

2288239

**Wolverhampton Voluntary Sector  
Council (Limited by Guarantee)**

Report of the Board of Trustee Directors  
and Financial Statements

Year Ended

31 March 2006



## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

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# **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

## **Legal and Administrative Information**

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### **Charity Name**

Wolverhampton Voluntary Sector Council (WVSC)

### **Board of Trustee directors**

Mirza Baig  
Ann Gough (Chair)  
James Smith  
Eileen Birch  
Ferdinand Addo  
Kath Rees (Vice Chair)  
Fazia Bano  
Bruce Kirk  
Graham Myerscough  
Janet Clarke Lewis  
Colin Knott  
Pat Kemp

### **Secretary and registered office**

Brian Cove, 16 Temple Street, Wolverhampton, WV2 4AN

### **Senior Management Team**

Ian Darch	Chief Executive
Jane Gledhill	Deputy Chief Executive
Alison Davenport	Office Manager

### **Company number**

2288239

### **Registered charity number**

700910

### **Auditors**

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

### **Bankers**

The Co-operative Bank plc, 1-2 Dudley Street, Wolverhampton, WV1 3EN

# **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

## **Trustee directors Annual Report for the year ended 31 March 2006**

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### **Financial Statements**

The trustee directors are responsible for preparing this Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustee directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Wolverhampton Voluntary Sector Council ("WVSC") and of the surplus or deficit of WVSC for that period. In preparing those financial statements, the trustee directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that WVSC will continue in business.

The trustee directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of WVSC and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of WVSC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All of the current trustee directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustee directors are not aware of any relevant audit information of which the auditors are unaware.

### **Structure, Governance and Management**

#### **Administrative details**

The day to day management of WVSC is ultimately the responsibility of the Chief Executive on behalf of the Trustees. The Chief Executive is also responsible, with the board of trustee directors for the strategic direction of the organisation and the departments and projects within it.

*Much of the day to day management including in the areas of finance and office management is delegated to a small core team lead by the Deputy Chief Executive/Finance (part time) who is supported by an Office Manager (part time), Finance Officer (part time), Administrator (part time) and Receptionist. This "core" team provide support to each department within WVSC and to the organisation as a whole.*

#### **Governing Document**

WVSC is a charitable company limited by guarantee, incorporated on 19<sup>th</sup> August 1988 and registered as a Charity on 24<sup>th</sup> November 1988. The company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its articles of association. In the event of the company being "wound up" members are each required to contribute an amount not exceeding £1.

#### **Recruitment and Appointment of Board of Directors**

The directors of WVSC are selected from the organisation's wider membership that is made up of voluntary and community groups and organisations carrying out their work predominantly in the City of Wolverhampton.

The directors of the company are also the Charity trustees for the purposes of charity law. Under the company's Articles they are known as members of the Management Committee. Under the requirements of the Articles of Association the members of the Management Committee are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting.

## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

### Trustee directors Annual Report for the year ended 31 March 2006 (continued)

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Although WVSC is a small to medium sized organisation it is a complex one operating in what is an increasingly challenging environment. It is therefore important that the skills and competencies of the trustee directors body are at a high level. WVSC is also involved in a very diverse range of activities as outlined later in this report and therefore the trustee directors body needs to demonstrate a broad as well as a high level of skills in carrying out its governance role.

It is important that the sector served by WVSC continues to play a central role in the organisation's governance, but as the role of the sector and of WVSC within it continues to develop, a review of governance arrangements to broaden the pool of potential trustee directors may need to be carried out.

#### **Trustee directors Induction and Training**

As representatives of member organisations most trustee directors are familiar with the work of WVSC and new trustee directors are given an information pack.

In addition during the year reports on specific activities are provided at board meetings and training/orientation sessions are organised for trustee directors. For example in the reporting year a training session on the new SORP regulations was attended by all trustee directors and an away day to look at planning for the future was well attended by trustee directors and senior staff.

#### **Organisation Structure**

WVSC has a management committee of up to 18 members who meet quarterly and are responsible, with the Chief Executive, for the strategic direction and policy of the Charity. In addition the City Council nominate a councillor with observer status on the board, and the Chief Executive of a partner organisation also attends as an observer.

A sub committee of the board (known as the Executive Committee and consisting of four directors) has been established during the year and now meets approximately bi-monthly with the Chief Executive. This sub committee provides a forum for more detailed discussion on key issues and advises the board.

Three additional sub committees have been operating during the year:

The Finance Committee considers more detailed financial issues and makes recommendations to the board on strategic issues arising from the financial and management accounting processes.

The Personnel Committee considers more detailed personnel issues and makes recommendations to the board as appropriate. This committee has overall responsibility for ensuring that appropriate personnel policies and recruitment procedures are in place.

A remuneration committee consisting of the Chair of the board and the Chairs of the finance and personnel sub committees meet as requested by the Chief Executive to consider issues of staff remuneration.

The Chief Executive has delegated responsibility from the board for the provision of services and the day to day operation of WVSC. The Chief Executive works closely with Managers in executing these responsibilities. The structure below the board comprises a number of elements:

**Section Heads:** A regular meeting of managers from each department along with the Deputy Chief Executive and Office Manager meet with the Chief Executive on a quarterly basis in order to oversee the effective delivery of the organisation's outcomes on a day to day basis; to maintain a consistent approach across the organisation and to share information.

## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

### Trustee directors Annual Report for the year ended 31 March 2006 (continued)

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**Staff meetings:** Regular staff meetings provide a forum for ensuring a collective understanding of day to day matters in areas such as health and safety and provide a forum for the Chief Executive and others to communicate matters of relevance to all staff.

**Staff support:** All staff meet regularly for supervision with their Line Managers. The Chief Executive manages and supervises all "Section Heads" apart from the Office Manager who reports to the Deputy Chief Executive - Finance. The Chief Executive receives supervision from the Chair of the board.

**Individual Progress Reports (IPRs):** A system of IPRs has been recently introduced for all staff. IPRs take place on an annual basis with a six monthly review and are designed to ensure that each staff member has the knowledge, skills and tools to play an effective and appropriate role in delivering the organisational outcomes. The Chief Executive's IPR will be conducted by the Chair of the board.

**Financial delegation:** Robust financial systems are now in place, with levels of financial authority from the Board, through to the Chief Executive down to individual departments, within agreed budgets. Systems for authorising both expenditure and invoices are in place along with an effective credit control system. Regular reports to the Finance Sub Group ensure overall financial prudence and allow for the management of any financial risk.

**Staff committees:** *There are a number of staff committees that meet to consider operational issues in areas such as Health and Safety and Human Resources.*

#### **Partner organisations**

WVSC is a member of the National Association of Community and Voluntary Sector Organisations (NACVS) that is the national umbrella organisation. It is also a member of The National Council for Voluntary Organisations (NCVO)

As an umbrella organisation for the sector WVSC has a major strategic role in Wolverhampton and, in line with Government policy, does some work with partner organisations across the Black Country in order to achieve shared outcomes. As such we work in partnership at a number of levels, these can be summarised as follows:

**Members:** As a membership organisation we have a role in working with members to "Champion" the sector. This involves working with individuals or groups of organisations in response to issues affecting the sector and carrying out a co-ordinating role to ensure that the sector is effectively represented at a strategic level across the city.

**Umbrella Organisations:** The introduction of the Local Area Agreement brings with it a more pressing requirement to work in partnership with organisations and networks that have a role in supporting the sector. This includes the Network Consortium and the various thematic networks (BME, Disability, Young People etc.) that exist. A forum has been established to help ensure that these partnerships are effective, that together we maximise our effectiveness, minimise duplication and develop a shared understanding of outcomes for the City. The forum is referred to as the "Moving Forward" group.

In addition the ChangeUP initiative developed by Government requires us to work with other infrastructure and umbrella organisations across the Black Country in order to develop a sub regional infrastructure plan highlighting areas in which added value can be obtained from Black Country wide provision of infrastructure support. As key members of the Black Country ChangeUP consortium we have taken a lead on this work.

**Statutory Sector:** The Chief Executive of WVSC is a member of the Local Strategic Partnership, working closely with statutory sector colleagues in overseeing the delivery of the Community Plan for Wolverhampton. In addition the board and senior staff of WVSC work closely with statutory sector colleagues on a range of strategic matters. In the past year this has included: The development of the Local Area Agreement (LAA), a tool for delivering the Community Plan and of Local Area Neighbourhood Arrangements (LANA) a process for ensuring an effective interface between service providers and local communities.

## **Risk Management**

The risks facing WVSC can be considered under 3 broad headings as follows:

### **Financial:**

**Internal Control risks:** The risk of financial mismanagement and, in the extreme, fraudulent activity. These are minimised within WVSC by having in place robust financial controls and policies and procedures for safe management of financial resources.

**External financial risks:** WVSC's income is generated through grants, contracts and direct, paid for, services. It is significantly dependent on third parties for the resources it needs to operate effectively. The fact that WVSC relies on a cocktail of funding reduces the risk to the organisation as a whole as it is extremely unlikely that several funding streams will be at risk at any one time. On the other hand this very breadth of our income means that ensuring funding for all our activities is an ongoing challenge.

These risks will always be with us. However they can be mitigated through working with funders to develop clarity and agreement with regard to the outcomes of our work and its positive impact, ultimately, on the Community Plan. In addition WVSC now has a robust and effective credit control system in place that serves to ease cash flow difficulties and minimise bad debts. Trustee directors have put in place a reserves policy referred to elsewhere in this report that will provide some protection against short term changes in funding. In addition WVSC is taking a lead in developing the Compact and associated codes of practice including one on funding - this will provide the means to challenge any withdrawal or reduction in funding without good cause or at short notice.

### **Operational**

We work in an environment where the weight and complexity of legal requirements in areas such as health and safety, employment law and equal opportunities is growing, and this places all organisations at risk. The development of the core team, particularly the post of Office Manager, has provided us with additional capacity to respond effectively to this environment and WVSC now has systems and procedures for developing and reviewing internal policies and procedures. The Personnel Committee are ultimately responsible for overseeing this area of work but WVSC also has in place a number of staff-led committees including in the areas of health and safety and recruitment. These committees are tasked with responding to the operational requirements of the legislative framework.

### **Personnel**

Most organisations have a high level of dependency on their key staff. This is exacerbated within WVSC where the diversity of our activities and high levels of specialism among senior staff places us at significant risk if those staff were to leave through resignation or illness - in several areas there are no ready made replacements who would be able to cover beyond the short term. With a developing structure for sharing knowledge through, for example, the Section Heads Meetings, and an IPR system designed to develop the skills of each staff member, we are developing our ability to respond to any loss of a staff member, but it is envisaged that our reliance on key workers will continue to be high. In order to allow time to respond to any resignation of key staff, trustee directors will work with the Chief Executive to consider notice periods for key staff as these are currently low.

