



VOLUNTARY HEALTH SCOTLAND
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

CHARITY NO: SC035482

COMPANY NO: SC267315

WHITELAW WELLS

Chartered Accountants & Registered Auditors

9 Ainslie Place

Edinburgh

EH3 6AT

VOLUNTARY HEALTH SCOTLAND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2019

DIRECTORS' REPORT

The Directors, who are trustees for the purposes of charity law, have pleasure in presenting their report for the year to 31 March 2019.

OBJECTS AND ACTIVITIES

For the period covered by this report the objects of the company remained as set out in its original governing document, namely to preserve, protect and promote the health of people living in Scotland, and to assist in the relief of ill health and the provision of health education for people living in Scotland. However, during the year the VHS membership formally adopted a new set of Articles incorporating revised charitable purposes, i.e. the advancement of health, education, citizenship and community development and the relief of those in need. We discuss the adoption of the new Articles further, in the section 'Governing Document' on page 7 of this report.

VHS is the national intermediary and network for voluntary health organisations in Scotland. Its full members range from large national charities to local, community based organisations. Additionally, it has associate members who are individuals or organisations in the public and independent sectors who wish to support VHS's work. Beyond its own members, VHS works with a wide range of stakeholders from the voluntary, community and third sector, Scottish Government, NHS, other public sector and academia.

This report provides the Directors' assessment of the first year of VHS's new three year strategy which runs from April 2018 to March 2021.

ACHIEVEMENTS AND PERFORMANCE

Health Inequalities

VHS redoubled its efforts to provide leadership across the third sector in understanding, preventing, mitigating and reducing health inequalities. We started the year with a presentation to the Royal College of Physicians of Edinburgh Lay Committee on the role of the third sector in health inequalities. We met with the Cancer Coalition to raise awareness about health inequalities and opportunities for future collaboration. We became a partner with Dundee University School of Nursing and Health in their programme of *Healthy Universities for Healthy Communities* Knowledge Exchanges. Our Chief Executive spoke at the Poverty Alliance and Ash Scotland event: *We Need to Talk about Smoking and Health*. We continued our role as Chair of the Inequalities Learning Collaborative Steering Group, a NHS Health Scotland led initiative.

In our role as Secretariat of the Cross Party Group (CPG) on Health Inequalities we organised a meeting on health and fuel poverty. A joint CPG meeting with the Improving Scotland's Health CPG followed, examining the clustering of off-licences, take-aways and betting shops in poorer communities. At the CPG's AGM later in the year we welcomed the Minister for Mental Health, Clare Haughey MSP, and focused discussion on mental health in rural communities. In December 2018 at our annual Parliamentary reception for CPG members the Minister for Public Health, Sport and Wellbeing Joe Fitzpatrick MSP spoke, took questions and engaged with nearly all guests present. In January 2019, the Minister for Equalities and Older People, Christina McKelvie MSP, addressed the CPG meeting on the subject of the Scottish Government's strategy on loneliness and social isolation, *A Connected Scotland*.

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In the early part of 2019 VHS assisted the World Health Organisation (WHO) to prepare a case study on the CPG, for a WHO report on health equity in Europe. Looking ahead into the financial year 2019/20, VHS is planning meetings on poverty and on inequalities in lung health, amongst other topics, and the Head of WHO's European Office will be guest speaker at the CPG's 2019 Parliamentary reception.

VHS continued its active role on the Scottish Public Health Network (ScotPHN) Advisory Board, working to build understanding and engagement between public health and the third sector. ScotPHN published a new healthcare needs assessment (HCNA) on gender identity services, a project which had been significantly strengthened by VHS facilitating the involvement of LGBT Health and Wellbeing, Stonewall Scotland and the Transgender Alliance. We published a series of blogs where the collaborators offered their reflections on the process, benefits and challenges of working together on the project. We contributed to ScotPHN's development of guidance on the role of public health in community empowerment, as members of the project advisory group. Our Health Policy Officers Network met with Margaret Douglas of the Scottish Health Inequalities Impact Assessment Network to increase third sector understanding of the role of such assessments.

We took steps to address the health inequalities facing prisoners, by engaging with a wide range of organisations and stakeholders, including Positive Prisons? Positive Health, the Scottish Government health and criminal justice collaborative team, the Health Improvement Scotland short life working group on third sector provision with in prisoner health care, and the Social Work Scotland lead for Social Care in Prisons. We successfully nominated Paul Mooney, Chief Executive of Addictions Support and Counselling Forth Valley, to the Healthcare Improvement Scotland short life working group reviewing third sector healthcare provision across the prison estate.

Looking ahead to 2019/20 VHS will focus its Annual Conference on Realising The Right to Health, with an opening address by the Minister for Equalities and Older People and chaired by Cath Denholm, Director of Strategy at NHS Health Scotland. Prior to that, VHS will be speaking at the final plenary of the World Health Organisation High Level Conference on Health Equity in Ljubljana, Slovenia.

