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National Association for Voluntary and Community Action

## Annual review & financial statements

Year ended 31 March 2012

Company Number: 2575206

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## Legal and administrative details

### Legal status

NATIONAL ASSOCIATION FOR VOLUNTARY AND COMMUNITY ACTION ('NAVCA') is a charity (No 1001635) and a company limited by guarantee (No 2575206)

### Directors and trustees

The directors of the charitable company ('the charity') are its trustees for the purpose of charity law and throughout the report are collectively referred to as the trustees

The trustees of the charity during the year were as follows

Mike Martin MBE	Chair
Sue Dovey	Vice-Chair
Fiona Ellis	Vice-Chair
Sajid Hashmi MBE	Treasurer
	Re-appointed 22 November 2011

Lola Barrett	
Bernard Collier	
Heather Farley	Re-appointed 22 November 2011
Richard Gutch	
Sally Pickering	
John Tizard	

Pamela Ball	Appointed 22 November 2011
Kim Harper	Appointed 22 November 2011
Simon Wright	Appointed 22 November 2011

Sharon Clancy	Retired 22 November 2011
Julia Phillips	Retired 10 May 2011
Caroline Schwaller	Vice-Chair
	Retired 22 November 2011
Nick Warren	Retired 22 November 2011

Since NAVCA is a company limited by guarantee, it does not have any paid up share capital

**Chief Executive**

Kevin Curley CBE (until December 2011)  
Joe Irvin (from January 2012)

**Company Secretary**

Isabel Hartland

**Principal and Registered Office**

The Tower  
2 Furnival Square  
Sheffield  
S1 4QL

**Auditors**

Barber Harrison & Platt  
2 Rutland Park  
Sheffield  
S10 2PD

**Bankers**

Unity Trust Bank plc  
Nine Brindleyplace  
4 Oozells Square  
Birmingham  
B1 2HB

**Investment Managers**

Investec Wealth and Investment  
Beech House  
61 Napier Street  
Sheffield  
S11 8HA

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## Chair's Report

The pages in this review will tell you that in 2011-12 NAVCA continued to promote the interests of NAVCA members and the local voluntary and community organisations they help to grow and flourish. This work has been carried out at a time when local charities and community groups are struggling under the huge impact of the Government's austerity measures.

The public spending cuts fall unevenly and tend to hit the most vulnerable the hardest, the very people who turn to local charities and community groups for help. And while local charities face increasing demands, they themselves are feeling the pinch as hard pressed local authorities look for savings. Where we think the VCS is being treated unfairly, we will speak out, but now is the time for us to work with our partners in local government to find solutions to the problems confronting local communities. NAVCA will help its members in this endeavour and we will work with our national partners in all sectors to make sure there are sufficient resources to support voluntary and community action.

From the governance point of view the biggest challenge of the year was to find a new Chief Executive. After nine years as Chief Executive, Kevin Curley retired in January 2012. Kevin's contribution to NAVCA and the voluntary sector has been outstanding. The 'Third Sector' Luke FitzHerbert Lifetime Achievement Award and a CBE were a fitting recognition of his 40-year career in the voluntary sector.

The Board were successful in securing the services of Joe Irvin. Joe's appointment is, in my view, very good news for NAVCA. He brings considerable experience of senior posts in the public, private and voluntary sectors and the leadership skills needed for what may be testing times.

I would like to thank our strategic partners, including the Office for Civil Society and the Department of Health, as well as supporters of our work, including Zurich Insurance, CCLA, The Co-operative Bank and Unity Trust Bank.

I would also thank my colleagues on the Board and NAVCA members for being so supportive of me in my role as Chair. I also pay tribute to NAVCA's dedicated staff, who continue to work hard to support us so we can rise to meet the challenges and opportunities ahead.

Mike Martin

Chair

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## **Trustees' report**

The trustees, who are also directors for the purposes of company law, are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2012

The legal and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice – Accounting and Reporting by Charities issued in March 2006.

### **Structure, governance and management**

#### **Governing document**

NAVCA is a charitable company limited by guarantee, incorporated on 21 January 1991 and registered as a charity on 24 January 1991. The company is governed by its Memorandum and Articles of Association which were last amended on 4 November 2010. In the event of the company being wound up, members are required to contribute an amount not exceeding £5.

#### **Appointment of trustees**

The trustees who have served during the year and since the year end are set out on page 1. The trustees are elected annually by the members of the charity and serve for an initial period of three years. A further three-year term may be served. Trustees must be nominated by member organisations. The Board may also appoint up to three trustees in order to ensure it has an appropriate range of skills and experience. These trustees shall be eligible for re-appointment provided that they do not hold office for more than six consecutive years as an appointed or elected trustee.

All trustees give their time freely and no trustee was paid during the year. Details of trustee expenses and related party transactions are disclosed in note 8 to the accounts. Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the organisation's Memorandum and Articles, withdraw from decisions where a conflict of interest arises.

#### **Trustee induction and training**

NAVCA provides an induction day for all new trustees. We also supply them with a handbook with wide-ranging contents.

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Trustees are encouraged to attend appropriate training courses and conferences NAVCA has a specific budget for this purpose As part of the forward planning process trustees and senior management meet together for an away day each year

### **Internal control and risk management**

The trustees examine the major risks which the charity faces in relation to external factors and relationships, its governance and management, its internal operations and its business The management of risk is reviewed by the staff management team and by the Trustee Board

The trustees continue to keep under review their systems of internal financial control The systems have been designed to provide reasonable, but not absolute, assurance against material mis-statement or loss They include:

- a strategic plan and an annual budget approved by the trustees
- regular consideration by the trustees of financial results, variance from budgets and performance against the non-financial annual plan
- delegation of authority and separation of duties

The internal financial controls conform to guidelines issued by the Charity Commission

### **Objectives and activities**

The principal activity of the charity is to establish, support and represent local support and development organisations in England The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the organisation's two strategic aims and in planning future activities

The two strategic aims are that

- We will influence the policies of government departments, other statutory bodies and funders so that they support and resource the work NAVCA members do to strengthen local voluntary and community action
- We will improve the ability of NAVCA members to represent, support and develop local voluntary and community action

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We carry out our activities through our network of members and at the end of the financial year we had 287 full members, 41 local affiliates, 16 regional affiliates and 27 national affiliates

### **NAVCA's top achievements 2011/12**

- We secured both government funding and Big Lottery funding for local infrastructure services. The Government launched a £30 million Transforming Local Infrastructure programme and the Big Lottery Fund announced a £20 million Assist programme to support infrastructure. At a time of public spending cuts, these funding programmes demonstrate the effectiveness of NAVCA's public policy work.
- Our intervention was a major factor in the Government amending the Health and Social Care Act to make local Healthwatch community organisations, rather than statutory bodies. This will help NAVCA members be involved in this work and increase local accountability.
- We became members of the Department of Health and Local Government Programme Board and the Healthwatch Programme Board. These bodies are charged with ensuring the implementation of the health and social care reforms which will establish local authorities as the system leaders. Joining these boards allows NAVCA to input the views of the local voluntary and community sector to plans concerning Health and Wellbeing Boards, local Healthwatch and the transfer of local public health services to local authorities.
- Our Tender Support Project evaluation was published, showing the £70,000 project helped 148 organisations win contracts worth over £1.6m. This demonstrated how NAVCA and our members are ideally placed to support small charities and voluntary organisations to overcome barriers to winning contracts for delivering public services.
- We used the Best Value Guidance to challenge cuts in Nottinghamshire, receiving positive press coverage and persuading Eric Pickles, Secretary of State for Communities and Local Government, to publicly voice his disapproval of Nottinghamshire County Council's unfair cuts. This served as a reminder to all councils of the importance of following the statutory Best Value Guidance and not making disproportionate cuts to the voluntary sector.