## **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

### **Trustee directors Annual Report for the year ended 31 March 2006 (continued)**

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#### **Objectives and activities**

In broad terms WVSC works to ensure that the City of Wolverhampton is served by a Voluntary and Community Sector (VCS) that is effective and vibrant and this will continue to be the case. More specifically we have been working during the year with partners to develop a shared understanding of the outcomes delivered by the sector for the benefit of Wolverhampton. These outcomes form the basis for our objectives and activities and can be summarised as follows:

- 1) Building VCS Capacity - Addressing the organisational development needs of community groups, organisations and networks who wish to undertake community action or deliver local services. For example providing training, grant programmes, advice on legal, funding and financial issues and ICT support.
- 2) VCS Service Delivery - Increasing the role of the VCS in delivering public services. For example supporting groups and organisations from the sector to contract with statutory services by providing support in areas such as those relating to the law, finance and quality.
- 3) Social Capital and Community Cohesion - Supporting people from different backgrounds so that they feel valued for the part that they play in making their community a better place to live and creating a sense of belonging. For example, supporting groups of people with physical and learning disabilities, people who have a mental illness and refugees and asylum seekers.
- 4) Sector Involvement in Service Planning - With the intention of increasing the capacity of local communities so that people are empowered to participate in local decision making and are able to influence service delivery. For example, supporting members of groups and organisation to be involved in strategic meetings or to contribute to public consultations

There is a significant overlap in these outcomes and the work required to achieve them. In terms of our support to frontline organisations the focus has been on the first two outcomes above while much of our project work has contributed to outcomes 3 and 4. The nature of these activities is outlined, in brief, in the next section of this report.

**Volunteers.** The support provided by WVSC is available equally to paid staff and to volunteers through the provision of all our services to groups. In this way we are promoting and supporting volunteering within the city. Through ChangeUP we work with the Volunteer Centre in Wolverhampton and others across the Black Country to ensure that the value of volunteering is recognised and that appropriate and effective mechanisms for recruiting and supporting volunteers are in place and operating effectively.

#### **Achievements and Performance and Financial Review**

WVSC's activities are diverse and varied. A summary of the years achievements and any financial issues can best be addressed through brief reference to each area of work in turn:

##### **Core Activities (unrestricted funds)**

**Championing the Sector:** WVSC plays a championing role for the Voluntary and Community Sector and has fulfilled that during the year. Notably this has included playing a major role, on behalf of the sector, in a wide range of areas including: Local Area Agreement, Local Area Neighbourhood Arrangements, Children's Trusts, the Compact, ChangeUP; the "Moving Forward" strategy the Local Strategic Partnership and other partnership boards etc. This work has involved significant input from the Chief Executive and Chair in particular.



## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

### Trustee directors Annual Report for the year ended 31 March 2006 (continued)

**Specialist Services:** This department continued its valuable service to frontline organisations providing a wide range of advice and information on legal matters including those relating to company and charity registration; employments issues, governance and leases etc. The support takes the form of one to one work with groups, training sessions for between 10 and 40 organisations at any one time and the production of briefings and materials to support groups in their day to day activities. In previous years this department has been treated separately from "core" activity. In this year it has been treated as part of "core" activity financed with unrestricted funds. In this regard there are two issues of note in the accounts:

For accounts purposes the department has been split into two separate funds. The first is a restricted fund which includes money from a European Regional Development Fund ("ERDF") grant along with other smaller grants. In 2004/05 the ERDF funding was treated as a separate project referred to as "Capacity Building" but was used to deliver outcomes to the Specialist Services and "Quality" departments. In the current year the resource used to deliver this work is reflected more accurately in the accounts and is being split between the two projects it supports and shown as direct income.

The main Specialist Services activities are contained within the general unrestricted fund. This masks a situation that has been of concern for some years: The department carried forward a deficit of £25,285 from 2004/05 and this increased by £4,040 in the current year. This year's deficit is less than in previous years, due to a number of factors including the success of ad hoc fundraising, tighter financial processes in terms of invoicing and credit control, and demand for the service outside Wolverhampton. While the first two factors are to be welcomed the third has reduced our ability to respond to need in Wolverhampton. By way of response to this issue and the continuing year on year deficit, funding of some £47,000 pa has now been provided through the Local Area Agreement. It is anticipated that this will allow us to both achieve a break even budget for the department and allow it to focus its activities in areas of greatest need in Wolverhampton rather than "follow the money" through supporting organisations that can afford to pay wherever they may be located.

**Other core services:** We have continued to provide a range of other direct services to frontline organisations. This has included a payroll service, a regular newsletter, and a reprographics and mailing service. A small income is also generated from subscription fees from member organisations. These activities generated a total unrestricted income of £29,688. This income is used in a number of ways:

To develop reserves in line with the policy outlined later in this report

To provide some flexibility in both the operation of WVSC and the support that we provide to the sector.

A review of charges for these services is in its early stages and plans to produce a joint newsletter with the Network Consortium are well under way.

