

Registered Company Number: SC203613
Scottish Charity Number: SC028457

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**



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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Directors have pleasure in presenting their annual report and the financial statements of the charity for the year ended 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

The Directors, staff and volunteers have had yet another busy year working hard to benefit as many people, organisations and communities across Fife as possible. We have played a key role in helping to support and strengthen volunteering, Fife's third sector and Fife's Community Planning Partnership.

This past year has seen us undertake our most ambitious project to date – the opening of a large voluntary sector hub in Kirkcaldy: New Volunteer House. Directors are pleased to report that the hub is open and proving very successful, with excellent feedback from tenants and users of the facility. It was a very complex project which consumed a lot of Director and senior management time. As a result, there was significant disruption to our services, staff and tenants in Kirkcaldy and cost us considerably more money than we had been advised to set aside.

The Operational Work Plan is the main management tool for monitoring and reporting on activity performance and is maintained by the CEO and reviewed periodically by the Board. The Board also regularly receives and reviews the risk management report, financial management accounts and associated financial reports, performance reports and policy updates on various developments throughout the year.

So, operationally we had another fantastic year as you will read elsewhere in this Report but financially we faced our most difficult year since formation, making a significant loss. This was mostly down to unforeseen expenditure in relation to New Volunteer House and the conclusion of the transfer of Fife Centre for Equalities, where we were using restricted funding which had been received in previous periods for expenditure in 2016/17. Further details are set out in this Report.

I would like to thank my fellow Directors for their hard work and commitment and I would also like to thank all the staff and volunteers for hard work and co-operation during a very difficult year.

I also wish to recognise the significant support, both financial and in-kind, that we continue to enjoy from Fife Council, Fife Health and Social Care Partnership and NHS Fife, as well as the contribution to our core costs received from Scottish Ministers through the Scottish Government. I'd like to thank our other funders for enabling us to undertake valuable project work which allows us to have a bigger impact on the people of Fife. We also work hard to

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generate income, where appropriate, to supplement the grants we receive and strive to deliver excellent value for the investment of taxpayer monies.

I'd also like to thank the many organisations who have worked in partnership with us during the year as well as the organisations and people who have contributed to our many Forums and events.

The Directors look forward to working with our staff team and volunteers, funders, partners and the wider sector going forward, during what are financially challenging times for organisations and citizens alike, with austerity, Brexit uncertainty and increasing demands on services whilst public expenditure reduces. Despite these challenges, we are convinced that there will be opportunities for FVA and the rest of the third sector to rise to the occasion and provide excellent outcomes for the citizens and communities of Fife.

As always, more information on the work of Fife Voluntary Action is available on our extensive website at www.fifevoluntaryaction.org.uk. If you'd like to find out more about our work, how we might be able to help you or how you might be able to help us, then please contact our CEO.



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Chairperson
Robert Lumsden

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Purpose and objectives

The charity's objectives are to advance citizenship and community development throughout Fife by assisting voluntary, charitable, social enterprise and community organisations (third sector) and volunteers to thrive and develop. This includes the provision of services which will strengthen the contribution of the third sector and volunteers to the economic, social and cultural development of communities. In furtherance of these objectives we aim to advance health and prevent poverty by supporting third sector organisations to deliver high quality services and activities to vulnerable groups and to advance education through the provision of appropriate training to third sector organisations and volunteers.

The key themes are:

1. Provide support to voluntary organisations operating in the area (both local and national organisations) who deliver services within Fife;
2. Provide support to and the promotion of volunteering;
3. Promote, support and develop social enterprise; and
4. Provide a connection between the Community Planning partnership and the third sector in Fife.

Achievements and performance

Each year, our CEO and staff team develop a detailed operational workplan setting out anticipated activities, under outcome headings, along with key performance indicators and associated targets. The workplan is approved by Directors at the start of each financial year and monitored during the year. The workplan, and progress updates, are submitted to key funders at the start of the year, after 6 months and after 12 months. Reports are also published on our website.

We set out an ambitious workplan each year, recognising that a core part of our role is to respond to organisations needing support. Oftentimes, this can be urgent and significant in nature and our staff team work hard to accommodate every request, occasionally resulting in some planned activities having to be delayed or reduced. We also respond to emerging issues and challenges during the year, working in partnership within the third sector but also with our public sector partners on activities that were not foreseen when developing the workplan.

Our 2016/17 workplan set out 144 key activities under 5 thematic areas:

Key Theme	Activity Totals
Third sector organisations in Fife are well governed, managed and deliver quality outcomes	29 activities
Provide support to, and the promotion of, volunteering	32 activities
Social enterprise develops and grows	19 activities
Third sector organisations feel better connected and are able to influence and contribute to public policy	27 activities
Fife Voluntary Action is recognised for excellence	37 activities
5 key themes	144 activities

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Achievements and performance (continued)

The 12 month performance report is available on our website at www.fivevoluntaryaction.org.uk

Achievements

We were able to fully achieve or exceed 29% of the activities and targets (there were over 250 targets) in the workplan. A further 23% of activities had most targets achieved and 47% had made good progress but hadn't quite achieved the target figures. Only 1 activity was not progressed during the year and has been rolled forward in the 2017/18 workplan.

Directors are pleased to report that we achieved two significant milestones during the year:

1. Completion of the refurbishment of New Volunteer House, Kirkcaldy including achieving 100% occupancy within 2 months of reopening; and
2. Successful establishment of Fife Centre for Equalities and concluding transfer of resources and staff.

These two achievements required a considerable time investment, over and above the time required to progress the many other key activities undertaken during the year. In this report we shall briefly summarise key achievements.

