

**COMPANIES HOUSE
COPY**

Company number 2288239

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

Registered charity number 700910

**Report of the Board of Trustees
and Financial Statements**

Year Ended

31 March 2012

WEDNESDAY



A1HRZ2R6

A37

19/09/2012

#191

COMPANIES HOUSE

COMPANIES HOUSE
COPY

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Contents

Page:

1	Legal and Administrative Information
2 - 20	Board of Trustees Annual Report
21 - 22	Report of the independent auditors
23	Statement of financial activities - SOFA
24 - 25	Balance Sheet
26 - 40	Notes forming part of the financial statements

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Legal and Administrative Information

2011-12

Charity Name

Wolverhampton Voluntary Sector Council (WVSC)

Board of Trustees

Colin Knott (Chair)
James Smith
Kath Rees
Bruce Kirk
Graham Myerscough
Janet Clarke-Lewis
Shaikh Ellam
Geoffrey Hopkins
Ann Gough
Mohammad Nazir
Mirza Baig
Inez Dacres
Pauline Callaghan
Rosie Paskins
Steve Clay

Secretary and registered office

Ian Darch, 16 Temple Street, Wolverhampton, WV2 4AN

Senior Management Team

Ian Darch	Chief Executive
Sue Anderson	Deputy Chief Executive - Operations
Jane Gledhill	Deputy Chief Executive - Finance
Jo Legge	Office Manager (Maternity Leave)

Company number

2288239

Registered charity number

700910

Auditors

Muras Baker Jones LLP, Regent House, Bath Avenue, Wolverhampton,
WV1 4EG

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Financial Statements

The Trustees, who are also Directors of Wolverhampton Voluntary Sector Council ("WVSC") for the purposes of company law, are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Wolverhampton Voluntary Sector Council and of the incoming resources and application of resources, including the income and expenditure of the charitable company for the year

In preparing these financial statements, the Trustees are required to

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make 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 operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of WVSC and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Trustees 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 Trustees are not aware of any relevant audit information of which the auditors are unaware.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 Trustees, for the strategic direction of the organisation and delivery of its objectives.

Much of the day-to-day management, including in the areas of finance and office management, is delegated to the Deputy Chief Executive (Operations) and Deputy Chief Executive (Finance) (part time) who is supported by a temporary full time Reception Manager covering maternity leave for an Office Manager (part time), and Finance Officer (part time), plus other administrative staff. This "core" team provide support to each department within WVSC and to the organisation as a whole.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Governing Document

WVSC is a charitable company limited by guarantee, incorporated on 19th August 1988 and registered as a Charity on 24th 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 Trustees

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 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 body needs to demonstrate a broad as well as a high level of skills in carrying out its governance role.

The Trustees of WVSC are selected primarily from the organisation's wider membership of voluntary and community groups and organisations carrying out their work predominantly in the City of Wolverhampton. In 2006/07, in response to the increasingly complex environment within which we operate, a review of governance arrangements took place and a new category of individual members was established, in order to extend the potential pool of skills at board level. Individual members must be sympathetic to the mission of WVSC and the aim of this new category is to bring specific skills to the organisation. Individual members can come from any sector and will have full rights to vote and be nominated to the board. Quorums are in place to ensure that control remains firmly within the Third Sector. In the current year 2 of the 15 strong board are "individual" members.

The Trustees 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 either retire or be re-elected at the next Annual General Meeting.

Trustees' Induction and Training

As representatives of member organisations, most Trustees are familiar with the work of WVSC and new Trustees are given an information pack that was updated 2010/11.

In addition, reports on specific activities are provided at board meetings and training/orientation sessions are organised for Trustees. The strategic direction of WVSC is regularly discussed at board meetings and a review of our strategic direction, led by the Chief Executive, took place during 2009/10. This led to a review of the Charity's mission and objectives which is captured later in this report under "Objectives and Activities."

Organisation Structure

WVSC has a management committee of up to 20 members who meet quarterly and are responsible, with the Chief Executive, for the strategic direction of the Charity. In addition, the City Council

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

nominate a Councillor with observer status on the board. At the year end the board had 5 vacancies, efforts will be made to fill these at the 2011/12 AGM.

A sub-committee of the board (known as the Executive Committee and consisting of up to four Trustees) meets with the Chief Executive on an ad hoc basis as required. This sub-committee provides a forum for more detailed discussion on key issues and advises the board.

Four 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 HR policies and procedures are in place.

The Pension Committee considers more detailed pension issues and makes recommendations to the board as appropriate.

A Remuneration Committee consisting of the Chair of the Board and the Chairs of the Finance and Personnel sub committees, meets 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 as follows:

Senior Managers The Chief Executive and the two Deputy Chief Executives meet on a regular basis to establish that the organisation is delivering its mission, that it is doing so in a consistent and effective manner, and to make any operational adjustments that may be required.

Section Heads Managers from each area of work meet bi-monthly with the Senior Management Team, in order to oversee the effective delivery of the organisation's outcomes, to maintain a consistent approach across the organisation, to consider issues affecting the work of the organisation and the wider sector and to share information.

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 the two Deputy CEOs and two Section Heads. The Deputy CEO (Operations) manages six Section Heads and the Deputy CEO (Finance) manages the Finance Manager. The Chief Executive receives supervision from the Chair of the Board.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Financial delegation: Robust financial systems are 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 Committee 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, "environmentally friendly" practices, and others as the need arises.

Partner Organisations

WVSC is a member of the National Association for Voluntary Community Action (NAVCA), the national umbrella organisation. It is also a member of The National Council for Voluntary Organisations (NCVO). In 2011 we achieved the NAVCA quality mark demonstrating competence in the 5 core CVS activities.

As an umbrella organisation for the sector, WVSC has a major strategic role in Wolverhampton and, in line with Government policy, works with partners locally, sub-regionally and nationally in order to achieve shared outcomes. As such, WVSC works in partnership at a number of levels and these can be summarised as follows:

Members As a membership organisation, WVSC has a role in working with its members to "champion" the sector. This involves working with 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.

Consortia Partners WVSC is the lead body for a consortium of third sector organisations working to transform the way support is provided to the Sector through developing and supporting networks of organisations to share resources, drive down costs, access support and increase sustainability.

WVSC is also the lead body for a consortium of third sector organisations whose aim is to improve the lives of primary aged children through an intensive programme of mentoring and specific support to families.

Third Sector Partnership WVSC lead on the Third Sector Partnership (TSP), which consists of representation from Voluntary and Community groups and organisations and has become key to ensuring a strong and clear voice for the sector on a range of strategic and policy issues.

