



College Development Network Financial Statements for the Year Ended 31 July 2023

Charity Number: SC021876
Company Number: SC143514

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Report of the Directors

The Directors present their report and audited financial statements for the year ended 31 July 2023.

Objectives and Activities

College Development Network (CDN) supports and promotes the learning community in the college sector to contribute to the social and economic wellbeing of Scotland. We do this by leading, influencing and enabling change and improvement across Scotland's college sector and beyond. We develop and support the college sector through the professional development of their people, resources and approaches to learning. CDN also has a key role in translating Scottish Government policy drivers into practical actions for colleges.

CDN's charitable objective and principal activity, as amended at the 31 December 2019 AGM, continued to be:

"To promote the advancement of education for the public benefit in Scotland, the United Kingdom and elsewhere by:

- (1) Promoting and developing learning and professional development opportunities in Scotland's colleges, and
- (2) The provision of education and lifelong learning opportunities to publicly funded, third sector and vocational organisations and institutions."

The CDN Board has an established Audit and HR sub-committees' structure to improve our governance. These committees convened meetings through 2022-23 which have been well attended and proactive in terms of discussion and outputs.

2022-23 saw the first year of delivery against the Three Year Strategic Framework Plan with the Scottish Funding Council (SFC).

The Three Year Strategic Framework Plan for 2020-23 is focused around five main outcomes which have been aligned with objectives set by the Scottish Government and SFC:

- (1) We will enable the development of a highly skilled workforce through targeted staff learning and development.
- (2) Through promoting programmes of collaborative research and enquiry we will facilitate the enhancement of college performance and student success.
- (3) We will work with colleges to heighten their national and international impact through the promotion of success and innovation.
- (4) We will work with our partners to enable colleges to become leaders in tackling the climate emergency and promoting inclusive colleges with student and staff wellbeing at their centre.
- (5) We will promote continuous improvement in our business performance.

Report of the Directors (continued)

Achievements and Performance

Key Outcomes 2022–23

1. *We will enable the development of a highly skilled workforce through targeted staff learning and development.*
 - In March/April 2022 we conducted our first biennial National Workforce Survey which received 1810 responses (47.8% from teaching staff, 44.4% from support/professional services staff and 7.8% from senior leaders). Respondents provided their views on topics they would like more opportunities to engage in professional learning with, along with their preferred method of learning. This informed both the CDN workplan for 22-23 and our new strategy for 2023-26 from a professional learning standpoint. A workforce skills group has been developed to be a sounding board and to advise on the proposed outputs to support the sector following the completion of the analysis, which was published in September 2022.
 - 100% of our leadership programme participants report through evaluation they have a greater understanding of systems leadership. In formative feedback all participants have indicated that the course offers valuable learning and they have a better understanding of and feel better connected to the wider system.
 - Over 150 college leaders and managers have completed CDN's leadership programmes from emerging leaders through to executive level. Many senior leaders have this year benefitted from the newly launched Executive Coaching offer in partnership with KnowYouMore.
 - Over 300 delegates have attended board development workshops across our National Board Development Programme.
 - Our Teaching in Colleges Today (TICT) qualification for new lecturers which is fully mapped to the Professional Standards for College Lecturers continues to be a core part of our provision and has received an over 40% increase in uptake over the past 2 years.
 - The Vice Principals' Curriculum Group (formed during the pandemic and supported by CDN) continues to be a productive and dynamic community of practice. The Group has a well-established remit and supports the College Principals' Group in delivering strategic leadership for colleges.
 - Through our Community Learning Network we worked with CLD Standards Council on workforce development, and supported the work focussing on the report "The Role of FE Colleges in Improving Career Pathways for CLD Practitioners".
 - Our Careers Network, created in response to the Careers Strategy review by Scottish Government and SDS and the Colleges Scotland Careers Education Information and Guidance Benchmark documents continues to develop and deliver on the action plan created during 2022-23.
 - The PDA Teaching Practice in Scotland's Colleges is accredited by SQA and fully reflects the professional competences needed of college lecturers working in Scotland. Materials developed by CDN and hosted through CDN Learn Online are kept updated in line with changes post-accreditation, and offered as a free resources for Scotland's Colleges to use with their staff.
 - CDN continues to support GTCS with the professional accreditation for college lecturers process. CDN's extensive networks are used as a communication medium for GTCS to engage with the sector and the PD Network and HR Strategic network provide a platform for regular updates and dialogue.

Report of the Directors (continued)

