimated usage basis. Support Costs allocated to Operations is on the same basis as direct expenditure incurred in undertaking an activity. Governance costs of £115,638 (2023 £109,461) have been included in Support Costs.

d) Costs relating to the Defined Pension Scheme

The costs relating to the Defined Pension Scheme are administrative expenses incurred during the year which were met from Scheme assets.

4. INVESTMENT INCOME

	2024	2023
	£	£
Bank and other Interest	172,720	44,637
Rental Income	152,500	199,037
	<u>325,220</u>	<u>243,674</u>

5. DONATIONS AND LEGACIES

	2024	2023
	£	£
Donations received	409,008	465,561
Legacies	293,749	500,734
	<u>702,757</u>	<u>966,295</u>

6. FIXED ASSETS

a) Tangible Assets	Land & Buildings	Improvements to Short Leaseholds	Motor Vehicles	Furniture, Fittings & Equipment	Total
Cost or Valuation	£	£	£	£	£
At beginning of year	9,556,389	867,164	599,560	4,301,255	15,324,368
Additions	-	-	337,809	531,706	869,515
Disposals	-	-	(49,119)	-	(49,119)
At end of year	<u>9,556,389</u>	<u>867,164</u>	<u>888,250</u>	<u>4,832,961</u>	<u>16,144,764</u>
Depreciation					
At beginning of year	3,853,833	341,960	578,712	2,414,950	7,189,455
Provided for year	531,222	41,606	53,542	423,868	1,050,238
Disposals	-	-	(49,119)	-	(49,119)
At end of year	<u>4,385,055</u>	<u>383,566</u>	<u>583,135</u>	<u>2,838,818</u>	<u>8,190,574</u>
Net Book Value					
At 31 March 2024	<u>5,171,334</u>	<u>483,598</u>	<u>305,115</u>	<u>1,994,144</u>	<u>7,954,190</u>
At 1 April 2023	<u>5,702,556</u>	<u>525,204</u>	<u>20,848</u>	<u>1,886,305</u>	<u>8,134,913</u>

The carrying amount of land & buildings comprises:	2024	2023
	£	£
Investment property at fair value:		
Long leaseholds	885,000	885,000
Other properties at cost:		
Long leaseholds	85,739	128,609
Freeholds	4,200,595	4,688,947
	5,171,334	5,702,556

The investment property was purchased in the year to 31 March 2017 and has been revalued at 31 March 2023 at £885,000 by Dr Niall Gunn, BSc MRICS, Partner of J&E Shepherd, Chartered Surveyors. The valuation was prepared in accordance with the RICS – Global standards 2020 incorporating the IVSC international Valuation Standards. In the opinion of the Trustees, there has been no material change in the valuation as at 31 March 2024.

b) Contingent Liability

In certain circumstances, grants received for refurbishment works on School buildings may become repayable. The total of such grants is £278,000 (2022/23 £278,000).

c) Assets held under hire purchase contracts

The net book value of assets includes amounts of £nil (2023 £nil) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets was £nil (2023 £12,043).

7. DEBTORS

	2024	2023
	£	£
Fees and grants due	3,341,150	2,601,959
Other debtors	1,790	1,349
Prepayments and accrued income	550,609	803,929
	3,893,549	3,407,237

8. LIABILITIES

a) Creditors: amounts falling due within one year	2024	2023
	£	£
Trade creditors	332,244	463,960
Social Security costs and other taxes	323,910	326,992
Accruals and deferred income	1,247,418	992,442
Other creditors and provisions	2,358,413	2,342,983
	4,261,985	4,126,377
Hire purchase instalments	10,563	21,386
	4,272,548	4,147,763
b) Deferred Income	£	
Balance as at 1 April 2023	-	
Amounts released to income earned from charitable activities	-	
Amount deferred in year	-	
Balance as at 31 March 2024	-	

Deferred income relates to funding received where at the year-end the performance related conditions attached to the funding had not yet been met and are considered out with Capability Scotland's control..