Statutory Sector The Chief Executive of WVSC is a member of the Local Strategic Partnership (LSP), working closely with statutory sector colleagues in reviewing and overseeing the delivery of Wolverhampton's City Strategy. In addition, the board and senior staff of WVSC work closely with statutory sector colleagues on a range of strategic matters.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Others WVSC works closely with the other three Black Country CVSs within agreed protocols. The Chief Executive of WVSC sits on the board of the Black Country Consortium. The Chief Executive is also an Appointed Governor of the Royal Wolverhampton Hospitals NHS Trust

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 In addition, WVSC has a robust and effective credit control system in place that serves to ease cash flow difficulties and minimise bad debts. In the 11-12 Budget, the Board agreed to usage of up to 75% of our unrestricted funds, and actual results show usage of 34% (£105K). The 12-13 Budget has a maximum of 25% of reserves (as at 31.3.12) available for usage, and again the hope is that this will come in as a more positive result by the year end 31.3.13. This use of reserves is being carefully monitored but already opportunities are materialising which are likely to lead to greater sustainability It is envisaged that the detailed financial plan for 13-14 will reflect a profile which no longer has significant dependence on reserves

External Financial Risks: WVSC's income is generated through grants, contracts and direct, paid for, services It is significantly dependent on statutory bodies for the resources it needs to operate effectively The two largest funders are the City Council and the PCT who fund the organisation through a range of different funding streams

Cuts in public expenditure, anticipated in previous reports, place the majority of our funding at an increased level of risk In order to mitigate this risk we have adopted a number of different approaches, including the development of a trading company, and the establishment of consortia to secure funds from alternative sources. We are also working with a range of partners to explore the possibility of establishing a Social Investment Vehicle which would provide a coordinated approach to securing money into the City With the impending demise of the PCTs and the emergence of the new health structures and developing commissioning processes, we have begun to forge productive relationships with the Clinical Commissioning Group and Health and Wellbeing Board, which will need to be built upon for WVSC and the wider sector to take advantage of potential opportunities.

We will continue to work with funders to develop clarity and agreement with regard to the outcomes of our work and its positive impact, ultimately, on the revised City Strategy In addition the Compact provides the means to challenge any withdrawal or reduction in funding without good cause or at short notice

In 2008/09 we reviewed our banking arrangements, and the board agreed that we meet our banking needs through the Unity Trust Bank This review was undertaken prior to and during

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

the recent banking crisis. Consideration was given to ethical banking principles, safe management of funds, and increased need for specific payment systems, and personalised customer care.

In Nov 2011 WVSC closed its fund with COIF and opened a new deposit account with CAF/Scottish Widows. This separate savings account spreads the risk to funds placed by the banking institutions themselves, and also provides a relatively efficient means on earning interest on deposited funds.

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 temporary staffing restructure has led to the responsibility of internal policies and procedures being assigned to Deputy Chief Executive (Operations). The Personnel Committee are ultimately responsible for overseeing this area of work and WVSC also has in place a number of staff-led committees including in the areas of health and safety, equality duties and recruitment. These committees are tasked with responding to the operational requirements of the legislative framework. That said, the reduction in the core team as a result of funding reductions does place greater pressure on those that remain and is therefore accompanied by some increase in risk and a need to ensure clear processes for covering operational issues.

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 that would be able to cover beyond the short term. With an established structure for sharing knowledge through, for example, the Section Heads Meetings, 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. Notice periods for the Chief Executive and Deputies are three months and for other managers it is two months; this does reduce the risk of key posts being left unfilled for any significant time.

The charity employed an average of 29 staff (36 last year). This decrease was in relation to loss of funding, particularly in relation to projects funded through the Working Neighbourhood Fund. There was then a secondary impact on the core staff team.

Sickness levels increased between 2010/11 and 2011/12 from 6.4 days per staff member to 8.1 days. Whilst there appears to be an upward trend over the past two years, this can be explained by a number of staff with good sickness records requiring lengthy medical treatment during the year as well as several staff experiencing health problems during pregnancy. It is not envisaged that this trend will continue, although we are putting several measures in place including a

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

review of the sickness policy, changes to the sick management system and introduction of health and wellbeing sessions. Our sickness levels continue to compare favourably to, for example, the City Council.

Objectives and Activities

WVSC works to maintain and develop a thriving and diverse Voluntary and Community Sector and achieves this through the following objectives

- **To work with groups and organisations, enabling them to provide high quality support and services:** This involves addressing the organisational development needs of community groups, organisations and networks who wish to undertake community action or deliver local services. Throughout 2011/12 this area of work continued to be delivered on significantly reduced resources and as a result has focused primarily on funding advice and more general support using the Firm Foundations toolkit as the structure for doing so. The prospect of how this service will be delivered in the future is likely to change with the government indicating that there will be no further central funding for this type of work. The current Transforming Local Infrastructure project is aimed at transforming the way support is provided to the Sector through developing 'clusters' of Voluntary and Community organisations to share resources, drive down costs, access support and increase sustainability as well as the establishment of a 'pro bono support network' of private organisations to support Voluntary and Community organisations in areas such as human resources and legal issues. There is also a real appetite across the city to develop a social investment vehicle enabling VCO's to be better placed to deliver public services and other substantive contracts. The adoption of this approach would ensure a level of capacity building support for organisations.
In relation to this, a Community Interest Company, People In Partnership (Wolverhampton), has been established as a subsidiary of WVSC, to provide the option of housing non-primary purpose charitable trading, and to provide a possible constituted vehicle for any appropriate consortium. The CIC is not yet trading and appears on WVSC's balance sheet as a Fixed Asset/Investment (£1).
- **To support groups of people to influence the decision making processes that matter to them:** This includes increasing the capacity of local communities so that people are empowered to participate in local decision making and are able to influence service delivery. This involves supporting members of groups and organisations to be involved in strategic meetings or to contribute to public consultations, for example through the LINK. This work also aids community cohesion and develops social capital by 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 who have a mental illness, people who use drug treatment services, and offering volunteering opportunities through the Volunteer Service.
- **To promote and champion Wolverhampton's VCS locally, regionally and nationally:** As the city's key umbrella organisation for the sector, we have an important role in ensuring that the environment in which we work is one in which our sector can thrive. Led by the

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Chief Executive, with significant input from other staff and the board, this involves engagement across the City and beyond with key decision makers, ensuring that the sector's role and potential role is fully recognised and valued, ensuring that the sector is in a position to benefit from new initiatives and be kept abreast of important changes, and is given the opportunity to influence strategy and policy. Examples of this are the Transforming Local Infrastructure and Improving Futures consortia, a model which we consider key in future service delivery, helping to ensure diversity is maintained within the sector and VCO's are able to respond to larger contracts

- **To develop opportunities for people to engage in volunteering:** Volunteering is a key tenet of the emerging environment both as a means of improving the skills and confidence of local people to support moves into employment and as a vehicle for avoiding inactivity and the associated mental and physical affect on an individual's wellbeing. This objective continues to be successfully delivered on the whole via Wolverhampton Volunteers, part of WVSC, with 100 new people per month carrying out volunteering work and nearly 220 Voluntary and Community Organisations offering placements. Our work with "experts by experience", and Improving Futures also provides volunteering opportunities

All the outcomes that we have developed with commissioners are in furtherance of one or more of these objectives

A detailed breakdown of the activities that deliver these objectives is provided later in this report under "Achievement, performance and financial review"

Public Benefit

A thriving Third Sector is a key aim of central government so that the groups and organisations that make up the sector are able to play a full role in delivering services, including public services. Recasting the relationship between people and government; citizens empowered; opportunities extended and communities coming together to make lives better is a key to current political thinking. In this context WVSC:

- A) Supports the development of capacity within the sector to position it to play a fuller part in the delivery of services
- B) Enables meaningful participation in the work of partners both City-wide and at the neighbourhood level

The identifiable benefits, delivered both through supporting groups and organisations, and directly to "Experts by experience", fall broadly within these two areas

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Principle 1: Identifiable benefit:

1a) Key benefits are:

- A strong and effective Third Sector in the city
- A clear voice for citizens, specifically those who use public services to influence and improve those services and the policies that inform them.