Public Health Reform

As in the previous year, this proved to be an area of considerable activity for VHS. We continued our role on the Public Health Oversight Board and were appointed to the Protecting Scotland's Health Commission and to the Communications, Marketing and Engagement Group. We helped the Scottish Government to identify third sector representatives for four of the other Public Health Commissions. We initiated and contributed to two meetings designed to build engagement between the various third sector representatives involved in the public health reform process and the Scottish Government public health reform team.

We had an active input to the Scottish Government's public health priorities event and to the planning & delivery of their public health engagement event for the third sector. Our Health Policy Officers Network held its own meeting on the planned priorities. The Public Health Reform Scotland website acknowledged VHS's contribution to the development of the National Priorities when they were published. We held a joint third sector engagement event with Community Health Exchange (CHEX) in support of the work of the Improving Health Commission. VHS's CEO was one of only two third sector participants on *The Place to Be* public health leadership programme, resulting in Health Protection Scotland and VHS deciding to collaborate in a round table on third sector approaches to infection prevention and control in community settings.

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In February 2019 we held a successful workshop at The Gathering in Glasgow with the attention grabbing title: *The Future of Public Health: Bicycle or Frog?* and published *Key Messages* after the event.

Mental Health

Tomorrow's World Today: The Future of Mental Health was the title of VHS's conference held in June 2019 and expertly chaired by Martyn Evans, whilst he was still Chief Executive of Carnegie Trust UK. We published *Key Messages* from the conference. The Chair of the Independent Inquiry into Mental Health Services in Tayside met with us twice to discuss the role of the third sector in mental health. Our CPG on Health Inequalities meeting on mental health included presentations from Support in Mind Scotland and Scottish Rural Health Partnership (SRHP) as well as the Minister for Mental Health.

In partnership with SRHP we held a successful workshop at The Gathering in Glasgow on the subject of mental wellbeing, social isolation and loneliness in rural Scotland and published *Key Messages* from the event. We accepted an invitation to join the National Rural Mental Health Forum. Looking ahead to April 2019 VHS has plans for a series of round tables on the neglected issues concerning older people and mental illness, a collaboration with Support in Mind Scotland, designed to shape a meaningful action plan.

Health and social care integration

VHS organised two third sector round tables to enable Audit Scotland to engage with members of the Third Sector Health and Social Care Collaborative, as part of its second audit of integration. Subsequent to this, in February 2019 we ran a joint seminar with Audit Scotland to share and discuss the published review of integration. We produced and disseminated notes and *Key Messages* for all these events.

VHS is a member of the Third Sector Health and Social Care Collaborative and throughout the year we led on raising the Collaborative's awareness of the public health reform programme. We were signatories to the Collaborative's important paper to the Ministerial Strategy Group for Health and Community Care and promoted this online. We were partners with The Alliance, Coalition of Care Providers Scotland and Scottish Council for Voluntary Organisations in delivering the event: *Implementing the Digital Health and Care Strategy Across the Third Sector*. Our Health Policy Officers Network also met to discuss the strategy.

To welcome Paula Baker of New Zealand's Braemar Charitable Trust, who was visiting Scotland for the International Social Enterprise conference, VHS held a stimulating round table to compare healthcare systems and provision in Scotland and New Zealand. We contributed to various Scottish Government working groups, including Scoping a Voluntary Charter for Health and Care Standards, the Making It Easier Implementation Group and Our Voice Citizens Panel Topic Advisory Group. We assisted Scottish Ambulance Service to support their review and development of their Patient Participation Forum.

Invited by NHS Scotland to help identify third sector contributors for its 2019 conference, we invited and shortlisted eighteen excellent proposals. Of the six shortlisted we were delighted that NHS Scotland chose Queen's Nursing Institute Scotland, British Red Cross and Scottish Partnership for Palliative Care to deliver three separate sessions. It meant the conference had a significant third sector input this year, and we promoted the sessions strongly through our e-bulletin, blogs and social media.

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VHS played an active role in the Vaccinations Transformation Programme as members of the Stakeholder Communications and Engagement Group. We convened several meetings of our Health Policy Officers Network, including one to explore aspects of primary care reform. We held a briefing event for third sector organisations on Brexit and Health, with input from the Scottish Parliament SPICE team, Royal College of Physicians of Edinburgh, Camphill Scotland and SCVO. We supported The Alliance and Camphill Scotland in promoting a Private Members Bill on Brexit tabled by Brendan O'Hara MP. The Bill called for an assessment of the impact of Brexit on the health and care sector, and we encouraged VHS members to become signatories.

We published guest blogs relevant to integration and primary care, including a British Red Cross blog on maintaining mobility through short term mobility aids and a ScotPHN blog on progress in rolling out community link workers across Scotland.

Culture health and wellbeing

VHS worked to honour the undertaking made to the CPG on Health Inequalities to *Keep the Conversation Going* about culture, health and wellbeing. During the course of the year VHS held three round tables to help build a shared agenda between the third, health and culture sectors, and submitted a consultation response to the Scottish Government's draft Culture Strategy. Our annual conference, in November 2018, took as its theme: *Get the Picture: Culture, Health and Wellbeing* and Professor Sir Harry Burns was warmly received as keynote speaker.

