

SCQF PARTNERSHIP

TRUSTEES' REPORT &
FINANCIAL STATEMENT
Y/E 31.3.23



scottish credit and
qualifications framework

**Scottish Credit and Qualifications
Framework Partnership**

**Trustees' report and financial statements
for the year ended 31 March 2023**

**Company number: SC311573
Scottish charity number: SC037958**

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Legal and administrative information

Charity Name: Scottish Credit and Qualifications Framework Partnership

**Registered Office and
Operational Address:** 201 West George Street
Glasgow
G2 2LW

Charity Registration Number: SC037958

Company Registration Number: SC0311573

Trustees: Robert Wallen (Chair)
Alastair Delaney
Stuart McKenna
James Metcalfe
Fiona Robertson
Alastair Sim
Malcolm Foley

Secretary: Burness Paull LLP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Chief Executive Pauline Radcliffe (from 1 January 2023)
Aileen Ponton (to 31 December 2022)

Auditors: Henderson Loggie LLP
Chartered Accountants
11-15 Thistle Street
Edinburgh
EH2 1DF

Bankers: The Royal Bank of Scotland
23 Sauchiehall Street
Glasgow
G2 3AD

Solicitors: Burness Paull LLP
120 Bothwell Street
Glasgow
G2 7JL

Trustees' report

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2023. The legal and administrative information on page one forms part of this report.

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees who served during the period and since the period-end were as follows:

Robert Wallen – Chairman
Fiona Robertson
Alastair Sim
James Metcalfe
Stuart McKenna
Alastair Delaney
Malcolm Foley

Chief Executive:

Pauline Radcliffe (from 1 January 2023)
Aileen Ponton (to 31 December 2022)

Governing Document

The organisation is a charitable company limited by guarantee and has a formal memorandum and articles of association adopted in 2006, with minor revisions made in 2014. The objects of the company are to advance education, and in particular:

- (a) to assist people of all ages and circumstances to access appropriate education and training over their lifetime to fulfil their personal social and economic potential; and
- (b) to enable employers, learners, and the public in general to understand the full range of Scottish qualifications, how they relate to each other, and how different types of qualifications can contribute to improving the skills of the workforce, through promoting and supporting the Scottish Credit & Qualifications Framework as a tool to support lifelong learning in Scotland.

Recruitment and Appointment of Trustees

Trustees are currently appointed, subject to the articles for membership, from the following:-

- Colleges Development Network
- Quality Assurance Agency
- Scottish Qualifications Authority
- Universities Scotland.

Trustees must be the senior officer of the appointing organisations and automatically cease to be a trustee if they become an employee of the company. An additional 2 trustees are co-opted to the Board to support its work and governance. These trustees currently are appointed to chair the Quality Committee of the organisation and to represent employer interests (the Scottish Training Federation).

All Trustees receive an induction from the Chief Executive supported by an induction pack, which includes their responsibilities as their financial and legal responsibilities as Directors of the charity. Scottish Government, according to the Articles of Association, may also appoint a member to the board, but does not currently do so and takes no part in decision-making.

The Board of Trustees appoints the Chief Executive of the charity. In December 2022 the serving Chief Executive retired and a new post-holder recruited to commence the position.

Trustees' report *(continued)*

Risk Management

Risk management is the responsibility of Trustees, with the support of the Company's Audit and Risk Committee, the membership of which includes at least one Trustee together with co-opted members from partner organisations with relevant financial and governance skills. The Audit and Risk Committee is chaired by Alison Stewart, Vice Principal Finance and Corporate Affairs, Forth Valley College. In addition, Rob Wallen, the Board Chair, served on the committee.

A risk management strategy is regularly reviewed by the Board and the risk register is monitored at each of its meetings, following the committee's review and recommendations. The Audit and Risk Committee reviews a range of measures to ensure that risk is being properly monitored on a routine basis and that risk management is in place and being actively managed by the Executive Team.

Principal Risks

The risk strategy is reviewed quarterly. The top 3 risks, one of these introduced during the reporting year, are set out below together with actions to minimise these:

Difficulties experienced in recruitment and retention of staff

This has been a key risk historically, due to the small size of the organisation, the specialist skills required and a competitive marketplace within the public and private sectors. This was mitigated towards the end of the financial year through a salary benchmarking and benefits review, which uplifted the salaries of several roles which are difficult to fill due to market demand, bringing them towards the market median.