2. *Through promoting programmes of collaborative research and enquiry we will facilitate the enhancement of college performance and student success.*
 - We have continued to extend the work of the CDN Research and Enhancement Centre in partnership with colleges and key stakeholders. This has included the publication of two new Pathways from Poverty reports, with a focus in trauma-informed practice and how colleges support their students and communities to deal with the challenges of poverty and maintain their engagement with education. This has led to the launch of the Trauma-Informed College Programme which aims to create a trauma-informed culture and approach by upskilling staff across the sector. We have also published research into developing new provision through the use of the Inner Development Goals (IDGs) which will inform future training programmes and research into digital capabilities that will inform future skills development in colleges and is being used by colleges to inform their own digital strategies.
 - The research work continues to be supported by the REC Advisory Group which includes key stakeholders such as SFC, Scottish Government, SDS, Education Scotland, NUS, Colleges Scotland and sparqs.
 - We have worked in partnership with QAA, Education Scotland and sparqs in support of the SFC's development of a new tertiary enhancement theme around blended digital delivery.
 - We ran another successful online Governance and Leadership Summit which focused on international good practice in education development with a range of speakers from across the world.
 - Over 300 delegates attended governance workshops and online training across our National Board Development Programme. 90% reported that the programme has given them more confidence in undertaking their role as a board member.
3. *We will work with colleges to heighten their national and international impact through the promotion of success and innovation.*
 - Our Virtual College Expo event took place in June 2023, with 97% of delegates expressing satisfaction with the event and over 90% saying that it had a positive impact on their professional practice.
 - This year we were again delighted to induct further new members to the College Hall of Fame including the author and activist Darren McGarvey.
 - Our annual College Awards celebrated college success at individual, institutional and multi-agency levels. 97% of participants reported through evaluation that their experience of the event was positive.
 - We produced another annual issue of CDN's Reach magazine capturing the voice and success of the sector and promoting the major contribution of colleges to Scotland's economy and education system. 85.5% of readers through evaluation reported that the magazine was informative and relevant to their needs.
 - To help drive student recruitment and public awareness of the work that colleges do, CDN again ran the #ChooseCollege campaign in 2023. Campaign results for 2023 out-performed 2022's success, when taking account of relative budget available. The advert was watched by 634,100 people (compared to more than 900,000 last year); and the campaign web page, which drives traffic to individual college websites, was viewed 41,720 times (compared to more than 51,000 last year).

Report of the Directors (continued)

4. *We will work with our partners to enable colleges to become leaders in tackling the climate emergency and promoting inclusive colleges with student and staff wellbeing at their centre*
 - We continued to work with EAUC and Learning for Sustainability Scotland to develop a short online introductory module on sustainability for all college staff. This is hosted on our Learn Online platform.
 - In continuing to promote our Get into Governance programme (a UK first in providing a suite of online training tailored to support people from diverse background to join boards) we have been working with third sector board development charity Changing the Chemistry, of whom we are now an associate member, to advertise the programme with their members and have increased our engagement in relation to it on social media, specifically LinkedIn.
 - The CDN Safeguarding Network has continued to engage with Scottish Government and partners in relation to topics such as alcohol and drug spiking, online safety bill, Equally Safe in Colleges and Universities and Gender Based Violence materials for college students.
 - Our active Armed Forces and Veterans Network continued to focus on the Essential Skills Statement of Ambition with a view to reviewing the role of core skills in the curriculum. Partnership and collaboration with Education Scotland and SDS are key to this groups outputs and outcomes. We have an active Teams Channel where resources are shared and information disseminated.
 - Equality Impact Assessment training has been delivered to a number of colleges during the year.
 - We continue to embed the promotion of inclusiveness, equality, wellbeing and resilience for the whole college community in all of our learning activities this year. Close collaboration between CDN and colleges through the relevant CDN Networks have led to effective and efficient practice sharing. 92% of the workforce feel confident that they have the skills, knowledge and understanding to promote equality, diversity and inclusiveness (EDI) in their work, with only 1% feeling not confident. Additionally, practice is shared and practitioners collaborate through a range of Professional Learning Communities hosted by CDN.
 - The new Trauma-Informed College Programme launched in summer 2023 includes two free places for each college on an SCQF Level 5 qualification in Mental Wellbeing and Health, as well as an online training module and related resources.
5. *We will promote continuous improvement in our business performance.*

Commercial activity

- We continue to develop our approach to income generation and have undertaken a range of activities that have attracted external funding during the year:
 - We continue to deliver the Governance Hub for the Scottish Government's Public Bodies Unit by providing annual maintenance and developing new online modules.
 - We have developed and delivered bespoke leadership training for the Royal College of Physicians of Edinburgh.
 - We have also delivered bespoke training to Scotland's Community of Access and Participation Practitioners (SCAPP), a joint group of HEI and college staff.
 - We also delivered bespoke leadership training to the senior teams of a number of colleges.
 - We again successfully tendered for and delivered the PDA Teaching Practice in Scotland's Colleges (TPiSC) at Ayrshire College.

Report of the Directors (continued)

- We also continued our successful joint delivery of the PDA Inclusiveness with Edinburgh College, with two further cohorts participating during the year.
- The delivery of commercial events via the CDN virtual conference platform has continued during the year and we have hosted a number of major events including Edinburgh College's Staff Wellbeing Conference; Clackmannanshire Council's Revitalising the Forth Valley Region Conference; and Midlothian Council's Community Planning Partnership Conference.
- We have also begun to develop partnerships to allow us to participate in bids for research funding, including the submission of our first major bid to the Nuffield Foundation in partnership with Aberdeen University.
- 2023-24 will also see the start of the next round of college board external effectiveness reviews, and we will again be bidding to deliver them, with one contract already secured as of August 2023 and one pending.

Stakeholder engagement

- The National Board Development Programme this year has continued to widen its range of stakeholders through our dedicated 'meet the stakeholder' sessions which bring board members into contact with key organisations within and alongside the sector.
- The International Development Network continues to bring together a range of stakeholders in addition to college members, primarily through involvement with the UK Skills Partnership and Connected Scotland.
- We continue to engage with our Advisory Group for the Research and Enhancement Centre that brings together a wide range of stakeholders ranging from the Scottish Government to independent researchers. The Group provides advice and guidance on the development of our work plan and the future direction of our work.

Organisational Development

- Our hybrid working approach has been consolidated following staff consultation and it continues to be popular among staff and productive in terms of the efficiency of the organisation. We combine this approach with a focus on staff being present in the colleges we support on a regular basis. A formal hybrid working policy will be agreed in 2023-24.
- 2023 has seen the appointment of a new CEO, Marie Hendry, and a new interim chair, Professor Ken Thomson, as well as several new team members and board members. This renewal of the organisational resource has coincided with the development of the new strategy for 2023-26 and the re-conceptualisation of CDN as the improvement agency for Scotland's colleges, bringing existing and new areas of delivery together under a key set of practice-based, evidence-led professional development pathways which form the basis of the 2023-24 Framework Agreement and so will also form the basis of next year's ROSI return reflecting the new approach and emphasis on impact.

