Company Registration No: SC279913 (Scotland)
Scottish Charity No : SC029199

REGISTRAR OF COMPANIES

COMMUNITY CARE PROVIDERS SCOTLAND
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2008

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COMMUNITY CARE PROVIDERS SCOTLAND

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COMMUNITY CARE PROVIDERS SCOTLAND

CHARITY INFORMATION

Board of Directors	J H Jackson – Convener L Headland – Vice Convener K M Simpson – Treasurer (appointed 20 September 2007) N Baxter (resigned 20 September 2007) N M Dunning D O' Dwyer S F Ebbitt (appointed 20 September 2007) C T Fallon J Grant – (appointed 20 September 2007) N J Henderson (resigned 20 September 2007) M C Matheson M M Mellon J McDonald (appointed 20 September 2007) S M Neil (resigned 20 September 2007) S D Sinclair A J Smyth A Stevenson C F Taylor
Chief Executive Officer	A Gunner
Secretary	A Gunner
Company Number	SC279913
Charity Number	SC029199
Registered Office	9 Ellersly Road Edinburgh EH12 6HY
Auditors	Geoghegan & Co Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB

COMMUNITY CARE PROVIDERS SCOTLAND

DIRECTORS' REPORT

The Board of Directors therefore present their report and financial statements for the year ended 31 March 2008

The Board of Directors

The Board of Directors, who are also trustees for the purposes of charity law, named on page 1 have served during the year under review unless otherwise indicated

Structure, governance and management

Constitution and governing document

CCPS is a Scottish Charity and a company limited by guarantee, governed by a Memorandum and Articles

Appointment and Removal of Trustees

Trustees of the Charity (who are also Directors of the company) are elected annually by the membership with provision for co option of further Trustees from within the membership CCPS has produced a governance manual which is the principal tool for inducting new Trustees/Directors The Board has created three sub committees the Supporting People Enabling Unit Executive Committee and the Voluntary Sector Social Services Workforce Unit Executive Committee, which oversee the work of CCPS's two Scottish Executive funded services, and the Committee on Funding Strategy, which determines CCPS strategy on funding issues of concern to members All three are chaired by a CCPS Trustee/Director

Decision making

The Board meets four times a year, the full membership also meets four times a year The strategic plan and the organisational budget are put to the full membership with a recommendation from the Board to adopt, the Board then delegates implementation of the plan to the Chief Executive Officer who provides reports on progress to each Board meeting

Risk

The Board approves a risk management review annually, identifying the risks to which CCPS is exposed and approving systems and procedures to mitigate those risks

Aims and objectives

CCPS exists to identify, represent, promote and safeguard the interests of voluntary sector and not for profit social care providers in Scotland, so that they can maximise the support they offer to the people who use their services

CCPS aims

- to be a recognised and respected source of expertise on issues affecting service providers
- to be an influential body able to use the collective experience of members to effect change
- to act as a key source of information and advice

DIRECTORS' REPORT (CONTINUED)

Aims and objectives (continued)

- to champion service quality and promote the central role of providers in quality improvement
- to support providers in improving the experience of people who use their services, and their quality of life
- to promote and champion the role of voluntary organisations as service providers, ensuring diversity and choice

CCPS objectives are

- to ensure that the impact of policy and strategy on service providers, their services and the people who use them, is understood by government, to influence its actions accordingly and to challenge it where necessary
- to ensure in particular that the funding implications of policy and strategy are recognised by government, and to press for adequate funding of voluntary sector services in the interests of the people who use them
- to promote more positive, equal and reciprocal relationships between service providers and the statutory bodies that commission and fund their services, in the interests of the people who use them
- to gather information and intelligence on policy, strategy, legislation and research relevant to service providers, to analyse it, and to supply high quality briefing and information about it to members
- to facilitate networking and information exchange among members on a range of relevant policy and practice issues
- to develop and manage specialist services to support voluntary sector service providers in relation to particular areas of their operations

CCPS is clear that in all its work, its primary purpose is to improve and enhance the quality of the service that members are able to offer to people with care and support needs

Activities

This has been a significant year for CCPS and for service providers it was the association's 10th anniversary since inception, the Scottish Parliament elections resulted in a new Scottish Government with a radically different approach to the funding of services, and the public procurement reform agenda began to change the way in which social care services are commissioned and purchased

The strategic directions agreed by the Board in the previous year continued to be pursued by CCPS ensuring that its activities, publications and events addressed issues faced by all service providers The Board also formalised the Funding Forum into a sub committee of the board (the Committee on Funding Strategy) in order to ensure a direct reporting channel to the board in the run up to the government comprehensive spending review 2007