Achievements – Volunteering

Introduction to volunteering presentations	54
Number of participants	435
Drop-in sessions held for potential volunteers	36
Higher support needs volunteers supported	55
New people registered for volunteering	598
Number of placements confirmed	648
Number of ex-offenders supported into appropriate volunteering roles	25
Number of Saltire certificates awarded to young people	840
Number of befrienders recruited for Kingdom Companions project	48
Number of young people at risk of not achieving a positive destination placed into a volunteering role	56
Number of footcare appointments delivered by volunteers	2,236

Achievements – Supporting Organisations to Involve Volunteers

Number of organisations supported on a one-to-one basis	270
Number of organisations achieving Volunteer Friendly Award	5
Number of organisations receiving PVG/Disclosure support	44
Volunteer management training courses delivered	8
Number of participants	85
Number of volunteer manager forum meetings held	4
Number of volunteer manager e-mail bulletins	11
Number of people recruited to volunteering into employment project	86
Number placed into suitable volunteering roles	71
Number achieving job outcomes	34

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Achievements and performance (continued)

Achievements – Social Enterprise Develops and Grows

Number of existing social enterprises given one-to-one support	19
Number of new social enterprise startups given one-to-one support	14
Number of referrals to business support specialists	5
Number of community ownership consultations	11
Provide support to community empowerment policy and process development – meetings attended	6
Support organisation and delivery of an event to promote community empowerment – number of attendees	85
Meetings attended to support development of Fife's credit unions	5
Sessions delivered to support socially enterprising approaches	7

Achievements – Third sector organisations are well governed and managed, and deliver quality outcomes

Number of enquiries handled	17,895
Number of organisations supported	613
Organisations in crisis given extensive and specialist support	20
Organisations supported to recruit board members	42
Number of training sessions delivered	33
Number of e-mail bulletins promoting good practice, training and more	90
Thematic information briefings produced	13
Number of third sector organisations in our directory	2,777
Number of visits to our website	109,113
Number of press articles promoting third sector	16
Networking events organised	34
Number of sessions held to support organisations to secure funding	16
Organisations helped to secure funding	56
Number of successful funding applications supported	61 (£1.9m)
Number of organisations using independent examination service	43
Number of clients receiving payroll service	41
Number of organisations helped with financial governance	15

Achievements - Third sector organisations feel better connected and are able to influence and contribute to public policy

Number of community planning partnership meetings attended	330
Number of third sector forum meetings convened and supported	37
Number of public policy consultations supported	8
Number of local community planning meetings attended	18
Number of health and social care integration meetings attended	30
Number of Fairer Fife meetings attended	7

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Achievements and performance (continued)

Impact

Our core purpose is to build the capacity of the third sector and volunteering, in order that the third sector, in partnership with the public sector, can deliver the following key priorities:

- Tackling poverty and inequality;
- Improving the quality of life in local communities and for individuals;
- Better access to improved health and social care services;
- Building a strong local economy through partnership working;
- Building a sustainable society through growing employability opportunities;
- Transforming local services to work more effectively.

As an infrastructure body, much of our work is intermediary work whereupon we help others who then go on to directly support people and communities across Fife. We are fortunate to have some frontline services and we also directly benefit people and communities ourselves. We endeavour to ask people to rate the support they've had from us, across all of our activities, and we highlight some of the key findings during 2016/17 below:

Impact - Volunteering

Number of volunteers who completed qualitative feedback survey	420
Percentage who rated us as excellent or good	100%
How many went on to active volunteering*	85%
*some are volunteering in more than one opportunity	
Number of people in paid employment as a direct result of our support	37
Number of people in a positive destination other than paid employment	20

Impact – Supporting Organisations to Involve Volunteers

Number of organisations who completed qualitative feedback survey	128
Percentage who rated us as excellent or good	100%
Percentage who feel better able to recruit, retain and manage volunteers	100%

Impact – Social Enterprise Develops and Grows

Number of social enterprises who completed qualitative feedback survey	32
Percentage who rated us as excellent or good	100%
Percentage who felt more confident to develop their social enterprise	100%

Impact – Third sector organisations are well governed and managed, and deliver quality outcomes

Number of organisations who completed qualitative feedback survey	347
Percentage who rated us as excellent or good	100%
Percentage who say their organisation is better governed/managed and delivers better services	100%

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Achievements and performance (continued)

Impact - Third sector organisations feel better connected and are able to influence and contribute to public policy

Number of organisations who completed qualitative feedback survey	286
Percentage of organisations who say that as a result in taking part in networks and forums or networking activity they feel more connected	100%
Percentage of organisations who say we help them to engage in and influence public policy	100%
Percentage of partners that say we bring knowledge of the third sector to partnerships	92%

Impact – Effectiveness of FVA to support third sector

Number of organisations who completed qualitative feedback survey	385
Percentage of organisations who say we understand them and their needs	100%
Percentage of organisations who say we provide services and support that is suitable for their organisation	100%

Fife Council Service Level Agreement Review

During 2016/17 we were subject to a 3 year SLA review from Fife Council for our Fife Council, NHS Fife and Fife Health and Social Care Partnership funding, which represents more than half of our total grant income. Fife Council is our largest funder, providing core funding as well as project funding.

All third sector organisations in receipt of recurring grant funding are required to undergo a review every 3 years. An experienced link officer undertakes the review and meets with a range of stakeholders, including staff and service users, and our link officer, to assess performance against the SLA. We submitted our detailed workplan and monitoring data alongside a wide range of evidence of achievements.

Directors are pleased to report that we received excellent feedback recognising the significant work we undertake and the value for money we provide for our local public sector funders and partners. The report identifies that FVA has met all of the objectives, albeit there were specific targets that were not quite met at some points during the three year period. The report recognises that other targets were exceeded during the period. In terms of missed targets, the report lists only a handful out of over 800 targets over the period.

Importantly, there were no concerns raised within the report. There were some recommendations for things to be looked at in terms of improvement which now feature in an action plan owned by the CEO which will be reported to the Board during 2017/18. The areas for improvement are relatively minor and most of them had been identified for improvement already.

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Financial review

This full report contains many numbers and accompanying notes which serve to demonstrate how we've performed during 2016/17, both in terms of activity but also financially.

Like most charities we face challenges and opportunities during any financial year and 2016/17 was no different for us. Indeed, 2016/17 has been our most challenging year in financial terms and required staff and Directors to work hard to manage finances and operations in order to mitigate losses and put in place plans for 2017/18 that would not only stem the losses but improve financial performance in order to return to an operating surplus by the end of March 2018.

The Finance Sub-Committee, chaired by the Treasurer, and CEO maintain a very regular schedule of meetings during the year, scrutinising management accounts and the financial performance across the organisation. A sharp focus is placed on reducing costs without impacting on performance where possible, attracting appropriate funding and generating income where this is compatible with our values and core services.