## **Strategic aims**

### **Strategic aim one**

***We will influence the policies of government departments, other statutory bodies and funders so that they support and resource the work NAVCA members do to strengthen local voluntary and community action.***

### **Public policy**

**We will influence national policy on behalf of NAVCA members and the local voluntary and community sector.**

As the leading voice of local charities, voluntary organisations and community groups in England NAVCA worked throughout 2011-12 with leading politicians and decision makers. Our aim was to ensure the contribution local voluntary organisations and community groups make to society was recognised and that their work was supported and encouraged

A major success for NAVCA was pressing for changes to the Health and Social Care Bill relating to local Healthwatch. Our intervention was a major factor in the Government amending the Bill to make local Healthwatch community organisations, not statutory bodies. NAVCA campaigned for local Healthwatch to have statutory powers but to be accountable principally to local communities. We argued that a network of vibrant community-led organisations, answerable to local people, would have far more bite than over 150 unaccountable quangos. The Government amended the legislation in line with NAVCA's suggestion.

Throughout the year NAVCA met with ministers including Civil Society Minister Nick Hurd MP, Education Minister Sarah Teather MP and Communities Minister Andrew Stunell MP. NAVCA also met with leading opposition politicians including Shadow Civil Society Minister Gareth Thomas MP, Shadow Communities Minister Jon Trickett MP and Graham Allen MP, who is leading cross-party work on early intervention.

NAVCA's role as a trusted voice for the local voluntary sector was emphasised by our inclusion on the Ministerial Recovery Group, chaired by Eric Pickles MP, which looked at issues surrounding the disturbances that affected many urban areas of England in August 2011.

For the third year running we held a Parliamentary reception. The importance of NAVCA and local voluntary and community action was demonstrated by the event in February 2012, attracting over 200 guests including more than 60 parliamentarians.



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Over the year NAVCA also met with influential figures for the sector from outside of government. This included the Chair of the LGA, Sir Merrick Cockell and key figures at both the Big Lottery Fund and the Charity Commission.

NAVCA's success at influencing public policy is best demonstrated by the success we had in securing both government funding and Big Lottery funding for infrastructure services. Following lobbying from NAVCA on behalf of our members, major investments in infrastructure were announced in 2011-12. The Government launched its £30 million Transforming Local Infrastructure programme and the Big Lottery Fund announced a £20 million Assist programme to support infrastructure. At a time of public spending cuts, these funding programmes demonstrated the effectiveness of NAVCA's public policy work.

We also influenced public policy through our responses to consultations. In 2011-12 NAVCA produced 16 consultation response documents promoting public policy that would best support the local voluntary and community sector. Responses made range from submissions to the Localism Bill, EU procurement rules, regeneration, Charities Act review and NHS Listening Exercise. We campaigned to change the Big Lottery policy directions. On this we were disappointed when the published directions seemed to signal a watering down by the Government of their intention that Big Lottery funding should go exclusively to the voluntary and community sector.

The breadth of our contribution to government was demonstrated by the range of governmental boards or advisory groups in which NAVCA participated. Through these representative positions NAVCA was able to further the interests of local voluntary and community action. In 2011/12 NAVCA was a member of the following:

- Communities and Local Government Voluntary and Community Sector Partnership Board
- Department for Education Third Sector Strategic Partners Programme
- Department of Health Third Sector and Social Enterprise Sounding Board
- Department of Health Volunteering Stakeholder Reference Group
- Department of Health Social Care Reference Group
- Department of Health National Stakeholder Forum
- Department of Health and Local Government Programme Board
- Department of Health Healthwatch Programme Board
- Home Office CRB / ISA Voluntary Sector Consultative Group
- Home Office Voluntary Community Sector and Social Enterprise Stakeholder Forum
- Compact Voice Board
- England Volunteering Development Council (EVDC)

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## Public services

**We will influence the reform of public services to maximise opportunities for local voluntary organisations and community groups to play a full part in shaping and delivering them, especially in the context of local authority cuts, localism and the changing architecture for health and social care services.**

Our ability to influence health and social care policy received a significant boost in 2011-12, when we were invited to be members of the Department of Health and Local Government Programme Board and the Healthwatch Programme Board. These bodies are charged with ensuring the implementation of the health and social care reforms which will establish local authorities as the system leaders. Joining these boards allowed NAVCA to input the views of the local voluntary and community sector to plans concerning Health and Wellbeing Boards, local Healthwatch and the transfer of local public health services to local authorities.

The DWP disbanded the group on the Merlin Standard that NAVCA had been invited to join. However, we participated in NCVO's Special Interest Group for VCS organisations involved with the Work Programme and through this will continue to raise issues on behalf of members and the local sector.

Our expertise on commissioning resulted in us being asked to contribute to commissioning reviews of two government departments: CLG and the Home Office. We advised that they needed to have a more intelligent approach to commissioning and flexibility in applying procurement rules.

In February 2012 NAVCA joined the Early Intervention Foundation Consortium. The consortium was set up by Labour MP Graham Allen and is supported by David Cameron. The consortium seeks to become a centre to champion early intervention, develop an evidence base of what works and provide advice to practitioners. NAVCA's involvement means that the local voluntary sector, which plays an important role in supporting and delivering early intervention policies and programmes, can be at the heart of this work.

Throughout the year, NAVCA gave strong support to the Social Value Private Members' Bill championed by Chris White MP. We were delighted that Chris White attended our annual conference in November 2011. We supported the Act by urging members to write to their MPs to support the bill in its early stages, lobbying all parties to support the bill and providing regular briefings to help our members and local voluntary organisations understand how it would help them. Now the Public Services (Social Value) Act has been enshrined in law, work begins to ensure that it is implemented consistently, so that the procurement processes of public bodies have due regard for social, environmental and economic well-being.

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### Local public policy

**We will influence the development of policy in relation to localism and the Big Society. We will also help our members to understand how they can influence local government, other local statutory bodies and local public policy making to enable local voluntary and community action to thrive.**

Public sector cuts were the biggest issue for NAVCA, our members and local voluntary action in 2011-12. Whilst we understood that all sectors and services would be affected by cuts, NAVCA campaigned throughout the year to ensure that our sector did not suffer from disproportionate cuts. We welcomed the Government's Best Value Statutory Guidance which stated local authorities should not pass on disproportionate cuts to local voluntary and community groups. We worked with ACEVO and NCVO to send a joint letter to all local authority chief executives to remind them of the need to follow the Best Value Statutory Guidance when reviewing voluntary sector budgets.