In February 2019 we headed to the University of Highlands and Islands in Inverness to hold a joint seminar for over 40 people with Scottish Rural Health Partnership, on culture, health and wellbeing in rural Scotland. This was our first venture into Highland in a number of years, and we are keen to build on its success and the new relationships forged. The seminar had a waiting list of 40 people, a measure of the interest. Following all of these events we published and disseminated Key Messages, and we continued to strengthen our links into arts and health by building new relationships, for example with Arts + Health Network Scotland, Regional Screen Scotland and Scottish Government officials responsible for the Culture Strategy. Looking ahead to 2019/20 we will be a partner with the Arts + Health Scotland 2019 networking event and be active in helping them to develop their capacity and role.

Loneliness and Social Isolation

VHS was effective in helping shape A Connected Scotland, the Scottish Government loneliness and isolation strategy. In May 2018 we responded to the formal consultation on the draft strategy and in October we were active participants in the consultative round table held by the Minister for Older People and Equalities, Christina McKelvie MSP. Throughout the year we liaised with Scottish Government officials, providing them with evidence and policy ideas that we had gathered through sustained engagement with our members on the topic.

By November 2018 we had published our own authoritative research into the lived experience of loneliness and social isolation, *The Zubairi Report*. The research was the outcome of collaboration with Cope Scotland, Marie Curie, Conservation Volunteers and Nari Kallyan Shango, who between them enabled us to interview a wide range of service users, volunteers, staff and carers. *The Zubairi Report* attracted immediate attention and led to a number of speaking engagements at other

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organisations' events, including the Faculty of Public Health Scotland annual conference, Amina Muslim Women's Resource Centre annual conference, Third Sector Research Forum meeting, and the Church of Scotland and Faith in Older People Ecumenical Group conference.

In December 2018 we supported Scottish Government officials in the launching of *A Connected Scotland* at Bridgend Farmhouse, a VHS member organisation in Edinburgh. We were also appointed to the strategy's Implementation Group. The strategy itself includes a VHS think piece on the public health aspects of loneliness and social isolation and makes a number of references to *The Zubairi Report*. In February 2019 we met with the Minister, by her invitation, to discuss our research and the implementation of the government's strategy.

Valuing and Sustaining Volunteering in Health

April 2018 marked the launch and dissemination to health boards by the Scottish Government of VHS's Clear Pathway guidance. The guidance was the culmination of VHS's collaborative project with the NHS Scotland Volunteering Programme and is designed to promote safer, person centred and effective volunteering in NHS settings, in cases where volunteers are deployed by third sector organisations. In June 2018 VHS promoted the new guidance at the NHS Scotland annual event and at the Cross Party Group on Volunteering. We continued our active role as members of the NHS Scotland Volunteering Programme National Group.

Looking ahead into 2019/20 VHS will hold a major conference on valuing and sustaining volunteering in health and carry out an evaluation of the impact of the Clear Pathway guidance.

Place Based Health

In collaboration with Obesity Action Scotland, Nourish, Alcohol Focus Scotland and Samaritans Scotland we set out to influence the Planning Bill. We sent MSPs a briefing, highlighting the impact of planning decisions on health inequalities. As a result, Monica Lennon MSP and her research team met with us twice to help them shape an amendment that would embed the Right to Health in the Bill and require planning authorities to be cognisant of health and health inequalities when making planning decisions. A version of Monica Lennon's amendment was accepted at Stage 2 of the Bill's passage through Parliament.

We joined the new Scottish Obesity Alliance and we published a guest blog by Cycling Scotland on the health benefits of active travel. We continued our active membership of the *Our Natural Health Service* Programme Board. We supported the launch of *A Healthier Future: Scotland's diet and healthy weight delivery plan* at Bridgend Farmhouse in Edinburgh, which marked Mr Joe Fitzpatrick's first public engagement as the new Minister for Public Health, Sport and Wellbeing.

Building a Strong Network

VHS ended the year with 408 members (163 full members & 245 associate members). We welcomed sixteen new full members and twenty one new associate members. VHS's wider network and distribution list across sectors now numbers over 2,226 contacts, an increase of 826 on the previous year.

Responding to the 2018 membership survey, organisations told VHS they were members because they wanted to develop solutions to Scotland's health challenges, be inspired by new learning, ideas and connections and be a part of a powerful network. 93% of respondents said that they need to know

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about health related policy issues. Respondents also said they value having complex policy issues translated and summarised, and appreciate opportunities to collaborate on policy.

VHS asked the membership how important our four priority health themes are to them. 100% of the respondents felt that Public Health was very important or important to them, 97% felt that Health Inequalities were very important or important, 95% thought that Mental Health was very important or important and 91% saw Health and Social Care Integration as important or very important.