9. FUNDS

a) Statement of Funds

As at 31 March 2024	Balance 31 Mar 23 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains / (Losses) £	As Restated Balance 31 Mar 24 £
Restricted Funds						
Education Services	-	3,054,483	(3,054,483)	-	-	-
Amenity Funds	211,377	95,387	(63,738)	-	-	243,026
OICP Project Funds	-	62,272	(134,707)	81,264	-	8,829
Other Funds	274,128	401,273	(390,328)	(81,264)	-	203,809
	<u>485,505</u>	<u>3,613,415</u>	<u>(3,643,256)</u>	<u>-</u>	<u>-</u>	<u>455,664</u>
Unrestricted Funds						
Designated						
Capital Reserve	4,663,442	-	(519,871)	-	-	4,143,571
Other Funds	469,156	-	-	1,030,844	-	1,500,000
	<u>5,132,598</u>	<u>-</u>	<u>(519,871)</u>	<u>1,030,844</u>	<u>-</u>	<u>5,643,571</u>
Revaluation Reserve	110,000	-	-	-	-	110,000
General	9,238,669	25,468,355	(25,017,566)	(1,030,844)	318,000	8,976,614
TOTAL UNRESTRICTED	<u>14,481,267</u>	<u>25,468,355</u>	<u>(25,537,437)</u>	<u>-</u>	<u>318,000</u>	<u>14,730,185</u>
TOTAL FUNDS	<u>14,966,772</u>	<u>29,081,770</u>	<u>(29,180,693)</u>	<u>-</u>	<u>318,000</u>	<u>15,185,849</u>

OICP Project Funds are funds raised for Our Inclusive Community Project at Bertha Park, Perth. The funds are expected to be spent once planning has been awarded and build has commenced. This is estimated to be from 2025/26.

As at 31 March 2023	Balance 31 Mar 22 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains / (Losses) £	As Restated Balance 31 Mar 23 £
Restricted Funds						
Education Services	-	3,051,406	(3,051,406)	-	-	-
Amenity Funds	271,145	66,695	(126,463)	-	-	211,377
Other Funds	495,188	360,753	(230,908)	(350,905)	-	274,128
	766,333	3,478,854	(3,408,777)	(350,905)	-	485,505
Unrestricted Funds						
Designated						
Capital Reserve	4,868,850	-	(205,408)	-	-	4,663,442
Other Funds	469,156	-	-	-	-	469,156
	5,338,006	-	(205,408)	-	-	5,132,598
Revaluation Reserve						
General	110,000	-	-	-	-	110,000
	8,377,080	24,635,073	(24,774,389)	350,905	650,000	9,238,669
TOTAL UNRESTRICTED	13,825,086	24,635,073	(24,979,797)	350,905	650,000	14,481,267
TOTAL FUNDS	14,591,419	28,113,927	(28,388,574)	-	650,000	14,966,772

b) Restricted Funds

Restricted funds are made up of 36 individual funds and represent income received from funders with a specific use identified.

c) Designated Funds

Designated funds comprise £4,134,571 of capital reserve, which reflects the book value of certain buildings and is reduced over the life of the asset in line with its depreciation and £1,500,000 for the Our Inclusive Community Project.

d) Analysis of Net Assets between Funds as at 31 March 2024

	Unrestricted £	Restricted £	Total £
Fixed Assets	7,954,190	-	7,954,190
Current Assets	11,048,543	455,664	11,504,207
Current Liabilities	(4,272,548)	-	(4,272,548)
	14,730,185	445,664	15,185,849

Analysis of Net Assets between Funds as at 31 March 2023

	Unrestricted £	Restricted £	As Restated Total £
Fixed Assets	8,134,913	-	8,134,913
Current Assets	10,494,117	485,505	10,979,622
Current Liabilities	(4,147,763)	-	(4,147,763)
	14,481,267	485,505	14,966,772

10. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of new income to net cash flow from operating activities

	2024	2023
	£	£
Net Income for the reporting period as per Statement of Financial Activities	(98,922)	(274,647)
Adjustments for:		
Depreciation charges	1,050,238	521,621
Pension Fund adjustments	318,000	650,000
Dividends, interest and rents from investments	(325,220)	(243,674)
(Profit) on the sale of fixed assets	(7,980)	-
(Increase)/Decrease in debtors	(486,310)	730,709
Increase/(Decrease) in creditors	135,608	(917,344)
	<u>585,414</u>	<u>466,665</u>

Changes in net debt	As at 1 April 2023	Cashflows	As at 31 March 2024
	£		£
Cash	7,572,385	38,272	7,610,658
Hire purchase liability	(21,385)	10,823	(10,563)
	<u>7,551,000</u>	<u>49,095</u>	<u>7,600,095</u>

	As at 1 April 2022	Cashflows	As at 31 March 2023
	£		£
Cash	7,443,801	128,584	7,572,385
Hire purchase liability	(33,259)	11,874	(21,385)
	<u>7,410,542</u>	<u>140,458</u>	<u>7,551,000</u>