1b) Related to our aims:

By supporting voluntary organisations to operate more effectively and by providing a clear voice for citizens, both through groups and as individuals, our benefits are directly related to our aims.

1c) Balanced against harm: With reference to each benefit outlined above:

- A strong and effective Third Sector improves the quality of provision and choice to those who commission services. There are many services both public and otherwise that are delivered better by the Third Sector for a number of reasons including flexibility, reach and cost effectiveness. This is accepted and supported by all political parties at the time of writing and is particularly supported by the Coalition Government.
- A clear voice for citizens helps to ensure that resources are used to best meet the needs of beneficiaries. It is possible that giving a disproportionate voice to one particular interest or point of view could be detrimental and thus WVSC works hard to ensure that a balanced picture informed by a wide range of voices is presented through the activities outlined below. For example the LINK/Health Watch has over 750 members who can exert influence over health and social care issues in the City.

Principle 2: Benefit to the public

2a) Beneficiaries appropriate to the aims: Beneficiaries are “voluntary organisations” and the community within Wolverhampton and the surrounding areas. The vast majority of our work has been within Wolverhampton with these beneficiaries. Some cross boundary work has taken place within the Black Country and, less so, the West Midlands. In all this work Wolverhampton organisations and communities have benefited and remained our focus. The Social Enterprise Company, in the form of a CIC (People In Partnership – Wolverhampton), once it starts to actively trade, will provide a vehicle for delivering non primary purpose trading both inside and outside the City, with the aim of using any profits to support the Charity’s delivery.

2b) Not restricted by geography or ability to pay: Many services remain free at the point of delivery although with the reduced availability of funding we are needing to charge for more services in order to maintain those services and will do so primarily through our CIC. No organisation within the area of benefit was denied a service because of inability to pay and as we enter a more austere financial climate we will continue to provide a bursary scheme, with the intention of continuing to support those who do not have the means to pay.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

2c) People in poverty must not be excluded No charges are made to individuals for WVSC's services and thus people in poverty are not excluded. A flexible approach to delivery including visiting groups and individuals, providing information in written and electronic forms etc, also ensures that no-one is excluded as a result of poverty.

2d) Private benefit must be incidental WVSC gives occasional grants to groups to help them achieve their charitable aims – these are not used to provide any personal benefit to group members. WVSC provides for expenses to be paid to volunteers including board members. These expenses are to cover the costs to the individuals of engaging in forums or carrying out specific tasks.

Volunteers

WVSC operates the city's Volunteer Service (Wolverhampton Volunteers). The service places in excess of 1000 volunteers a year with nearly 220 registered organisations offering placements. The service also supports volunteers into training through the provision of a brokering service. In the year under report in excess of 1000 individuals were provided with either external training or training opportunities through the placement provider. Also within the year we have been commissioned by 6 local Children's Centres to provide the training aspect of our Volunteer Service, supporting people within the very heart of our community to develop confidence, skills and experience. Approximately 125 individuals from 3 Children's Centres have accessed training opportunities within the past 4 months.

Wolverhampton Volunteers has achieved the quality standard developed by Volunteer England which focuses on the six core functions of a volunteer centre and was awarded the Volunteer Centre Quality Accreditation (VCQA). They are also a key part of the Investing in Volunteers pilot – a quality standard being developed and tested for organisations involving volunteers.

The centre is increasingly becoming a hub for volunteering across the whole city, helping to ensure a co-ordinated and standardised approach based on the principles of good practice, supported through the Compact Code of Practice on Volunteering, further ensuring recognition of the value of volunteers within Wolverhampton.

Within WVSC we work alongside a number of volunteers, specifically engaged in our user involvement work. Organisationally we have developed a robust Volunteering Policy and accompanying Volunteer Agreement which outlines expectations and levels of support including regular supervision and access to training opportunities. All volunteers are subject to the policies and procedures of WVSC in the same way as paid staff.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Achievements, Performance and Financial Review

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

Unrestricted funds

Capacity Building:

As reported last year, in light of the changing external landscape; financially and politically, the decision was taken to consolidate our services and adopt a more holistic approach to supporting voluntary and community organisations. The focus has been on providing advice and guidance, and supporting staff within organisations to develop the relevant skills in order to ensure their organisation is fit for purpose, more sustainable and able to engage in the new commissioning processes if required. This approach, which is delivered within the framework of the Firm Foundations Toolkit, is now embedded and accepted amongst groups within the City and continues to be in high demand. Capacity Building services, including non-fee based community accountancy and outcomes work were supported by reserves of £111,842

Primary Purpose Trading and other sales:

With the reduction in grant funding, and the development of the Community Interest Company, WVSC has focused on expanding trading activity in 11-12. Staff within the capacity building team have continued to work with groups on a non-fee basis, but in addition have sought to provide specific charged-for services at rates which are cost effective for VCS groups in the area. Some of these are continued from previous years, flexible and personalised payroll services, small scale reprographics services and mailing through the database. Other services continue and have grown, community accountancy services including book keeping, management accounting, financial reporting to Boards of Directors; year-end examinations as well as tenancies to local VCS groups in our premises. We also developed and marketed a new training programme covering multiple aspects of organisational development for voluntary sector groups and also Outcomes work. Unfortunately the take-up was lower than anticipated with total sales of £40,360 in all these areas of work.

Newsletter:

A weekly electronic newsletter focusing on funding, training, information sharing and vacancies has been developed. It distributed via our database and is very well received by Voluntary and Community Organisations.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

VC-Connect Database:

The development of a Customer Information Management System has enabled us to communicate much more effectively with the sector; target organisations with relevant information, champion the sector more effectively by having a clearer understanding of the size and shape of the sector as well provide us with performance management information

Restricted funds

Black Country LEP: This funding was awarded in 2010/11. The required outcome is securing an effective role for the Third Sector in the Black Country LEP. The preparatory work was completed in 2010/11, led by the Chief Executive, however the remainder of the work occurred in the year under report.

Capacity Building Activities: In previous years Working Neighbourhood Funding has been utilised to deliver a range of Capacity Building activities; Outcomes work; Community Accountancy; Voice; Contract Readiness; Change Management That fund, held by the City Council and administered through the Local Strategic Partnership (LSP) came to an end in March 2011. At that point there was unspent funding of £61,249 spread across all the areas of the work

In September 2011 confirmation was received for the LSP as follows:

"I can confirm that the LSPs accounts for the Working Neighbourhoods Funds within the council have been closed. There are no outstanding issues which the LSP has responsibility for".

The under spend has therefore been transferred to unrestricted reserves and will be utilised in WVSC delivering its outcomes

Compact: The Compact is central to establishing the rules of engagement between the Statutory and Third Sectors. During the year all targets have been met. Work, delivered by a part-time employee has continued in raising awareness of the Compact across the sectors, a key activity in bringing about the cultural change that a successful Compact signals. Our compact received national recognition at the compact awards and Wolverhampton is recognised as delivering best practice in terms of partnership working. In the year under report, there was an under spend of £3,672 as a result of the post holder resigning and the Board deciding to absorb this work into the roles of current staff. Funding for this area of work will continue via the Third Sector Partnership, albeit on a much smaller scale

Fundability. This is a fund given as a lump sum to WVSC in 2004/05, to be used to support training activity for the Third Sector in Wolverhampton. The fund was not utilised in the year under report as other resources were available. These alternative funds will not be available

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

during 2012/13 and it is anticipated that this resource will be used to support WVSC's training programme in the near future. The fund currently stands at £7,378.