Financial Review

Operating Result

The 2022-23 budget planned for a £150k operating deficit, allowing for Board approved investment in additional activities. In the end, a £129k operating deficit was achieved for 2022-23.

Adjustments for the net pension position under FRS 102 resulted in an overall statutory deficit of £144k in the SOFA at 31 July 2023.

Report of the Directors (continued)

Income and Expenditure

Income for the 2022–23 year was £1.871m (2022: £2.034m) and Expenditure was £2.000m (2022: £2.222m) – resulting in an Operating deficit of £129k (2022: £188k deficit).

Staffing costs amounted to £1.199m during the year, which equated to 64% of income (2022: £1.550m and 76%).

Principal Funding Sources

From income of £1.871m (2022: £2.034m), the SFC provided £1.636m (87%) comprising of a core grant of £1.613m with the balance relating to income deferred from 2021-22 for the College Expo 22 which was recognised in 2022-23 due to the postponement of the event until August 22 (2022: £1.613m core grant – 78% of total income). SFC funding therefore continues to remain the primary source of core funding for the organisation.

Other principal sources of funding were derived through project management and delivery, the funding for which is bid for on a competitive basis through, for example, the Scottish Government and colleges, as well as a number of other miscellaneous funders. This is supplemented by the facilitation and co-ordination of development networks and through the delivery of events.

Investment Policy

Under the Memorandum and Articles of Association, College Development Network has the power to invest in any way the directors think fit. Having regard to the operational liquidity requirements of College Development Network, the directors operate a policy of keeping funds required in the short to medium term in interest bearing deposit accounts whilst funds not so required are invested in higher interest bank accounts with average returns in excess of the Bank of England base rate. In all cases risk is minimised to ensure that capital sums invested are not affected by market fluctuations. Treasury management is reviewed informally on at least a monthly basis and formally on a quarterly basis by the Board.

College Development Network's investment criteria is set out in a treasury management policy approved by the Board of Directors which adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Codes of Practice (the code), as described in section four of that code.

Reserves Policy

The Board of Directors have established a policy to build unrestricted funds to a level sufficient to cover any unexpected liabilities which cannot be met out of operational income in the year. The level of reserves has therefore been set giving cognisance to the main risks and potential liabilities faced by College Development Network. This lends a degree of financial stability to the business in the event that income sources are lost, or reduced, ensuring continuity of service provision.

For 2022–23, the main risks and potential liabilities faced are as set out in the risk management section of this report together with fluctuations in pension position arising under FRS102 – section 28. The strategy is therefore to maintain reserves at an appropriate level sufficient to cover any potential liabilities arising.

The Balance Sheet reserves 'Total Net Assets' position at 31 July 2023 was £681k (2022: £825k). Cash at Bank at 31 July 2023 was £1.595m (2022: £1.938m).

Report of the Directors (continued)

Plans for Future periods

2022-23 was the third year of an updated Three Year Strategic Framework Plan for 2020–23, which is focused around five main outcomes which have been aligned with objectives set by the Scottish Government and SFC. CDN will now begin working through the new Three Year Strategic Framework Plan for 2023–26 as well as extending its ambitious commercial partnerships to deliver training, services and project work with other educational organisations and sectors.

Structure, Governance and Management

Governing Document

CDN is a charitable company limited by guarantee. Its objects and powers are set out in its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1. CDN is owned by the Regional Colleges and Regional Strategic Bodies in Scotland.

In addition to its Articles of Association, CDN is party to a Financial Memorandum with the Scottish Funding Council (SFC). This Memorandum is therefore taken into consideration when preparing both the Directors' Report and Financial Statements for the financial year.

Recruitment and Appointment of the Board of Directors

The Board of Directors are also charity trustees for the purposes of charity law.

During the annual general meeting held on 13 November 2019 the revised Articles of Association were unanimously agreed and adopted. This has changed the board composition requirements to a maximum of eleven Board members and a minimum of five; the Chief Executive and up to ten members selected from: (1) senior managers (or equivalent) from Company Members; (2) senior persons on the board of a Company Member and who are nominated by that board and; (3) members appointed through a selection process with the appropriate balance of skills and experience required to contribute to the Board.

The Board of Directors are elected to serve for a period of not more than four years after which they may be re-appointed for a further four years provided that no member holds office for more than eight years in aggregate.

Director Induction and Training

New directors are provided with induction training and an electronic induction pack briefing them on; their legal obligations, their duties as Board Members and the main documents which set out the operational framework for College Development Network; including the Articles of Association, financial performance, relevant policies and procedures and future plans and objectives. Board members are also given opportunities to meet staff and are encouraged to attend training events where these will facilitate the undertaking of their role.

Professional Indemnity and Directors' and Officers' Liability insurance is now included within a 'Combined Liability Insurance' together with Entity Defence.

Report of the Directors (continued)

Organisation

The Board of Directors, including the Chief Executive, meet at least quarterly to administer the company. Audit and HR Committees are formally constituted with terms of reference approved by the Board. All other business is handled through the main Board.

Corporate Governance Code is also in place.

The Chief Executive is appointed by the Board of Directors to manage the day-to-day operations of the company. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Corporate Governance Code approved by the Board, for day to day operations including developing and implementing strategy, reviewing operational performance and allocating and controlling resources within approved budget.