In previous years the last three key policy areas had been seen to be more important to our members than Public Health. However, this year it was the most important key policy area, which VHS hopes in part reflects the extensive work we have done over the last couple of years to highlight the public health reform programme and its importance for the third sector.

Engagement and Communication

During the year VHS organised a total of twenty-three external engagement events, was a partner in organising a further two events, and helped organise or collaborated in numerous other engagement opportunities. Our own engagement events involved nearly 1,800 people and were consistently followed through with the publication and dissemination of *Key Messages* enabling us to reach still more people with the outputs.

In addition to its face to face engagement with members and other stakeholders, VHS shared news, intelligence, *Key Messages*, blogs and briefings via its e-bulletin, e-alerts, social media and website. The e-bulletin was distributed monthly to over 2,000 contacts, providing both a channel to communicate health policy news and a platform to promote awareness of the voluntary health sector. VHS continued to make active use of Twitter as a communication tool, particularly as a means of enhancing discussion at its events and driving people to its website. We published over 70 blogs and news items.

FINANCIAL REVIEW

The results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The charity recorded a net surplus of £20,672 (2018: net deficit of £10,004) for the year before actuarial gains. There was a surplus of £47,449 (2018: £24,107) on unrestricted funds and a surplus of £23,925 (2018: deficit £32,829) on restricted funds, after actuarial gains on the pension scheme.

Total funds as at the year-end amounted to £91,617 (2018: £20,243) including £23,925 restricted funds (2017: £32,829) and £67,692 (2018: £20,243) unrestricted funds.

The company's principal funding during the year came by way of grants from the Scottish Government and NHS Health Scotland.

Reserves policy

The charitable company wishes to follow best practice and build up free reserves to a level that would cover three months' operating costs, which is around £55,000 to £60,000. Free reserves as at 31 March 2019, being unrestricted non designated funds before deduction of pension liability, were £99,754 (2018: £108,613).

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Risk Management

The Risk Register is a standing item at each Board business meeting, with a different risk taken as a topic for discussion at each meeting. The Risk Register is reviewed and updated regularly. Insurances were reviewed and updated.

The Directors continued to actively manage VHS's liabilities with respect to the Scottish Voluntary Sector Pension Scheme (SVSPS) run by The Pensions Trust (TPP). VHS's participation in the liabilities management exercise (instigated and coordinated by SCVO) resulted in VHS reducing its long-term liabilities to the scheme.

PLANS FOR FUTURE PERIODS

In 2019/20 VHS will continue to implement its three year strategy 2018-21. This sets out the vision of a healthier, fairer Scotland served by a thriving voluntary health sector and a mission to improve people's health and wellbeing by providing an effective national network for voluntary health organisations. The strategy includes VHS's values: excellence, collaboration and initiative, and it anchors VHS's work around the four priority health themes of health inequalities, public health, health and social care integration and mental health. VHS's three strategic priorities are:

1. We will work for sustainable improvement in public health, mental health, and health and social care services and for the prevention, mitigation and reduction of health inequalities
2. We will amplify the voice and influence of the voluntary health sector on health matters, and support the sector to understand and engage with health related priorities, policy and systems
3. We will promote the voluntary health sector's role, expertise and evidence to a wide audience, and we will work to make effective collaboration and partnerships on health related matters between the public and voluntary health sectors more normal and valued.

VHS has the continued financial support of the Scottish Government and NHS Health Scotland for 2019/20 and is working actively to maintain this support for future years. Dialogue continues with NHS Health Scotland to establish the financial implications once the health board is absorbed into Public Health Scotland (expected April 2020).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

VHS was incorporated on 3 May 2004 and obtained charitable status on that date. The charity had previously operated (from 2000) as a project within SCVO, but commenced its operation as an independent charitable company limited by guarantee on 1 July 2004. The company was established under a Memorandum of Association, which set out the objects and powers of the 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.

Having previously reviewed these governing documents and agreed they no longer accurately reflected VHS's purpose or fully served its needs, during the year the Directors took active steps to develop a fully revised set of Articles and to modernise its charitable objects. In doing so, VHS benefited from significant advice and guidance from its trustee Ian Brooke, Deputy Director of EVOC.

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The Office of the Scottish Charity Regulator (OSCR) approved the proposed charitable objects on 12 December 2018, enabling VHS to hold an Extraordinary General Meeting (EGM) of its full members on 28 February 2019, at which the fully revised Articles were proposed and adopted by the membership. The new Articles were duly lodged with both Companies House and OSCR. VHS was formally notified by OSCR on 9 May 2019 that the changes were in order. The new Articles are available on both the VHS website and Companies House website and were shared electronically with the membership.

Election and co-option of Directors

The company's Directors act in a voluntary, unpaid capacity to provide strategic direction for the organisation and to undertake the obligations of charity trustees and company directors. The Articles of Association set out the terms for the appointment of Directors. Elected Directors may be appointed by the company's full members at the AGM and/or by the Directors.

Co-opted Directors may be appointed and re-appointed by the Directors. A maximum of ten elected Directors is allowed and a maximum of three Co-opted Directors (note that VHS's new Articles, to be implemented from 9 May 2019, will permit four Co-opted Directors).