Health and Well Being: Jointly funded by the PCT and City Council, this project has continued to carry out consultations, produce regular e-bulletins, distribute specific funding information and deliver tailored capacity building to service providers through Outcomes work. The most significant aspect of work undertaken by the project, promoting inclusion and participating in decision making forums and structures relating to Health and Social Care is becoming increasingly important with the development of the new and emerging structures; Health and Wellbeing Board, Clinical Commissioning Group; Local Authority based Public Health. The contract remains in place until the end of March 2013, beyond this point the Commissioner has indicated that the service will no longer be commissioned through the Mental Health Grant. This places the project at significant risk, however we have commenced discussions with the new bodies and will attempt to strengthen the role of HWB over the coming months.

Improving Futures: We were awarded a grant of £10k from the Big Lottery to develop a consortia and business plan to submit to their Improving Futures programme. We were successful with the application and the £2,757 will now be fully utilised as the project moves forward. The project itself is a collaborative, early intervention project working with a range of third sector organisations to improve the lives of children aged 5-11 years through an intensive programme of mentoring. It is a four-year city wide project lead by WVSC with strong support and commitment from the Local Authority and other aligned partners. It is envisaged that the approach adopted could transform future provision of services to children within this age group.

Learning Disability Advocacy This area of work focused on ensuring that groups of people with learning disabilities were supported to speak out, both for themselves and, through the learning disability partnership board, at a strategic level. Unfortunately due to the withdrawal of the Working Neighbourhood Fund (WNF) and a failure to secure alternative funding beyond June 2011, the project worker was made redundant and this area of work has come to an end. A small deficit of £363 was written off by general reserves.

LINK: The LINK provides a clear voice for groups and individuals in Wolverhampton, on Health and Social Care policy, service and delivery. The LINK is now well established with over 750 members at the time of writing, a strong independent board and excellent routes into the City's decision making processes. The in-year deficit of £19,161 was a result of the commissioner requesting that the contract be renegotiated mid-year and, within the context of £81,015 reserves, a reduction of £40k was applied to the contract. We did secure an additional £7,500 to prepare the Local Accounts. Reserves of £61,854 remain and will continue to be used in delivering the LINK's objectives. LINK will evolve into Health Watch during 2012/13 and the process for this evolution is being developed by the City Council in consultation with stakeholders including the LINK Board.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Mediation: The mediation programme was launched during 2011/12, however there has been no formal uptake although anecdotally it appears that organisations are using the Compact as a tool for resolving issues which indicates that it is embedded within the culture. No resources as such are allocated to the delivery of this programme, as participants of the mediator training were committed to deliver 2 compact mediations as part of their contract.

Mental Health Empowerment Project Funded jointly by the PCT and City Council, this is a well established and well regarded project that 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 groups. The in-year deficit of £4,185 is a result of planned spend against reserves. A small portion of reserves remaining within MHE as at 31.3.12 is a depreciation reserve. The contract is in place until March 2013 and moving forward we envisage that the project will continue to receive some level of funding.

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, linked to the "Firm Foundations" toolkit referred to elsewhere, although they have not yet been implemented, and thus the fund of £10,000 remains on the balance sheet.

Refurbishment Capital funding was awarded by Capacity Builders in both 2008/09 and 2009/10. This allowed us to re-design the layout of our premises, moving reception to the ground floor to significantly improve access (2009/10), having previously added computers to allow visitors to access the internet and our funding portal. The expenditure on both funds relates to depreciation in the year with the carried forward funds (£10,639 and £12,966) designated against depreciation in future years.

Regeneration Zone This restricted fund of £8,657 has not been utilised in the year. Agreement was reached with funders that the funds, an under spend on a previous project, could be used to support the Third Sector. The newly developed organisational toolkit "Firm Foundations" brings with it a requirement to complete an organisational health check and then provide one to one support to help implement a resultant action plan. This resource has been used to provide some of that support, in line with the previous agreed activity of carrying out organisational health checks. Final under spend/reserve has now been transferred to unrestricted funds in line with the final service level agreement with the funder.

RP-RS Training and Skills: The deficit of £2,080 relates to capital depreciation and will be the final activity for this project.

(Drug) Service User Involvement Project (SUIT): This project works alongside users and ex-users of drug treatment services to support them in influencing the design and delivery of drug treatment services. This work is fully funded through the Primary Care Trust (PCT) and includes funding to produce "Substance" - a well regarded magazine produced by the project. The project has gained a significant reputation for the scope and quality of its work. It is providing significant added value through its work with volunteers whose involvement in the project is

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

opening up opportunities for them to progress; this is increasingly being recognised by the funder and is now captured within a revised SLA. There is an under spend during the year of £1,750 but we anticipate the 12-13 budget will be fully utilised. The reserves balance, now totalling £49,435, will be used in future delivery of the project, for which a one year contract has been granted for 2012/13 together with an additional one year uplift of £42,300. A small amount of reserves is set aside for depreciation costs.

Transforming Local Infrastructure: Transforming Local Infrastructure (TLI) is a collaborative project of local support agencies with WVSC as the lead accountable body. TLI is funded via the Lottery to transform the way support is provided to the local voluntary and community sector. Over 18 months, communication with the sector will be improved and 'clusters' of voluntary and community organisations (VCO's) will be developed to, share resources; drive down costs, access support, and increase sustainability. There will also be the establishment of a 'pro bono support network' of private organisations to support VCO's in areas such as human resources and legal issues. In addition through TLI a Social Investment Vehicle will be established through which it is planned, third sector organisations will collaborate to deliver services. The incurred recruitment expenditure of £1295 is showing in 2011/12 accounts as this precedes the main activity of the project which will take place from April 2012 for 18 months. Therefore the grant income of £187,941 is deferred until 2012/13 accounts, to match with performance under the contract.

Wolverhampton Volunteers: This project continues to thrive in terms of its impact and outputs. At the current time c100 volunteers a month are registering, the number of organisations working with volunteers through Wolverhampton Volunteers has grown to some 220 and the project's profile is both widespread and highly regarded. It is increasingly seen as the 'hub' of volunteering within the City. Up to the current year under report, this area of work had been funded via the Community Initiatives Team (CIT) and WNF. The WNF funding ceased in March 2011, however we were successful in securing funding from various sources and whilst there is a planned deficit of £3,406 in 2011/12, we envisage that it will be a break-even budget in 2012/13.

Overall Achievements and Performance

There was a significant decrease in income of £663,145. This relates primarily to the cessation of WNF, Local Area Agreement (LAA) and Community Development Foundation (CDF) funding. This could have potentially had a significant impact on the future direction of the organisation, however the Board of Directors decided that reserves were to be used in order to maintain capacity building services to the sector and also ensure WVSC had the capacity in-house to respond to new opportunities as they emerged.

There is an overall deficit of £137,386. However a significant amount was planned usage of unrestricted reserves, with £111,842 being utilised to ensure that the different approach to delivering Capacity Building to groups and organisations was embedded. Greater emphasis is now on working with them to develop the skills and knowledge, rather than undertaking the

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

work on their behalf. Demand for the service is as high as ever with organisations striving for funding whilst dealing with the rapidly changing environment and ensuring they are fit for purpose and able to respond to the challenges and opportunities. The deficit of £19,161 against LINK's restricted reserves was a result of the commissioner requesting that the contract be renegotiated mid-year.