Pay Policy for Senior Staff

The Directors consider that the Directors and the Senior Management Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the organisation on a day to day basis. No Director received any remuneration in the year with the exception of the Chief Executive in accordance with the Articles of Association. Details of Directors expenses are disclosed in note 7 to the financial statements. Details of the remuneration of the Chief Executive are included in note 8.

The pay of senior staff is reviewed annually and increased in line with the annual award structure agreed by the Board for the Organisation.

Related Parties

All Regional Colleges and Regional Strategic Bodies in Scotland are members of College Development Network. Five of these members also have employees or appointed Regional Chairs who served on the College Development Network Board of Management during the year.

All transactions involving organisations in which a member of the board may have an interest are conducted at arm's length and in accordance with the organisation's financial regulations. Board members are not permitted to participate in discussions, decisions or transactions involving their related business.

Risk Management

A review of the major strategic, business and operational risks to which College Development Network is exposed is conducted on at least a quarterly basis and reported to the Board. There is a standing agenda item in relation to risk and regulatory updates at all Board meetings. Risk management policy and procedures are in place to support the risk management process and mitigate risks identified and internal control procedures are in place to minimise internal risks.

The key risks faced by College Development Network during the year were in relation to:

- additional costs due to the high levels of inflation currently impacting the wider economy
- potential funding uncertainty affecting the sustainability of College Development Network
- potential for income generation out with the SFC core grant not being possible as opportunities for securing additional income diminish.

We have sought to mitigate these risks by on-going discussions with SFC and through increasing our capacity for revenue generating project work.

Report of the Directors (continued)

Reference and Administrative Information

Company Number:	SC143514
Registered Charity Number:	SC021876
Registered Office:	Airthrey Castle Hermitage Road University of Stirling Stirling FK9 4LA
External Auditor:	Henderson Loggie LLP Ground Floor 11-15 Thistle St Edinburgh EH2 1DF
Solicitors:	Anderson Strathern George House 50 George Square Glasgow G2 1EH
Bankers:	Bank of Scotland plc 1 Munro Road Springkerse Stirling FK7 7SY

Report of the Directors (continued)

Directors

The Directors of the company during the year were:

Paul Houlden (Chair - resigned 31/08/23)

Ken Thomson OBE (Interim Chair – appointed 31/08/23)

Gillian Croan	Director, Verus HR Ltd
Stephanie Graham (resigned 30/06/23)	Vice-Principal, West College Scotland
Hugh Hall (resigned 30/04/23)	Principal, Fife College
Janie McCusker (resigned 07/01/24)	Chair, Glasgow Colleges' Regional Board
Judith Neill	General Manager, Pinnacle Growth Group
Julia Belgutay (appointed 19/09/22)	Senior Policy Manager, Research & Evidence, Association of Colleges
Samantha Stirling	Learning and Digital Resources Manager, Dundee and Angus College
Colin McMurray (appointed 14/07/23)	Director of Commercialisation and Skills, Forth Valley College
Angela Cox (appointed 14/07/23)	Principal and Chief Executive, Ayrshire College
Stella McManus (appointed 14/07/23)	Principal and Chief Executive, South Lanarkshire College
James Metcalfe (resigned 14/04/23)	CDN Chief Executive Officer
Marie Hendry (appointed 29/05/23)	CDN Chief Executive Officer
No directors held any shares in the company at any time during the year.	
Marian McMorland	CDN Company Secretary

Report of the Directors (continued)

Committees of the Board of Management

The Board operated throughout the year with two formally constituted committees acting with delegated authority from the full Board. The former Development and Innovation Committees were re-constituted into forums in a prior financial year. These forums are chaired by a Board member to ensure feedback into the Board as appropriate but are no longer formal Board Committees.

Information on the Board's committees is given below, together with details of membership:

Audit Committee	Colin McMurray - Director of Commercialisation and Skills, Forth Valley College (Chair), Gillian Croan, and Alison Stewart, Vice Principal – Finance and Corporate Affairs, Forth Valley College is also co-opted to this Committee.
HR Committee	Gillian Croan (Chair), Sam Stirling, Julia Belgutay and Marie Hendry (CEO).

All other Board business is handled through the main Board which meets every two months.

Statement as to disclosure of information to Auditor

In so far as the directors are aware:

- there is no relevant information of which the charitable company's auditor is unaware, and
- the directors themselves have taken all the steps that they ought to have in order to make the directors themselves aware of any relevant audit information, and to establish that the charitable company's auditor is aware of the information.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) and in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

By order of the Board:


Ken Thomson – 2024-02-27, 12:52:21 UTC

Ken Thomson
Chair of the Board

Date:

Directors' Responsibilities in Relation to the Financial Statements

The directors, who are also trustees for the purpose of charity law, are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 its activities.

The directors 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 its financial statements comply with the Companies Act 2006, 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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 as dissemination of financial statement may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Directors and Members of College Development Network

Opinion

We have audited the financial statements of College Development Network (the 'charitable company') for the period ended 31 July 2022 which comprise the statement of financial activities (including income and expenditure account), the balance sheet, the statement of cash flows and the related notes. 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 July 2023, 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.