We used this guidance to challenge cuts in Nottinghamshire, receiving considerable press attention and eventually persuading Eric Pickles, Secretary of State for Communities and Local Government, to publicly voice his disapproval of Nottinghamshire County Council's unfair cuts. Following our intervention Nottinghamshire County Council agreed to meet with sector representatives. This action also served as a reminder to other councils of the importance of following the statutory Best Value Guidance.

NAVCA also maintained our cuts information throughout the year. We regularly shared information with the Office for Civil Society about how local authorities were implementing cuts to the local voluntary sector, including examples of good and bad practice. This helped decision makers to consider measures to protect local voluntary organisations from disproportionate cuts.

The Localism Act received the Royal Assent on 15 November 2011, after 11 months' parliamentary scrutiny. This Act presented major new opportunities for the local voluntary sector, notably the Right to Challenge and provisions around assets of community value.

NAVCA was successful in getting the Government to resist intense lobbying by the Countryside Landowners Association (CLA) to reduce the length of time that charities would be able to exercise their 'Right to Buy'. The Government agreed with NAVCA that six months is the minimum period needed to make the Assets of Community Value opportunity work. Local groups need time to put together a funding package and business plan should a listed asset be put up for sale. NAVCA's work was recognised in the Lords debate when a briefing prepared by NAVCA and 10 other national umbrella organisations received an official Hansard mention.

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NAVCA ran 10 successful regional events on Making Community Rights Real, jointly with Urban Forum, Locality and Planning Aid England. We also delivered presentations and training on issues around localism and the Big Society at a wide range of events at the invitation of NAVCA members, Community Matters and Government Knowledge. A revised version of the Skilling Up training was trialled at Kingston Voluntary Action.

NAVCA increased our members' influence in community safety and policing. As a partner in the Clinks-led *Safer Future Communities* project, voluntary sector networks were developed in every police force area. In each area this work is led by a NAVCA member. NAVCA has also published information for the voluntary sector on the Police and Crime Commissioners initiative.

### **Commissioning and grants**

**We will promote good commissioning practices, especially in the context of emerging GP consortia and Health and Well-being Boards, addressing barriers to funding that weaken local voluntary and community action and advocating for a continued role for local grants.**

The publication of a booklet about the legal implications of contracts has been a major achievement for our Local Commissioning and Procurement Unit (LCPU) this year. In partnership with the Local Government Association, we also published *At Your Bidding*, a trustees' guide to commissioning and tendering for public services, which achieved over 3,000 downloads.

We participated in discussion forums and round tables with DCLG, the Home Office and other OCS Strategic Partners, to feed in issues on local commissioning practices and how these impact on the local voluntary sector. In January 2012 we analysed proposals from the European Commission to change the procurement directives. We submitted a response to Cabinet Office and wrote a briefing paper for members. We have also advised NCVO European policy officers on the implications of the changes and supported a sector-wide response led by NCVO.

We continued to lead the Local Grants Forum (LGF), making the case for continued grant funding in the context of the challenging economic climate and the wider funding and policy environment. LGF members held a meeting with government officials in relation to the Open Public Services White Paper, following this with a 10-point plan, which led to an article published in *Guardian Professional*. The LGF also influenced a publication by the Charity Tax Group on the VAT implications of grants and contracts.

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## Information

**We will produce information, advice and guidance that raises awareness amongst our stakeholders of emerging social, political and economic issues and trends that will impact on local voluntary and community action.**

Getting information to members and feeding information from members to influence decision making is one of NAVCA's vital functions. We continued producing our ebulletin, Linx, on a weekly basis. Linx's subscription list grew to just under 1,800, an increase of 16% over the year.

Although Linx is probably the most important direct communication method, throughout 2011-12 we improved other communication tools to improve the conversation we have with members. *Circulation* was redesigned and became a much easier to read full colour magazine, our use of Twitter grew and we attracted 2,000 followers, navcaboodle, our professional networking site grew to almost 2,000 members, our Chief Officers' email network (COIN) remained the most important way that members share information and ideas, we relaunched our website, making it much easier to use and find relevant information and for the first time we produced blogs on our website which have become some of the most read pages.

We produced regular policy briefings for members on subjects including localism, commissioning issues and public law. We also kept members informed on current policy issues through Twitter, Linx and direct emails.

In September we published our analysis of the Government's National Survey of Charities and Social Enterprises (NSCSE), the largest ever survey of the sector. Our analysis provided members with vital information to show the value of their work. It showed that local charities, voluntary organisations and community groups helped by NAVCA members were twice as likely to be successful in winning funding, more likely to be consulted by local statutory bodies and more likely to feel they can influence local decisions.

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**Strategic aim two**

***We will improve the ability of NAVCA members to represent, support and develop local voluntary and community action.***

**Organisational development and performance**

**We will use consulting and other capacity-building techniques to help members to be strong, effective and well-run organisations and improve their ability to provide excellent support and services to the groups and organisations in their areas of benefit.**

The NAVCA Quality Award gives members a means of demonstrating the quality of their services to the local voluntary and community sector and other stakeholders. We awarded 11 members with the Quality Award in 2011/12, including the first renewals for members who achieved the award four years earlier. The Quality Award has now been awarded to 68 NAVCA members.

We offered members the opportunity to commission consultancy support from us to develop skills and knowledge in all key areas of personal, professional and organisational development. This includes a comprehensive mix of consultancy, coaching and courses.

We provided members with expert help and advice via our enquiries service and helped them with a range of policy issues and practical concerns, including commissioning, health and social care, localism, PR and collaboration. We provide advice free to members.

**Public services**

**We will provide activities and resources that enable NAVCA members to improve their support for local voluntary organisations and community groups that shape and deliver public services.**

We have supported members to engage with the emerging Health and Wellbeing Boards and Clinical Commissioning Groups, including commissioning nine local events from members to build relationships between local voluntary organisations and community groups and the emerging health and social care structures.

As part of a consortium with Regional Voices, Disability Rights UK and the Race Equality Foundation, we secured additional funding from the Department of Health to deliver action learning sets to LINKs, to skill them up in preparation for local Healthwatch. NAVCA was

involved in delivering 17 action learning sessions in Yorkshire and the Humber, the North West, East Midlands and London

We continued to deliver our personalisation training to members to help them support local health and social care organisations with the transition to person-centred services

Our Local Commissioning and Procurement Unit has delivered a range of workshops and training programmes on commissioning and procurement issues. Training courses include

- Introducing commissioning and procurement
- Influencing local commissioning
- Submitting a winning tender
- Challenging procurement decisions
- Getting ready for partnerships

During the past year, we have increased our delivery of charged-for consultancy work to voluntary organisations and local authorities, as part of our work towards making our commissioning work sustainable after lottery funding ends. We have responded to requests from members for training for their local voluntary organisations and community groups, delivering 20 of these events in the second half of the year.

NAVCA members are ideally placed to encourage, lead, develop and support partnerships to deliver public services – vital support to allow smaller charities and voluntary organisations to play a role in delivering public services. For this reason, in August 2011 we started work with three NAVCA members to develop a package of support for members to develop consortia for public service delivery. This support will be delivered from summer 2012.