DIRECTORS' REPORT (CONTINUED)

Activities (continued)

In pursuit of the aims and objectives of the association, the CCPS Board and membership approved a detailed action plan at the beginning of the year Following the elections in May 2007, the agreed plan was revised (and indeed expanded) considerably, and a great deal of CCPS activity, particularly in the latter part of the year, was dedicated to analysing developments in government policy and preparing relevant briefing material for members

Key activity areas were as follows

- to understand, analyse and comment on the new Scottish Government's approach to the funding of public services, in particular the implications of the Concordat with local authorities
- to influence the government spending review 2007
- to keep a focus on local authority commissioning and procurement of social care services, with a particular emphasis on competitive tendering,
- to influence the development of the regulation of care in Scotland, with particular regard to the Crerar report and the Care Commission's plans to introduce gradings for care services
- to revise and relaunch our Statement of Values, and plan a programme of work to support members' engagement with it
- to organise an event to mark the 10th anniversary of CCPS
- to continue to provide information, support and representation on a range of key issues, including Supporting People and workforce development

Achievements and performance

In relation to the above objectives, the following was achieved

- Shona Robison MSP, Minister for Public Health, hosted a parliamentary reception in September for members and guests to mark the 10th anniversary of CCPS This was followed by a celebratory dinner A parliamentary motion congratulating CCPS on its anniversary was tabled by Malcolm Chisholm and signed by 32 MSPs
- CCPS published its Funding Survey 2007, and the findings of a separate survey identifying the numbers of care staff still to attain SSSC standard qualifications and the likely costs of the relevant training Both these documents were widely disseminated with a view to influencing the spending review 2007
- CCPS published a position statement on competitive tendering in social care, and organised a number of round table discussions to promote it In principle agreement was secured on the part of a number of key agencies to take forward the issues raised Internally, CCPS set up a new working group on commissioning
- CCPS wrote to all new Cabinet Secretaries following the election in May 2007, congratulating them on their appointments and highlighting the key issues for care providers Meetings were subsequently held with a number of Cabinet Secretaries including Adam Ingram MSP, Nicola Sturgeon MSP and John Swinney MSP, as well as with a range of their officials

Achievements and performance (continued)

- CCPS provided members with extensive briefing materials following the publication of the Scottish Government's spending review budget and Concordat with local councils A strategic approach to the Concordat was agreed with members and pursued throughout the year
- The Crerar report on regulation, inspection and scrutiny highlighted many of the concerns of care providers regarding duplication of regulatory processes and the bureaucratic burdens placed on organisations The Scottish Government's response to the report addressed voluntary sector care providers' concerns specifically
- CCPS arranged briefings for members about the Care Commission's forthcoming gradings system, with input from Care Commission officials and providers who were involved in piloting of the scheme
- A major conference was held in collaboration with the Social Work Inspection Agency (SWIA) and the Changing Lives team on the subject of governance in voluntary sector social care provider organisations The event was addressed by the Minister for Children, Early Years and Social Care and attended by Chairs and Board Members of CCPS member organisations
- CCPS organised seminars and briefings for members, led by key figures in central and local government, professional associations and independent experts, on a range of topics including the EU procurement regulations, public finance, social work resources, self directed support, regulating for improvement, personalisation, the concordat with local government, single outcome agreements, and developments in procurement
- CCPS continued to develop its positive links with provider organisations throughout Europe through membership of EASPD, taking part in conferences and events in Brussels, Bulgaria and Rome

Plans for future periods

2008 09 will be a testing year for the association and its members The ramifications of the Concordat for the funding of public services will begin to play out, and the public procurement reform agenda will gain further purchase on commissioning Meanwhile several local authorities are beginning to introduce and pilot schemes for the personalisation of services and individual budgets

Our action plan for the year includes

- holding a major residential conference to examine our three key themes for the year's activities the new funding landscape, commissioning and procurement, and personalisation
- monitoring the impact of the Concordat on members and their services
- analysing the Single Outcome Agreements for all Scottish Councils and assessing what they say about social care, the voluntary sector and related matters
- monitoring the implementation of the Care Commission's new approach to regulation, including the gradings system

Plans for future periods (continued)

- conducting (or commissioning) a critical review of recent re tendering exercises, as well as a number of additional activities relating to tendering