Total income for the year was £1.191m, down slightly on the 2016/17 income of £1.326m, most of this being down to loss of income in Kirkcaldy and not receiving grant income for the transferred Fife Centre for Equalities. We were fortunate to receive almost all grant funding that we had received in the previous year, a testament to the strong performance across all areas of the organisation.

Expenditure however, was up slightly from 2016/17 (£1.315m) to £1.336m. This reflects that we continued most core and project activity at the same level as 2016/17, but incurred additional costs in Kirkcaldy and transferred resources to Fife Centre for Equalities which were being held in restricted reserves (more details below).

Therefore, we incurred our first financial loss in recent times, reporting a deficit of £145,452 in the accompanying financial statements for the year. Whilst this was disappointing, the reasons behind the loss are considered by the Directors to be one-off losses that are not anticipated to persist going forward. The two main reasons for this loss are:

1. Transfer of Fife Centre for Equalities
2. Refurbishment of New Volunteer House, Kirkcaldy

1. Transfer of Fife Centre for Equalities

Fife Centre for Equalities (FCE) was a project started and incubated by FVA, in partnership with Fife Council and NHS Fife. It was a funded project with an agreed aim of establishing FCE as a standalone charitable organisation once up and running. We successfully established the project and had it up and running as planned in 2015/16. FVA and partners had originally intended to spin it out of FVA during that financial year but plans slipped as we embarked on processes to recruit new Board members, establish a legal vehicle, open bank accounts, amend funding agreements and so forth. All funding received for FCE was treated as restricted income and shown in our financial statements under "Equalities Hub". At 31 March 2016 we had £67,278 in restricted reserves for this project. During the financial year (2016/17) we successfully transferred all assets and liabilities (including staff under TUPE Regulations) and transferred all unspent, restricted funds held for this project. Therefore, we fully spent the £67,278 in restricted reserves on running the project during the first part of this financial year, transferring all unspent funds on the date of transfer. The income was

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Financial review (continued)

received prior to this financial year but the money was spent/transferred in this financial year, contributing significantly to the deficit in the financial statements which follow this report.

We continue to work in partnership with colleagues at FCE but FVA has no governance, management or any other role or influence over the new charitable company.

2. Refurbishment of New Volunteer House, Kirkcaldy

As reported in last year's Directors' Report, the refurbishment of our new hub premises in Kirkcaldy was always going to present an element of uncertainty and risk which was carefully monitored by the CEO and Board throughout the period.

There were three main issues linked to this project: the additional costs which we had not been advised of by the external professionals managing the project, the loss of income due to being decanted twice (and not being able to conduct normal room hire business or fill vacant offices, all of which had waiting tenants) and also the additional cost of IT, telecoms, health and safety, and project management resources in dealing with the decants, the period of significant disruption and moving back into the building.

Directors are confident that these were all one-off costs and impacts. Tenants in Kirkcaldy were very understanding and patient during these difficult times and we are pleased that they are happy with the refurbished accommodation. We'd like to once again thank them for their support and we look forward to continuing to offer them high quality, affordable accommodation with shared services that benefit all tenants and users.

A breakdown of income and expenditure as well as accompanying notes on the financial activities during the year, compared with the previous year, follow in this report.

Principal funding sources

Our principal funding sources for the financial year 2016/17 were largely unchanged on previous years: Fife Council, Scottish Government, NHS Fife supplying 'core' funding and project funding from a range of funders, the majority of whom are Fife Community Planning Partnership partners, particularly in relation to employability and, health and social care. A key difference during the year was the formation of Fife's Health and Social Care Partnership (HSCP) as a result of the Public Bodies (Joint Working) (Scotland) Act 2014. FVA is a non-voting member of the Board of the HSCP and some of our grant funding is awarded by the HSCP although it is received (and monitored) via Fife Council.

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Reserves/Investment policy

Funding received for specific pieces of work or particular areas of work is contained within restricted funds in order to ensure that it is spent on the purpose for which it was paid.

The organisation seeks to hold reserves for two main purposes:

1. to create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and
2. create a contingency to cushion the impact of unexpected events or emergencies, including but not limited to winding the organisation up.

The company's Reserves Policy states that the organisation should retain reserves equivalent to 3 months of operating costs, calculated on the basis that this would offset costs that would be incurred if it was necessary to wind the organisation up. These costs, and therefore the organisation's target, amounts to approximately £300,000 to be held in general (unrestricted) funds.

The additional costs incurred in the Kirkcaldy hub project resulted in a depletion of unrestricted reserves of £80,154, with the balance of unrestricted reserves reducing from £277,459 at 01 April 2016 to £197,305 at 31 March 2017. Directors and the CEO are forecasting a modest surplus during 2017/18 in order to gradually increase our unrestricted reserves position to eventually meet the stated aim of our Reserves Policy. Directors and the CEO will continue to carefully monitor financial performance during the year.

Plans for future periods

We will continue to develop a detailed, annual operational workplan setting out the outcomes we seek to achieve, the activities we will undertake to deliver those outcomes and data on key performance indicators to measure progress against the plan. Other than business-as-usual, there are a number of key development areas that we will focus on going forward:

1. Continued improvements in our own governance and operational effectiveness;
2. Implement a financial recovery plan to move towards our Reserves Policy target;
3. Development of new projects;
4. Playing a full part in partnership developments and activity;
5. Improve our efficiency through development of new products and facilities;
6. Develop our engagement and feedback processes to ensure we continue to deliver services that people and organisations need across Fife;
7. Sustainability of our hub premises.

1. Continued improvements in our own governance and operational effectiveness

As an organisation we're committed, through our culture and values, to continuous improvement. Directors are very proud of the achievements of the organisation, evidenced through customer feedback, partner feedback, the three year Service Level Agreement review and our external, independent audit report. However, Directors and management know that there's always room for improvement and a need to continue to strive to deliver best value and deliver the best impact and outcome possible for our stakeholders.

Our CEO continues to monitor developments within Scottish Government as they conduct a review of third sector interfaces. Any potential changes in expectation through any proposed new funding agreement will be considered fully by our CEO and Directors. Government funding has been approved until September 2018, so any changes will need to take effect

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Plans for future periods (continued)

from October 2018. The level of funding from October 2018 may also vary, which will need to be taken into account in all forward planning we undertake.