The terms of office that the different categories of Directors may serve are set out in the Articles. The Directors of the company are also charity trustees for the purposes of charity law and together form the Board of Directors.

During the year two Directors resigned: Billy McClean and Karen Sutherland. At the AGM (20 November 2019) three further Directors retired, having served full terms of office: Frances Simpson, Eric Samuel, and Norman Craig. VHS had benefitted considerably from the service of all five Directors, not least the work of Frances Simpson in her role as Treasurer and that of Norman Craig whose support on matters concerning risk management was invaluable.

Four new Directors were elected at the AGM: Gemma Crompton of Alcohol Focus Scotland, Lucy Mulvagh of The Health and Social Care Alliance, Maureen O'Neill of Faith in Older People, and Jonathan Ssentamu of Waverley Care.

After the AGM, the Board of Directors agreed the following office bearer appointments: Allyson McCollam, Chair; Peter White, Vice Chair; Rob Murray, Treasurer.

Induction and conduct of Directors

The Board of Directors met in full on four occasions, holding three business meetings and a Board development day. There are no sub-committees and during this year no short-life working groups met. Individual Trustees engaged very actively with the business of VHS in a wide range of ways, including advice and support to the Chief Executive and on occasion other staff, representation of VHS at external engagements, and speaking at VHS events.

New Directors received information to assist them to understand their remit and responsibilities and were given the opportunity of an induction meeting. New Directors are asked to complete a conflict of interest statement. The written information included VHS's Memorandum and Articles of Association, the three year strategy, the annual operational work plan, and the Report and Financial Statement for the year ending 31 March 2018.

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REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number
SC267315

Charity Number
SC035482

Directors

Allyson McCollam	Chair
Peter White	Vice Chair
Frances Simpson	Treasurer (resigned 20 November 2018)
Rob Murray	Treasurer (from 9 May 2019)
Ian Brooke	
Norman Craig	(resigned 20 November 2018)
Nicola Hanssen	
Allan Johnstone	
Billy McClean	(resigned 15 June 2018)
Eric Samuel	(resigned 20 November 2018)
Karen Sutherland	(resigned 13 February 2019)
Gemma Crompton	(appointed 20 November 2018)
Lucy Mulvagh	(appointed 20 November 2018)
Maureen O'Neill	(appointed 20 November 2018)
Jonathan Ssentamu	(appointed 13 February 2019)

Staff Team

Claire Stevens	Chief Executive (Key management personnel)
Lauren Blair	Programme Engagement Officer
Alison Crofts	Membership and Administrative Officer
Kiren Zubairi	Policy Engagement Officer

Company Secretary

Claire Stevens

Registered Office and Operational Address

Mansfield Traquair Centre
15 Mansfield Place
Edinburgh EH3 6BB

Independent Examiner

Ingela Louise Presslie
Whitelaw Wells Chartered Accountants
9 Ainslie Place
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Bankers

Unity Trust Bank
9 Brindleyplace
Birmingham B1 2HG

Solicitors

Burness Paull
242 West George Street
Glasgow G2 4QY

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DIRECTORS AND THEIR RESPONSIBILITIES

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 surplus or deficit for that year.

In preparing those 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 estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part 15 of the Companies Act 2006.

Approved by the Board of Directors on 8 October 2019 and signed on their behalf by:



Allyson McCollam
Chair, VHS

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YEAR ENDED 31 MARCH 2019

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS

I report on the accounts for the year ended 31 March 2019 as set out on pages 12 to 25.

Respective responsibilities of the Trustees and the Independent Examiner

The charity's Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 (as amended) does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

- 1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44 (1)(a) of the 2005 Act, Regulation 4 of the 2006 Accounts Regulations (as amended) and section 386, 387, 477 and 482 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations (as amended)have not been met; or
- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Ingela Louise Presslie
Whitelaw Wells Chartered Accountants
9 Ainslie Place
Edinburgh, EH3 6AT

8 October 2019

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STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Income from:					
Charitable activities	2	28,754	218,925	247,679	214,821
Investments		648	-	648	282
Total		29,402	218,925	248,327	215,103
Expenditure on:					
Charitable activities	3	39,964	187,691	227,655	225,107
Total		39,964	187,691	227,655	225,107
Net income/(expenditure)		(10,562)	31,234	20,672	(10,004)
Transfers between funds	12	7,309	(7,309)	-	-
Actuarial gains	15	50,702	-	50,702	1,282
Net movement in funds		47,449	23,925	71,374	(8,722)
Reconciliation of funds:					
Total funds brought forward		20,243	-	20,243	28,965
Total funds carried forward	12	67,692	23,925	91,617	20,243

The charity has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the charity are classed as continuing.

The notes on pages 14 to 25 form part of these financial statements.