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' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the 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 Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Independent Auditor's Report to the Directors and Members of College Development Network (continued)

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

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report, which includes the Trustees' 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 Directors' Report which includes the Trustees' 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 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- The directors 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of charitable 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 directors 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Directors and Members of College Development Network (continued)

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:

As part of our planning process:

- We enquired of management the systems and controls the charity 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: OSCR requirements; Data Protection Act 2018; employment law (including payroll and pension regulations), and compliance with the UK Companies Act
- We considered the incentives and opportunities that exist in the charity, 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 charity, 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 meetings of those charged with governance;
- Reviewing the charity's policies and procedures in relation to GDPR and health and safety, and reviewing the terms and conditions included within key funding agreements;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the application of defined benefit pension scheme deficit, the valuation of tangible fixed assets, the valuation and recoverability of debtors, and the application of accruals including the provision for dilapidations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Independent Auditor's Report to the Directors and Members of College Development Network (continued)

Owing to the inherent limitations of an audit, there is 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 recognise 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 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 charitable company's directors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors 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, the charitable company's members as a body and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Diana Penny

Diana Penny - 2024-02-27, 14:26:18 UTC

Diana Penny (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP

Chartered Accountants & Statutory Auditors

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

Ground Floor
11-15 Thistle St
Edinburgh
EH2 1DF

..... 2024

**Statement of Financial Activities (SOFA)
(including Income & Expenditure Account)
for the year ended 31 July 2023**

		2023 £'000	2022 £'000
	Notes	Total Unrestricted Funds	Total Unrestricted Funds
Income and endowments from:			
Donations and legacies	3	16	4
Charitable activities	4	1,855	2,030
Total		1,871	2,034
Expenditure on:			
Charitable activities	5	2,000	2,222
Total		2,000	2,222
Net expenditure		(129)	(188)
Other recognised (losses)/gains:			
(Loss)/gain on the defined benefit pension scheme	18	(15)	897
Net movement in funds		(144)	709
Reconciliation of funds:			
Total funds brought forward		825	116
Total funds carried forward	19	681	825

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities in the above two periods.

Balance Sheet as at 31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	10	24	18
Current assets			
Debtors	11	49	82
Cash at bank and in hand	12	1,595	1,938
Total current assets		1,644	2,020
Liabilities			
Creditors: Amounts falling due within one year	13	(967)	(1,193)
Net current assets		677	827
Total assets less current liabilities		701	845
Provisions	16	(20)	(20)
Net assets excluding pension liability		681	825
Pension liability	18	-	-
Total net assets		681	825
The funds of the charity:			
Unrestricted funds:			
General funds	19	681	825
Designated funds:			
Pension liability	19	-	-
		681	825
Total charity funds		681	825

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Directors and signed on its behalf by:

Marie Hendry

Marie Hendry - 2024-02-27, 07:10:50 UTC

Marie Hendry, Chief Executive

Ken Thomson

Ken Thomson - 2024-02-27, 12:52:21 UTC

Ken Thomson, Chair

Date

The notes on pages 21 to 35 form part of these financial statements.

Statement of Cash Flows for the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	20	(320)	848
Cash flows from investing activities			
Purchase of property, plant and equipment		(23)	(25)
Cash used by investing activities		(23)	(25)
Change in cash and cash equivalents in the year		(343)	823
Cash and cash equivalents at the beginning of the year		1,938	1,115
Cash and cash equivalents at the end of the year	12	1,595	1,938

Notes to the Financial Statements

1. Accounting Policies

(a) General Information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the charitable company drawn up for the year ended 31 July 2023.

CDN's charitable objective and principal activity is:

"To promote the advancement of education for the public benefit in Scotland, the United Kingdom and elsewhere by (1) promoting and developing learning and professional development opportunities in Scotland's colleges and (2) the provision of education and lifelong learning opportunities to publicly funded, third sector and vocational organisations and institutions."

College Development Network is a charitable company limited by guarantee and is incorporated in Scotland. The charitable company's registered charity number is SC021876 and its registered company number is SC143514.

The address of the charitable company's registered office is Airthrey Castle, Hermitage Road, University of Stirling, Stirling, FK9 4LA.

(b) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

College Development Network meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

(c) Going concern

The Board have considered the high reserves and cash balances and the need to invest in additional activities that has been factored into the budgeting process for 2023–24, as far as can be reasonably foreseen at this stage. This is reflected in the deficit budget we will be working towards in 2023–24 and thereafter a breakeven position for 2024–25. The charitable company then looks to breakeven thereafter giving comfort for at least 12 months following the approval of the financial statements.

Therefore, the Board is of the view that it would be reasonable to assume that College Development Network will continue to operate for the foreseeable future based on the finally agreed budget for 2023–24, the letter of grant for 2023–24 from the SFC, and the high level of cash reserves. Moreover, the Board are mindful of the importance for the long term future of the charitable company of securing SFC funding for the 2024–25 year and are confident this will be achieved. Accordingly, the financial statements have been prepared on the going concern basis.

Notes to the Financial Statements (continued)

(d) Fund accounting

All funds are classified as unrestricted.

- Unrestricted funds are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the company.
- Designated funds are unrestricted funds earmarked by the Board of Directors for particular purposes.
- Transfers from designated funds are made when the designated fund is no longer required.

(e) Income

Income is included in the Statement of Financial Activities when the charitable company is entitled to the income, receipt is probable and the amount can be reliably measured.

- Service Level Agreement (SLA) income is credited to income in the year in which the charity is entitled to the income, receipt is probable and the amount can be reliably measured.
- Grants and donations are recognised when the charity is entitled to the income, receipt is probable and the amount can be measured reliably. Where there are terms or performance related conditions attached, income is recognised to the extent that the conditions have been met. Income received in advance of conditions being met are deferred and released once those conditions are met. Where the grant or donation allows for the recovery by the donor of any unexpended grant, a liability is recognised when repayment becomes probable.
- Investment income. Interest is recognised using the effective interest rate applicable to the asset.