In August 2011 we published an evaluation of NAVCA's Tender Support Project. The project was part of the National Programme for Third Sector Commissioning, commissioned by the Cabinet Office and led by Local Government Improvement and Development. The work, led by our Local Commissioning and Procurement Unit, supported local charities and voluntary organisations to bid for and win contracts. The evaluation showed that the £70,000 project helped 148 organisations win contracts worth over £1.6m. This showed how NAVCA and our members are ideally placed to support small charities and voluntary organisations to overcome barriers to winning contracts to deliver public services.

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## Learning

**We will provide learning, networking and development opportunities for NAVCA members to develop the knowledge, skills and confidence of their trustees, staff and volunteers to fulfil their roles more effectively.**

During 2011-12 NAVCA ran 40 events, workshops and courses, at which there were in excess of 1,200 attendees. Alongside our popular Skild courses for development workers and annual events, we introduced several new events and learning opportunities, including

- set2lead – a programme of support for chief officers and senior management teams that combines executive coaching, mentoring and face-to-face training
- Every business matters – free training and information days designed to help local groups and organisations develop their business skills
- Using the law to fight local cuts – new workshops developed as part of our public law training programme

We developed several action learning sets focused on child poverty and health and social care, which we ran across England. These supported NAVCA members to get voluntary organisation and community groups working with children and young people together with statutory bodies. We ran a one-off action learning set for coastal regions following the recognition that many of our members around the coast face common issues, enabling participants to share best practice and produce an action plan.

Big Lottery funding for NAVCA's popular Empowering the Voluntary Sector (EVS) programme finished in November 2011 after five and a half years. During that time, the project trained over 2,000 people from the voluntary and community sector to use the principles of public law and the Compact through nearly 200 courses. The advice team (Compact Advocacy and PLP) supported 650 organisations during the funded period.

This programme was unique, it increased knowledge of both public law and the Compact and allowed voluntary sector organisations to argue and negotiate with public bodies from a position of strength. NAVCA therefore made a decision to continue the work and keep delivering its award-winning workshops. Compact Advocacy has also decided to continue providing support and advice for the voluntary sector. Since December 2011, we have trained a further 90 people and the Empowering the Voluntary Sector workshops have become core products available to NAVCA members.

We supported a number of members to deliver learning events designed to encourage partnership work to support offenders and their families, through a champion grants scheme. We produced a series of briefings to support members to understand how the



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criminal justice system operates and improve their engagement with local statutory services

NAVCA is a member of the Department for Education's Overarching Strategic Partnership. As a member of this partnership we have supported our members and the wider voluntary sector working with children, young people and families. The programme provided tailored local events around a range of issues including child poverty, health and sexual exploitation, producing action plans and supporting the engagement of the sector in local delivery plans. With many groups facing cuts in grants we have supported organisations to develop business plans through training sessions and the development of online resources. We continued to be involved in the Government's drive to address child poverty and contributed to a core offer outlining support and advice available to local authorities as they develop their child poverty strategies.

#### **Income and resources**

**We will help NAVCA members broaden the sources and types of income and other resources they receive so that their services are more sustainable and less vulnerable to periods of economic uncertainty and pressures on public spending.**

We began work with the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University on a research project to better understand the contribution that giving and philanthropy might make to local social action. The research aims to understand and provide the basis for strengthening the contribution NAVCA members can make in promoting giving and philanthropy at a local level for the benefit of local voluntary organisations and community groups.

With many groups facing cuts in grants we have supported organisations to develop business plans through training sessions and the development of online resources. This training, called Every Business Matters, was launched this year with support from the Department for Education. It meant we could help development workers to support business planning and adopting a business approach in the local voluntary sector.

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### **Underpinning activities**

#### **Success in 2011-12 was only possible because of the underlying strength of the organisation**

There was big organisational change at the top for NAVCA in 2011-12. After nine years as Chief Executive, Kevin Curley announced in September 2011 that he would be retiring. The Trustee Board immediately set about finding a new Chief Executive and we were successful in securing the services of Joe Irvin, who took up the post in January 2012. Joe Irvin's appointment is an achievement for NAVCA. Joe brings with him considerable experience of senior posts in the public, private and voluntary sectors.

In September 2011 Kevin Curley, Chief Executive of NAVCA, was awarded the Luke FitzHerbert Lifetime Achievement Award at the prestigious Third Sector Excellence Awards. The award was presented to Kevin in recognition of his 40-year career in the voluntary sector, including his work as Chief Executive of NAVCA.

NAVCA has intensified its efforts to work collaboratively with other national charities to ensure services to our members are maximised. We are part of the Cabinet Office Strategic Partners' Group and work alongside NCVO, Volunteering England, Institute of Fundraising, ACEVO, Social Enterprise Coalition, Locality, Community Foundation Network and School for Entrepreneurs. We also have formal collaboration agreements with NCVO, Volunteering England and WEA (Workers' Educational Association).

We continued to monitor our effectiveness through regular feedback, including our annual satisfaction survey. Key findings from the latest survey demonstrated our success, including showing:

- 93% of members agreed that NAVCA communicates information about its policy work to their organisation
- 81% of members agreed that NAVCA represents their organisation's interests to central government well
- 85% of members agreed that NAVCA helps them share good practice with other members
- 75% of members agreed that NAVCA provides good value for money

### **Reserves policy**

NAVCA's reserves policy is to maintain a sufficient level of free reserves to enable current and future operating activities to be maintained and developmental activities to be undertaken. The level of reserves needed is calculated based on a combination of the 'Armageddon' and 'risk identification' approaches.

During the year the reserves policy was reviewed to take account of the identified free reserves (unrestricted, undesignated reserves) in 2012. The result of this analysis showed that a reserves level of £400,000 was needed for the period 2012-14. At the year end, total unrestricted reserves were £1,121,813 of which the trustees designated £515,000 for specific purposes. The details of the designations can be found in note 15.

The trustees review the reserves policy and reserves level annually.

### **Financial review**

NAVCA continues to work toward a more secure and sustainable financial position. A more sustainable financial base will allow NAVCA to make longer-term plans which will increase its efficiency and effectiveness in delivering its strategic aims. The new Chief Executive is undertaking a strategic review to ensure that NAVCA has the vision, mission, structure and resources needed to deliver its strategic aims. The strategic review will be completed in July and the recommendations implemented as appropriate.

The unrestricted, realised surplus for the year was £45,891. The unrestricted, undesignated reserves at the year end were £606,813. This is £206,813 higher than the reserves target of £400,000 set by the trustees. The trustees have considered this difference and believe that due to the difficult and uncertain times the organisation finds itself working in, the additional £206,813 in reserves should be left undesignated and no plan should be put in place to spend it in 2012/13.

Unrestricted income increased from 48% to 53% of total income. Income decreased overall by 43% with unrestricted income decreasing by 36%. The overall surplus for the year was £556. This includes deficits on restricted funds totalling £49,936.

### **Investment powers and policy**

Under its Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. Last year the trustees made the decision to invest some of its funds in a managed investment portfolio. At the end of the year almost £400,000 had been invested and the trustees committed to investing a further £200,000. The remainder of the organisation's funds are held in deposit accounts and fixed-term bonds. Funds are moved between accounts so as to maximise the interest earned. Bank interest receivable during the year amounted to £12,019.