Scottish Government Commitment to the SCQF and/or SCQFP diminishes

During the reporting year the Partnership was successful in securing its continuing independence as a charity governed by an independent partnership board, following proposals within the [Muir Report](#) to incorporate the Partnership's work within a new education agency. As part of the Scottish Government's response to that report, the Cabinet Secretary endorsed the independent nature of the Partnership, its impact and asked officials to seek mechanisms to extend the SCQF's reach. The Chief Executive also was invited to participate in the Independent Review of Curriculum and Assessment's reference group, ensuring that the importance of the SCQF in underpinning reforms is fully embedded in any proposals for change. In addition the Executive team has supported various Scottish Government priorities for learning and skills, including learning for sustainability, recognising military skills for service leavers and skills recognition of refugees settling in Scotland.

Whilst we continue to ensure that we provide Scottish Government with timely information, support and advice on the national qualifications framework and its use and impact, this remains a key risk due to a fast paced education and skills reform agenda and changing lead stakeholders within the Scottish Cabinet and civil service.

Weak cyber security arrangements cause personal/ sensitive data breach

This risk was introduced to the Register during 2022/23 following a request from the Board, given its increasing threat to the operation of the charities in Scotland and public agencies. A detailed security review of all networked hardware and software was conducted in March 2022, with a follow up review conducted at the end of the reporting year. Response to cyber attacks has been included within our Business Continuity Plan and security tools enabled through Multi-factor authentication & password manager. Monthly security checks are also carried out on office PCs and remote laptops.

Trustees' report *(continued)*

Organisational Structure

The Board has the ultimate decision making powers, however there are a specific number of delegated functions which are devolved to the Quality and Audit and Risk Committees, which are set out in their respective Terms of Reference.

The serving chair of the Quality Committee takes up one of the co-opted Director posts, with the committee reporting directly to the Board. Its role is to maintain the integrity and robustness of the Framework through a range of quality assurance related activity and it can establish sub groups to take forward specific activities as and when required.

The Audit and Risk Committee also reports directly to the Board and will consider financial reporting and risk management in detail, in order to provide the Board with advice for its consideration.

An SCQF Forum of partner stakeholders also exists chaired by the CEO of the Company, but not reporting directly to the Board. This Forum provides advice to the CEO on the embedding and implementation of the Framework across Scotland but has no decision making powers.

The Company has a current staff of 12 people not all full time, with a Leadership team comprising the Chief Executive and two Heads of Service. During the reporting year we also employed a graduate intern to support our research functions for a 6 month period.

Remuneration and Pay

Pay for all staff is reviewed and confirmed by the Board annually.

A salary benchmarking review was carried out in January – February 2023, which the Board considered in March 2023 and is being implemented for the start of the new financial year. The review benchmarked individual role against comparable organisation in public and charity sectors, whilst also reflecting on the impact of cost of living increases on staff salaries. Subject to successful performance assessed through the performance management process, proposals for pay increases are considered by the Board at its March meeting. A number of decisions were taken to bring staff, with demonstrable skills and competence nearer to the market median for their role. The organisation is also a Living Wage employer.

Objectives and Activities

The objects of the company are to advance education, and in particular

- (a) To assist people of all ages and circumstances to access appropriate education and training over their lifetime to fulfil their personal social and economic potential; and
- (b) To enable employers, learners, and the public in general to understand the full range of Scottish qualifications, how they relate to each other, and how different types of qualifications can contribute to improving the skills of the workforce,
- (c) Through promoting and supporting the Scottish Credit & Qualifications Framework Partnership as a tool to support lifelong learning in Scotland.
- (d) In pursuance of those aims (but not otherwise) the company shall have the following powers:-
- (e) To promote wider adoption and use of the Scottish Credit & Qualifications Framework Partnership as a tool to support lifelong learning in Scotland;
- (f) To maintain the quality and integrity of the Scottish Credit & Qualifications Framework Partnership.

Trustees' report *(continued)*

Each year the company publishes an operational plan and the Board will identify the performance indicators to be used for each. In developing and delivering the Operational Plan for 2022 -23 we took account of our budgetary constraints to ensure efficient delivery, clear objectives and intended impacts and quantifiable efficiency savings where possible.