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BALANCE SHEET

AS AT 31 MARCH 2019

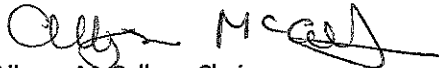
	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	7		-		-
Current assets					
Debtors	8	1,055		516	
Cash at bank and in hand		134,080		115,599	
		<hr/>		<hr/>	
		135,135		116,115	
Current liabilities					
Creditors: amounts falling due within one year	9	(11,456)		(7,502)	
Provision for liabilities due within one year	15	(4,094)		(7,309)	
		<hr/>		<hr/>	
Net current assets			119,585		101,304
			<hr/>		<hr/>
Total assets less current liabilities			119,585		101,304
Provision for liabilities due in more than one year	15		(27,968)		(81,061)
			<hr/>		<hr/>
Net assets	13		91,617		20,243
			<hr/>		<hr/>
Funds					
Unrestricted funds: General fund			99,754		108,613
Designated funds			(32,062)		(88,370)
Restricted funds			23,925		-
			<hr/>		<hr/>
	12		91,617		20,243
			<hr/>		<hr/>

The Directors are satisfied that the charitable company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477 and that no member or members have requested an audit pursuant to section 476 of the Act. The Directors acknowledge their responsibility for:

- (i) ensuring that the charitable company keeps proper accounting records which comply with sections 386 and 387 of the Act; and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Act.

Approved by the Board on 8 October 2019 and signed on its behalf by:


Allyson McCollam, Chair

The notes on pages 14 to 25 form part of these financial statements.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. Accounting policies

(a) Basis of accounting

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 (FRS102) (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.

The charity has taken advantage of the exemption from the requirement to prepare a Statement of Cash Flows as permitted under FRS 102 and the Charities FRS 102 SORP.

The charity constitutes a public benefit entity.

VHS has confirmed funding from the Scottish Government and NHS Health Scotland until 31 March 2019. VHS maintains regular contact with the funders, reporting on progress and discussion plans for the future. The Directors anticipate agreeing a further business case with the funders during the fourth quarter of 2018/19. In expectation of continued support, the Directors have continued to adopt the going concern basis of accounting.

(b) Income

All income is included in the Statement of Financial Activities when the charity has entitlement and the amount can be quantified with reasonable accuracy. Income is only deferred where it is specified for a future period by the funder or where pre-entitlement conditions have not been met. The following specific policies are applied to particular categories of income:

- Income from charitable activities is recognised in the Statement of Financial Activities when the charity becomes unconditionally entitled to the income. Where related to performance and specific deliverables, income is accounted for as the charity earns the right to consideration by its performance.
- Income from subscriptions, conference, service fees and investment is included when receivable.
- The value of services provided by volunteers has not been included in the accounts.

(c) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay. The charity is not registered for VAT and, accordingly, costs are shown gross of irrecoverable VAT.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its members. It includes both costs that can be directly attributed to such activities and those of an indirect nature necessary to support them, including governance costs. Indirect costs are allocated across activities based on an analysis of salary time.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

(d) Depreciation

Assets are initially included at cost. Items of expenditure are only capitalised where the purchase price exceeds £250. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Computers - 25% straight line
- Furniture & equipment - 25% reducing balance

(e) Operating lease agreements

Rentals applicable to operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged against the Statement of Financial Activities on a straight line basis over the life of the lease.

(f) Funds

Unrestricted funds are income received for the objects of the charity without further specified purpose and are available for use at the discretion of the directors.

Designated funds are unrestricted funds allocated by the Directors for a particular purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure meeting these criteria is charged to the fund.

(g) Pensions

The Charity is a participating employer in The Pensions Trust Scottish Voluntary Sector Pension Scheme ("The Scheme"), which provided benefits based on final pensionable pay. The Scheme closed to future accrual on 31 March 2010. The assets of the Scheme are held separately from those of the charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the shares of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer Scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from total Scheme assets. Consequently the Board of Trustees have followed the FRS102 requirement to account for the contributions to the scheme as if it were a defined contribution scheme and to include on the balance sheet a provision for the present value of the deficit reduction payment plan.

The Charity now provides pension contributions for employees to defined contribution schemes.

(h) Financial instruments

Financial instruments comprise financial assets and financial liabilities which are recognised when the charity becomes a party to the contractual provisions of the instrument. They are classified as "basic" in accordance with FRS 102 s11 and are accounted for at the settlement amount due which equates to the cost or amount prepaid. Financial assets comprise cash and other debtors and financial liabilities comprise accruals.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

2. Income from charitable activities

	Unrestricted Funds £	Restricted funds £	2019 Total £	2018 Total £
Grants receivable				
Scottish Government and NHS Health Scotland	-	195,000	195,000	195,000
Scottish Government – Clear Pathway evaluation	-	15,000	15,000	-
Scottish Government – Clear Pathway conference	-	8,925	8,925	-
		<u>218,925</u>	<u>218,925</u>	<u>195,000</u>
Event income, incl NHS Health Scotland funding	20,898	-	20,898	13,681
Membership subscriptions	7,856	-	7,856	6,140
	<u>28,754</u>	<u>218,925</u>	<u>247,679</u>	<u>214,821</u>