The portfolio performance is measured against the FTSE APCIMS Balanced benchmark. The total portfolio return for the year was +1.29% against a benchmark of +3.67%. The trustees have considered the performance and after taking into account the fact that the majority of the funds were invested in the latter half of the year and that the return is better than that available on short-term deposit, are satisfied with the return.

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## **Trustees' responsibilities in relation to the financial statements**

The trustees (who are also directors of the National Association for Voluntary and Community Action for the purposes of company law) are responsible for preparing the Trustees' 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 the charitable company 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **Auditors**

The auditors, Barber Harrison & Platt, were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in office, subject to the approval of members in a general meeting

Signed on behalf of the board

A handwritten signature in black ink that reads "Mike Martin". The letters are cursive and slightly slanted to the right.

Mike Martin MBE  
Chair

Date 18 October 2012

# **Independent auditor's report for the year ended 31 March 2012**

## **Independent Auditor's Report to the members of the National Association for Voluntary and Community Action**

We have audited the financial statements of the National Association for Voluntary and Community Action for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable by law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, 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.

### **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



Philip Allsop (Senior Statutory Auditor)  
For and on behalf of Barber Harrison & Platt

Chartered Accountants  
Statutory Auditor

24 October 2012

2 Rutland Park  
Sheffield  
S10 2PD

# Statement of financial activities (incorporating an income and expenditure account)

Year ended 31 March 2012

		Unrestricted	Restricted	Endowment	2012	2011
	Note	Funds	Funds	(Note 16)	Total	Total
		£	(Note 15)	(Note 16)	£	£
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
- Voluntary income	3a	1,050	-	-	1,050	9,621
- Investment income	3c	16,981	-	-	16,981	20,895
<b>Incoming resources from charitable activities</b>						
	2a/3b	963,388	864,027	-	1,827,415	3,204,948
<b>Total incoming resources</b>		<b>981,419</b>	<b>864,027</b>		<b>1,845,446</b>	<b>3,235,467</b>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
- Voluntary income		525	-	-	525	1,315
- Investment management costs		1,838	-	-	1,838	-
<b>Costs of charitable activities</b>	2(b)	<b>892,149</b>	<b>913,963</b>	-	<b>1,806,112</b>	<b>3,211,509</b>
<b>Governance costs</b>	4	<b>41,016</b>	-	-	<b>41,016</b>	<b>44,923</b>
<b>Total resources expended</b>		<b>935,528</b>	<b>913,963</b>	-	<b>1,849,491</b>	<b>3,257,747</b>
<b>Net incoming/(outgoing) resources for the year</b>		<b>45,891</b>	<b>(49,936)</b>	-	<b>(4,045)</b>	<b>(22,280)</b>
<b>Gain/(loss) on investment</b>						
- Unrealised		4,601	-	-	4,601	-
<b>Net movement in funds</b>		<b>50,492</b>	<b>(49,936)</b>		<b>556</b>	<b>(22,280)</b>
<b>Funds as at 1.4.11</b>		<b>1,071,321</b>	<b>280,993</b>	<b>4,588</b>	<b>1,356,902</b>	<b>1,379,182</b>
<b>Funds as at 31.3.12</b>		<b>1,121,813</b>	<b>231,057</b>	<b>4,588</b>	<b>1,357,458</b>	<b>1,356,902</b>

All amounts derive from continuing activities

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

The deficit for the year for Companies Act 2006 purposes comprises the net outgoing resources for the year and the realised gains on investments and was £4,045 (2011 deficit of £22,280)



## Balance sheet as at 31 March 2012

	<u>Note</u>	2012 £			2011 £
		Unrestricted	Restricted	Endowment	Total
<b>Fixed assets</b>					
Tangible assets	11	-	-	-	16,689
Investments	12	404,371	-	-	77,677
		404,371	-	-	94,366
<b>Current assets</b>					
Debtors	13	157,879	-	-	194,100
Cash at bank and in hand		847,773	304,377	4,588	1,618,185
		1,005,652	304,377	4,588	1,812,285
<b>Creditors Amounts falling due within one year</b>	14	288,210	73,320	-	549,749
<b>Net current assets</b>		717,442	231,057	4,588	1,262,536
<b>Net assets</b>		1,121,813	231,057	4,588	1,356,902
<b>Accumulated funds</b>					
General		606,813	231,057	4,588	1,035,213
Designated	15	515,000	-	-	321,689
		1,121,813	231,057	4,588	1,356,902

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 2006 relating to small companies

The financial statements on pages 23 to 46 were approved by the Trustee Board on 18 October 2012 and are signed on its behalf by

*Mike Martin*

**Mike Martin MBE – Chair and Director**  
Company registration number 2575206

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# Notes to the accounts

## Year ended 31 March 2012

### 1. Accounting policies

#### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006

The company has taken advantage of the exemption from preparing a cashflow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to the exemptions as a small entity

#### b) Separate funds

Incoming and outgoing resources are split between restricted funds, designated funds and other unrestricted funds. Closing funds are categorised in the same way

##### (i) Restricted funds

These are funds subject to specific trusts which may have been declared by the funders or with their authority, but still within the objects of NAVCA. They may be restricted income funds which are expendable at the discretion of the trustees in furtherance of a particular project or objective of NAVCA. Alternatively they may be capital funds where the funds are required to be invested in fixed assets for charity use or in investment assets which are called Endowment Funds. The restricted funds of the charity are detailed in note 16

##### (ii) Designated funds

These are unrestricted funds which have been designated by the trustees for a particular purpose or project which they have decided to undertake, see note 15

##### (iii) Unrestricted funds

These are expendable at the discretion of the trustees in the furtherance of the objects of NAVCA

#### c) Grants receivable

Grants receivable are recognised in the Statement of Financial Activities when the conditions for receipt have been complied with. Grants receivable in respect

of certain activities are paid in relation to a given period such as a year and in these circumstances the grants are deferred to the extent that they relate to future accounting periods

Those grants which have conditions attached, and for example are provided to deliver a service and therefore are similar in economic terms to trading income, are included within 'Income from charitable activities'

d) **Incoming resources from charitable activities**

Income from charitable activities is included in the year in which the charity is entitled to receipt and the amount can be measured with reasonable certainty

e) **Investment income**

Bank interest and quoted investment income is accounted for on a receivable basis

f) **Endowment fund income**

The income from the Sir John Wrigley Bequest is included within restricted income when it becomes receivable. Details of the restriction are included in note 17

g) **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered, and it is reported as part of the expenditure to which it relates

Expenditure that is directly attributable to specific activities has been included in those cost categories. Other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of staff time spent on those activities

- **Charitable activities**

These are the direct and indirect costs of NAVCA's work to meet its charitable objectives. They include the costs of specific projects as well as the cost of core services

All staff costs and overheads not allocated to the cost of generating funds or governance costs have been allocated to charitable activities

- **Governance costs**

This includes the direct and indirect costs relating to external audit and to the constitutional and statutory requirements of managing the organisation

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h) **Tangible fixed assets**

Tangible fixed assets are included at original cost less accumulated depreciation

Depreciation is calculated so as to write off the cost of fixed assets over their expected useful lives at the following annual rates

IT equipment	-	3 years straight line
Office furniture and fittings	-	5 years straight line