During 2017/18 we will be seeking to add to the number of Directors through open recruitment, conduct a full review of our strategic direction and develop a new strategic plan – taking into account the emerging Plan for Fife, funder requirements and customer expectations. When our CEO is tasked with producing a new operational workplan for 2018/19 we will ensure that it aligns with all appropriate plans and strategies, ensuring we remain relevant and influential in making Fife a fairer place.

2. Implement a financial recovery plan to move towards our Reserves Policy target

Earlier in this Report we point out the reduction in our unrestricted reserves, which sits below the level set out in our Reserves Policy. As previously stated, the reasons for the reduction in the year were one-off issues. Directors have tasked the CEO with a gradual reinstatement through making modest operating surpluses – through generating more income, attracting more funding and making savings where reasonably practicable.

The Finance Sub-Committee will scrutinise performance to ensure, amongst other things, a surplus is generated in the year 2017/18. Directors remain reassured by our CEO that this should not result in any diminution in staffing levels or operational performance.

3. Development of new projects

Our core role has remained constant for many years although we continually review how we perform that role, both internally and with external stakeholders. However, we also have the ability to undertake project work where appropriate. FVA has adopted a clear position that we won't directly compete with any other third sector organisation, but we will develop projects when we are asked to or where we identify a need and nobody else is doing it or better placed to do it than us. Two exciting new projects for 2017/18 and beyond are the support and development of credit unions in Fife, and Timebanking Fife.

Fife Council has given us grant funding for 18 months from May 2017 to work with and support the six credit unions operating in Fife. We will support them to develop and begin implementation of new business plans. This ties in with the Fairer Fife recommendations (see below) and a local desire to improve household finances by avoiding high cost lending and encouraging saving and improved budgeting. We look forward to reporting progress in due course.

Timebanking Fife is a new initiative we started to develop towards the end of 2016/17 with a view to prototyping it in 2017/18. We've developed the project proposal, branding and systems to begin the first prototype. We've had presentations and discussions with key partners and potential funders which have been very warmly received. We are in the process of submitting funding applications to recruit a co-ordinator and time broker to drive this work forward.

The project will see very local timebanks developed in communities where there's an interest, to encourage people to sign up and earn time credits for informal volunteering/help they provide to their neighbours and use those credits to have other people help them

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Plans for future periods (continued)

out in return. The concept is well-established with timebanks across the globe, including some established timebanks elsewhere in Scotland.

Lessons from elsewhere show that timebanks fail when there's no dedicated resource to provide co-ordination, so we will look to have funding in place before commencing. It is our hope that we can develop a number of local timebanks by supporting local people to become volunteer time brokers, but they will still have support from the co-ordinator even though they'll be supporting the establishment of a new timebank in a new area by that stage. This is a development which is of interest to a number of stakeholders and policy areas – it has the potential to build strong social capital in communities, encourage people to become more involved, improve confidence and wellbeing, and ultimately lead to people progressing into formal volunteering and/or work, feeling part of a community and having more pride in their community.

4. Playing a full part in partnership developments and activity

FVA is a key partner in the Fife Community Planning Partnership (CPP), working closely with partners to make Fife a fairer place. We stand alongside our partners in a shared commitment to meet the challenges set by the Fairer Fife Commission, endorsing every recommendation in the Fairness Matters report of November 2015 which sets out a 15 year ambition for Fife.

We have supported the development of the new Local Outcome Improvement Plan (LOIP) for Fife, which will be published towards the end of 2017. This will become the new Plan for Fife which will set out the how Partnership will work together over the next 10 years. The Fairer Fife recommendations and other existing plans and strategies are encompassed within the LOIP, ensuring we have a co-ordinated strategic vision and plan that we will work towards and report against to the people of Fife.

The CPP is also undertaking a review of its governance and reporting structure. FVA is fully involved in these discussions and changes, and will seek to ensure the third sector remains a valued and key contributor.

FVA leads on a number of the priority action areas and will continue to lead on a partnership response and associated activities.

We will also seek to develop a new community safety theme group within the third sector, to complement and support the developing role the CPP has in terms of community justice and reducing reoffending.

FVA also has, as a core role, the promotion of community planning and support third and public sectors to work better together. During the coming period we will seek to strengthen the role and reach we have across the 7 localities of Fife – helping to co-ordinate and support third sector activity, local community planning and the new locality and cluster groups of the Health and Social Care Partnership.

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Plans for future periods (continued)

5. Improve our efficiency through development of new products and facilities

Our desire to improve efficiency is not simply about financial prudence but about ensuring we deliver maximum impact with the resources available to us. We want to ensure that we continue to provide the best support possible and that people and organisations are supported to achieve the best outcome for them.

FVA is affected by most of the same issues impacting on the rest of the sector and society more generally. As uncertainty around the implications of Brexit and other global issues play out there is an inevitable impact on business, the economy, public bodies and communities – impacting on citizens. The third sector is seeing an increase in demand for services, complexity of support required and reducing resources. As pressure increases on other organisations, demand for assistance from us also increases. We need to ensure we can meet this demand with the resources we have available. Increasingly, we are looking to make greater use of technology and also find ways of supporting more than one person/organisation at a time, rather than one-to-one support.

We recognise that technological solutions and tools won't work for everybody, so we will not be withdrawing any of our traditional services, we are merely looking to complement them with a technical option – giving people the ability to access high quality support at a time and place of their own choosing. Our online resources will always remind people that they can contact us if they're unsure about something or need more specific or detailed support.

Some key developments earmarked over the next 12-18 months include:

- Renewed website;
- Interactive governance healthcheck system;
- Governance toolkit;
- Improved volunteer registration and matching system on our website;
- Online area for organisations to manage their volunteer opportunities that are registered with us;
- New customer tracking, satisfaction and feedback system;
- Significant expansion of our training programme.

6. Develop our engagement and feedback processes to ensure we continue to deliver services that people and organisations need across Fife

The section above briefly mentions a “new customer tracking, satisfaction and feedback system”. This was highlighted in our recent SLA review with Fife Council as an identified area for improvement. We've been planning a new system for some months and will shortly be developing an internet-based automated tracking system to keep in touch with potential volunteers which will also seek to determine if they need any further support. This will also improve how we measure some of our key performance indicators. We'll also be using the same system to seek feedback from people who attend our events and training courses. FVA staff will have access to the feedback to ensure we make necessary changes and follow up where required.