Financial Review

During the year expenditure exceeded income by £1,898, there was a surplus of £19,572 in unrestricted funds and a deficit of £21,470 in restricted funds With total funds brought forward of £155,336 this leaves total funds to carry forward of £153,438 of which £107,271 relates to unrestricted funds and £46,167 relates to restricted funds

The present level of funding is considered adequate to support the continuation of CCPS's activities

Reserves Policy

It is the policy of the directors to maintain unrestricted funds not invested in tangible fixed assets (which are the free reserves of the charity) at a level which equates to approximately four months budgeted unrestricted expenditure (£84,000) This is to provide sufficient funds to meet working capital requirements and to cover support costs in the event of a fall in funding Free reserves at the year end were £105,673, which exceeded this target level

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Board of 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 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 directors are required to

(a) select suitable accounting policies and apply them consistently,

(b) observe the methods and principles in the Charities SORP,

(c) make judgements and estimates that are reasonable and prudent,

(d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

(e) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 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

Statement of disclosure to the auditor

(a) so far as the Board of Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) the Board of Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005) and in accordance with the Special provisions of Part VII of the Companies Act 1985 relating to small entities

Approval

This report was approved by the Board of Directors on 23 July 2008 and signed on their behalf by

K M Simpson
Treasurer

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS' OF COMMUNITY CARE PROVIDERS SCOTLAND

We have audited the financial statements of Community Providers Scotland for the period ended 31 March 2008 on pages 10 to 20 These financial statements have been prepared under the historical cost convention, the accounting policies set out therein, and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007)

This report is made solely to the Board of Directors, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditors' 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 Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the board of directors and auditors
The Board of Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of the Board of Directors' Responsibilities on page 6

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Board of Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed

We read the Board of Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the management committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS' OF COMMUNITY CARE PROVIDERS SCOTLAND (CONTINUED)

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 March 2008, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,

- the financial statements have been properly prepared in accordance with of the Companies Act 1985, and

- the information given in the Board of Directors' Report is consistent with the financial statements

Geoghegan & Co 23 July 2008
Chartered Accountants and Registered Auditors
6 St Colme Street
Edinburgh EH3 6AD

COMMUNITY CARE PROVIDERS SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
for the year ended 31 March 2008

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income					
Grants and donations	3	10,100	316,142	326,242	326,435
Bank interest		9,423		9,423	4,719
Incoming resources from charitable activities:					
Subscriptions		171,931		171,931	160,653
Events income		7,920	29,815	37,735	99,437
Other income		4,150	3,012	7,162	4,019
Total incoming resources		203,524	348,969	552,493	595,263
Resources expended					
Charitable activities	4	168,825	370,439	539,264	526,549
Governance costs	4	15,127		15,127	14,340
Total resources expended		183,952	370,439	554,391	540,889
Net Movement in Funds	5	19,572	(21,470)	(1,898)	54,374
Funds Brought Forward		87,699	67,637	155,336	100,962
Funds Carried Forward		107,271	46,167	153,438	155,336

COMMUNITY CARE PROVIDERS SCOTLAND

BALANCE SHEET
at 31 March 2008

	Notes	2008 £	2007 £
Fixed Assets			
Tangible Assets	7	3,227	2,696
Current Assets			
Debtors	8	4,092	6,423
Cash at bank and in hand		165,428	167,287
		169,520	173,710
Current Liabilities			
Trade creditors		2,293	7,487
Other creditors		13,091	10,880
Accruals and deferred income		3,925	2,703
		19,309	21,070
Net Current Assets		150,211	152,640
Net Assets		153,438	155,336
Funds			
Unrestricted funds	9	107,271	87,699
Restricted funds	9	46,167	67,637
		153,438	155,336

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with Financial Reporting Standard for Smaller Entities (effective January 2007)

Approved and authorised for issue by the Board of Directors on 23 July 2008 and signed on its behalf by

J H Jackson
Convenor

K M Simpson
Treasurer

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

1 Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective from January 2007)

The accounts have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) issued in March 2005

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it qualifies as a small charity

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy The following specific policies are applied to particular categories of income

Voluntary income
Membership subscriptions, grants, conference and other income are accounted for when receivable by the charity Grants, where entitlement is not conditional on the delivery of specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant

Investment income
Bank interest is accounted for when receivable

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred The charity is not registered for VAT and expenditure therefore includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in Note 4

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008

1 **Accounting policies (continued)**

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation The cost of minor additions or those costing less than £500 are not capitalised

Depreciation is provided at rates calculated to write off the cost of fixed assts, less their estimated residual value, over their expected useful lives on the following basis