Only expenditure on fixed assets exceeding £1,000 per item is capitalised

i) **Operating leases**

Rentals payable under operating leases are charged to the 'Statement of Financial Activities' as incurred over the term of the lease

j) **Pension costs**

The charity has both a group personal pension plan and also contributes to employees' personal pension plans. Contributions are charged to the 'Statement of Financial Activities' as they become payable

k) **Investments**

All investments are valued at market value at the balance sheet date. Any changes in value in the year are reported in the 'Statement of Financial Activities' and historical costs are disclosed separately by way of a note

**2(a) Incoming resources from charitable activities – Analysis by activity**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2012</u> <u>Total</u>	<u>2011</u> <u>Total</u>
	£	£	£	£
Representing members to government	345,000	-	345,000	437,253
Learning and development of members	127,059	91,388	218,447	592,907
Support services to members	176,068	160,000	336,068	486,748
Assessing members' performance	23,660	-	23,660	61,219
Specialist advice services to members:				
- Local partnerships	17,381	45,043	62,424	351,789
- Commissioning and procurement	55,755	252,365	308,120	323,375
- Children	20,041	98,909	118,950	169,092
- Offenders	-	17,000	17,000	49,500
- ICT	-	-	-	424,274
- Sport	-	-	-	8,723
- Social care and health	28,839	199,322	228,161	250,975
Consultancy	169,585	-	169,585	49,093
	<u>963,388</u>	<u>864,027</u>	<u>1,827,415</u>	<u>3,204,948</u>

**2(b) Costs of charitable activities**

	<u>Direct Costs</u> £	<u>Grants</u> £	<u>Support Costs</u> £	<u>2012 Total</u> £	<u>2011 Total</u> £
Representing members to government	302,402	-	112,390	414,792	482,416
Learning and development of members	203,746	-	34,812	238,558	496,906
Support services to members	121,607	120,406	30,268	272,281	609,961
Assessing members' performance	21,664	-	9,717	31,381	53,049
Specialist advice services to members.					
- Local partnerships	120,672	-	23,060	143,732	354,308
- Commissioning and procurement	193,961	-	55,663	249,624	308,956
- Children	93,474	4,500	27,780	125,754	169,966
- Offenders	29,837	-	5,246	35,083	56,329
- ICT	-	-	-	-	404,818
- Sport	-	-	-	-	7,756
- Social care and health	182,189	-	37,438	219,627	243,343
Consultancy	56,534	-	18,746	75,280	23,701
	<b>1,326,086</b>	<b>124,906</b>	<b>355,120</b>	<b>1,806,112</b>	<b>3,257,747</b>

**2(c) Support costs**

Support costs totalling £363,760 have been allocated across the activities of the charity including a total of £8,640 allocated between governance, investment management and fundraising costs. Support costs include expenditure associated with providing central services: IT, premises, finance, marketing and communications, HR as well as policy support and capacity building. Costs have been allocated based on time spent by staff supporting the activities.

	2012		2011	
	Number of posts	£	Number of posts	£
Finance	1.65	42,477	2.75	64,932
HR	0.90	23,169	1.75	41,321
IT	1.50	38,616	2.00	47,224
Management	2.78	71,568	3.75	88,545

Marketing and communications	2.00	51,488	2.00	47,224
Capacity building	2.30	59,211	4.5	106,254
Policy support	3.00	77,231	4.25	100,351
<b>Total</b>	<b>14.13</b>	<b>363,760</b>	<b>21.00</b>	<b>495,851</b>

**3(a) Incoming resources from generated funds – Voluntary income**

	2012 £	2011 £
<b>Voluntary income</b>		
CCLA	1,000	-
IDeA	-	3,000
Barrow Cadbury	-	5,875
Other	50	745
	<u>1,050</u>	<u>9,620</u>

**3(b) Incoming resources from charitable activities – Analysis by funding source**

	2012 £	2011 £
Office for Civil Society	345,000	424,753
Membership	120,832	127,405
Membership services	55,236	111,623
Quality Award	23,660	61,219
Training and events	132,756	217,204
Children England	98,909	46,868
Ministry for Justice	17,000	-
Home Office	160,000	-
Big Lottery Fund		
- Improving Local Partnerships Unit	45,043	268,908
- Local Commissioning and Procurement Unit	248,736	226,971
- Public law training	67,816	88,980
Capacitybuilders		
- Learning and development (Skild)	-	187,962
- ICT Regional Champions	-	400,000
- Campaigning and advocacy NSS	-	50,000
- Social change NSS	-	-

Clinks	-	40,000
Sport England	-	7,248
Department for Education		
- Every Child Matters	-	69,763
Consultancies	169,585	49,092
Department of Health	199,322	192,759
IDeA	-	39,450
Workers' Educational Association	-	21,038
Department of Communities and Local Government	-	12,500
Federation of Community Development Learning	-	40,438
Third Sector National Learning Alliance	-	9,997
Women's Resource Centre	-	35,211
Home Office	-	108,000
SAFEnetwork	-	5,600
Other	143,520	361,959
	<b>1,827,415</b>	<b>3,204,948</b>

### 3(c) Investment income

	2012	2011
	£	£
Dividends	4,962	-
Interest	12,019	20,899
	<b>16,981</b>	<b>20,899</b>

### 4. Governance costs

	2012	2011
	£	£
Auditors' remuneration	4,800	5,000
Trustee board expenses	7,470	13,991
Staff costs	19,621	18,578
Premises costs	2,879	1,994
Other overhead costs	5,634	4,813
Depreciation and profit on disposal of fixed assets	612	547
	<b>41,016</b>	<b>44,923</b>



**5. Grants payable**

	<b>Total</b>	<b>Total</b>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Voscur	3,000	-
Devon Reform, Community and Social Action	6,000	-
Plymouth and Cornwall VSF		
Bournemouth Council for Voluntary Services	3,300	-
GAVCA	3,280	-
Wessex Community Action	3,000	-
Bedfordshire Rural Communities Charity	2,700	-
Community Action Hampshire	3,000	-
EACVS	3,000	-
CDA for Hertfordshire	3,000	-
Kent Community Alliance of Networks	3,000	-
Surrey Voluntary Action	3,000	-
Speak Up Forum at 3VA	3,000	-
Oxfordshire CVA	4,300	-
Cambridge CVS	3,000	-
One East Midlands	12,000	-
Ipswich and Suffolk Council for Racial Equality	3,000	-
VA Norfolk	4,003	-
VA Leicestershire	3,540	-
LDCVS	2,990	-
Warwickshire CVA	3,000	-
RAWM	6,000	-
MVDA	3,740	-
VONNE	6,000	-
VANEL	2,900	-
North Yorkshire and York Forum	3,000	-
VA Sheffield	3,120	-
VA Leeds	2,933	-
Halton and St Helens VCA	3,000	-
Cumbria CVS	2,850	-
GMCVO	6,000	15,500
Preston Community Network and LVSC	4,300	-
Sefton CVS	2,950	-
York CVS	300	-
Tameside 3 <sup>rd</sup> Sector Coalition	300	-
Young Lives	300	-
Dudley CVS	300	-
Hackney CVS	300	15,500

East Riding Voluntary Action Services Ltd	300	-
Poole CVS	300	-
2D	300	-
Seachange	300	-
VA Lewisham	300	-
WCVA	-	15,500
Havering AVCO	-	15,500
VA Wakefield District	-	15,500
CASE Kent	-	15,500
Southampton CVS	-	15,500
	124,906	108,500

**All of the grants were made out of restricted funds.**

#### **6. Pension costs**

NAVCA makes payments on behalf of employees into individual personal pension plans and also its own group personal pension plan. The assets of these schemes are held separately from those of NAVCA in independently administered funds. The pension cost charge in the income and expenditure account represents contributions payable by NAVCA to the funds, and amounts to **£49,788** (2011 **£79,237**). There were contributions payable of **£10,508** (2011 **£23,979**) at the year end and these are included in creditors. The £10,508 comprises £425 of accrued pension contributions where the pension company has not taken the correct amount and £10,083 of contributions relating to employees who have left the organisation without setting up a pension but where the organisation is still contractually bound to pay the pension contributions over.