Achievements and Performance

The Company approved a new strategic plan for the period 2022-2025 in June 2023 which identified 6 strategic priorities that focus on fulfilling its charitable objects. These priorities were developed through consultation with a wide range of our partners and stakeholders, including core funders. The priorities are:

- Maintaining quality and integrity
- Supporting key Government priorities around education, training and skills
- Supporting SCQF Credit Rating Bodies
- Promoting Recognition of Prior Learning
- Engaging with employers
- Driving wider implementation of the SCQF as a lifelong learning tool

Key achievements for 2022-23

People

In December 2022 the company was awarded enhanced gold Investors in People status, which commended the positive and inclusive culture of the organisation and was a fitting tribute to the leadership of the retiring Chief Executive Aileen Ponton. The Board also successfully recruited a new Chief Executive, Pauline Radcliffe, to the role.

Quality and Integrity

We continued to run the majority of our workshops in an online format including workshops for Credit Rating Bodies on credit rating processes and procedures; for employers and other organisations on preparing for credit rating and for institutions on embedding the Recognition of Prior Learning. The requests for bespoke workshop sessions for CRBs remains strong with 13 bespoke workshops delivered over the year in addition to the programme of 23 open workshops plus 4 school ambassador events and 2 college ambassador training sessions.

We completed all our quality assurance review activities on schedule using a hybrid model. This consisted of 2 Periodic Reviews and 4 Annual Monitoring Reviews and one 6 month monitoring activity relating to SCQFP Approved CRBs. In addition we conducted an approval activity for one new SCQFP Approved CRB (which is still working towards meeting conditions set). One SCQFP Approved CRB had previously indicated its intention to stand down as a CRB and work is still ongoing to manage and quality assure that run out process. We also completed year 2 of the 4-year cycle of reviews of colleges as Credit Rating Bodies reviewing 4 colleges.

The Framework as a lifelong learning tool

School Ambassador Programme

We further expanded the School Ambassador Programme which supports staff and pupils in schools, along with parents, to understand more about the SCQF and how it facilitates the development and parity of individual learning pathways. Over 200 schools have now been trained and the recognition programme now has 37 bronze, 14 silver and 6 gold Ambassador schools recognised.

Trustees' report *(continued)*

In 2022-23 we reviewed the impact of the School Ambassador programme amongst learners, parents and staff and the report was mainly positive. Some of the main key findings were:

- The Programme has significantly contributed to an expansion of the curriculum offer in schools, with 86.5% of staff respondents believing that their involvement in the programme has led to a broader range of qualifications on offer within the school.
- Staff felt the programme has provided important opportunities for leadership and self-improvement opportunities for pupils.
- The Programme has contributed towards a cultural change amongst staff, where the focus is on different learner journeys as well as on non-traditional qualifications and their parity. It has enabled them to support students towards recognising more suitable pathways for them.
- The majority of pupils in ambassador schools, that are not ambassadors, express improved awareness of the SCQF following their school's involvement in the programme.

The main area for further development was that:

- Parents/Carers express a general lack of awareness of the Programme as well as of the SCQF, with the vast majority expressing no knowledge of the Programme at all.

As a result of the report, the SCQFP has developed a number of recommendations and will implement these during 2023-24.

Work with Veterans

We worked in partnership with Skills Development Scotland and the Ministry of Defence to develop an online tool to identify both skills and qualifications for veterans. This has been developed within an existing online portal linked to careers – My World of Work. Over the last year we have tested and further populated the tool with a wider variety of job roles. The official ministerial launch took place on 1 March which was a great success and we are now working in partnership with SDS and the MOD to look at further promoting the tool and training different groups who work with those in the armed forces.

Employer Engagement

This has been moving forward well with a dedicated Development Officer and we now have 39 organisations signed up to Inclusive Recruiter with more in the pipeline. The Head of Service and DO have been reviewing the employer engagement strategy focusing on approaches that have been successful and this will be finalised in early 2023-24.

Learning for sustainability

We have undertaken a third piece of work for Scottish Government around LfS which focused on more programmes being recognised on the SCQF along with work to incorporate an LfS approach within organisational resources. A steering group was appointed to manage funding and bids were invited from a wide variety of organisations who delivered learning programmes. A total of 8 programmes were successful and these are currently under development.