(f) Expenditure

Expenditure is included in the Statement of Financial Activities (SOFA) on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. Where possible, expenditure is allocated directly to the function to which it relates including VAT where it is non-recoverable. Where this is not possible, it is allocated on the basis of time spent by staff on that activity.

- Charitable expenditure comprises those costs incurred by College Development Network in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of College Development Network and include costs linked with strategic management.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.
- Redundancy payments are included within the financial statements during the year in which the employment contract ceased.

(g) Operating leases

Rentals payable under operating leases are charged to expenditure on a straight line basis over the term of the lease.

Notes to the Financial Statements (continued)

(h) Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Tangible fixed assets are capitalised for non-project items at £1,000 dependent on the nature of the acquisition along with any incidental expenses of the acquisition.

(i) Depreciation

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Computer equipment	33.3%
Office furniture	20.0%

A full year's depreciation charge is made in the year of asset acquisition.

(j) Taxation

The company is exempt from taxation in respect of income or capital gains received within categories covered under section 466 to 493 of Corporation Tax Act 2010 to the extent that such income or gains are applied to exclusively charitable purposes.

Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the income and expenditure account in the year in which it is incurred.

(k) Debtors

Trade debtors are amounts due in relation to contract and support services rendered. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks which are readily convertible, being those with maturities of three months or fewer from inception.

(m) Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

(n) Financial assets and liabilities

Financial instruments are recognised in the statement of financial position when the charitable company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Notes to the Financial Statements (continued)

(o) Pensions

Retirement benefits to the employees of College Development Network are provided by the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit plan are recognised in the Statement of Financial Activities within employee benefit costs.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting is limited to the present value of available refunds or reductions in future contributions to the plan. The contributions are determined by qualified actuaries on the basis of valuations every five years for STSS using the Prospective Benefit method and every three years for SPF using the Projected Unit method. Liability for benefits is a charge on the STSS or SPF.

College Development Network also participates in a defined contribution scheme with Aegon (Scottish Equitable). The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs charged to the income and expenditure account represent the contributions payable by the company in the year.

2. Critical judgements and estimates

In the application of the charity's accounting policies, the directors 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:

Useful life of tangible fixed assets

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.

Trade debtor recovery

Credit control is an important function which requires assessment, on an ongoing basis, of the recoverability of amounts due from debtors. Where recovery is in doubt, the directors will adequately provide against this specific debt and will arrive at such conclusions based on the knowledge of the debtor and their "ability to pay". The directors adopt a prudent approach to credit control.

Accruals

Directors estimate the requirements for accruals using post year end information and information available from detailed budgets. This identifies costs that are expected to be incurred for services provided by other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

Notes to the Financial Statements (continued)

Dilapidations

The dilapidations recognised are in relation to the lease of the office premises at Airthrey Castle and have been estimated based upon the directors' knowledge of the necessary works required to adhere to the lease conditions and the likely costs of these works based on current market rates.

Defined benefit pension scheme

The charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Directors estimates these factors in determining the net pension position with help from the pension scheme actuaries. The assumptions reflect historical experience and current trends. When the pension assets exceed the pension liabilities, the net pension asset is limited to the present value of available refunds or reductions in future contributions to the plan.

3. Donations and legacies

	2023 £'000	2022 £'000
	Unrestricted	Unrestricted
Sponsorship	16	4
Total	16	4

4. Income from Charitable activities

	2023 £'000	2022 £'000
	Unrestricted	Unrestricted
Projects, Consultancy, Training, Facilitation	219	440
Total Contracts and Support Services	219	440
Service Level Agreement with SFC	1,636	1,590
Total Grants Received	1,636	1,590
Total	1,855	2,030

5. Expenditure on charitable activities

2023	Projects, consultancy training and facilitation £'000	Other support costs £'000	2023 Total £'000
Staffing costs	877	311	1,188
Project specific costs	574	-	574
Support costs (see note 6)	-	211	211
Governance costs (see note 6)	-	27	27
Total	1,451	549	2,000

Notes to the Financial Statements (continued)

2022	Projects, consultancy training and facilitation £'000	Other support costs £'000	2022 Total £'000
Staffing costs	766	428	1,194
Project specific costs	793	-	793
Support costs (see note 6)	-	208	208
Governance costs (see note 6)	-	27	27
Total	1,559	663	2,222

6. Analysis of support and governance costs

2023	Basis of allocation	Support costs £'000	Governance £'000	2023 Total £'000
Board meeting costs	Direct	-	6	6
Staffing costs	Time	-	11	11
Audit fees	Direct	-	10	10
Overheads	Headcount	211	-	213
Total		211	27	238

2022	Basis of allocation	Support costs £'000	Governance £'000	2022 Total £'000
Board meeting costs	Direct	-	6	6
Staffing costs	Time	-	13	13
Audit fees	Direct	-	8	8
Overheads	Headcount	208	-	208
Total		208	27	235

Notes to the Financial Statements (continued)

7. Board remuneration

The emoluments of the Chief Executive are disclosed in Note 8.

During the financial year, in accordance with Scottish Government Public Sector statutory daily rates and annual cap of reimbursement for Chairs' attendance and work with 'small' Tier 3 Scottish Government Non-Executive Agencies and following approval in advance from the CDN Board, the Chair, Paul Houlden, received £5,712 for 24 days (£238 per day) for the period August 22 to July 23 (2022: £5,656).

No other member of the Board either received or waived any emoluments during the year (2022: £nil).