During the year there were restricted grants amounting to £218,925 (2018: £195,000). All other income was unrestricted in both the current and previous years.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

3. Expenditure on charitable activities

	Engagement & partnership £	Evidence building £	Policy influencing £	Comm-unications £	Building a strong network £	Resources & develop-ment £	2019 Total £	2018 Total £
Events and communications	6,630	4,113	4,778	3,847	3,182	1,198	23,748	22,650
Staff costs (Note 5)	43,515	28,081	32,074	26,577	20,932	8,889	160,068	153,578
Other staff costs	1,745	1,082	1,257	1,012	837	316	6,249	3,128
Rent and service charges	5,422	3,363	3,907	3,146	2,602	979	19,419	21,887
Other overhead costs	1,444	896	1,041	838	693	260	5,172	8,971
Legal and professional fees	591	367	426	343	284	106	2,117	650
Research and consultancy fees	1,326	822	955	769	636	240	4,748	9,302
Depreciation and loss on disposal of asset	-	-	-	-	-	-	-	191
Pension scheme interest payable (Note 15)	475	295	343	276	228	86	1,703	1,607
<u>Governance costs</u>								
Independent examiner's fees	817	507	589	474	392	149	2,928	2,220
Board meeting and development costs	420	260	302	243	201	77	1,503	923
	<u>62,385</u>	<u>39,786</u>	<u>45,672</u>	<u>37,525</u>	<u>29,987</u>	<u>12,300</u>	<u>227,655</u>	<u>225,107</u>

Included above is restricted expenditure amounting to £187,691 (2018: £220,733).

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

4. Net income/(expenditure) for the year

	2019	2018
This is stated after charging:	£	£
Depreciation	-	191
Independent examiner's remuneration	2,928	2,220
Operating lease rentals:		
Land and buildings	14,888	18,056
	<u> </u>	<u> </u>

Three (2018: six) board members were reimbursed travel expenses during the year amounting to £268 (2018: £457) in total.

The charity paid £1,310 (2018: £915) during the year for the purchase of insurance that included indemnity cover to protect the charity from loss arising from the neglect or default of its Directors, employees or other officers and the consequences of any such neglect or default.

5. Staff Costs

	2019	2018
	£	£
Salaries and wages	124,831	133,738
Employer's social security costs	9,547	9,927
Employer's pension costs	7,956	9,913
Pension transfer value	17,734	-
	<u> </u>	<u> </u>
	160,068	153,578
	<u> </u>	<u> </u>

The average number of employees during the year, on a head count basis, was as follows:

	2019	2018
	4	5
	<u> </u>	<u> </u>

No employee was paid a salary of more than £60,000 (2018: none) and no director received any remuneration (2018: none). Key management personnel received total remuneration, including employer pension contributions, amounting to £52,128 (2018: £50,612) during the year.

6. Taxation

The company is exempt from corporation tax on its charitable activities.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

7. Tangible Fixed Assets

	Computer equipment £	Total £
Cost		
At 1 April 2018	2,629	2,629
Disposals	(763)	(763)
	<hr/>	<hr/>
At 31 March 2019	1,866	1,866
	<hr/>	<hr/>
Depreciation		
At 1 April 2018	2,629	2,629
Disposals	(763)	(763)
	<hr/>	<hr/>
At 31 March 2019	1,866	1,866
	<hr/>	<hr/>
Net Book Value		
At 31 March 2019	-	-
	<hr/>	<hr/>
At 31 March 2018	-	-
	<hr/>	<hr/>

8. Debtors

	2019 £	2018 £
Prepayments	1,055	516
	<hr/>	<hr/>

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Accruals	2,955	2,096
PAYE and NI	3,269	3,156
Pension contributions	812	834
Deferred income (Note 10)	4,420	1,416
	<hr/>	<hr/>
	11,456	7,502
	<hr/>	<hr/>

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

10. Deferred income

	Subscriptions £	Total 2019 £	Total 2018 £
Balance at 1 April 2018	1,416	1,416	2,170
Released to Statement of Financial Activities	(1,416)	(1,416)	(2,170)
Income received and deferred in year	4,420	4,420	1,416
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	4,420	4,420	1,416
	<hr/>	<hr/>	<hr/>

11. Operating lease commitments

At 31 March 2019 the charity had aggregate commitments under non-cancellable operating leases for rent and service charges payable as set out below:

	2019 £	2018 £
Payable within one year	7,445	9,208
	<hr/>	<hr/>

12. Funds

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	Gains/ losses £	At 31 March 2019 £
Unrestricted funds						
General funds	108,613	29,402	(38,261)	-	-	99,754
Designated funds:						
Pension provision	(88,370)	-	(1,703)	7,309	50,702	(32,062)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	20,243	29,402	(39,964)	7,309	50,702	67,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
Strategic work programme	-	195,000	(187,691)	(7,309)	-	-
Clear Pathway evaluation	-	15,000	-	-	-	15,000
Clear Pathway conference	-	8,925	-	-	-	8,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	218,925	(187,691)	(7,309)	-	23,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	20,243	248,327	(227,655)	-	50,702	91,617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

12. Funds (continued)

The designated pension provision fund represents the liability for pension deficit recovery payments, as explained at note 15.