Office equipment – 3 years straight line basis

Fund Accounting
Funds held by the charity are either

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Board of Directors

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose

Taxation
As a charity the company is exempt from tax on income and capital gains to the extent that these are applied to its charitable objects No tax charges have arisen in the charity

2 **Legal status of the charity**

The charity is a company limited by guarantee and not having a share capital That liability of each member in the event of winding up is limited to £1

3 **Grants and donations**

	Unrestricted Funds £	Restricted Funds £	2008 Total £	2007 Total £
Scottish Executive				
SP Enabling Unit	1,250	124,791	126,041	125,653
Workforce Unit	8,850	191,351	200,201	200,782
	10,100	316,142	326,242	326,435

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008

4 Total Resources Expended	Basis of Allocation	Core Activities £	Governance £	WF Unit £	SP Unit £	Total 2008 £	Total 2007 £
Costs directly allocated to activities							
Staff costs	Staff time	95 489	10 610	109 187	78,894	294,180	277,912
Travel	Direct	2,716	-	6,118	2,509	11,343	11,000
Printing	Direct	7,579	-	5,322	4,483	17,384	18,913
Website development	Direct	1,502	-	1,173	1,563	4,238	5,761
CCPS events	Direct	17 893	-	17,967	13 094	48,954	102 768
Office costs share	Usage	3,520	1 242	19 211	2,957	26 930	26,059
Conference expenditure	Direct	974	-	5,510	-	6 484	8,510
Membership EASPD	Direct	4,559	-	365	-	4,924	4,538
Advertising	Direct	2,603	-	5,851	2 926	11,380	2,183
Research/consultancy	Direct	6,189	-	24,683	9 694	40,566	5 141
Audit fees	Direct	-	1,840	-	-	1,840	1,645
Accountancy fees	Direct	-	1 175	-	-	1 175	1,058
Support costs allocated to activities							
Staff costs	Staff time	10,582	-	27,296	18,243	56,121	53,987
Office costs share	Usage	3,520	-	4,801	738	9,059	9 479
Research/consultancy	Direct	1,092	-	-	-	1,092	620
Stationery	Direct	1,004	-	-	-	1,004	1,146
Computer costs	Direct	1,213	-	1,089	979	3,281	1,978
Depreciation	Direct	857	-	1,162	846	2,865	3,339
Insurance	Direct	747	-	-	-	747	893
Trustee indemnity insurance	Direct	-	260	-	-	260	250
Training	Direct	3 293	-	-	1,350	4 643	231
IT support	Direct	3 017	-	-	2,428	5,445	3,017
Loss on disposal of fixed assets	Direct	-	-	-	-	-	204
Bank charges	Direct	476	-	-	-	476	257
Total resources expended		168,825	15,127	229,735	140,704	554 391	540,889

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008

5 Net movement in funds

	2008 £	2007 £
This is stated after charging		
Depreciation	2,864	3,339
Auditors' remuneration	1,840	1,645

6 Staff costs

No remuneration was paid to the Board of Directors during the year, nor were any expenses reimbursed

No director or other person related to the charity had a personal interest in any contract or transaction entered into by the charity during the year (2007 None)

The staff costs were

	2008 £	2007 £
Salaries and wages	292,648	280,305
Social Security costs	24,582	23,452
Pension	33,071	28,142
	350,301	331,899

No employee received emoluments of more than £60,000 in either the current or prior year

No Director or other person related to the charity had a personal interest in any contract or transaction entered into by the charity during the year (2007 None)

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows

Directors (Units)	3	3
Policy and Development	4	4
Administration and support	3	4
	10	11

The charity participates in The Pension Trust SCVO Final Salary Pension Scheme (see note 10) Employer pension costs for the year were £33,071 (2007 £28,142) Pension contributions outstanding at the year end were £4,688 (2007 £3,454)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008

7 **Tangible fixed assets**

	Office Equipment £
Cost	
At 31 March 2007	19,884
Additions	3,395
Disposals	
At 31March 2008	23,279
Depreciation	
At 31 March 2007	17,188
Charge for the year	2,864
Disposals	
At 31 March 2008	20,052
Net book value	
At 31 March 2008	3,227
At 31 March 2007	2,696

8 **Debtors**

	2008 £	2007 £
Trade debtors	2,359	240
Prepayments	1,733	6,183
	4,092	6,423

9 **Funds**

	1 April 2007 £	Incoming Resources £	Resources Expended £	31 March 2008 £
Unrestricted				
General Fund	87,699	203,524	(183,952)	107,271
Restricted				
SP Enabling Unit Fund	12,757	145,191	(140,704)	17,244
Workforce Unit Fund	54,880	203,778	(229,735)	28,923
	67,637	348,969	(370,439)	46,167
	155,336	552,493	(554,391)	153,438