11. CONTRACTED COMMITMENTS

a) Capital Commitments

Total contractual commitments for the acquisition of tangible fixed assets are as follows:

	2024	2023
	£	£
Capital	57,650	234,552
	<u>57,650</u>	<u>234,552</u>

b) Operating lease commitments

Total future minimum lease payments under non cancellable operating leases are as follows:

	2024	2023
	£	£
Within one year	542,198	350,720
Between one and five years	885,716	693,782
After five years	2,173,810	2,169,505
	3,601,724	3,214,007

c) Operating lease - rental income

Capability Scotland holds surplus office buildings as investment properties as disclosed in note 6, which are let to third parties. These non-cancellable leases have remaining terms of up to five years. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2024	2023
	£	£
Within one year	131,000	146,779
Between one and five years	32,500	351,957
	163,500	498,736

12. FINANCIAL INSTRUMENTS

	2024	2023
	£	£
Carrying amount of financial assets		
Financial assets measured at fair value	885,000	885,000

Financial assets measured at fair value represent investment property.

13. PENSION SCHEMES

a) Capability Scotland contributes on behalf of teaching staff to the Scottish Public Pensions Agency (SPPA), a multi-employer final salary scheme. Contributions during the year were £116,513 (2023 £101,064). The scheme is treated as a defined contribution scheme given that the charity is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

b) Capability Scotland operates a defined benefit plan in the UK. This is a separate trustee administered fund holding the pension plan assets to meet long-term pension liabilities. An actuarial valuation was carried out at 31 March 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation as at 31 March 2018 showed a deficit of £370,000.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	15,669	16,168
Present value of defined benefit obligation	14,783	14,997
Surplus/(deficit) in plan	886	1,171
Unrecognised surplus	886	1,171
Defined benefit asset/(liability) to be recognised	-	-
Deferred tax	-	-
Net defined benefit asset/(liability) to be recognised	-	-

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2024	31 March 2023
	£'000	19,974
Defined benefit obligation at start of the period	14,997	-
Current service cost	-	-
Expenses	-	544
Interest expense	713	-
Contributions by plan participants	-	(4,429)
Actuarial losses/(gains)	(36)	(1,092)
Benefits paid and expenses	(891)	-
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Loss/(gain) on settlements	-	-
Loss/(gain) due to benefit changes	-	-
Defined benefit obligation at end of period	14,783	14,997

Reconciliation of opening and closing balances of the fair value of plan assets

	31 March 2024 £'000	31 March 2023 £'000
Fair value of plan assets at start of the period	16,168	27,657
Interest income	763	750
Actuarial gains/(losses)	(53)	(10,497)
Contributions by Capability Scotland	-	-
Contributions by plan participants	-	-
Benefits paid and expenses	(1,209)	(1,742)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Fair value of plan assets at end of period	15,669	16,168

The actuarial return on the plan assets over the period ended 31 March 2024 was £710,000.

Defined benefit costs recognised in profit and loss

	31 March 2024 £'000	31 March 2023 £'000
Defined benefit costs recognised in profit and loss account	318	650

Defined benefit costs recognised in other comprehensive income

	31 March 2024 £'000	31 March 2023 £'000
Return on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(53)	(10,497)
Experience gain/(loss) arising on plan liabilities	(77)	(604)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – loss/(gain)	113	5,033
Effects of changes in the amount of surplus not recoverable (excluding amounts included in net interest cost) – gain/(loss)	335	6,718
Total amount recognised in other comprehensive income – loss/(gain)	318	650

Assets

	31 March 2024	31 March 2023
	£'000	£'000
Overseas equities	-	-
Corporate bonds	-	-
Government bonds	-	-
Diversified growth funds	-	-
Property	-	-
Cash	1,066	1,354
Insured pensioners	14,603	14,814
Liability-driven investments	-	-
Total Assets	15,669	16,168

None of the fair values of the assets shown above includes any direct investments in Capability Scotland's own financial instruments or any property occupied by, or other assets used by Capability Scotland.