Our new locality presence (mentioned at number 4 above) will ensure we keep in touch with organisations operating across the 7 localities of Fife, present updates to them and seek their feedback periodically.

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Plans for future periods (continued)

We will also continue to survey stakeholders to seek feedback on performance and areas for improvement.

7. Sustainability of our hub premises

The hub premises we operate in Cupar, Leven, Glenrothes and Kirkcaldy provide beneficial locations for our own staff and volunteers to operate from, but also allow us to provide office space, desk space and room hire facilities to other third sector organisations and partners. We're able to provide shared facilities at very affordable prices, saving third sector organisations money and generating income for us.

However, we are responsible for insuring and maintaining these properties, so we need to ensure we generate enough income to cover these obligations. We will review charges we make, costs we incur and performance to ensure these hubs do not become liabilities for FVA, both in terms of finances but also the time it takes to manage them – we offer this as one of many services, it is not a core service.

We currently have no plans to take on other premises but will always be willing to enter into discussions with partners about potential new hubs with a view to considering a feasibility study where timely opportunities arise.

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Trustee induction and training

The Board of Directors regularly reviews skills and potential gaps as part of the remit of the Human Resources Sub-Committee. This Sub-Committee then determines when a recruitment exercise is necessary and instructs the CEO accordingly. A recruitment exercise was undertaken in August/September 2016 with a view to new members complementing the Board before the end of 2016. This resulted in three applications to join the Board. Lynn Hoey was successfully appointed in November 2016.

When recruiting for new Board members we advertise openly, provide key information on the role and the organisation and offer people opportunities to speak to the CEO or a Board member informally. Interested candidates are required to complete an application form and are interviewed by the CEO and at least one existing Board member, typically an office bearer. A recommendation is then made to the Board.

The organisation uses a comprehensive induction checklist for new Board members and ongoing training and support for Directors is discussed and overseen by the HR Sub-Committee. Regular, 'on-the-job' training by way of information updates and good practice guidance through things like policy review and development feature throughout the year which is of benefit to Directors.

Statement of Directors' responsibilities

The Directors (who are also trustees of Fife Voluntary Action for the purpose of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are disclosed 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Account (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Directors

The Directors of the company are also charity Trustees for the purposes of the charity law, and there are no other trustees. Throughout this report they are collectively referred to as the Directors.

The Directors serving during the year and since the year end are detailed below.

Directors/Committee of Management

Mrs Rhona Cunningham
Mr Robert Garmory
Ms Lynn Hoey (appointed November 2016)
Mr Robert Lumsden (Chair)
Mrs Elizabeth Porter (Treasurer)
Mr Andrew McDaniel (Vice Chair)
Ms Tina Vandermotten

Chief Executive Officer

Mr Kenny Murphy

Registered Office and Principal Address

Craig Mitchell House
Flemington Road
Glenrothes
Fife
KY7 5QF

Bankers

The Royal Bank of Scotland plc
23-25 Rosslyn Street
Kirkcaldy
KY1 3HA

Independent Auditor

Thomson Cooper
Accountants
3 Castle Court
Dunfermline
Fife
KY11 8PB

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Structure, governance and management

Governing document

Fife Voluntary Action is a Scottish company, limited by guarantee, incorporated on 4 February 2000 and is a registered Scottish charity. The company was established under a Memorandum of Association which 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 required to contribute an amount not exceeding £1.

Fife Voluntary Action's name was formally adopted on 8 March 2013 and so this has been our fourth full year as a single organisation operating under the new name and Articles. Fife Voluntary Action is the third sector interface (TSI) for the Fife Council area.

Organisational structure

The Directors are responsible for the overall governance of the charity and receive reports from a Finance Sub Committee chaired by the Treasurer, a Human Resources Sub Committee chaired by a director and from the Chief Executive officer (CEO) and other members of the Management Team.

Daily operational responsibility is delegated to the Chief Executive Officer, who is supported by a management team consisting of the Head of Community Development, the Head of Volunteering Development and the Projects Manager.

Risk management

The organisation has an established risk management procedure and risk matrix document which is maintained by the CEO and reviewed by Directors at least four times each year. It covers health and safety, premises, IT systems, reputation, governance and compliance as well as financial risks to the charity.

Recognition and thanks

The board of Directors would like to express their thanks to those who have worked with us during the year. We'd particularly like to thank the volunteers and third sector organisations that work tirelessly to improve our communities and the opportunities for the people of Fife.

We'd also like to thank our funders and strategic partners for their continued support.

The Directors are particularly appreciative of the hard work and commitment of the skilled staff, placements and volunteers who have made all our achievements possible.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

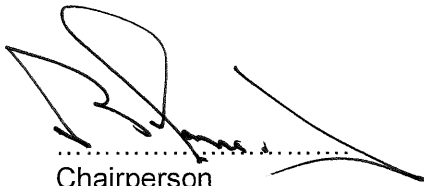
Disclosure of information to auditor

To the knowledge and belief of each Director at the time the report is approved:

- So far as each Director is aware, there is no relevant information of which the company's auditor is unaware, and
- Each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the company's auditor is aware of the information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The report was approved by the Directors on 27 September 2017 and signed on their behalf by



Chairperson
Robert Lumsden
27 September 2017

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Fife Voluntary Action for the year ended 31 March 2017 set out on pages 22 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charity's trustees, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the Trustees (who are also the Directors for the charity 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2017, 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; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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FIFE VOLUNTARY ACTION
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting periods or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Andrew Croxford (Senior Statutory Auditor)
For and on behalf of Thomson Cooper, Statutory Auditor
Dunfermline

6th October 2017

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Income					
Income from charitable activities:					
• Voluntary income	2	645,799	321,033	966,832	1,112,515
• Activities for generating funds		223,721	-	223,721	214,057
• Investment income – bank interest		488	-	488	158
Total incoming resources		<u>870,008</u>	<u>321,033</u>	<u>1,191,041</u>	<u>1,326,730</u>
Expenditure					
Charitable activities	3	<u>950,162</u>	<u>386,331</u>	<u>1,336,493</u>	<u>1,315,416</u>
Total resources expended		<u>950,162</u>	<u>386,331</u>	<u>1,336,493</u>	<u>1,315,416</u>
Net incoming resources before transfers		(80,154)	(65,298)	(145,452)	11,314
Gross transfers between funds		-	-	-	-
Net incoming resources after transfers		(80,154)	(65,298)	(145,452)	11,314
Fund balances at 1 April 2016	1	<u>277,459</u>	<u>74,170</u>	<u>351,629</u>	<u>340,315</u>
Fund balances at 31 March 2017	1 & 2	<u>197,305</u>	<u>8,872</u>	<u>206,177</u>	<u>351,629</u>

All results of the company relate to continuing activities.