Recognition of Prior Learning

We carried out a study to review the RPL resources produced by SCQFP. The aim of the study was to gather information to help SCQFP understand how usefulness of the SCQF resources for staff in colleges and universities, the challenges that colleges and universities might face in providing RPL services and to identify any additional support that SCQFP might provide to help colleges and universities overcome those challenges. The study highlighted a need for more tailored support at practitioner level. A short life working group within SCQFP was set up to look at possible actions from the study and some fact sheets and case studies were produced. Work will continue into 23-24 on these enhancements will continue in 23-24.

Trustees' report *(continued)*

Work started in 2021 with UCAS to explore widening the number of qualifications at SCQF level 6 that were included on the UCAS Tariff Tables. SCQFP carried out this exploration in conjunction with SQA and work was subsequently undertaken (consulting with our CRBs and programme owners). The updated UCAS tariff tables were published in May 2022 and tariff points can now be assigned to most SCQF Level 6 qualifications.

International

Work in this area had decreased due to the impact of Brexit as much of our work in this area was on projects linked to the European Union. However we continue to keep abreast of relevant international developments and liaise with the other National Qualifications Frameworks owners across the UK and Ireland. We also continue to sit on the Bologna Thematic Peer Group on Qualifications Framework on behalf of the Scottish Bologna Stakeholders group.

In addition, during the pandemic, international study visits were curtailed but in 2022-23 there started to be some interest in this activity and we held a few online sessions. These were followed by our first in person visit to the SCQFP offices by a delegation from Singapore's Ministry of Health in January 2023. We have also received some enquiries about physical visits for 2023-24.

In September 2022 the Board agreed a new **Strategic Plan 2022-25** for the Partnership which included 6 revised key priorities for the organisation and a set of objectives.

Financial Review

- **Principal Funding Sources**

The funding for 2022-23 was £475,000 provided by Scottish Government, in addition to £325,000 provided by the Scottish Funding Council, representing no increase from the previous year. We also received some specific funding from Scottish Government relating to a Learning for Sustainability project (for the Learning directorate) and for development of an RPL tool for military service leavers. International income was negligible for the reporting year, a trend since Brexit, which has made the company almost entirely reliant on government funding sources. It will be an increasing priority of the Board to consider mitigations and diverse funding streams over the coming year.

- **Reserves Policy**

The reserves at 31 March 2023 were £580,580 of which £6,800 were restricted funds, leaving £573,780 of unrestricted funds. Within unrestricted funds was a total of £11,275 which is tied up in fixed assets, leaving £562,505 of free unrestricted funds (see note 16). In June 2022 the Board approved the release of up to £43,000 of reserves exceeding 6 months operating costs in order to invest in modernising IT infrastructure. It is the aim of the Board to maintain a minimum of 6 months total running costs by way of reserves, equating to about £440,000 based on 2022-23 activity. The Board will consider the level of reserves in 2023-24 and determine if some reserves may therefore be utilised to deliver additional activities or projects.

Plans for Future Periods

The current Chair of the Partnership Board will retire in December 2023 following 8 years of service to the Partnership and a process for recruiting a new independent Chair will take place over the summer of 2023. As a result of board self-evaluation exercise, indicating a desire to focus as much as possible on strategic direction rather than operational matters, A Forward agenda has been introduced to ensure that key areas for strategic leadership are identified and scheduled for consideration during the reporting year. A development day for all Directors has also been introduced.

Trustees' report *(continued)*

Our activities for 23/24 are closely aligned to our strategic priorities and the themes emerging from a number of education and skills reform reviews and we are re-doubling our efforts to ensure that we may support our core funders within this changing landscape to maximise the SCQF's impact. The Board is also considering a proposal to deliver a new programme on behalf of Scottish Government which would result in an increase in staffing and funding resource. A full assessment of risks has been carried out prior to decision-making. We will commission independent evaluation and research this year to understand the impact that we currently make through our communications and marketing, review our approach to audience segmentation and see ways to improve the effectiveness and focus of our activities as a result.

At the same time the company will review the operation of a flexible working model for staff in order to take decisions on embedding practice. The majority of training and support to partners will continue to be delivered online, following stakeholder feedback, whilst in-person sessions delivered for institutions on request and some Study Visits from international partners are carried out, on request, in person. Both of these actions will seek to increase operational efficiencies and reduce our carbon footprint, through a Net Zero Policy for the company.