The Strategic work programme fund is to carry out the annual work plan agreed with the Scottish Government and NHS Health Scotland, in furtherance of VHS's objectives as the national intermediary body for the voluntary health sector in Scotland.

The Clear Pathway evaluation fund is to deliver a short-life evaluation project to explore good practice and lessons learned since the publication of the Clear Pathway guidance in April 2018.

The Clear Pathway conference fund is to explore good practice, lessons learned and scope for improvement since the publication of the Clear Pathway guidance.

The fund transfer represents payments made against the pension provision from the Strategic work programme fund.

The following table and subsequent narrative is the funds note for the year ended 31 March 2018 for comparative purposes:

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	Gains/ losses £	At 31 March 2018 £
Unrestricted funds						
General funds	91,086	20,103	(2,576)	-	-	108,613
Designated funds:						
Fixed assets	191	-	(191)	-	-	-
Pension provision	(95,141)	-	(1,607)	7,096	1,282	(88,370)
	(3,864)	20,103	(4,374)	7,096	1,282	20,243
Restricted funds						
Strategic work programme	7,267	195,000	(195,171)	(7,096)	-	-
Short term projects	25,562	-	(25,562)	-	-	-
	32,829	195,000	(220,733)	(7,096)	-	-
Total funds	28,965	215,103	(225,107)	-	1,282	20,243

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

12. Funds (continued)

The designated fixed asset fund represents the net book value of tangible fixed assets held by the charity.

The short term projects fund was for 2 projects: Learning to Lead in Health & Digital Inclusion for Health set up and was completed in 2014/15. Funds carried forward have been used to continue to support activities designed to strengthen leadership and partnership working in and between voluntary health organisations and their partners.

13. Analysis of funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	-	-	-
Net current assets	95,660	23,925	119,585
Pension provision payable in more than one year	(27,968)	-	(27,968)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	67,692	23,925	91,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	-	-	-
Net current assets	101,304	-	101,304
Pension provision payable in more than one year	(81,061)	-	(81,061)
	<hr/>	<hr/>	<hr/>
At 31 March 2018	20,243	-	20,243
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. Related party transactions

There were no transactions with related parties undertaken in either the current or previous year.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

15. Pensions

The company participates in the Scottish Voluntary Sector Pension Scheme ("the scheme"), a multi-employer scheme which provides benefits to some 95 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2026:	£1.5m per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2019 to 31 March 2024:	£82,000 per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2026 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 31 October 2029:	£1,323,116 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2019 to 30 September 2031:	£292,376 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031:	£37,475 per annum (payable monthly)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

15. Pensions (continued)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2019	2018
	£	£
Present value of provision for Voluntary Health Scotland	32,062	88,370
	<u> </u>	<u> </u>

Reconciliation of Opening and Closing Provisions

	2019	2018
	£	£
Provision at start of period	88,370	95,141
Unwinding of the discount factor (interest expense)	1,703	1,607
Deficit contribution paid	(7,309)	(7,096)
Remeasurements - impact of any change in assumptions	646	(1,282)
Remeasurements - amendments to the contribution schedule	(51,348)	-
	<u> </u>	<u> </u>
Provision at end of period	32,062	88,370
	<u> </u>	<u> </u>

Income and Expenditure Impact

	2019	2018
	£	£
Interest expense	1,703	1,607
Remeasurements – impact of any change in assumptions	646	(1,282)
Remeasurements – amendments to the contribution schedule	(51,348)	-
Contributions paid in respect of future service	-	-
Costs recognised in income and expenditure account	8,822	9,913

Assumptions

	2019	2018	2017
Rate of discount (% per annum)	1.46	2.01	1.76

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

15. Pensions (continued)

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit Contributions Schedule

	2019	2018
	£	£
Year 1	4,094	7,309
Year 2	4,216	7,528
Year 3	4,343	7,754
Year 4	4,473	7,987
Year 5	4,607	8,226
Year 6	4,746	8,473
Year 7	4,888	8,727
Year 8	2,517	8,989
Year 9	-	9,259
Year 10	-	9,537
Year 11	-	9,823
Year 12	-	5,902
Year 13	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Contingent liability

Voluntary Health Scotland has been notified by The Pensions Trust of the estimated employer debt on complete withdrawal from The Scottish Voluntary Sector Pension Scheme, based on the financial position of the Scheme as at 30 September 2016. At this date the estimated employer debt for Voluntary Health Scotland was £308,060, which includes the provision recognised in the financial statements above. The Directors have no intention of withdrawing from the scheme in the foreseeable future. During the year ended 31 March 2019, two of the members transferred out of the Scheme. The effect of this transfer will be taken into account at the next actuarial valuation in the year 2020.