### Projects

**Health and Social Care:** This project works to promote inclusion and participation in decision making forums and structures, and promotes and instigates organisational development learning for service providers. In the year it continued its specific focus on the Black and Minority Ethnic ("BME") sector and, for example, through the Include ME TOO project, has supported BME families with children who have disabilities to influence and access services. The modest surplus in the year of £4,672 was within a financial plan devised to mitigate the deficit brought forward from last year. This surplus was a one off and it is not anticipated that it will recur. There is a separate figure in the balance sheet relating to Include ME TOO.

WVSC has been approached by Early Years Equality, a national charity, who are keen to develop the work of Include ME TOO beyond Wolverhampton. We have given in principle support for this. During the year the project was given a number of small grants and raised some income from a conference. £6,164 of this income remains unspent – it is anticipated that this restricted fund will be used to support the development of the Include ME TOO project in Wolverhampton over the year 2006/07.

The remaining deficit on the HSC reserve (£1,029) will be managed in the last resort by use of unrestricted reserves.

## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

### Trustee directors Annual Report for the year ended 31 March 2006 (continued)

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**HIV/AIDS:** This fund was established to support activities aimed at tackling HIV and AIDS. During the year a grant of £779 was made to a group working with WVSC's Mental Health Empowerment project. Resources available in this fund are very limited and in the light of this it is not felt that widespread publicity is warranted. It is anticipated that the fund will be utilised in response to ad hoc requests to support activities that meet the project's original aims over the coming years.

**Women's Development Fund:** This fund was provided by Barrow Cadbury Trust and overseen by Walsall Voluntary Action. The deficit during the year of £1,680 simply represents spend against a reserve fund. Discussions are underway regarding the amount of £7,082 remaining on the balance sheet. It is anticipated that this will be partly passed back to Walsall VA and partly be used to support the development of a newly funded project, hosted by an external organisation, or a combination of these two.

**Regeneration Zone:** This project formally finished in March 2005. The deficit over the year under report of £5,819 relates to costs incurred after that time, including for an evaluation report, completed in 2005/06, and a separate audit required by the funders. This deficit is covered by under expenditure in 2004/05 carried forward. The remaining £20,284 on the balance sheet is currently the subject of negotiation in terms of whether it can be utilised to provide services to the VCS or whether it needs to be returned to funders.

**Regeneration Policy Officer:** This Neighbourhood Renewal funded (NRF) post continued during the year to support the sector with information and training on regeneration issues. The deficit of £3,666 showing on the accounts is caused by the timing of payments and is balanced out by last year's surplus. Funding for this project ends in June 2006, to be replaced by an increased NRF allocation that will allow us to develop our generic support to frontline organisations in the areas of law, finance and cultural change.

**Mental Health Empowerment Project:** This project supports and enables the involvement of adults with mental health needs in the planning, influencing and monitoring of services. It also establishes and supports user led self support groups. The project returned a modest surplus in the year (£1,062) through careful management of expenditure. This surplus and that carried forward from previous years will be used, in part, to offset the implications of funders deciding not to award any inflation uplift in this year.

**Quality Project:** Our ERDF funded Quality project has continued to provide advice and support on Quality Systems and processes to frontline organisations. This work links closely to that of Right-People Right Skills (see below) and referrals are often made between the two projects. In 2004/05 the accounts incorporated the Quality project into a "Capacity Building" project that included both its work and some of that delivered through Specialist Services; in the current year these activities and the related funding was split between the two projects and shown as direct income.

**Learning Disability Advocacy:** People with learning disabilities remain among the most disadvantaged in our society - there remains a tendency for them to be sidelined in discussions regarding service provision. Independent advocacy is one important way of responding to this. The project has developed and supports 6 self advocacy groups in Wolverhampton helping members to say what they want and what they feel about issues that are important to them. The project has had several successes during the year. Current funding for this project comes to an end in February 2007 and a major challenge this year will be securing its future beyond that time.

**Quality Initiative:** This fund was made available in a previous year by the City Council in order to carry forward quality initiatives proposed by groups within the sector. Plans are in hand to utilise this resource although they have not yet been implemented and thus the fund of £10,000 remains on the balance sheet.

**ChangeUP:** WVSC was the accountable body for the early stage of the ChangeUP programme. This is a Government initiative supporting a Black Country wide approach to developing the capacity of VCS infrastructure organisations. A partner organisation has now taken on the role of accountable body and we continue to play a central role in this work through membership of the Black Country ChangeUP consortium. In addition we currently host one member of the ChangeUP staff team. The surplus showing in the accounts of £5,920 relates to the initial set up grant.

## **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

### **Trustee directors Annual Report for the year ended 31 March 2006 (continued)**

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**Fundability:** This is a fund given as a lump sum to WVSC in 2004/05, to be used to support training activity for the VCS in Wolverhampton. The deficit showing on the accounts 05-06 relates to planned expenditure against this reserve fund, to support the costs of training on legal issues over the year. This pattern of gradually utilising this resource will, it is anticipated, continue in future years. The fund currently stands at £24,470.

**Compact:** The basic Wolverhampton Compact was launched in March 2005 but had not been developed since the launch. Late in the year we recruited a Compact Development Worker whose role is to progress the Compact. This work will include establishing it as a tool to be used by both sectors, developing codes of practice and establishing mediation and other procedures.