Key activities for 2023 – 24

Our key activities for the next reporting year were approved by Trustees at the March 2023 board. These are to:

- Maintain the quality and integrity of the Framework to promote and support coherence and mutual trust amongst institutions and stakeholders
- Provide capacity building for all Credit Rating Bodies in credit rating for the SCQF to ensure they are well placed to support a range of learner pathways
- Develop our engagement with employer bodies and individual employers through the Inclusive Recruiter scheme and our partnerships with SDS and key employer representative bodies
- Support schools and partners to develop a wider range of flexible learning post-school through the SCQF School Ambassador programme
- Support delivery of specific national policies and initiatives which support and promote the recognition of skills and a diverse range of learner pathways
- Realise the potential of the SCQF to help deliver the Scottish Government's policy priorities for lifelong learning arising from reform of skills and learning systems across Scotland
- Operate with integrity, inclusiveness and respect as an employer
- Reflect on our impact using robust evidence and take action to enhance the quality and effectiveness of our delivery.

Trustees' report *(continued)*

Statement of Trustees' Responsibilities

The trustees (who are also directors of Scottish Credit and Qualifications Framework Partnership for the purposes of company law) are responsible for preparing the Trustees' Annual 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 which 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;
- make judgments 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

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

The report has been prepared having taken advantage of the small companies' exemptions in the Companies Act 2006

Approved by the Trustees and signed on their behalf by:

Signature: 
Robert Wallen – 2023-06-20, 11:43:59 UTC

Name: Robert Wallen

Date: 20 June 2023

Independent Auditor's report to the Trustees and Members of Scottish Credit and Qualifications Framework Partnership

Opinion

We have audited the financial statements of Scottish Credit and Qualifications Framework Partnership (the 'company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the 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.

Independent Auditor's report to the Trustees and Members of Scottish Credit and Qualifications Framework Partnership *(continued)*

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 Trustees' Report (incorporating the Directors' Report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Trustees' Report which includes the Directors' Report.

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

- adequate 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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 directors 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Independent Auditor's report to the Trustees and Members of Scottish Credit and Qualifications Framework Partnership *(continued)*

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 obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following were most relevant: Health and Safety; employment law (including the Working Time Directive); GDPR; and compliance with the UK Companies Act, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts Regulations 2006.
- 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; and
- 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.

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

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of board and sub-committee meetings;
- Challenging assumptions and judgements made by management in their significant accounting estimates; 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.

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 this report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 members and the charitable company'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 - 2023-06-23, 06:56:00 UTC

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

**Statement of financial activities (including income and expenditure account)
for the year ended 31 March 2023**

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Income from:							
Donations and legacies	3	475,000	325,000	800,000	475,000	325,000	800,000
Charitable activities	4	30,599	23,360	53,959	21,965	18,150	40,115
Investments		1,896	-	1,896	133	-	133
Total income		507,495	348,360	855,855	497,098	343,150	840,248
Expenditure on:							
Charitable activities	5	472,945	398,504	871,449	478,233	333,522	811,755
Total expenditure		472,945	398,504	871,449	478,233	333,522	811,755
Net income/(expenditure)		34,550	(50,144)	(15,594)	18,865	9,628	28,493
Transfers between funds		3,934	(3,934)	-	(7,200)	7,200	-
Net movement in funds		38,484	(54,078)	(15,594)	11,665	16,828	28,493
Total funds brought forward		535,296	60,878	596,174	523,631	44,050	567,681
Total funds carried forward		573,780	6,800	580,580	535,296	60,878	596,174

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Balance sheet
at 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	9		11,275		3,484
Current assets					
Debtors	10	24,082		26,482	
Cash at bank and in hand		699,729		713,219	
Total current assets		723,811		739,701	
Current liabilities					
Creditors falling due within one year	11	(154,506)		(147,011)	
Net current assets			569,305		592,690
Net assets			580,580		596,174
The funds of the charity					
Unrestricted funds	14		573,780		535,296
Restricted funds	15		6,800		60,878
Net assets			580,580		596,174

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees and signed on their behalf by:


Robert Wallen - 2023-06-20, 11:43:59 UTC

Robert Wallen

Company number: SC311573

Statement of cash flows
For the year ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities		
Net income for the year (as per the Statement of Financial Activities)	(15,594)	28,493
<i>Adjustments for:</i>		
Interest received	(1,896)	(133)
Depreciation charge	2,025	973
Decrease in debtors	2,400	407
Increase in creditors	7,495	24,553
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(5,570)	54,293
Cash flows from investing activities		
Interest received	1,896	133
Purchase of tangible fixed assets	(9,816)	-
	<hr/>	<hr/>
Net cash (used in)/ provided by investing activities	(7,920)	133
Change in cash and cash equivalents in the year	(13,490)	54,426
Cash and cash equivalents at the beginning of the year	713,219	658,793
	<hr/>	<hr/>
Cash and cash equivalents carried forward	699,729	713,219
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

The charity is a private company limited by guarantee, incorporated in Scotland and has no share capital. The address of the registered office is stated on page 1.

Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the historical cost convention and the Statement of Recommended Practice: FRS 102 (SORP FRS 102) - Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Financial Reporting Standard 102 (FRS102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity constitutes a public benefit entity as defined by FRS 102.

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

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern despite the challenging economic environment. The financial position at year end is positive, and funding from both the Scottish Funding Council maintained at the same level as previous year and a 10% increase from Scottish Government for 2023-24. The level of free unrestricted funds held as at 31 March 2023 exceeds the policy set by the Board during the year, providing the charity with the necessary flexibility to respond to anticipated financial pressures.

Funds

Unrestricted income funds comprise those funds which the Trustees are free to use for any purposes in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of interest paid or payable by the bank.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met or are within the Charity's control, it is probable that the income will be received and the amount can be measured reliably.

Income received from the supply of services are recognised in line with the delivery of the contracted service.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to the note below.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Expenditure recognition *(continued)*

Expenditure on charitable activities includes all the costs relating thereto whether allocated directly or in essential support of fulfilling the charity's stated objectives and other activities undertaken to further the purposes of the charity and their associated support costs.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

Leasehold improvements	20% straight line
Office equipment	20-25% reducing balance

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepared net of any trade discount due.

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 normally recognised at their settlement amount after allowing for any trade discounts due.

Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. Outstanding contributions are included as a liability. The costs of the defined contribution scheme are included within support and governance costs and charged to the restricted funds of the charity.

Foreign currency translation

Assets and liabilities held in foreign currencies are converted to sterling using the rate at the balance sheet date. Any exchange differences arising on transactions during the year are taken to the income and expenditure account.

Operating leases

Rentals paid under operating leases are charged to the statement of financial activities as they are incurred

Financial instruments

The charity only has financial assets and financial 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company'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 to be relevant. Actual results may differ from these estimates.

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

- Determine whether leases entered into by the group 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, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

2 Related party transactions and Trustees' expenses and remuneration

Robert Wallen received remuneration of £5,898 (2022 - £2,947) for Chairman services provided during the year, these payments were in line with the Charity's Articles of Association. At the balance sheet date £704 was due to Robert Wallen. All other Trustees freely gave their time and expertise without any form of remuneration or other benefit in cash or kind (2022 - £Nil). £92 of train travel and accommodation expenses were reimbursed to one Trustees in the year when supporting the CEO recruitment process (2022: expenses of £105 to 1 trustee). Professional indemnity insurance cover was in place during the year.

Additionally, £Nil (2022: £300) was received in conference sponsorship from both College Development Network and the Scottish Qualifications Authority, of which James Metcalfe and Fiona Robertson are the Chief Executives, respectively. £400 sponsorship was paid to College Development Network (2022: £3,113 for hosting conference). £1,360 was received from Quality Assurance Agency, an organisation of which Alastair Delaney is the Executive Director.

Prior to joining the charity as Chief Executive, Pauline Radcliffe was Head of Sponsorship at the Scottish Government department responsible for providing the funding award of £475,000 to the charity.

Notes to the financial statements (continued)

3 Income from donations and legacies

	Unrestricted £	Restricted £	2023 £	Unrestricted £	Restricted £	2022 £
Scottish Government Core grant	475,000	-	475,000	475,000	-	475,000
Scottish Funding Council Core grant	-	325,000	325,000	-	325,000	325,000
	<u>475,000</u>	<u>325,000</u>	<u>800,000</u>	<u>475,000</u>	<u>325,000</u>	<u>800,000</u>