9 Funds (continued)

Analysis of net assets between funds

	General Fund (Unrestricted) £	SP Enabling Unit Fund (Restricted) £	Workforce Unit Fund (Restricted) £	Total £
Tangible fixed assets	1,598	846	783	3,227
Net current assets	105,673	16,398	28,140	150,211
Net assets	107,271	17,244	28,923	153,438

The SP Enabling Unit Fund is a project funded by the Scottish Executive to assist and support independent service providers in the implementation of the Supporting People Programme

The Workforce Unit Fund has been established in collaboration with the Scottish Social Services Council and funded by the Scottish Executive to support and provide the development of the voluntary sector social services workforce in Scotland

10 Pension Commitments

CCPS participates in the Scottish Voluntary Sector Pension Scheme The Scheme is a multi employer defined benefit scheme The Scheme is funded and is contracted out of the state scheme

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007 From October 2007 there are two benefit structures available These are final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate Participating employers were required to choose which benefit structure that they wish to offer to their employees CCPS has decided to continue to offer the final salary with a 1/60th accrual benefit structure to employees from October 2007

The Trustee commissions an actuarial valuation of the Scheme every 3 years The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date Asset values are calculated by reference to market levels Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns

During the accounting period CCPS paid contributions at the rate of 12% for the period to 30 September 2007 and 15 2% thereafter Member contributions were 6% for the period 30 September 2007 and 7 5% thereafter

10 **Pension Commitments (continued)**

As at the balance sheet date there were 7 active members of the Scheme employed by CCPS CCPS continues to offer membership of the Scheme to its employees

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers Accordingly, due to the nature of the Plan, the accounting charge for the period under the FRSSE represents the employer contribution payable

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method The market value of the Scheme's assets at the valuation date was £33 2 million The valuation revealed a shortfall of assets compared with the value of liabilities of £6 7million (equivalent to a past service funding level of 83%)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2007 Such a report is required by legislation for years in which a full actuarial valuation is not carried out The funding update revealed an increase in the assets of the Scheme to £45 2 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £8 million, equivalent to a past service funding level of 85% Annual funding updates of the SVSPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation However they will provide a good indication of the financial progress of the scheme since the last full valuation

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005

The financial assumptions underlying the valuation as at 30 September 2005 were as follows

	%pa
• Investment return pre retirement	6 10
• Investment return post retirement	4 80
• Rate of salary increase	4 00
• Rate of pension increases	
For pensionable service pre 6 April 2005	2 50
For pensionable service post 5 April 2005	2 25
• Rate of price inflation	2 50

The long term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at

Benefit structure	*Long term joint contribution rate (% of pensionable salaries)*
Final salary 1/60th accrual rate	20 0% Comprising employer contributions of 12 5% and member contributions of 7 5 %

10 **Pension Commitments (continued)**

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall

In view of the past service shortfall it was agreed that the joint contribution rates shown in the table below would be payable with effect from 1 October 2007

Benefit structure	*Joint contribution rate (% of pensionable salaries)*
Final salary 1/60th accrual rate	22 7% Comprising employer contributions of 15 2% and member contributions of 7 5%

New employers joining the Scheme pay contributions at the ongoing employer future service contribution rate This rate applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining

New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between the SVSPS Pensions Committee and the Scheme Actuary

Employers that have closed the Scheme to new entrants are required to pay an additional contribution loading to reflect the higher costs of a closed arrangement This loading is based on actuarial advice and is subject to change from time to time The loading is currently 3 5%

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on going funding basis, by 31 March 2022

A copy of the recovery plan must be sent to the Pensions Regulator The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan)

The Regulator has reviewed the recovery plan for the Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding direction under Part 3 of the Pensions Act 2004

The next actuarial valuation of the Scheme will be carried out as at 30 September 2008

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up

10 Pension Commitments (continued)

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i e the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme If the liabilities exceed assets there is a buy out debt

The leaving employer's share of the buy out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers) The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market The amounts of debt can therefore be volatile over time

CCPS has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2005 As of this date the estimated employer debt for CCPS was £276,000

11 Contingent Liability

As referred to above (Note 10) CCPS has a contingent liability for their share of the SCVO Pension Scheme's liabilities which may crystalise under certain circumstances in the future