#### **Hosted Projects**

**Right People Right Skills:** WVSC is the accountable body and host for this project that worked across the Black Country. Right People-Right Skills acts as a conduit between the VCS and training providers, ensuring the high quality delivery of workforce development activities, specifically training and the introduction of quality processes. As a major part of this work the project manages two significant Learning and Skills Council contracts. In addition the project was in receipt of a development grant of some £120K through the LSC's Local Implementation Development Fund (LIDf).

The project returned a significant surplus of £96,103 in the year. This is primarily as a result of the payment profile that allowed for monies to be paid in advance of activity – it is anticipated that much of the carried forward amount will be used to deliver outcomes in the current year; any remaining surplus will be used to secure the project's future against any reduction in grant funding through LIDf in the years ahead.

**Black Country Women's Development Network:** WVSC was the accountable body and host of this project until November when its funding came to an end. The project supported women's groups across the Black Country, working to ensure that the views of women are represented on local regeneration agenda partnerships and organisations. The deficit relating to this project of some £14,822 in the year is primarily a result of surpluses carried forward from previous years being used to extend the life of the project beyond its provisional end date of 30/09/05 – this was while we were awaiting the outcome of a further lottery bid to continue the project. The result of this application was not forthcoming within the timescale afforded by the available resources. On an associated issue, the fall in expenditure from £153,214 to £86,565 is a reflection of the project only operating for approximately 8 months of the year.

#### **Overall Achievements and Performance**

This year even more than previously has seen significant change. The establishment of the Local Area Agreement is an example of the shift in culture that is taking place. This shift brings with it significant challenges for the sector in general and WVSC in its lead role, in particular. The focus on shared outcomes, an increased role in service delivery and the growing emphasis on partnership working all require improved performance and greater clarity.

The challenge for WVSC during the year has been to respond, both internally and in its role as championing the sector, to this changing agenda, while continuing to deliver and develop the services that it offers.

## **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

### **Trustee directors Annual Report for the year ended 31 March 2006 (continued)**

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During the year we have maintained our service to the sector and increased the range of what we have to offer. We have developed our own internal processes, procedures and clarity of purpose to allow us to be better prepared for the years ahead.

At the time of writing we have been awarded funding through the LAA to further develop our work in Wolverhampton through placing our Specialist Services department on a firmer financial footing, allowing it to focus its work more fully in Wolverhampton, recruiting a Community Accountant and securing resources to support the cultural change that is now underway.

Accounts from 2003/04 showed free reserves of some £4,000, well under 1% of the organisations operating costs. The past two years have seen very necessary progress towards a position of greater sustainability. The year under report has seen the development of a general unrestricted fund of £47,100, so that free reserves are now showing at £92,729. This is a planned growth in unrestricted reserves in line with the reserves policy, agreed by the board of trustee directors and necessary to achieve both a degree of financial stability within the organisation and to allow us to meet any obligations with regard to unplanned staffing costs in areas such as redundancies and pensions.

The surplus has been achieved through a combination of income from trading activity and some over recovery of management charges bought about by "one off" savings within core activity during the year. The latter is unlikely to be repeated, with a full complement of staff now in place. Income from trading was boosted by some "one off" items during the year, these are also unlikely to be repeated. Trading income that we do generate will continue to be used in a flexible way, allowing us to both secure our future in the challenging years ahead and provide a service that best meets the needs of the wider sector. The transfer of £5,780 to the designated fund, set up last year, is to allow for "one off" items of office improvements, carried out primarily for health and safety reasons.

In summary, the year has seen a significant step forward for WVSC on a number of fronts: We have developed a greater clarity of purpose; put in place better, more robust systems in the areas of finance, recruitment and other core central services; gone some way to achieving the financial stability so necessary in these changing times and, most importantly, begun to improve the breadth and quality of what we are able to offer to the wider voluntary and community sector.

#### **Reserves policy**

The Board has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets (the "free reserves") should fall in a target range between £18,000 and three months' total expenditure before management charges. At 31 March 2006 the free reserves amounted to £92,729. Budgeted expenditure less management charges for 2006-07 is £890,804, which gives 3 months expenditure of £222,701. The present level of reserves therefore falls within the policy range, but is significantly short of the upper limit of the reserves policy. The Board therefore continues to carefully monitor risks to the organisation, in terms of funding and associated external threats. In addition WVSC has a strategy of building reserves through planned surpluses.

#### **Plans for the future**

Reference elsewhere in the report (objectives and activities) refer to outcomes for the City of Wolverhampton that WVSC contribute to. Our future activity will involve delivery of these outcomes, either directly or in partnership with others as appropriate. Funding, including that provided through the Local Area Agreement, will be utilised in the delivery of these outcomes.

## **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

### **Trustee directors Annual Report for the year ended 31 March 2006 (continued)**

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#### **Board of trustee directors**

The members of the board of trustee directors during the year, together with dates of any changes, were as follows:

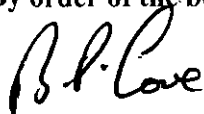
Roy Russell	(deceased 10.02.06)
Mirza Baig	
Ann Gough	(Chair)
James Smith	
Eileen Birch	
Ferdinand Addo	
Kath Rees	(Vice Chair)
Fazia Bano	
Bruce Kirk	
Graham Myerscough	
Janet Clarke Lewis	
Colin Knott	
Pat Kemp	
Anne Knight	
John Thomas	

Anne Knight and John Thomas have resigned from the board since the year end.

#### **Auditors**

WVSC is in the process of putting the audit out to tender. The decision on this will be finalised at the AGM in October 2006.