4 Income from charitable activities

	Unrestricted £	Restricted £	2023 £	Unrestricted £	Restricted £	2022 £
Other Government grants	-	5,600	5,600	-	11,200	11,200
Consultancy income	8,804	-	8,804	10,517	-	10,517
Credit rating accreditation	17,500	-	17,500	7,350	-	7,350
Other income	375	-	375	278	-	278
Courses	2,560	-	2,560	-	-	-
Scottish Excel CRB application	-	2,900	2,900	-	-	-
RPL Framework refresh	1,360	-	1,360	-	-	-
Micro Credentials	-	1,360	1,360	-	-	-
Veterans' Project	-	13,500	13,500	-	-	-
D'Ahoy project – European Commission grant	-	-	-	1,320	-	1,320
My Skills My Future project	-	-	-	-	6,950	6,950
Conference income	-	-	-	2,500	-	2,500
	<u>30,599</u>	<u>23,360</u>	<u>53,959</u>	<u>21,965</u>	<u>18,150</u>	<u>40,115</u>

Notes to the financial statements (continued)

5 Analysis of expenditure on charitable activities

	Implementing the SCQF £	2023 £	2022 £
Staff costs	510,547	510,547	480,290
Direct activities	86,259	86,259	70,361
Overheads	171,456	171,456	166,146
Governance costs (note 6)	22,100	22,100	18,677
Support costs (note 6)	81,087	81,087	76,281
	<u>871,449</u>	<u>871,449</u>	<u>811,755</u>

6 Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated £	Governance related £	Other support costs £	Basis of appointment
Staff costs	90,097	9,010	81,087	Staff time
	<u>90,097</u>	<u>9,010</u>	<u>81,087</u>	
			2023 £	2022 £
Governance costs				
Legal fees			1,040	732
Audit fees			6,152	6,017
Board expenses			5,898	3,452
Support costs (see above)			9,010	8,476
			<u>22,100</u>	<u>18,677</u>

7 Analysis of staff costs and remuneration of key management personnel

	2023 £	2022 £
Salaries and wages	483,575	459,229
Social security costs	49,036	44,745
Employer contributions to defined contribution pension scheme	68,033	61,073
	<u>600,644</u>	<u>565,047</u>

The number of employees whose emoluments exceeded £60,000 fall within the undernoted band:

	2023 Number	2022 Number
£70,000 - £80,000	1	-
£90,000 - £100,000	-	1
	<u>1</u>	<u>1</u>

Notes to the financial statements *(continued)*

7 Analysis of staff costs and remuneration of key management personnel *(continued)*

The average number of employees during the year was as follows:

	2023	2022
	Number	Number
Total	13	12

Key management personnel are considered to be the Chief Executive, the Head of Partnership and Communications, and the Head of Quality and International Development. Total remuneration of key management personnel in the year was £236,704 (2022: £231,746). Employer pension contributions for key management totalled £31,117 (2022: £30,933).

8. Net income/(expenditure) for the year

	2023	2022
	£	£
This is stated after charging:		
Depreciation	2,025	973
Auditor's remuneration	6,152	6,017
Operating lease rentals - Premises	45,531	45,531
Operating lease rentals - Plant and equipment	2,764	5,085

9 Tangible fixed assets

	Leasehold	Office	Total
	improvements	equipment	
	£	£	£
Cost or valuation			
At 1 April 2022	43,645	27,241	70,886
Additions	-	9,816	9,816
	-----	-----	-----
At 31 March 2023	43,645	37,057	80,702
	-----	-----	-----
Depreciation			
At 1 April 2022	43,645	23,757	67,402
Charge for year	-	2,025	2,025
	-----	-----	-----
At 31 March 2023	-	25,782	69,427
	-----	-----	-----
Net book value			
At 31 March 2023	-	11,275	11,275
	=====	=====	=====
At 31 March 2022	-	3,484	3,484
	=====	=====	=====

10 Debtors

	2023	2022
	£	£
Trade debtors	-	3,799
Prepayments and accrued income	24,082	22,683
	-----	-----
	24,082	26,482
	=====	=====

Notes to the financial statements *(continued)*

11 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	13,365	16,541
Accruals	90,415	103,512
Deferred income (note 12)	19,400	2,900
Credit card	5,880	3,397
PAYE creditor	12,812	13,001
Pension creditor	12,634	7,660

	<u>154,506</u>	<u>147,011</u>
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12 Deferred income

	2023	2022
	£	£
Balance as at 1 April 2022	2,900	2,900
Amount released to income earned from charitable activities	(2,900)	-
Amounts added to deferred income	19,400	-

	<u>19,400</u>	<u>2,900</u>
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Deferred income as at 31 March 2023 is £19,400 in relation to the Learning for Sustainability grant (2022: £2,900 relating to Scottish Excel CRB Application). The performance related conditions attached to this income were not met during the year to 31 March 2023 and so it remains in deferred income at the year-end.