There were no recognised gains or losses for either year other than those included in the Statement of Financial Activities.

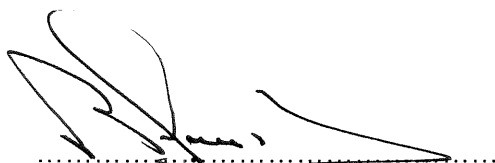
The notes on pages 24 to 37 form part of these financial statements.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

BALANCE SHEET
AS AT 31 MARCH 2017

	Notes	£	2017	£	£	2016	£
Fixed assets	7			46,720			82,999
Current assets							
Debtors	8	198,278			111,104		
Cash at bank and in hand		<u>221,790</u>			<u>422,430</u>		
		420,068			533,534		
Creditors: amounts falling due within one year	9	<u>(260,611)</u>			<u>(264,904)</u>		
Net current assets				<u>159,457</u>			<u>268,630</u>
Net assets				<u>206,177</u>			<u>351,629</u>
Reserves	11						
Unrestricted funds				197,305			277,459
Restricted funds				<u>8,872</u>			<u>74,170</u>
				<u>206,177</u>			<u>351,629</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The financial statements were approved and authorised for issue on 27 September 2017 and are signed on their behalf by:



Chairperson
Robert Lumsden

Registered Company Number: SC203613

The notes on pages 24 to 37 form part of these financial statements.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fife Voluntary Action meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Going concern

The directors are satisfied that Fife Voluntary Action has adequate unrestricted resources, of which a high percentage is held in cash, to continue its objectives for the foreseeable future, and therefore continue to adopt the going concern basis in preparing these financial statements.

Pension costs

The company operates a defined benefit pension scheme for two employees and a defined contribution pension scheme for other participating staff. The assets of the schemes are held separately from those of the company in independently administered funds. The defined benefit pension scheme is administered by The Pensions Trust (note 6). The amount charged represents the contributions payable to the schemes in respect of the accounting period. Total contributions are disclosed in note 5 to the financial statements.

VAT

The company is not registered for VAT. Accordingly, expenditure is shown inclusive of VAT in the financial statements.

Voluntary income

Voluntary income is included in full in the Statement of Financial Activities when the charity is entitled to it and there is reasonable certainty of receipt and the amount is measurable.

Grants

Grant income is recorded in the financial statements in accordance with the financial year to which it relates, unless it relates to a specified future period, in which case it is deferred.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Overheads and salaries

Overheads and salaries are allocated to funds in accordance with the understandings with local and central government authorities and with other funders and where possible directly to charitable or administrative expenses. When this has not been possible, an estimate based on staff time has been made of the proportion to be charged to each activity. Support costs are those costs incurred directly in support of the objects of the charity and are charged within the appropriate overhead, together with direct charitable expenditure.

Tangible assets and depreciation

Fixed assets are stated at cost. Depreciation is provided on tangible fixed assets to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	4 years
Office equipment	4 years
Computer equipment	4 years

Resources expended

Resources expended are recognised when a legal or constructive obligation arises. Where possible, expenditure has been charged direct to charitable expenditure or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries;
- Costs of generating funds comprise the costs associated with attracting voluntary income; and
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as they fall due.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Funds

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general funds.

Designated funds are unrestricted funds which have been ring-fenced by the directors for a specific purpose.

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.

Transfers from unrestricted funds are made to meet any shortfalls in restricted projects.

2. Voluntary income

	Unrestricted	Restricted	Total 2017	Total 2016
	£	£	£	£
Fife Council Revenue grant	294,584	-	294,584	294,070
NHS Fife	22,509	-	22,509	22,509
Scottish Government	300,800	-	300,800	300,800
Short Break Awards	3,533	-	3,533	-
Give Something Back	-	-	-	56,212
More Choices, More Chances	-	29,500	29,500	31,564
Reshaping Care for Older People	-	35,000	35,000	35,000
Opportunities Fife	-	49,469	49,469	45,962
Family Nurture Centre	-	-	-	20,507
Kingdom Companions	-	30,000	30,000	20,000
Footcare	-	20,000	20,000	20,000
Community Jobs Scotland	11,033	-	11,033	-
SCVO	-	13,333	13,333	11,830
Equalities Hub	-	42,701	42,701	172,530
Volunteer Employability Project	-	33,002	33,002	39,100
Broadband project	-	58,338	58,338	32,580
Other funding	13,340	9,690	23,030	9,851
	<u>645,799</u>	<u>321,033</u>	<u>966,832</u>	<u>1,112,515</u>

Voluntary income was £966,832 (2016 - £1,112,515) of which £645,799 was unrestricted (2016 - £624,100) and £321,033 was restricted (2016 - £488,415).

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

3. Expenditure – Charitable activities

	Unrestricted	Restricted	Total 2017	Total 2016
	£	£	£	£
Staff costs	577,511	278,909	856,420	912,797
Travel costs	10,170	6,758	16,928	22,217
Training costs	4,107	283	4,390	8,086
Maintenance	38,668	-	38,668	32,751
Short Break Awards	-	-	-	25,507
Poverty action	-	9,139	9,139	6,517
Support costs				
Property costs	86,428	3,646	90,074	92,150
Stationery and printing	12,713	1,327	14,040	14,938
Equipment costs	14,565	-	14,565	16,757
Insurance	3,352	-	3,352	3,995
Advertising	189	78	267	3,022
Sundry	9,354	2,075	11,429	11,664
Telephone	26,769	362	27,131	16,488
ICT support	29,637	833	30,470	32,229
Depreciation	27,583	1,735	29,318	27,465
Fife Interface	-	-	-	16,000
Developmental costs	40,175	5,118	45,293	28,237
Professional fees	-	-	-	3,843
Bank charges	1,137	-	1,137	1,197
Cost of generating funds	25,600	-	25,600	25,600
Loss on disposal of fixed assets	8,210	-	8,210	-
Transfer of funds to Fife Centre for Equities	-	76,068	76,068	-
Governance costs				
Accounts fees	711	-	711	1,219
Auditors remuneration	3,850	-	3,850	3,715
Professional fees	25,653	-	25,653	6,628
Management committee expenses	412	-	412	303
Staff costs	3,368	-	3,368	2,091
	<u>950,162</u>	<u>386,331</u>	<u>1,336,493</u>	<u>1,315,416</u>

Expenditure on charitable activities was £1,336,493 (2016 - £1,315,416) of which £950,162 was unrestricted (2016 - £816,571) and £386,331 was restricted (2016 – £498,845).