LINK continues to be among the most highly regarded in the region and in the forthcoming year will be ensuring it is in a good position to play a key role in delivering Healthwatch. Wolverhampton Volunteers goes from strength to strength with consistently high numbers of volunteers and organisations offering placements, and is becoming the hub of volunteering within the city.

Our work with experts by experience is very well regarded and SUIT, in particular, continues to be recognised as an innovative project providing excellent value. A growing emphasis on working with individual volunteers to support their progress, ultimately into training or work, is welcomed by funders and adds significant value to the project's work.

Staff, particularly Senior Management, have been able to successfully respond to opportunities such as Transforming Local Infrastructure and Improving Futures and both of these areas of work reflect the direction of travel that will become more significant as we move forward.

With clear outcomes, increasingly effective delivery and our current robust financial health, WVSC is well placed to meet the undoubted challenges ahead. These are covered in more detail in the section below.

Reserves Policy

The reserves considered in the Reserves Policy, are the "free reserves". These are the sum of the Unrestricted General Reserves, less Fixed Assets within Unrestricted Activity. These free reserves include designated funds. WVSC reviewed its reserves policy in 2009-10 so that it aligns more closely with the pursuance of the charity's objectives and management of risk therein. The rationale for WVSC's reserves is to bridge the gap between the spending and receiving of resources, to provide sustainability and continuity within times of income shortfall, and to enable WVSC to respond to key developments in the sector. The Trustees aim to build reserves which would enable WVSC to continue to fulfil its commitment to achievement of outcomes for at least 6 months, and to honour its liabilities at any point in time. In 2012-13, this policy gives a figure to work towards of £482,503. Within this amount, funds of £130,822 are closure costs, which are now represented by a designated fund, and £351,681 are the running costs for 12-13 as required by the reserves policy.

As at 31 March 2012, WVSC's free reserves are £267,942. Re 12-13, the Board have authorised some use of reserves in the 12-13 budget – up to a maximum of £67,300. This then leaves £130K for closure costs, and a residue of £69K as contribution towards the target of 6 months running costs, as directed by the reserves policy.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Again, as in the 11-12 budget, the planned use of reserves in the 12-13 budget, is in relation to being able to respond to opportunities and set new directions in a rapidly changing environment. This is obviously not a sustainable pattern in the long term, and the medium term strategy continues to be, to recover overheads fully through Full Cost Recovery, and to build reserves from planned operating surpluses through various sources of charitable trading.

Plans for the future

As reported last year, the national financial climate together with the rapidly changing environment continues to pose a challenge across the board. During the year under report, whilst we had a planned use of reserves of £248K, actual usage was £105K with the main variance being expenditure. The use of reserves has allowed us to effectively consolidate and embed current services and also provide us with the capacity to take advantage of emerging opportunities. The environment is becoming increasingly complex with various drivers for new models of delivery including consortia approaches, payment by results and demand-led services, the emergence of new structures and commissioning processes, outsourcing of public services and agendas such as Personalisation and Localism having a notable influence on the delivery landscape. In light of such rapid and complex changes, that will no doubt prove to be challenging, there will be a planned use of reserves in 2012/13 of £67K to enable us to respond effectively to this new environment:

There are a number of elements that will influence our ability to respond

- The availability of infrastructure funding from central government or elsewhere to support the delivery of one of our core functions. Through securing funding from the Big Lottery to transform local infrastructure we have, together with partners, the opportunity to reshape support to the sector through bringing together 'clusters' of groups to share resources, drive down costs, access support and enhance sustainability. However this, together with a potential drive toward demand-led capacity building services means that WVSC and the groups we support, will be chartering new waters and need to ensure there is sustainable impact and quality assurance. An alternative route to support may be through engagement with consortia to deliver services, ensuring they are 'fit for purpose' and able to offer niche services to clients. Well run organisations are vital to a vibrant third sector and play a key role in the lives of many people.
- The Government's drive for local people to have more choice and control over local services. The development of micro enterprises, in response to the personalisation of services, means that people have more choice of services most likely to meet their needs, reducing the risk of recourse to expensive acute services. In addition, the nature of micro enterprises delivers greater value for money than traditional services. WVSC will be leading the development of micro-enterprises and working closely with the Local Authority to ensure that their processes are responsive to this approach. The Big Society concept of outsourcing public services will also ensure that there is more choice within the marketplace and, given the right structures, will enable the third sector to engage with this agenda. WVSC are working with

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

partners, including the Local Authority, to develop a Social Investment Vehicle (SIV) – a model which will create services that are responsive to communities by engaging service users, staff and commissioners through collaboration, negotiation and agreement.

- The ability to respond to new delivery models As lead/accountable body, we have successfully established two different consortia working with a range of third sector organisations. This has enabled us to develop skills, knowledge and experience within the organisation which will place us in good stead to respond to further opportunities such as the development of a consortium to tender for contracts with the National Offender Management Service On a wider scale we are working with local infrastructure organisations and local authorities across the Black Country to develop an appropriate business model to respond to a potential £9.5 million funding stream from the Lottery aimed at developing innovative ways to support young people to find work or set up their own enterprises
- The quality of our work: This has always been important but delivering to a high quality standard is now more important than ever. In the year ahead we will be continuing to lead the way in the increasingly complex environment by pushing for a greater role for our sector in delivering services; developing effective models of delivery, championing the role of smaller organisations in people's lives and the impact of this work in terms of avoiding costly recourse to expensive mainstream and acute services, working to develop micro-enterprise in the city, identifying funds to secure areas of work such as the Volunteer Centre and Health and Well Being service and being able to respond to appropriate opportunities

Auditors

Messrs Muras Baker Jones LLP have signified their willingness to continue in office as auditors should the next Annual General Meeting so decide

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Trustees' Annual Report for the year ended 31 March 2012

Board of Trustees

Colin Knott
Mirza Baig
Shaikh Ellam
Ann Gough
James Smith
Kath Rees
Bruce Kirk
Graham Myerscough
Janet Clarke Lewis
Geoffrey Hopkins
Mohammed Nazir
Mrs Gloridene Gordon Resigned 14 12 11
Inez Dacres
Pauline Callaghan
Rosie Paskins Appointed 14 12.11
Steve Clay Appointed 14 12 11

By order of the Board of Trustees



Ian T Darch
Secretary
14 Sep 2012



Colin Knott
Chair
14 Sep 2012

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

We have audited the financial statements of Wolverhampton Voluntary Sector Council for the year ended 31 March 2012 which comprise the Statement of Financial Activities, including Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 2, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL - continued**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs, as at 31 March 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to Smaller Entities), and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.