13 Operating lease commitments

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

	2023	2022
	£	£
Not later than one year	54,857	56,366
Later than one year and not later than five years	67,052	121,735
Later than five years	-	-

	<u>121,909</u>	<u>178,101</u>
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Notes to the financial statements (continued)

14 Unrestricted funds

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2023 £
Tangible assets fund	3,484	9,816	(2,025)	-	11,275
General funds	531,812	497,679	(470,920)	3,934	562,505
	<u>535,296</u>	<u>507,495</u>	<u>(472,945)</u>	<u>3,934</u>	<u>573,780</u>
	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2022 £
Tangible assets fund	4,457	-	(973)	-	3,484
General funds	519,174	497,098	(477,260)	(7,200)	531,812
	<u>523,631</u>	<u>497,098</u>	<u>478,233</u>	<u>(7,200)</u>	<u>535,296</u>

The designated fund for tangible assets represents the amount of the charity's funds that are tied up in tangible fixed assets.

15 Restricted funds

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2023 £
Scottish Funding Council	46,899	325,000	(377,354)	5,455	-
Veterans' project	9,829	13,500	(8,550)	(10,279)	4,500
My Skills My Future	4,150	-	(6,400)	2,250	-
Learning for Sustainability	-	5,600	(5,600)	-	-
Micro credentials	-	1,360	-	(1,360)	-
Scottish Excel CRB application	-	2,900	(600)	-	2,300
	<u>60,878</u>	<u>348,360</u>	<u>(398,504)</u>	<u>(3,934)</u>	<u>6,800</u>
	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2022 £
Scottish Funding Council	7,300	325,000	(285,401)	-	46,899
Veterans' project	35,000	-	(25,171)	-	9,829
My Skills My Future	1,750	6,950	(4,550)	-	4,150
MQF Impact Assessment	-	-	-	-	-
New Malta project	-	-	(1,200)	1,200	-
RPL Guidelines	-	-	(6,000)	6,000	-
Micro credentials	-	-	-	-	-
Scottish Government – Database Development	-	11,200	(11,200)	-	-
	<u>44,050</u>	<u>343,150</u>	<u>(333,522)</u>	<u>7,200</u>	<u>60,878</u>

Notes to the financial statements (continued)

15 Restricted funds (continued)

The Scottish Funding Council funding has been provided to deliver a specific set of projects and outcomes to support further and higher education institutions.

My Skills My Future represents funds to develop for Glasgow Caledonian University as part of their SG funding, a contextualised version of MSMF which would be suitable for refugees and asylum seekers.

The Veterans' Project represents funds to develop a mapping tool to link the skills of a range of armed forces roles to the Skills Development Scotland skills profiles online.

MQF Impact Assessment represented a contract to deliver an impact assessment of the Malta Qualifications Framework and provide guidance for future assessments.

New Malta project represented a contract to develop a set of Recognition of Prior Learning guidelines for institutions in Malta.

RPL Guidelines represented a contract to develop a skills recognition process and record of achievement for the Skills Development Scotland apprentice transition plan for redundant apprentices.

The Micro credentials funds were for a research project to review demand from employers and the capacity for colleges to meet such demand for micro credentials.

Scottish Government – Development of SCQF Database were funds for a project or the further development of the Scottish Credit and Qualifications Framework (SCQF) database.

Scottish Excel CRB application – deferred income from fees to support unsuccessful application for approved CRB status.

Learning for Sustainability – a grant from the Scottish Government in connection with further development of the SCQF database.

Transfers from restricted to unrestricted funds represent the surpluses realised on consultancy agreements.

16 Net assets

	Unrestricted funds £	Restricted funds £	Total 2023 £
Fund balances at 31 March 2023 are represented by:			
Fixed assets	11,275	-	11,275
Net current assets	562,505	6,800	569,305
	<u>573,780</u>	<u>6,800</u>	<u>580,580</u>
	Unrestricted funds £	Restricted funds £	Total 2022 £
Fund balances at 31 March 2022 are represented by:			
Fixed assets	3,484	-	3,484
Net current assets	531,812	60,878	592,690
	<u>535,296</u>	<u>60,878</u>	<u>596,174</u>