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

4. Taxation

The company has been granted exemption from tax under sections 466 to 493 of the Corporation Tax Act 2010.

5. Staff numbers and costs

	2017 Number	2016 Number
The average weekly number of employees during the year was made up as follows:		
Charitable staff	<u>35</u>	<u>36</u>
	£	£
Salaries and wages	770,600	819,606
Social security costs	68,001	72,255
Pension costs	<u>43,419</u>	<u>46,536</u>
	<u>882,020</u>	<u>938,397</u>

No employee received emoluments above £60,000 (2016 - none).

The key management personnel of the charity comprise the directors and the Chief Executive Officer. The total employee benefits of the key management personnel of the charity were £58,237 (2016 - £58,098).

One director (2016 - one) received reimbursement for travel expenses totalling £412 (2016 - £303). Directors do not receive any other remuneration.

The company operates a defined contribution scheme. There were £6,180 of outstanding pension contributions at 31 March 2017 (2016 - £2,702).

6. Defined benefit pension scheme

Fife Voluntary Action 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 in 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.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

6. Defined benefit pension scheme (continued)

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.

Fife Voluntary Action paid contributions at the rate of 6% during the accounting period. Members paid contributions at the rates of 3% or 6% during the accounting period.

As at the balance sheet date there were two active members of the Plan employed by Fife Voluntary Action. Fife Voluntary Action has closed the Plan to new entrants.

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.

The valuation results at 30 September 2014 were completed in 2015 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the "buy-out" method. The market value of the Plan's assets at the valuation date was £800 million and the Plan's Technical Provisions (ie past service liabilities) were £1,055 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £255 million, equivalent to a funding level of 75.9%.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

6. Defined benefit pension scheme (continued)

The financial assumptions underlying the valuation as at 30 September 2014 were as follows:

	% pa
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

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 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 Scheme Actuary has prepared a funding position update as at 31 March 2016. The update revealed a shortfall of assets compared with the value of liabilities of £207 million, equivalent to a funding level of 81%.

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).

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. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

6. Defined benefit pension scheme (continued)

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis, ie 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a 'last man standing' multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2014 the total deficit calculated on the buy-out basis was £254.6 million.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

7. Fixed assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2016	20,619	32,584	94,972	148,175
Additions in the year	-	310	941	1,251
Disposals	-	(8,261)	(3,336)	(11,597)
As at 31 March 2017	<u>20,619</u>	<u>24,633</u>	<u>92,577</u>	<u>137,829</u>
Depreciation				
As at 1 April 2016	9,662	14,366	41,148	65,176
Charge for the year	5,154	4,145	20,019	29,318
Released on disposal	-	(2,034)	(1,351)	(3,385)
As at 31 March 2017	<u>14,816</u>	<u>16,477</u>	<u>59,816</u>	<u>91,109</u>
Net book value				
As at 31 March 2017	<u>5,803</u>	<u>8,156</u>	<u>32,761</u>	<u>46,720</u>
As at 31 March 2016	<u>10,957</u>	<u>18,218</u>	<u>53,824</u>	<u>82,999</u>

8. Debtors

	2017 £	2016 £
Trade debtors	70,388	34,921
Prepayments and accrued income	115,557	76,183
Other debtors	<u>12,333</u>	<u>-</u>
	<u>198,278</u>	<u>111,104</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	40,808	24,591
Deferred income (note 10)	166,032	210,243
Accruals	30,181	6,997
Other creditors	-	933
Other taxes and social security	17,410	19,438
Pension contributions	<u>6,180</u>	<u>2,702</u>
	<u>260,611</u>	<u>264,904</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

10. Deferred income

	2017 £
Balance as at 1 April 2016	210,243
Income received and deferred in the year	166,032
Released in the year	<u>(210,243)</u>
Balance as at 31 March 2017	<u>166,032</u>

Deferred income relates to grants received which have been specified for spend in future accounting periods as per the conditions imposed by the funder.

11. Reserves

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfer between funds £	Balance at 31 March 2017 £
Unrestricted funds					
General	265,826	870,008	(945,539)	-	190,295
Designated	<u>11,633</u>	<u>-</u>	<u>(4,623)</u>	<u>-</u>	<u>7,010</u>
	<u>277,459</u>	<u>870,008</u>	<u>(950,162)</u>	<u>-</u>	<u>197,305</u>
Restricted funds					
Short Break Project	677	-	-	-	677
More Choices, More Chances	-	29,500	(29,500)	-	-
Reshaping Care for Older People	-	35,000	(35,000)	-	-
Opportunities Fife	-	49,469	(49,469)	-	-
Family Nurture Centre	-	-	-	-	-
Kingdom Companions	-	30,000	(30,000)	-	-
Footcare	-	20,000	(20,000)	-	-
Community jobs Scotland	-	13,333	(10,663)	-	2,670
Carol Gardiner legacy	3,470	-	-	-	3,470
Equalities Hub	67,278	42,701	(109,979)	-	-
Volunteer Employability	-	33,002	(33,002)	-	-
Broadband project	1,286	58,338	(59,624)	-	-
Discretionary fund (poverty)	<u>1,459</u>	<u>9,690</u>	<u>(9,094)</u>	<u>-</u>	<u>2,055</u>
	<u>74,170</u>	<u>321,033</u>	<u>(386,331)</u>	<u>-</u>	<u>8,872</u>
Total funds	<u>351,629</u>	<u>1,191,041</u>	<u>(1,336,493)</u>	<u>-</u>	<u>206,177</u>

FIFE VOLUNTARY ACTION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. Reserves (continued)

Designated funds

One-off funding given by Fife Council Community Learning and Development to enable the purchase of laptop computers for use between FVA and Fife Council to support outreach computer learning sessions for jobseekers and others facing the challenges of digital exclusion. The funding was spent during 2014, and has been transferred to a designated fund to be released in line with the depreciation of the assets.