Muras Baker Jones LLP
Chartered Accountants
and Statutory Auditor

14 September 2012

Regent House
Bath Avenue
Wolverhampton
WV1 4EG

Muras Baker Jones LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL
Statement of Financial Activities for the year ended 31 March 2012
(Incorporating an Income and Expenditure Account)

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES					
Incoming Resources from generated funds					
Voluntary Income	4	116,781	-	116,781	116,781
Investment Income		4,710	-	4,710	4,338
Incoming Resources from charitable activities	5	49,446	595,760	645,206	1,308,723
TOTAL INCOMING RESOURCES		<u>170,937</u>	<u>595,760</u>	<u>766,697</u>	<u>1,429,842</u>
RESOURCES EXPENDED					
Charitable Activities	6	270,563	627,620	898,183	1,473,698
Governance Costs	7	5,900	-	5,900	5,603
TOTAL RESOURCES EXPENDED		<u>276,463</u>	<u>627,620</u>	<u>904,083</u>	<u>1,479,301</u>
NET (OUTGOING)/ INCOMING RESOURCES BEFORE TRANSFERS	8	(105,526)	(31,860)	(137,386)	(49,459)
Transfers between funds	15	69,543	(69,543)	-	-
NET MOVEMENT IN FUNDS	15	<u>(35,983)</u>	<u>(101,403)</u>	<u>(137,386)</u>	<u>(49,459)</u>
Total funds brought forward		308,831	369,263	678,094	727,553
TOTAL FUNDS AT 31 March 2012		<u><u>272,848</u></u>	<u><u>267,860</u></u>	<u><u>540,708</u></u>	<u><u>678,094</u></u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL
Balance Sheet at 31 March 2012

			2012		2011
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		31,786		44,535
Investments	10		1		-
Current assets					
Debtors	11	17,236		104,614	
CAF / Scottish Widows and Unity deposit funds		560,703		415,410	
Cash at bank and in hand		167,023		245,170	
		<u>744,962</u>		<u>765,194</u>	
Creditors: amounts falling due within one year	12	(236,041)		(131,635)	
Net Current assets			<u>508,921</u>		<u>633,559</u>
Net assets	14		<u>540,708</u>		<u>678,094</u>
Reserves					
Unrestricted Funds:					
General unrestricted fund			140,696		295,627
Designated funds			132,152		13,204
Restricted Funds:					
Black Country LEP			0		5,000
Capacity Builders Refurb 08-09			10,639		13,356
Capacity Builders Refurb 09-10			12,966		15,648
Community Accountant			0		32,487
Compact			13,632		9,960
Fundability			7,378		7,378
Health and Well Being (HWB)			33,032		32,182
Big Lottery Fund Grant Improving Futures LINK			2,757		0
Mental Health Empowerment			61,854		81,015
Outcomes			57,700		61,885
Quality Initiative			0		11,878
Regeneration Zone			10,000		10,000
Right People Right Skills			0		8,657
Sector Infrastructure Support			0		2,080
Service Users Involvement - SUIT			0		11,455
Third Sector Support			49,435		47,685
Transforming Local Infrastructure Grant			0		429
VOICE			(1,295)		0
Volunteer Services			0		5,000
			9,762		13,168
Total Funds	15		<u>540,708</u>		<u>678,094</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL
Balance Sheet at 31 March 2012

The Directors are satisfied that the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. However, an audit is required in accordance with section s154 of the Charities Act 2011

Directors' responsibilities:

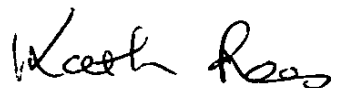
- i) The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees and authorised for issue on 14 September 2012.



Colin Knott
Chair of Board of Trustees



Kath Rees
Chair of Finance Sub Committee

Company Number: 2288239

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012

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 in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), 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)', to not prepare a cashflow statement on the grounds that it is a 'small' company under the Companies Act 2006.

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 their 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 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 Board of Trustees' 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:

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

Office equipment	over 5 years
Computers	over 4 years
Refurbishment on lease	over time remaining on the premises lease agreement

If a project's lifetime is less than the lifetime of the Fixed Asset, then the remaining net book value is written off at the end of the life of the project

The accounting for depreciation leads to a discrepancy between some financial statements submitted to funders, and the fund activity shown in the statutory accounts of WVSC. If a project has a funder which requires that a capital purchase is to be presented as a cash item rather than as a capitalised item, as required by Charity Accounting rules, then a discrepancy emerges between the amount claimed from the funder, and the fund accounting in the statutory accounts. Where this is the case, that particular discrepancy is referred to in the Trustees Report

Grants payable

Grants payable to local organisations are recognised in the financial statements when there is a commitment to make a payment.

Incoming Resources

Revenue grants are received from various funders - see note 5 - 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

Where revenue grants are received, which do not have donor imposed restrictions as to the timing of the related expenditure, the income is accounted for when received.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance

Incoming resources from the provision of legal, payroll and other core services are accounted for when earned

Investment income is included when receivable

Resources expended

Resources expended are recognised in the period in which they are incurred and include attributable VAT, where it can not be recovered.

Resources expended on charitable activities consist of costs incurred in the direct delivery of services and the support costs which are allocated to each of these areas of service provision.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCILNotes forming part of the financial statements for the year ended 31 March 2012 *(continued)*Operating leases

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

Fund accounting

Unrestricted funds comprise grants and other incoming resources receivable, or generated for the objects of the charity, without further specific purpose, and are available as general funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Designated funds are unrestricted funds earmarked by the Trustees out of unrestricted general funds for specific purposes or projects

3 Grants payable	2012		2011	
	Number	£	Number	£
Grants to Self-Help Groups – Mental Health Empowerment	15	15,068	16	18,254
Grants re Mental Health Promotion	0	-	8	11,529
Grants re Collaborative Working	0	-	4	30,065
Grants to Regional Champions – Pathfinder	0	-	6	33,380
	<u>15</u>	<u>15,068</u>	<u>34</u>	<u>93,228</u>

4 Voluntary Income	Unrestricted	Restricted	Total 2012	Total 2011
	£	£	£	£
Core Grant – Wolverhampton City Council	116,781	-	116,781	116,781
	<u>116,781</u>	<u>-</u>	<u>116,781</u>	<u>116,781</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

5 Incoming Resources from	Unrestricted	Restricted	Total	Total
Charitable Activities	2012	2012	2012	2011
	£	£	£	£
ABCD		0	0	11,229
Big Lottery Fund		10,000	10,000	0
Capacity Builders		0	0	29,715
Community Development Foundation		0	0	200,750
Regional Action West Midlands (RAWM)		0	0	10,000
Wolverhampton City Council (WCC)		293,586	293,586	275,140
Wolverhampton Partnership (LAA)		0	0	366,000
Wolverhampton Partnership (LANA)		0	0	35,575
Wolverhampton PCT		89,143	89,143	90,500
WCC/PCT combined		198,840	198,840	193,840
Other Grant Income		0	0	8,054
Non Grant Income	49,446	4,191	53,637	87,920
	<u>49,446</u>	<u>595,760</u>	<u>645,206</u>	<u>1,308,723</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

 Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

6 Breakdown of Costs of Charitable Activity	Staff Costs	Other Charitable Costs	Support Costs	Total 2012	Total 2011
	£	£	£	£	£
Core Activities	94,252	20,608	(10,296)	104,564	128,364
Direct Services	109,609	10,958	45,432	165,999	13,229
Specialist Services	0	0	0	0	48,081
TOTAL UNRESTRICTED	203,861	31,566	35,136	270,563	189,674
Advocacy – Learning Disability	3,589	699	1,100	5,388	58,496
ABCD				0	13,346
Black Country LEP	4,122	878	0	5,000	3,000
Cap Builders Refurb 08-09	0	2,717	0	2,717	2,717
Cap Builders Refurb 09-10	0	2,682	0	2,682	2,682
Championing the Sector	0	0	0	0	35,000
Commissioning	0	0		0	29,715
Community Accountant	0	0		0	60,772
Compact	25,098	1,692	8,251	35,041	53,457
Health and Well Being (HWB)	37,094	4,276	13,420	54,790	52,016
Big Lottery Improving Futures	0	7,243	0	7,243	0
Sector Infrastructure Support	0	0	0		119,506
LINK	86,942	37,814	33,940	158,696	159,181
Mental Health Empowerment	92,267	22,786	32,405	147,458	162,442
Mediation	0	0	0	0	5,549
Outcomes	0	0	0	0	25,546
Pathfinder	0	0	0	0	118,200
Regional Pathfinder Champions	0	0	0	0	100,000
RPRS/Skills & Training	0	2,080	0	2,080	5,164
Service User Involvement (SUIT)	49,441	15,672	22,880	87,993	84,008
Specialist Services	0	0	0	0	72,000
Transforming Local Infrastructure Grant	0	1,295	0	1,295	0
Volunteer Services	80,476	3,761	33,000	117,237	121,227
TOTAL RESTRICTED	379,029	103,595	144,996	627,620	1,284,024
TOTAL EXPENDITURE	582,890	135,161	180,132	898,183	1,473,698