Assumptions

	31 March 2024	31 March 2023
	% p.a.	% p.a.
Discount rate	4.85	4.90
Inflation (RPI)	3.30	3.30
Inflation (CPI)	2.95	2.90
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	3.00	3.00
Allowance for revaluation payment increases of RPI or 5% p.a. if less	3.10	3.10
Allowance for revaluation payment increases of CPI or 3% p.a. if less	2.25	2.20
Allowance for commutation of pension for cash at retirement	100% of Post A day	100% of Post A day

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 60 (years)
Male retiring in 2024	25.5
Female retiring in 2024	27.5
Male retiring in 2044	27.1
Female retiring in 2044	29.1

The best estimate of contributions to be paid by Capability Scotland to the plan for the period commencing 1 April 2024 is £0. All plan expenses, professional fees or levies due to the Pensions Regulator and the Pension Protection Fund, are to be met separately by Capability Scotland.

Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities:

	Change in assumption	Approximate change in liabilities
Discount rate	Increase/decrease of 0.5%	Decrease by 5.0%/ increase by 5.5%
Rate of inflation	Increase/decrease of 0.5%	Increase by 2.4%/ decrease by 2.4%
Rate of mortality	1-year life expectancy increase	Increase by 3.2%



14. STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

For the year ended 31 March 2024

		2024			2023		
		Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income From:							
Donations and Legacies	5	398,814	303,943	702,757	695,550	270,745	966,295
Charitable Activities	2	24,744,322	3,309,473	28,053,795	23,695,849	3,208,109	26,903,958
Other Trading Activities:							
Investments	4	325,220	-	325,220	243,674	-	243,674
Total		25,468,356	3,613,416	29,081,772	24,635,073	3,478,854	28,113,927
Expenditure On:							
Raising Funds	3	273,885	-	273,885	212,116	-	212,116
Charitable Activities	3	25,263,552	3,643,256	28,906,808	24,767,681	3,408,777	28,176,458
Total		25,537,437	3,643,256	29,180,693	24,979,797	3,408,777	28,388,574
Net Income/(Expenditure)		(69,081)	(29,840)	(98,921)	(344,724)	70,077	(274,647)
Transfers between Funds	9	-	-	-	350,905	(350,905)	
Other recognised gains/(losses)							
Actuarial gains on defined benefit pension scheme	3	318,000	-	318,000	650,000	-	650,000
Net Movement in Funds		248,919	(29,840)	219,079	656,181	(280,828)	375,353
Reconciliation of Funds:							
Funds brought forward at 1 Apr 2023		14,481,267	485,505	14,966,772	13,825,088	766,333	14,591,421
Funds carried forward at 31 March 2024		14,730,185	455,664	15,185,849	14,481,267	485,505	14,966,772

All of the above are derived from continuing activities.

The net movement in funds after actuarial gains/(losses) on the defined benefit pension scheme is £219,078 (2022/23 £726,258).

The notes on page 30 to 49 form part of these accounts.

Thank you for your help and support

We would like to thank all the individuals and organisations who have donated to Capability Scotland in the last year and for choosing to support our work during these challenging times. These gifts enable us to create an inclusive Scotland where everyone has the opportunity to have their voice heard, contribute to society and fulfil their potential. The impact of the pandemic continues to be unprecedented on the lives of the people we support, and we are very grateful for the continued support.

We thank everyone who responded to mailings, made a regular gift, organised a fundraising activity or took part in events such as the Kiltwalk, Edinburgh Marathon and Kilomathon. Thank you also to the companies and organisations who supported us by holding one of our collection boxes on their premises.

We would like to give special acknowledgement to all those who left a gift in their will to Capability Scotland or who donated to us in memory of a loved one.

With thanks to the following organisations, Trusts and Foundations:

Heriot's Rugby Club	Blackmount Private Wealth
Scottish Poetry Library	The Hospital Saturday Fund
Lord Armistead's Dundee Trust	The Andrew & Mary Elizabeth Little Charitable Trust
The B&Q Foundation	The Hinshelwood Gibson Trust
W A Cargill Fund	The R S Macdonald Charitable Trust
Creative Scotland and National Lottery Fund for Organisations	The Helen A Reid Charitable Trust
The Mrs Margaret H McInnes Trust	The Scottish Book Trust
The NINEVEH Charitable Trust	The Screwfix Foundation
Cycling Scotland	Spifox
Davis Rubens Charitable Trust	Pen Trust
Miss R E Duncan's Charitable Trust	The St Katherine's Fund
Perth & Kinross Community Transport Fund	Talteg Ltd
Peter Vardy Foundation	The Templeton Goodwill Trust
The Energy Saving Trust	The John Watson's Trust
The Gamma Trust	Jean S Innes Charitable Trust
William Gibson's Trust	The Bruce Wake Charitable Trust
Glasgow Airport Flightpath Fund	The JTH Charitable Trust
Glebefoot Charitable Trust	



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