**By order of the board of trustee directors**



**B P Cove**  
**Secretary**

**8 September 2006**

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

## Report of the Independent Auditors

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To the members of Wolverhampton Voluntary Sector Council ("WVSC")

We have audited the financial statements of Wolverhampton Voluntary Sector Council for the year ended 31 March 2006 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### *Respective responsibilities of trustee directors and auditors*

The trustee directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee directors' Responsibilities.

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 also report to you if, in our opinion, the Trustee directors' Report is not consistent with the financial statements, if 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 trustee directors' remuneration and transactions with the charity is not disclosed.

We read the Trustee directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued 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 trustee directors 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 financial statements.

### *Qualified opinion arising from disagreement about accounting treatment*

WVSC participate in a multi employer defined benefit pension scheme. As disclosed in note 2, WVSC has not obtained details of its share of the underlying assets and liabilities of the scheme and other information required to enable it to comply with the disclosure requirements of Financial Reporting Standard 17 "Retirement Benefit" ("FRS 17").

## **WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

### **Report of the Independent Auditors (continued)**

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Except for the failure to disclose information regarding the defined benefit pension scheme as required by FRS 17 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 affairs of the charity at 31 March 2006, and of the incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustee Directors' Annual Report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants & Registered Auditors*

**BIRMINGHAM**

*Date 13 September 2006*

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

## Statement of Financial Activities for the year ended 31 March 2006 (incorporating an Income and Expenditure Account)

	Note	Unrestricted funds 2006 £	Restricted funds 2006 £	Total funds 2006	Total 2005 £
<b>INCOMING RESOURCES</b>					
<i>Incoming Resources from generated funds</i>					
Voluntary Income		107,890	-	107,890	104,903
Investment Income		5,428	-	5,428	1,854
<i>Incoming Resources from charitable activities</i>					
		111,247	644,367	755,614	768,442
<b>TOTAL INCOMING RESOURCES</b>		<u>224,565</u>	<u>644,367</u>	<u>868,932</u>	<u>875,199</u>
<b>RESOURCES EXPENDED</b>					
Charitable Activities	4	166,186	565,822	732,008	756,042
Governance Costs		8,613	-	8,613	7,750
<b>TOTAL RESOURCES EXPENDED</b>		<u>174,799</u>	<u>565,822</u>	<u>740,621</u>	<u>763,792</u>
<b>Net movement in funds</b>		49,766	78,545	128,311	111,407
Total funds brought forward		53,114	124,838	177,952	66,545
<b>Total funds at 31 March 2006</b>		<u>102,880</u>	<u>203,383</u>	<u>306,263</u>	<u>177,952</u>

All disclosures relate only to continuing operations.

All recognised gains and losses are included in the Statement of Financial Activities.



# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

## Balance sheet at 31 March 2006

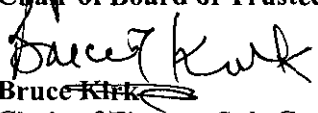
			2006		2005
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		10,151		14,602
<b>Current assets</b>					
Debtors	8	74,590		120,054	
COIF charities deposit fund		105,316		101,061	
Cash at bank and in hand		210,256		74,485	
		<u>390,162</u>		<u>295,600</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(94,050)</u>		<u>(132,250)</u>	
<b>Current assets</b>			<u>296,112</u>		<u>163,350</u>
<b>Net assets</b>			<u>306,263</u>		<u>177,952</u>
<b>Reserves</b>	10				
<b>Unrestricted funds:</b>					
General unrestricted fund			47,100		3,114
Designated funds			55,780		50,000
<b>Restricted funds:</b>					
Health and Social Care			(1,029)		(5,701)
Include ME TOO			6,164		5,207
HIV/AIDS			2,289		3,068
Women's Development			7,082		8,762
Regeneration Zone			20,284		26,103
Regeneration Policy Officer			-		3,666
Mental Health Empowerment			25,347		24,285
Quality Project			797		-
Learning Disability Advocacy			-		-
Quality Initiative			10,000		10,000
Change UP			5,920		-
Fundability			24,470		28,670
Right People Right Skills			96,103		-
Black Country Women's Development Network			5,956		20,778
			<u>306,263</u>		<u>177,952</u>

These financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities.

The financial statements were approved by the Board of Trustee Directors and authorised for issue on 8 September 2006.

  
Ann Gough

Chair of Board of Trustee Directors

  
Bruce Kirk

Chair of Finance Sub-Committee

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

## Notes forming part of the financial statements for the year ended 31 March 2006

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### 1 Liability of Members

WVSC is a company limited by guarantee. It does not have a share capital and the liability of each member is limited to the guarantee given by that member, which shall not exceed £1. There are no beneficial interests and under the terms of its Memorandum and Articles of Association any surplus can only be applied towards the promotion of WVSC's objectives and no dividend or other form of distribution can be paid to its members.

### 2 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and, except as explained in Accounting policies: Pension costs (see below), in accordance with the Financial Reporting Standards for Smaller Entities and comply with best practice as recommended by the Statement of Recommended Practice "Accounting and reporting by charities" (SORP 2005), issued by the Charity Commission.

#### *Cash flow statement*

WVSC has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cashflow statement on the grounds that it is a 'small' company under the Companies Act 1985.