WOLVERHAMPTON VOLUNTARY SECTOR COUNCILNotes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

6a Support Cost Breakdown by activity	2012 £	2011 £
Staff costs	74,971	79,811
Property	53,112	59,469
Office	39,052	64,253
Depreciation	3,675	3,675
Professional fees	9,322	11,412
	<hr/>	<hr/>
Total	180,132	218,620
	<hr/>	<hr/>

Basis of allocation of costs:

Staff costs: These are the staffing costs associated with work undertaken in the specific project areas as listed in note 6. Most staff work wholly in one project area, and their staff costs are allocated to that project. If their time is shared between projects, then the staffing cost is split accordingly. The staffing cost comprises gross salary plus on costs, including pension costs where applicable.

Other charitable costs: These are costs within the projects, incurred in the pursuance of the aims and objectives of each project. These costs are specific only to the project which they are allocated to. Charitable costs specified within "Core" are those costs which, in addition to core staffing costs, are core running costs which are funded by the Core grant.

Support Costs: These are costs which are incurred in the running of the organisation. They would include for example, core staff costs, rent, insurance, heat and light, IT support, repairs and maintenance, and any other costs which are associated with core staff executing their tasks, which are not covered by core funding.

These costs are calculated on a budget basis, and allocated as per numbers of full-time staff members in each project. Any support costs which are not recovered in the actual year, are seen as an additional core service support cost.

Re Note 6 In 2011-12, "core activities" is showing a "surplus" on recharge of support costs, of £10,296. This is due to the presentation of overhead/support costs recharge: in the accounts this recharge to core is not shown as income, but rather netted against expenditure. In addition, the recharges include governance costs, whereas in this note governance costs (£5,900) are not taken into account.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

7 Breakdown of Governance Costs

	2012	2011
	£	£
Audit and related fees	5,659	5,117
AGM	241	486
	<u>5,900</u>	<u>5,603</u>

8 Net (outgoing)/incoming resources before transfers

	2012	2011
	£	£
This is stated after charging:		
Rentals under operating leases	42,000	42,000
Auditors' remuneration	5,659	5,117
Auditors' remuneration – non audit services	-	-
Depreciation owned fixed assets	12,749	15,260
	<u>60,408</u>	<u>62,387</u>

9 Tangible Fixed Assets

	Refurb On Lease	Computers and Office Equipment	Total
	£	£	£
Cost			
31 March 2011	34,996	128,757	163,753
Additions		0	0
31 March 2012	<u>34,996</u>	<u>128,757</u>	<u>163,753</u>
Depreciation			
31 March 2011	7,068	112,151	119,219
Charge for the year	4,787	7,962	12,749
31 March 2012	<u>11,855</u>	<u>120,113</u>	<u>131,968</u>
Net book value			
31 March 2012	<u>23,141</u>	<u>8,645</u>	<u>31,786</u>
31 March 2011	<u>27,928</u>	<u>16,607</u>	<u>44,535</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL**Notes forming part of the financial statements for the year ended 31 March 2012 (continued)****10 Fixed Assets Investments**

The company's investments at the balance sheet date in the share capital of companies include the following.

People in Partnership (Wolverhampton) Community Interest Company

Nature of the business The company was incorporated on 12 July 2011 and has not traded during the year.

Class of share	% Holding	
Ordinary	100 00	
Aggregate capital and reserves	2012	2011
	1	-
	<u>1</u>	<u>-</u>

11 Debtors

	2012 £	2011 £
Trade debtors	14,222	103,183
Payments in advance	3,014	1,431
	<u>17,236</u>	<u>104,614</u>

12 Creditors, amounts falling due within one year

	2012 £	2011 £
Deferred income	188,866	69,318
Other creditors	13,701	21,732
Accruals	33,474	40,585
	<u>236,041</u>	<u>131,635</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCILNotes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

13	Analysis of Deferred Income	B/f 01.04.11	Released	Received	C/f 31.03.12
	Funder of Deferred Income	£	£	£	£
	Wolverhampton City Council	69,318	(69,318)	-	-
	The Big Fund	-	-	187,941	187,941
	Sales Income	-	-	925	925
	TOTALS	69,318	(69,318)	188,866	188,866

14	Analysis of Net Assets Between Funds	Unrestricted	Designated	Restricted	TOTAL
					2012
		£	£	£	£
	Fixed Assets	4,906		26,881	31,787
	Current Assets	159,151	132,152	453,659	744,962
	Current Liabilities	(23,361)		(212,680)	(236,041)
	Net Assets at 31 March 2012	140,696	132,152	267,860	540,708

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

15 Reserves and Reconciliation of Movements in Funds

	31 March 2011 £	Transfers £	Incoming Resources £	Outgoing Resources £	31 March 2012 £
Unrestricted funds:					
General unrestricted fund	295,627	(49,405)	170,937	276,463	140,696
Designated funds including operation liabilities	13,204	118,948	-	-	132,152
Restricted funds:					
Advocacy – Learning Disability	-	363	5,025	5,388	0
Black Country LEP	5,000	-	-	5,000	0
Capacity Builders Refurb 08-09	13,356	-	-	2,717	10,639
Capacity Builders Refurb 09-10	15,648	-	-	2,682	12,966
Community Accountant	32,487	(32,487)	-	-	0
Compact	9,960	-	38,713	35,041	13,632
Fundability	7,378	-	-	-	7,378
Health and Well Being (HWB)	32,182	-	55,640	54,790	33,032
Big Lottery Grant – Improving Futures	-	-	10,000	7,243	2,757
LINK	81,015	-	139,535	158,696	61,854
Mental Health Empowerment	61,885	-	143,273	147,458	57,700
Outcomes	11,878	(11,878)	-	-	0
Quality Initiative	10,000	-	-	-	10,000
Regeneration Zone	8,657	(8,657)	-	-	0
RPRS – Skills and Training	2,080	-	-	2,080	0
Sector Infrastructure Support	11,455	(11,455)	-	-	0
Service User Involvement - SUIT	47,685	-	89,743	87,993	49,435
Third Sector Support	429	(429)	-	-	0
Transforming Local Infrastructure Grant	-	-	-	1,295	(1,295)
VOICE	5,000	(5,000)	-	-	0
Volunteer Services	13,168	-	113,831	117,237	9,762
	<u>678,094</u>	<u>-</u>	<u>766,697</u>	<u>904,083</u>	<u>540,708</u>

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

Additional Note: Reserves and Reconciliation of Movements in funds – Transfers between funds

In 2011-12 the following transfers were made between funds:

- i) £130,822 was transferred into the designated fund, from general reserves, for operational liabilities. This reflects the real risks to the organisation around closure costs, and is in line with WVSC's reserves policy which stipulates that WVSC has safe funds to cover liabilities at the point of closure in terms of staff redundancies and lease commitments.
- ii) Funds were transferred out of designated funds to general funds, which were no longer required to be designated £374 website, £10,000 training, £1,500 office and refurbishment.
- iii) Funds were transferred from restricted funds Community Accountancy £32,487, Outcomes £11,878, Sector Infrastructure Support £11,455, Third Sector Support £429, and Voice £5,000 giving a total £61,249, all to general reserves.
This was agreed by the Local Strategic Partnership, through whom the funds were provided, following the signing off by the Council of this fund
- iv) Funds were transferred from restricted fund Regeneration Zone £8,657 to unrestricted funds. These were transferred in line with the final service level agreement with the funder
- v) £363 was transferred to restricted fund Advocacy – Learning Disability, from general reserves. This was the final balancing figure at the point of the project's end date.