NAVCA participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Full details of the Plan can be found at note 19.

#### **7. Net income for the year is stated after charging:**

	2012	2011
	£	£
Trustees' remuneration	-	-
Auditors' remuneration.		
- External audit	4,800	5,000
- Other services	-	-
Operating lease rentals - land and buildings	49,490	49,490
- photocopier	253	459
Depreciation of fixed assets	16,689	22,913
<b>Total</b>	<b>71,232</b>	<b>77,862</b>

**8. Staff costs and trustees remuneration**

	2012	2011
	£	£
<b>Staff emoluments:</b>		
Wages and salaries	772,536	1,153,470
Social security costs	79,508	121,042
Pension costs	49,788	79,237
Redundancy costs	-	41,909
	<u>901,832</u>	<u>1,395,658</u>
<b>Other staff costs:</b>		
Agency staff	-	45,925
Recruitment	-	182
Other	50	-
	<u>50</u>	<u>46,107</u>
<b>Total</b>	<u><u>901,882</u></u>	<u><u>1,441,765</u></u>

None of the trustees receive any remuneration during the year

	2012	2011
Employees earning more than £60,000 per annum	1	1

Travel and subsistence expenses totalling £3,123 (2011 £4,247) were paid during the year to 16 trustees (2011 16 trustees). A majority of NAVCA trustees are employees of NAVCA members. NAVCA sells services to, and buys services from, its members. During the year no large or unusual transactions were made between NAVCA and the organisations employing NAVCA's trustees.

Simon Wright is a NAVCA trustee and a director of Tennyson Insurance, which sells Zurich insurance to NAVCA members. NAVCA has no direct financial relationship with Tennyson nor does NAVCA get commission from the sale of insurance.

## 9. Staff numbers

The average number of employees, analysed by function and calculated on a full-time equivalent basis was

	2012	2011
	Number	Number
Representation	6.3	8 0
Governance support	0.5	0 5
Learning and development of members	2.0	6 9
Support services to members	2.5	5 2
Assessing members' performance	0.5	1 0
Specialist advice services to members:		
- Local partnerships	1.0	4 5
- Commissioning and procurement	3.5	3 4
- Children	1.7	2 8
- Offenders	0.5	0.8
- ICT	-	1.1
- Sport	-	0.1
Social care and health	2.0	2 2
Consultancy	-	0 5
	<b>20.5</b>	<b>37.0</b>

## 10. Taxation

Since NAVCA is a registered charity, its results for the year are not subject to corporation tax

**11. Tangible assets**

	<b>IT equipment</b>	<b>Office furniture &amp; fittings</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2011</b>	<b>95,171</b>	<b>106,818</b>	<b>201,989</b>
<b>Additions</b>	-	-	-
<b>Disposals</b>	-	-	-
	<b>95,171</b>	<b>106,818</b>	<b>201,989</b>
<b>At 31 March 2012</b>			
<b>Depreciation</b>			
<b>At 1 April 2011</b>	<b>89,494</b>	<b>95,806</b>	<b>185,300</b>
<b>Disposals</b>	-	-	-
<b>Charge for the year</b>	<b>5,677</b>	<b>11,012</b>	<b>16,689</b>
<b>At 31 March 2012</b>	<b>95,171</b>	<b>106,818</b>	<b>201,989</b>
<b>Net book amount</b>			
<b>At 31 March 2012</b>	-	-	-
<b>At 31 March 2011</b>	<b>5,677</b>	<b>11,012</b>	<b>16,689</b>

**12. Fixed asset investments**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Quoted investments</b>		
<b>At market value 1 April 2011</b>	<b>77,677</b>	<b>-</b>
<b>Additions</b>	<b>322,093</b>	<b>77,677</b>
<b>Disposals</b>	-	-
<b>Increase in market value</b>	<b>4,601</b>	<b>-</b>
<b>At market value 31 March 2012</b>	<b>404,371</b>	<b>77,677</b>

All investments are listed securities and comprise

	£
UK Fixed Interest	61,547
Overseas Fixed Interest	63,345
UK Equities	130,260
European Equities	16,272
North American Equities	46,595
Japanese Equities	6,695
Far East & Australian Equities	6,355
Emerging Economies	9,800
Property	25,380
Alternative assets	38,122
	<u>404,371</u>

No individual security held accounts for more than 5% of the portfolio by market value

### 13. Debtors

	2012 £	2011 £
<b>Amounts due within one year</b>		
Trade debtors	135,145	165,877
Prepayments and accrued income	21,884	26,793
Other debtors	850	1,430
	<u>157,879</u>	<u>194,100</u>

### 14. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	18,015	79,529
Accruals	154,766	237,550
Tax and Social Security	23,571	68,267
Deferred income	165,178	164,403
	<u>361,530</u>	<u>549,749</u>

## 15. Designated funds

The unrestricted funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustee Board for specific purposes

	Balance at <u>31.3.11</u> £	<u>Additions</u> £	Released/ <u>utilised</u> £	Balance at <u>31.3.12</u> £
Funding for tangible assets	16,689	-	(16,689)	-
Enhancing organisational capacity	-	-	-	-
Underwrite deficit 2012/13	80,000	70,000	-	150,000
Support for organisational development	100,000	-	(30,000)	70,000
Product development	25,000	-	(25,000)	-
Sinking fund	50,000	-	-	50,000
Strategic review support	-	20,000	-	20,000
Website and database	-	75,000	-	75,000
Premises move	-	100,000	-	100,000
Quality award update	-	50,000	-	50,000
Legal expenses	50,000	-	(50,000)	-
	<u>321,689</u>	<u>315,000</u>	<u>(121,689)</u>	<u>515,000</u>

The designation of funds is made to ensure that known future expenditure has been provided for and also to provide for expenditure that has been identified as necessary after the budget for the following year has been set

### Underwriting the deficit for 2012/13

This designation is to underwrite the budgeted deficit in 2012/13

### Support for organisational development

This designation is to be used to help the organisation develop and deliver its sustainability plan

### Sinking fund

Under the terms of the current lease the property must be returned to its original state when the property is vacated. This is an estimate of the cost of having the necessary work done

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**Strategic review support**

Support for the strategic review

**Website and database**

This designation is to provide funds for a new website and database

**Premises move**

A move from the current property is scheduled for January 2013. This designation is to cover the costs associated with moving and fitting out new premises.