#### *Pension costs*

Certain employees are members of the West Midlands Pension Fund ("WMPF"). The pension cost charge in the financial statements represents contributions due to this scheme in respect of earnings during the year, which are based on recommendations by the fund actuary.

The disclosures required by FRS 17 have not been included in the financial statements. WVSC is in a multi-employer defined benefit pension scheme, WMPF, and FRS 17 requires such organisations to identify its share of the pension scheme's assets and liabilities. However, within SORP 2005 this is only to be achieved if it can be done so on a "consistent or reasonable basis". WVSC believes that an actuarial valuation would not be a reasonable use of public funds, and the Trustee directors therefore have decided not to provide this financial information on the balance sheet in the financial statements. WVSC manages contributions to its pension fund in line with the WMPF valuation recommendations, pension costs for all of the projects are fully budgeted for, and WVSC receives an actuarial valuation on the WMPF scheme on a three yearly basis. Issues around risk management of the pension fund are continually assessed through work with staff at WMPF, and at Trustee Directors' Meetings.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are normally capitalised where the cost exceeds £1,000 and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Office equipment	-	over 5 years
Computers	-	over 4 years

#### *Grants payable*

Grants payable to local organisations are recognised in the financial statements when paid.

## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Revenue grants*

Revenue grants are received from Wolverhampton City Council and other organisations in order to finance WVSC's activities and are accounted for in the income and expenditure account on an accruals basis.

Where revenue grants are received which have donor-imposed restrictions as to the timing of the related expenditure, any income received in advance is deferred.

#### *Operating leases*

Rentals payable under operating leases are charged to the statement of financial activities as incurred.

#### *Allocation of costs*

Specific costs for each activity are charged as incurred and all other costs are charged against general activities.

### 3 Grants payable

	Number	2006 £	Number	2005 £
<i>Grants to institutions</i>				
Women's development	2	1,000	13	7,140
HIV/AIDS	1	779	-	-
General activities	-	-	1	200
	<u>3</u>	<u>1,779</u>	<u>14</u>	<u>7,340</u>

None of these grants was for more than £1,000.

These grants are not made from WVSC's core resources, but are restricted funds that are distributed in line with the funding organisation's requirements.

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 (continued)

## 4 Costs of charitable activity

	Staff Costs	Other Charitable Costs	Management Charges	Support Costs	Total 2006	Total 2005
	£	£	£	£	£	£
Core Activities	83,343	25,078	-	9,984	118,405	110,043
Direct Services	7,644	-	(44,691)	1,229	(35,818)	(46,266)
Specialist Services	49,407	18,259	4,489	11,444	83,599	76,755
<b>TOTAL UNRESTRICTED</b>	<b>140,394</b>	<b>43,337</b>	<b>(40,202)</b>	<b>22,657</b>	<b>166,186</b>	<b>140,532</b>
Specialist Services	23,778	-	1,483	3,780	29,041	-
Health and Social Care	52,875	2,582	3,984	10,148	69,589	86,916
Include ME TOO	-	11,127	-	-	11,127	2,293
HIV/AIDS	-	779	-	-	779	-
Women's Development	650	1,030	-	-	1,680	14,548
Regeneration Zone	-	10,129	1,000	-	11,129	135,764
Regeneration Policy Officer	25,032	11,570	1,992	5,072	43,666	35,283
Mental Health Empowerment	81,273	10,819	5,972	15,224	113,288	106,305
Health Action Zone	-	-	-	-	-	3,563
Capacity Building	-	-	-	-	-	45,378
Quality Project	10,511	1,357	782	1,992	14,642	-
Learning Disability Advocacy	12,995	2,166	996	2,536	18,693	4,386
ChangeUP 1	-	12,080	2,000	-	14,080	-
ChangeUP 2	2,372	-	-	-	2,372	-
Compact	2,020	1,072	115	293	3,500	-
Fundability	-	4,200	-	-	4,200	-
Right People Right Skills	83,113	25,317	14,967	18,074	141,471	27,860
Black Country Women's Development Network	53,003	18,847	6,911	7,804	86,565	153,214
<b>TOTAL RESTRICTED</b>	<b>347,622</b>	<b>113,075</b>	<b>40,202</b>	<b>64,923</b>	<b>565,822</b>	<b>615,510</b>
<b>TOTAL EXPENDITURE</b>	<b>488,016</b>	<b>156,412</b>	<b>-</b>	<b>87,580</b>	<b>732,008</b>	<b>756,042</b>

## 5 Support cost breakdown by activity

	2006 £	2005 £
Staff costs	15,648	-
Property	26,888	16,704
Office	31,688	39,551
Depreciation	4,703	8,567
Professional fees	8,653	15,893
Contribution to deficits on funds	-	3,685
<b>Total</b>	<b>87,580</b>	<b>84,400</b>

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 (continued)

## 5 Support cost breakdown by activity (continued)

Support Costs are costs which are incurred in the running of the organisation, and are managed by the core team. This would include for example, rent, insurance, heat and light, IT support, repairs and maintenance, and costs which are associated with core staff executing their tasks.

These costs are partly funded by the core grant from Wolverhampton City Council, and the remainder is allocated to projects on a budgeted basis, as per full-time staff member.

Any support costs which are not recovered in the actual year, are seen as a core service support cost.