The Restricted funds of WVSC comprise the above unexpended balances on grants, given for specific purposes, and income from primary purpose trading within those funds. The balance of these funds is represented by current asset debtors, held as cash, or invested in the Charities Aid Foundation/Scottish Widows Account and Unity Trust Fixed Term and Deposit Account. These appear on the balance sheet under these headings. Details of how funds have arisen are included in the Trustees' Report.

Purpose of Funds The information provided below is a brief summary on each fund. Further information is detailed in the Trustees' Report.

UNRESTRICTED FUNDS

General Unrestricted Fund: This is used to fund the activities of the unrestricted elements of Core Activities – partnership working across the sector and with statutory sector, overall capacity building and advocacy within the sector, payroll, reprographics, newsletter, website, and general infrastructure support services. All the above are also provided to projects/restricted fund activities within WVSC. For more detail on unrestricted funds reserves, please see note on reserves policy.

Designated Funds: The balance in designated funds is £132,152. This represents £1,330 for improving safety within the organisation for staff and visitors, and £130,822 for operational liabilities/closure costs.

RESTRICTED FUNDS

Advocacy – Learning Disability to work with groups of adults who have learning disabilities, to facilitate increased self-advocacy.

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

Black Country LEP – to ensure effective engagement between the voluntary and community sector in the Black Country, and the Black Country LEP (Local Enterprise Partnership).

Capacity Builders Refurbishment nos. 1 and 2 one-off grants to improve accessibility of WVSC's premises and resources

Community Accountant: to support VCS organisations in managing and reporting on finances.

Compact: to establish rules of engagement between the statutory and voluntary and community sectors

Fundability: to support training activity for the VCS in Wolverhampton.

Health and Well Being: to promote inclusion and participation in decision making forums and structures

Big Lottery Grant - Improving Futures is a partnership of third sector organisations, led by WVSC, whose aim is to improve the lives of primary aged children through an intensive programme of mentoring and specific support to families

Sector Infrastructure Support – this funding enabled WVSC to a) work with the sector to ensure it is best placed to respond to the changing environment, and b) develop tools to support this process

LINK: to enable the citizens of Wolverhampton to have a say about Health and Social Care Services

Mental Health Empowerment: to support and enable the involvement of adults with mental health needs in the planning, influencing and monitoring of services

Outcomes/Cultural Change: to provide training to Third Sector groups to enable them to adopt a planning and evaluation framework based on outcomes

Quality Initiative: to pursue quality initiatives proposed by groups within the sector

Regeneration Zone Fund: to engage the Voluntary and Community Sector with the Regeneration Zone.

RP-RS/Training and Skills Exploring opportunities for the Third Sector to maximise its role in the training and skills agenda This culminated in developing a new volunteer service for the City – see below

(Drug) Service User Involvement to work with users and ex-users of drug services, to support them in influencing the provision of drug treatment services

Transforming Local Infrastructure is a partnership of third sector organisations, lead by WVSC, whose aim is to transform the way support is provided to the Voluntary and Community Sector through developing and supporting networks of voluntary organisations to work together to share resources, drive down costs, access support and increase sustainability

Volunteer Services: a service providing potential volunteers and organisations who would like to engage with volunteers, the chance to come together

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

VOICE – this is funding for the VOICE publication which communicates locally about issues which affect the Third Sector.

Third Sector Support – this is funding to develop the effectiveness of the Wolverhampton Third Sector Partnership.

16 Information regarding members of the Board of Trustees

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

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.

17 Particulars of Employees

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

	2012	2011
General activities	29	36

The aggregate payroll cost of these persons was as follows:

	2012 £	2011 £
Wages and salaries	561,022	691,301
Social security costs	42,251	51,308
Other pension costs	54,588	52,755
	<u>657,861</u>	<u>795,364</u>

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

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 *(continued)*

18 Revenue Grants from Wolverhampton City Council under Section 137 Local Government Act 1988 relating to Core and Volunteer Services funding

	Core	Vol Svs	Compact	2012	2011
Other	22,529	21,436	13,500	57,465	22,529
Salaries	94,252	48,937	25,213	168,402	103,412
Totals	116,781	70,373	38,713	225,867	125,941

19 Pensions

Some of the employees of the charity are members of the West Midlands Metropolitan Authorities Pension Fund, which is a multi-employer scheme. The Fund is financed by contributions paid by both employees and the charity, and by earnings received on investments. The scheme is a Defined Benefits Scheme.

In accordance with the Actuarial Valuation as at 31 March 2010, and subsequent advice from the Actuaries, contributions to the Scheme for 2011/12 from the employees are payable at a variable rate according to graded rates of pensionable pay, and employer's contributions for 2011/12 to 2013/14 are payable at a rate of 12.1% of pensionable pay plus 6.2% pensionable pay per annum for 25 years to meet the funding shortfall. Also, the charity is required to make additional lump sum contributions towards meeting the shortfall. The amounts payable for the above three years are £8,300, £8,600 and £9,100 respectively.

It is assumed that the Administering Authority will continue to invest a significant proportion of the assets of the Fund in UK and overseas equities, and that these will produce a future investment return that exceeds the current yield available on bonds.

The market value of the scheme's assets as at 31 March 2010 was £8,008 million and the actuarial value of those assets represented 75% of the benefits that had accrued to members.

20 Taxation

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

WOLVERHAMPTON VOLUNTARY SECTOR COUNCIL

Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

21 Operating Lease Commitments

At 31 March 2012 WVSC had annual commitments under non-cancellable operating leases as follows

	2012		2011	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
In one to two years	-	-	-	-
In two to five years	25,000	15,615	-	13,369
After five years	-	-	42,000	-
	<u>25,000</u>	<u>15,615</u>	<u>42,000</u>	<u>13,369</u>

WVSC has an option to terminate the lease on giving one year's notice
The landlord can terminate the lease in the event of default by WVSC.

22 Related Party Transactions

Ian Darch, the Chief Executive of WVSC, sits on the Children's Trust Board, and in 11-12 WVSC became the Accountable Body for Improving Futures, a project funded by the Lottery. This project receives in kind funding from the Children's Services, which in 12-13 will be to the value of £62,500

Ian Darch is a director of YOW. YOW purchased community accountancy services from WVSC in 11-12, to the value of £4,968.

Kath Rees is the CEO of the Haven, Wolverhampton, and a director of WVSC. The Haven is a funded partner in the Improving Futures project, and in 12-13 will be in receipt of up to £21,087.