Out of pocket expenses consisted of reimbursed travel and subsistence costs to Board members and were as follows:

	2023 No. of board members	2022 No. of board members	2023 £'000	2022 £'000
Travel	2	4	5	1

8. Staff Costs

	2023 £'000	2022 £'000
Core Staff		
Wages and salaries	901	806
Social security costs	94	86
Other pension costs	153	137
FRS 102 defined benefit adjustments	51	178
Short-term and temporary staff		
Consultants	263	343
Agency staffing	10	-
Total	1,472	1,550

The average monthly headcount was 23 staff (2022: 19).

The number of staff including the Chief Executive and senior post-holders who received emoluments within the following ranges was:

	2023	2022
£60,000 – £69,999	4	3
£80,000 – £89,999	-	1
	4	4

Notes to the Financial Statements (continued)

The emoluments of key management, including the Chief Executive, are made up as follows:

	2023 £'000	2022 £'000
Wages and salaries	85	89
Benefits in kind	-	1
Social security costs	10	11
Other pension costs	16	17
Total Emoluments	111	118

The above emoluments include amounts payable in the year to the Chief Executives/Interim Chief Executives, James Metcalfe, Grant Ritchie and Marie Hendry, who are also Directors for the purposes of charity law of £84,910 including benefits in kind of £nil (2022: £89,280 including benefits in kind of £642). Contributions to pension schemes on behalf of the Chief Executive were £15,635 (2022: £17,107).

As authorised by the charitable company's Articles of Association, the above noted remuneration to James Metcalfe, Grant Ritchie and Marie Hendry is for their role in the day to day running of the charitable company.

9. Net income for the year

	2023 £'000	2022 £'000
This is stated after charging:		
Depreciation	17	15
External Auditor's remuneration		
- Audit	10	8
Operating Leases – Rent	58	58
	85	81

Notes to the Financial Statements (continued)

10. Fixed assets

2023	Computer Equipment £'000	Office Furniture £'000	Total £'000
Cost			
At 1 August 2022	80	30	110
Additions	23	-	23
At 31 July 2023	103	30	133
Accumulated depreciation			
At 1 August 2022	62	30	92
Charge for year	17	-	17
Eliminated on disposal	-	-	-
At 31 July 2023	79	30	109
Net book value 31 July 2023	24	-	24

2022	Computer Equipment £'000	Office Furniture £'000	Total £'000
Cost			
At 1 August 2021	242	231	473
Additions	25	-	25
Disposals	(187)	(201)	(388)
At 31 July 2022	80	30	110
Accumulated depreciation			
At 1 August 2021	238	227	465
Charge for year	11	4	15
Eliminated on disposal	(187)	(201)	(388)
At 31 July 2022	62	30	92
Net book value 31 July 2022	18	-	18

11. Debtors

	2023 £'000	2022 £'000
Trade debtors	36	11
Prepayments and accrued income	13	71
Total	49	82

12. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	1,595	1,938
Total	1,595	1,938

Notes to the Financial Statements (continued)

13. Creditors

	2023 £'000	2022 £'000
Trade creditors	86	92
Accruals and other creditors	139	260
Deferred income	742	841
Total	967	1,193

14. Deferred income

	2023 £'000	2022 £'000
Deferred income at 1 August 2022	841	161
Performance related income earned	(1,743)	(1,794)
Performance related income deferred	1,644	2,474
Deferred income at 31 July 2023	742	841

Deferred income relates to income for which the recognition criteria will be met in the next year, or the period in which the project covers spans the year end. These are for specific projects in which the funding contains performance related conditions which must be satisfied for the revenue to be recognised.

15. Creditors due after more than one year

	2023 £'000	2022 £'000
Pension liabilities		
As at 1 August 2022	-	11
Decrease in valuation	-	(11)
As at 31 July 2023	-	-

All pensioners are now deceased, and such there is no further liability.

16. Dilapidations

	2023 £'000	2022 £'000
Balance at 1 August 2022	20	20
Charged to the SOFA	-	-
Additions	-	-
Balance at 31 July 2023	20	20

A dilapidations provision continues to be recognised in relation to the lease of the office premises at Airthrey Castle as although the initial lease expired on 31 July 2020, the lease has since been extended. It was felt that the provision of £20k continues to be sufficient to cover any future dilapidation repairs.

Notes to the Financial Statements (continued)

17. Lease Commitments

Future minimum lease payments under non-cancellable operating leases are:

	2023 £'000	2022 £'000
Operating leases which expire:		
Due within 1 year	36	58
Between 2 and 5 years	-	-
Due over 5 years	-	-
Total	36	58

18. Pension costs

College Development Network operates three pension schemes, the Scottish Teachers' Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Aegon scheme. College Development Network also contributes into a personal pension plan (PPP) for employees on request. The total employer's pension cost for the period was as follows:

Pension costs	2023 £'000	2022 £'000
Contribution to SPF	105	95
Contribution to STSS	28	21
Contribution to Aegon	20	21
Total pension cost	153	137

Pension contributions outstanding at the year-end were £nil (2022: £14,535).

Scottish Teachers' Superannuation Scheme (STSS)

- If staff joining College Development Network are currently members of the STSS they may opt to remain members of the scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions.
- College Development Network has no liability for other employers obligations to the multi-employer scheme.
- As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

Notes to the Financial Statements (continued)

Scottish Teachers' Superannuation Scheme (STSS)

- d)
- (i) The scheme is an unfunded multi-employer defined benefit scheme.
 - (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the (name of body) is unable to identify its share of the underlying assets and liabilities of the scheme.
 - (iii) The employer contribution rate for the period from 1 April 2022 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.
 - (iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

Strathclyde Pension Fund (SPF)

The SPF is a funded defined benefit scheme where the assets are held in a separate, trustee-administered fund. Previously open to all staff in College Development Network, the scheme closed to existing administrative and technical staff on 1 November 2003 and to new administrative and technical staff from 1 August 2003.