Restricted funds

Short Break Project

This is Scottish Government funding received through Shared Care Scotland to provide grants of up to £400 to local carers of adults (there are other funding streams for carers who care for those aged 19 and under). A small proportion of the funding is retained to cover overheads with the majority going to carers. Carers are required to complete an application form, provide a referee and provide supporting evidence of spend, if successful. A panel decides on applications and is chaired by Fife Voluntary Action's Projects Manager with representatives from local carers' organisations. This funding is applied for each year and runs from October to September. Further funding (at the same level) was secured in September 2017 ensuring this service can be offered until September 2018.

More Choices, More Chances

This is project funding which employs a staff member to support young people (16+) with support needs into volunteering as a positive destination. It is part funded from ESF (40%) and former Fairer Scotland Funding (FSF) for the remaining 60%.

Health & Social Care Integration

This funding is, in effect, an extension of Reshaping Care for Older People grant monies, received through the Health and Social Care Partnership. The original grant was for supporting the sector to develop more innovative ways of working around care for older people which has transitioned, at national and local policy level, to integration of health and social care services. This grant contributes to funding a Project Manager and Development Officer to support our Health and Social Care Forum, produce health and social care bulletins, produce policy briefings, attend partnership meetings, promote integration across Fife and support third sector organisations to work more closely with public sector partners and to benefit from the opportunities around strategic commissioning.

FIFE VOLUNTARY ACTION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. Reserves (continued)

Restricted funds (continued)

Opportunities Fife

Opportunities Fife is the employability partnership in Fife, sitting within the Community Planning Partnership structure. The partnership, through Fife Council, funds FVA to employ an Employability Manager and a Development Officer to develop the capacity of the third sector to contribute to employability outcomes. These staff members also contribute strategically at the partnership, co-ordinate Fife's Employability Forum, facilitates a range of training and networking events and support the third sector employability consortium in Fife.

Kingdom Companions

We received funding from the Health and Social Care Partnership, along with a number of other local third sector organisations, to provide a befriending service. Our project is specifically short-term, goal-specific befriending through trained and supported volunteers who are matched with older people who will benefit from support and companionship to help them achieve a particular goal, for example getting back to activities they did before a hospital stay or attending a local social group.

Footcare

This is hugely successful project which receives funding from the Health and Social Care Partnership to provide a toenail cutting and basic footcare service through specially trained and supported volunteers. The grant contributes to the costs of the co-ordinator post and costs of the materials and expenses. The grant income is supplemented by generated income through charging a modest amount for each session. We work closely with our NHS colleagues in podiatry to ensure clients are referred for specialist advice or treatment as required. This project is becoming increasingly sustainable and we would hope to reduce reliance on the grant over the next couple of years.

Community jobs Scotland

We occasionally recruit young people who have been out of work into supported roles in the organisation to give them work experience, new skills and a reference as a minimum. We only do this when we have the capacity to support the young person and a clear, identified need to ensure they are meaningfully occupied. We receive some grant income, through SCVO, which contributes towards most of the costs of taking the young person on for six months. We pay the voluntary Living Wage and pension and so our costs are greater than the amount of income we receive. We have retained more than half of the young people who have joined through this scheme, demonstrating our commitment to provide longer term job opportunities wherever possible.

Volunteer Employability

This project is funded through Fife Employment and Training Consortium, of which we are key members and helped establish. They receive funding from Opportunities Fife and distribute it to third sector providers who work together to deliver a range of employability supports across Fife. Our project involves supporting people into volunteering as a way of developing employability skills, experience, confidence and a reference. This has been a successful project, with a significant increase in grant income secured for 2017/18 as a result of performance during 2016/17.

FIFE VOLUNTARY ACTION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. Reserves (continued)

Restricted funds (continued)

Broadband project

Fife Council has awarded funding to an organisation called COINEF who in turn have contracted us to employ project staff to develop an innovative community solution to poor broadband access in rural NE Fife. This project is likely to come to an end during 2017/18 as the solution moves to procurement and rollout.

Equalities Hub

This restricted project income was for the establishment of Fife Centre for Equalities, details of which can be found earlier in this report. All funds held in restricted reserves were transferred to the new, independent charitable company when it was established. The grant income was received from Fife Council who were involved in the transition to the standalone organisation and endorsed the transfer of resources. The new organisation started receiving grant funding directly from Fife Council during 2016/17, thus ending FVA's formal role in the equalities hub.

Carol Gardiner Legacy

These funds were transferred from Volunteer Centre Fife on merging (in 2012) and have been received to enable Fife Voluntary Action to provide grants of up to £200 to volunteers living in West Fife who face financial barriers to their volunteering (such as travel costs).

Discretionary fund

These are partnership funds (with Fife Council) held by FVA for agreed spend on clients who require urgent, additional financial support due to the impacts of welfare reform. Typically this will involve the supply of furniture or goods for a new tenancy or appropriate clothes for job interviews.

12. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds at 31 March 2017 £
Fixed assets	6,446	40,274	46,720
Current assets	115,750	304,318	420,068
Current liabilities	(113,324)	(147,287)	(260,611)
	<u>8,872</u>	<u>197,305</u>	<u>206,177</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

13. Operating lease commitments

The company's commitments under non-cancellable operating leases are for leases expiring:

	Land and buildings £	Office equipment £	Total 2017 £	Total 2016 £
Less than 1 year	29,100	9,000	38,100	37,000
Between 2 and 5 years	29,000	20,250	49,250	81,450
After 5 years	29,308	-	29,308	7,799
Total	<u>87,408</u>	<u>29,250</u>	<u>116,658</u>	<u>126,249</u>

14. Non-audit services

In common with many other companies of its size, the company uses its auditor to assist with the preparation of its financial statements.

FIFE VOLUNTARY ACTION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. Reserves (continued)

Designated funds

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. Reserves (continued)

Restricted funds (continued)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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11. Reserves (continued)

Restricted funds (continued)

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