

Final Annual Accounts, 2018-19

Extraordinary General Meeting 14 November 2019

Report to Extraordinary General Meeting
Subject Annual Accounts for 2018-19
By Mike Brown, Treasurer

Purpose

The purpose of this report is to present a brief summary of the final draft Annual Accounts for 2018-19 and to seek sign off. (The Accounts have been circulated in a separate document in PDF format).

Recommendations

Members are asked to:

1. Note that the Annual Accounts for 2018-19 have now been audited and discussed with our accountants, MHA Henderson Loggie and have been circulated to members.
2. Note that the auditors have identified no issues of concern and state that in their judgement the accounts have been properly prepared give a true and fair view of the finances.
3. Receive the final 2017-18 Annual Accounts and agree that they be submitted to Companies House as required by 31 December 2019

Background and summary

Social Work Scotland's expenditure exceeded its income in the three financial years to 2017-18 with a consequential reduction in its reserves. The current position for 2018-19 is more favourable, with a small surplus of £16,886 (2% of income) being added to the reserves:

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Income | 893,019 | 666,440 | 550,887 | 656,947 | 877,060 |
| Expenditure | 735,984 | 718,900 | 626,363 | 668,755 | 860,173 |
| | | | | | |
| Net Balance | 157,035 | -52,460 | -75,476 | -11,808 | 16,886 |
| As % of income | 18% | -8% | -14% | -2% | 2% |
| | | | | | |
| Reserves at 31 March | 426,842 | 374,382 | 298,906 | 287,098 | 303,984 |

The reserves at 31 March 2019 are nearly £304,000, which is sufficient to cover essential contingencies and to provide some funds for any strategic spending requirements, should such need arise.

Nevertheless, whilst the Association is a not-for-profit voluntary organisation, it is also not able to sustain significant losses, and the need to maintain the improvement in financial sustainability remains an ongoing priority.

A fuller account of 2018-19 income and expenditure will be made available to the November 2019 Board meeting.

2018-19 SWS Income and expenditure by budget heading

Social Work Scotland's core activity includes the work of the Standing Committees and sub-groups, the CSWO Committee, the Executive Committee (Board of Directors), the Annual

Item 3

Conference and other events, and the bulletins and information provided to members. The table below shows that this core activity accounted for expenditure of nearly £443,000 in 2018-19, just over half of the Association's total expenditure.

2018-19 Budget share between Core and SG-Funded projects

| Budget Headings | Income | | Spend | | Balance | |
|----------------------------|-----------------|-------------|-----------------|-------------|----------------|-------------|
| | £ | % | £ | % | £ | % of income |
| SWS Core budget | £452,372 | 52% | £442,929 | 51% | £9,443 | 2% |
| SG funded projects (+ HIS) | £424,687 | 48% | £417,244 | 49% | £7,443 | 2% |
| 2018-19 Total | £877,060 | 100% | £860,173 | 100% | £16,886 | 2% |

Social Work Scotland continues to support national developments in social policy, social work and social care, both in its core activities, and also in the work it is wholly or partly funded to do by the Scottish Government (or agencies such as Health Improvement Scotland). In 2018-19 these funded projects included: commissioning work to enable and support the annual Social Services Awards; the completion of work on self-directed support procurement best practice, and a review of home care; commissioning reflective research to commemorate the 50th anniversary of the Social Work Scotland Act 1968; and ongoing projects on Children's Services Integration, Health & Social Care in Prisons, Joint Investigative Interviewing of Child Witnesses, and the Safe and Together project on domestic abuse and children's safety and wellbeing.

Together, these projects accounted for expenditure of just over £417,000 in 2018-19, nearly half (49%) of the Association's total spend.

Income analysis, 2018-19

The Association's core budget of £452,000 (or £335,500 if we treat the Annual Conference income as net of spend) funds the staff and premises, and the work of the Executive/Board, Committees and sub-groups.

The Scottish Government remains the Association's main source of income, both for the funded projects and for the core activities. Membership accounts for nearly one-quarter (24%) of core income and the largest part of this is corporate rather than individual membership. Sponsorship accounts for a further fifth (22%) of core income. The 2018 Annual Conference more or less broke even, with a small profit of £272; the arrangements were reviewed for 2019 and 2020.

| Income Source 2018-19 | Core | | Projects | | Total |
|--|-----------------|-------------|-----------------|-------------|-----------------|
| | £ | % | £ | % | |
| SG Capacity Building & Workforce Development grant | £145,000 | 43% | 0 | | £145,000 |
| Other SG grants (+ HIS project funding) | £0 | | £455,677 | | £455,677 |
| SWS grant management fees | £30,990 | 9% | -£30,990 | | £0 |
| Total Scottish Government | £175,990 | 52% | £424,687 | 100% | £600,677 |
| Individual and Corporate membership | £81,300 | 24% | £0 | | £81,300 |
| Sponsorship | £74,833 | 22% | £0 | | £74,833 |
| Annual Conference - profit only | £272 | 0% | £0 | | £272 |
| Other income | £3,063 | 1% | £0 | | £3,063 |
| Total Non SG income | £159,469 | 48% | £0 | 0% | £159,469 |
| TOTAL INCOME | £335,458 | 100% | £424,687 | 100% | £760,146 |
| Annual Conference Gross (less profit above) | £116,914 | | 0 | | £116,914 |
| TOTAL INCOME as per Final Accounts | £452,372 | | £424,687 | | £877,060 |

Item 3

Expenditure summary analysis, 2018-19

Staffing remains the largest expenditure item for the core budget (41%); when combined with premises and staff overheads this increases to nearly half the core budget (49%). The Annual Conference (and other events) is the second largest spend at 28% of the core budget.

| Expenditure analysis 2018-19 | Core | | Projects | | Total |
|-------------------------------------|-----------------|-------------|-----------------|-------------|-----------------|
| | £ | % | £ | % | |
| Direct Staff costs | £179,593 | 41% | £226,415 | 54% | £406,008 |
| Office & staff overheads | £37,362 | 8% | £10,335 | 2% | £47,696 |
| Business costs | £73,869 | 17% | £160,015 | 38% | £233,884 |
| Committee expenditure | £22,968 | 5% | £80 | 0% | £23,048 |
| Annual Conference and event costs | £124,236 | 28% | £20,370 | 5% | £144,606 |
| Other expenditure | £4,902 | 1% | £30 | 0% | £4,932 |
| | | | | | |
| TOTAL EXPENDITURE | £442,929 | 100% | £417,244 | 100% | £860,173 |

A more detailed analysis of spending in 2018-19 will be made available to the November meeting of the Social Work Scotland Executive/Board.

Mike Brown, Treasurer,
22 October 2019