Actuarial valuations determine the level of employer contribution to the scheme and are as follows:

From 1 April 2021	19.3%
From 1 April 2022	19.3%
From 1 April 2023	19.3%

Anticipated employer contributions to the scheme for the year ended 31 July 2024 will be circa. £115,000.

Employees' contribution is calculated on a tiered contribution basis dependent on pensionable salary.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2018 updated to 31 July 2023 by a qualified independent actuary, Hymans Robertson LLP.

Notes to the Financial Statements (continued)

Financial assumptions

	At 31 July 2023	At 31 July 2022
Rate of increase on salaries	3.7%	3.5%
Rate of increase on pensions	3.0%	2.8%
Discount rate for liabilities	5.1%	3.5%

Major categories of plan assets as a percentage of total plan assets

	At 31 July 2023	At 31 July 2022
Equity	61%	60%
Bonds	27%	27%
Property	10%	11%
Cash	2%	2%

Mortality

	At 31 July 2023 Male	At 31 July 2023 Female	At 31 July 2022 Male	At 31 July 2022 Female
Current Pensioners	19.1 years	22.0 years	19.6 years	22.4 years
Future Pensioners	20.3 years	23.9 years	21.0 years	24.5 years

The fair value of scheme assets attributed to College Development Network, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of scheme liabilities attributed to College Development Network which are derived from cash flow projections over a long period and thus inherently uncertain, were:

	At 31 July 2023	At 31 July 2022
Total fair value of assets	7,651	7,516
Present value of scheme liabilities	(4,737)	(5,587)
Effect of asset ceiling	(2,914)	(1,929)
Net liabilities	-	-

Analysis of amount charged to other financial income

	2023 £'000	2022 £'000
Service cost	155	287
Total Operating Charge	155	287

Analysis of net return on pension scheme

	2023 £'000	2022 £'000
Expected return on pension scheme assets	263	119
Interest on pension charge	(197)	(131)
Net Return	66	(12)

Notes to the Financial Statements (continued)

Analysis of amount recognised in statement of financial activities

	2023 £'000	2022 £'000
Current service cost	155	287
Past service cost	-	-
Contributions	(103)	(95)
Contributions in respect of unfunded benefits	(1)	(1)
Interest Cost	197	131
Interest Income on plan assets	(263)	(119)
Total included in statement of financial activities	(15)	203

Movement in deficit during the year

	2023 £'000	2022 £'000
Surplus in Scheme at Beginning of Year	-	(694)
Current service cost	(155)	(287)
Past service cost	-	-
Contributions paid	103	95
Contributions in respect of unfunded benefits	1	1
Actuarial gain	2,914	2,826
Effect of asset ceiling	(2,929)	(1,929)
Net return on assets	66	(12)
Deficit in the Scheme at End of Year	-	-

Reconciliation of defined benefit obligation

	2023 £'000	2022 £'000
Opening Defined Benefit Obligation	5,587	8,118
Current service cost	155	287
Past service cost	-	-
Interest cost	197	131
Contributions by members	40	40
Actuarial gains	(1,119)	(2,870)
Estimated benefits paid	(123)	(119)
Closing Defined Benefit Obligation	4,737	5,587

Reconciliation of fair value of employer assets

	2023 £'000	2022 £'000
Opening Fair Value of Employer Assets	7,516	7,424
Expected return on assets	263	119
Contributions by members	40	40
Contributions by employers	103	95
Actuarial loss	(149)	(44)
Benefits paid	(122)	(118)
Closing Fair Value of Employer Assets	7,651	7,516

The Aegon (Scottish Equitable) Scheme

The Aegon scheme is a defined contribution scheme, open to all staff in College Development Network. Pension costs charged to the income and expenditure account represent the contributions payable by the company in the year and are based upon a fixed percentage of employee salary aligned to salary band.

Notes to the Financial Statements (continued)

19. Analysis of unrestricted funds

2023	Balance at 1 August 2022 £'000	Income (inc. gains) £'000	Expenditure £'000	Recognised Gain £'000	Balance at 31 July 2023 £'000
General funds	825	1,871	(2,015)	-	681
Designated funds:					
Pension fund	-	-	15	(15)	-
Total	825	1,871	(2,000)	(15)	681

2022	Balance at 1 August 2021 £'000	Income (inc. gains) £'000	Expenditure £'000	Recognised Gain £'000	Balance at 31 July 2022 £'000
General funds	810	2,034	(2,019)	-	825
Designated funds:					
Pension fund	(694)	-	(203)	897	-
Total	116	2,034	(2,222)	897	825

The Pension Fund contains the overall asset or liability of the defined benefit pension scheme and has been designated to ensure these funds are kept separate from the general funds of College Development Network.

20. Reconciliation of net expenditure to net cash flow from operating activities

	2023 £'000	2022 £'000
Net expenditure for the reporting period	(129)	(188)
Adjustment for:		
Depreciation	17	15
Decrease/(increase) in debtors	33	(51)
(Decrease)/increase in creditors	(226)	869
Defined benefit pension scheme	(15)	203
Net cash flows (used in)/from operating activities	(320)	848

21. Related parties

Janie McCusker was a directors of both Colleges Scotland and College Development Network during the year.

There have been no related party transactions during the year or previous year that require disclosure.

22. Capital commitments

At the year end there were no capital commitments (2022: £14k).