**Quality award**

The quality award needs to be refreshed to maintain its relevance to the sector. This designation will be used to provide support with that work.



**16. Restricted funds**

	Balance at	Movement in resources			Balance at
	<u>31.3.11</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>Transfers</u>	<u>31.3.12</u>
	£	£	£	£	£
Outcomes Project	5,000	-	-	(5,000)	-
Performance Improvement Support	5,524	-	-	(5,524)	-
Quality Standards Project	499	-	-	24,384	24,883
Improving Local Partnerships	(69)	-	-	69	-
Public Law Project	13,191	73,332	(72,907)	-	13,616
Database development	18,774	-	-	-	18,774
Action Learning for Managers	11,570	-	-	(11,570)	-
Action Learning Matters Project Development	3,416	-	-	(3,416)	-
Action Learning Matters	2,851	-	-	14,986	17,837
Engaging Communities	3,400	-	-	-	3,400
Pilot of Infrastructure Standards for CVS	8,860	-	-	(8,860)	-
Funding advisers' seminar	2,028	-	-	(2,028)	-
DEFRA grant	5,000	-	-	-	5,000
Piloting performance	5,000	-	-	(5,000)	-
Improving Local Partnerships Unit	83,223	45,043	(122,041)	(69)	6,156
Local Commissioning and Procurement Unit	70,063	238,736	(237,755)	-	71,044
LCPU – supporting change	-	10,000	-	-	10,000
NOMS	963	-	-	-	963
Ministry of Justice	-	17,000	(17,000)	-	-
Every Child Matters	2,108	-	(2,108)	-	-
Children England	-	98,909	(98,909)	-	-
Learning Revolution	7,715	-	-	(7,715)	-
Tender Support Project	(50)	3,629	470	-	4,049
Campaigning and advocacy	1,200	-	(1,200)	-	-
Campaigning and advocacy	3,899	-	(1,436)	-	2,463
Social change	10,000	-	-	(10,000)	-
Health and social care	3	199,322	(192,615)	-	6,710
Democracy days	16,825	-	-	(16,825)	-
Regional Voices	-	18,056	(18,056)	-	-
Safer Future Communities	-	160,000	(150,406)	-	9,594
Learning and development	-	-	-	36,568	36,568
	<u>280,993</u>	<u>864,027</u>	<u>(913,963)</u>	<u>-</u>	<u>231,057</u>

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**Quality Standards Project** – ChangeUp project funding to introduce quality benchmarking to local support and development organisations

**Improving Local Partnerships Unit** – This project is an extension of the above project and aims to provide local support and development organisations with the skills, knowledge and understanding to be confident, inclusive and effective representatives of the local VCS in local area agreements and other partnerships

**Public Law Project** – NCVO is the lead partner on the Big Lottery funded project, NAVCA is providing the training support. The outcomes of the project are to provide workshops in public law, a free legal advice line and information dissemination via newsletters and websites

**Database development** – The licensing and development of Sentences database software and purchase of related computer hardware, £18,774 is the cash balance available to spend against further software costs

**Action Learning Matters** – Action Learning Matters (ALM) is a national resource for action learning in the voluntary and community sector across England. Outputs of the project include a national web resource, training, a bursary scheme and establishing regional action learning networks. ALM was funded by the Workforce Hub

**DEFRA grant** – To engage organisations to protect and improve our environment and to deliver sustainable development solutions

**Local Commissioning and Procurement Unit** – LCPU supports the development of a diverse local third sector, able to influence service planning, win contracts, and deliver quality public services

**LCPU – supporting change** – A Big Lottery grant to help enable the LCPU project to become sustainable

**NOMS** – Supporting Offenders Programme is designed to offer local support and development organisations the support, information and resources they need to effectively support local voluntary and community sector organisations that work with offenders, ex-offenders and their families

**Children England** – NAVCA supports third sector organisations engaged with the Every Child Matters agenda and with the related Children's Workforce agenda

**Tender Support Project** – Provides one-to-one support to increase an organisation's ability to win contracts to deliver public services. One day of consultancy is available and can be used for single or partnership bids. The project is delivered in 10 areas across the country by 10 local support and development organisations.

**Campaigning and advocacy** – Delivering training workshops for local campaigners.

**Health and social care** – NAVCA is a strategic partner with the Department of Health. The project aims to build local support and development organisation capacity and knowledge to improve the support they are able to offer on health and social care issues.

**Children England** – A programme of work funded by the Department for Education through Children England. NAVCA supports local support and development organisations and voluntary and community groups by providing training on child poverty and business planning and by inputting into the government's policy agenda on issues relating to services for children, young people and families.

**Safer Future Communities** – A programme of work funded by the Home Office to support the voluntary, community and social enterprise sector to play an active role in the new arrangements for police and crime commissioners.

**Ministry of Justice** – Funded by MOJ in partnership with Clinks. Designed to support the voluntary and community sector to work with partners in local areas on the criminal justice system.

**Regional Voices** – This work is funded by the Department of Health (DH) through Regional Voices. It aims to ensure priority learning and development needs, as identified by DH, are addressed across all LINKs, as well as to share and embed best practice across all LINKs in the transition to HealthWatch.

**Learning and development** – An amalgamation of the balances of grants given to develop and deliver learning and development opportunities.

#### 17. Endowment fund

The Sir John Wrigley Bequest was made in 1978 to the National Council for Social Services and subsequently devolved to NAVCA. The income from the bequest is being used as instructed, to assist the staff of CVS to take part in community work seminars, conferences and other training opportunities in the UK or in Europe.

#### 18. Obligations under operating leases

At 31 March 2012 the charity had annual commitments under non-cancellable operating leases terminating as follows:

	Land and Buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Within 1 year	40,833	-	-	-
Between 2 and 5 years	-	-	1,012	1,380
More than 5 years	-	49,000	-	-
<b>Total</b>	<b>40,833</b>	<b>49,000</b>	<b>1,012</b>	<b>1,380</b>

## 19. Pension obligations

NAVCA participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis.

Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

NAVCA paid contributions at the rate of 7% during the accounting period.

As at the balance sheet date there was one active member of the Plan employed by NAVCA. NAVCA continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

From 1 April 2013 NAVCA will be required to pay additional contributions of £4,658.28 per annum.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% p.a.
Rate of return pre-retirement	7.6
Rate of return post-retirement	
Active/Deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre- and post-retirement investment return assumptions, such that there is a 60% expectation that the

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return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4 (Our recent correspondence to all employers refers). The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

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

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment

performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

NAVCA has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for NAVCA was £82,801.

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## **Appendix 1**

### **NAVCA funders**

NAVCA would like to give a special thanks to our principal funders for their continued support

The Office for Civil Society  
Big Lottery Fund  
Department of Health

NAVCA would also like to thank the many other funders who supported us throughout the year

Children England  
Clinks  
Department of Communities and Local Government  
Department for Education  
Home Office  
Local Government Association  
Ministry of Justice  
NCVO  
Public Law Project  
Regional Voices

#### **Corporate relationships**

CCLA  
Co-operative Bank  
Peninsula  
Tennyson  
Unity Trust Bank  
Zurich  
All of our conference exhibitors