## 6 Total resources expended

	2006 £	2005 £
<b>Total resources expended include:</b>		
Rentals under operating leases		
- land and buildings	25,000	22,534
Auditors' remuneration	6,404	4,700
Auditors' remuneration – non audit services	999	1,821
Depreciation: owned fixed assets	6,644	10,642

## 7 Tangible Fixed Assets

	Computers and Office Equipment £
<b>Cost</b>	
31 March 2005	78,386
Additions	2,193
<b>31 March 2006</b>	<b>80,579</b>
<b>Depreciation</b>	
31 March 2005	63,784
Charge for the year	6,644
<b>31 March 2006</b>	<b>70,428</b>
<b>Net book value</b>	
31 March 2006	10,151
31 March 2005	14,602

## 8 Debtors

	2006 £	2005 £
Trade debtors	65,854	111,065
Payments in advance	8,736	8,989
	<b>74,590</b>	<b>120,054</b>

**WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**

**Notes forming part of the financial statements for the year ended 31 March 2006 (*continued*)**

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# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 (continued)

## 9 Creditors: amounts falling due within one year

	2006 £	2005 £
Deferred income	55,943	79,710
Other creditors	20,484	37,305
Accruals	17,623	15,235
	<u>94,050</u>	<u>132,250</u>

## 10 Reserves and Reconciliation of Movements in Funds

	31 March 2005 £	Transfers £	Surplus (deficit) for the year £	31 March 2006 £
<b>Unrestricted funds:</b>				
General unrestricted fund	3,114	(5,780)	49,766	47,100
Designated fund - Operational liabilities	50,000	5,780	-	55,780
<b>Restricted funds:</b>				
Health and Social Care	(5,701)	-	4,672	(1,029)
Include ME TOO	5,207	-	957	6,164
HIV/AIDS	3,068	-	(779)	2,289
Women's Development	8,762	-	(1,680)	7,082
Regeneration Zone	26,103	-	(5,819)	20,284
Regeneration Policy Officer	3,666	-	(3,666)	-
Mental Health Empowerment	24,285	-	1,062	25,347
Quality Project	-	-	797	797
Learning Disability Advocacy	-	-	-	-
Quality Initiative	10,000	-	-	10,000
ChangeUp	-	-	5,920	5,920
Fundability	28,670	-	(4,200)	24,470
Specialist Development Services	-	-	-	-
Right People, Right Skills	-	-	96,103	96,103
Black Country Women's Development	20,778	-	(14,822)	5,956
	<u>177,952</u>	<u>-</u>	<u>128,311</u>	<u>306,263</u>

The restricted funds of WVSC comprise the above unexpended balances on donations and grants given for specific purposes. The balance of these funds are represented by current asset debtors, held as cash or invested in the Charities Deposit Fund and appear on the balance sheet under these headings. Details of how funds have arisen are included in the trustee directors' report.

The designated fund was set up in 2005 as part of an overall reserves policy that provides funds for operational liabilities. A further £5,780 was transferred to the fund this year to cover some "one off" items of office improvements carried out after the year end primarily for health and safety reasons.

# WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 (continued)

## 11 Information regarding members of the Board of Trustee Directors

The names of persons who are members of the Board are given in the Report of the Board of Trustee Directors.

### Remuneration:

Under the terms of the Memorandum of Association no member of the Board nor any connected person shall receive any remuneration from WVSC. Board members are offered reimbursement for travel expenses. The amounts involved are negligible.

## 12 Particulars of Employees

The average number of persons employed by WVSC during the year was:

	2006	2005
General activities	24	23

The aggregate payroll cost of these persons was as follows:

	2006 £	2005 £
Wages and salaries	486,143	442,794
Social security costs	36,708	31,432
Other pension costs	17,822	13,925
	<u>540,673</u>	<u>488,151</u>

No employees earned more than £60,000 during the year.

## 13 Revenue Grants from Wolverhampton City Council under Section 137 Local Government Act 1988

	2006 £	2005 £
Salaries	83,344	80,956
Other expenses	24,546	23,947
	<u>107,890</u>	<u>104,903</u>

## 14 Pensions

WVSC belongs to the West Midlands Pension Fund which is a defined benefit pension scheme. The assets of the scheme are held separately from those of WVSC in independently administered funds. A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2004. Contributions of £17,822 were made in the period to 31 March 2006 in respect of employees of WVSC.



## WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2006 *(continued)*

### 15 Taxation

WVSC is not liable to tax on any of its income because of its charitable status.

### 16 Operating Lease Commitments

At 31 March 2006 WVSC had annual commitments under non-cancellable operating leases as follows:

	2006		2005	
	Land and Buildings	Other	Land and Buildings	Other
Expiry date:				
In under one year	-	-	-	-
In one to two years	-	7,014	-	-
In two to five years	-	-	-	2,836
After five years	25,000	-	25,000	-
	<u>25,000</u>	<u>7,014</u>	<u>25,000</u>	<u>2,836</u>

Both parties to the land and buildings lease have an option to terminate the lease on giving three months notice.

### 17 Related Party Transactions

Ian Darch, the chief executive of WVSC, is a Member of the Board of Wolverhampton Network Consortium. During the year WVSC received income of £7,000 (2005: £7,000) from this organisation. It also received a grant of £33,313 (2005: £46,421), and a further Change Up grant of £7,505, from funds for which Wolverhampton Network Consortium is the accountable body. WVSC also received income from other charitable organisations in which members of the Executive Committee are officers. None of these organisations contributed income of more than £5,000 during the year.