



VOLUNTARY HEALTH SCOTLAND
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

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 2020

CONTENTS	PAGE
Directors' report	1
Independent examiner's report	12
Statement of financial activities incorporating the income and expenditure account	13
Balance sheet	14
Notes forming part of the financial statements	15

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

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 2020.

OBJECTS AND ACTIVITIES

Voluntary Health Scotland (VHS) is the national intermediary and network for voluntary health organisations in Scotland. Its full members comprise national, local and cross-border charities working to improve and support the health and wellbeing of people in Scotland. It also has associate members that may be individuals or organisations from any sector wishing to support VHS's work. Beyond its own members, VHS works with a wide range of stakeholders across the third and community sector, Scottish Government, NHS boards, Health and Social Care Partnerships, other public sector and academia.

VHS's charitable purposes are the advancement of health, education, citizenship and community development, and the relief of those in need. It advances these areas through:

- The provision of an effective network for voluntary health organisations
- Working for sustainable improvements in health and social care services, health improvement and public health
- Working to prevent, mitigate and reduce health inequalities, including through education and awareness-raising about the underlying causes of such inequalities, including poverty and discrimination
- Supporting voluntary health organisations to improve their knowledge, understanding and skills to engage with health related priorities, policy, systems, personnel and partnerships
- Promoting the voluntary health sector's role, expertise and evidence to a wide audience
- Working to make effective collaboration and partnerships on health related matters between the public and voluntary health sectors normal and valued.

This report provides the Directors' account of the second year of VHS's current three year strategy which runs from April 2018 to March 2021.

ACHIEVEMENTS AND PERFORMANCE

Impact of COVID-19

Most of this report concerns activities and achievements that took place in advance of the worldwide pandemic's arrival in Scotland. However, by early March 2020 it was clear that the UK would be severely affected by COVID-19 and in mid-March VHS had to take swift action to ensure it could remain not simply functional but effective and sustainable once the anticipated lock-down was announced. We did this successfully, and explain how in the sections below on Risk Management and Plans for Future Periods.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

Realising the Right to Health

This year VHS took a *Right to Health Approach* by developing knowledge and understanding, shining a light on social rights, holding events and practising rights based approaches. The centre piece of this work was our Annual Conference in September, where 140 participants heard a keynote speech by Christina McKelvie MSP, Minister for Health and Equalities and engaged with thought provoking contributors with lived experience of deafness, HIV, mental health, arthritis, gypsy travellers, alcohol misuse and recovery in later life. We provided inclusive communication via *deafscotland* interpreters, scribes and a rolling transcript throughout the event, and we published a series of posters, blogs and Key Messages from the event.

Earlier in the year, in June, VHS provided VHS members Versus Arthritis with a visual scribing service for their user event on employability issues for people with arthritis, creating a strong visual record of the issues discussed. Later that month VHS was a speaker at the plenary session of the WHO High Level Conference on Health Equity, in Ljubljana, Slovenia, talking about the role and work of the Scottish Parliament Cross Party Group (CPG) on Health Inequalities. The conference marked the launch of WHO's report on health equity in Europe and an accompanying case studies report, which included a case study on the CPG. We were given permission to print the case study and distributed this widely.

In November we continued our collaboration with WHO, holding a very well received round table in Edinburgh with 30 participants. Johanna Hanefeld, head of the London School of Tropical Medicine's Berlin Office, gave an in-depth presentation on WHO's work on health equity in Europe, *Healthy Prosperous Lives for All*. Our AGM in November saw the 58 attendees enjoy two keynote lectures, by Dr William Bird on taking a citizen based approach to health improvement and by Dr Roy Robertson on addiction and inequalities. Following each of these events we published and disseminated the presentations and our Key Messages reports, to widen their reach and impact.

Throughout the year VHS continued to chair the Inequalities Learning Collaborative steering group. The Collaborative's main activity was to support Evaluation Support Scotland and Community Health Exchange (CHEX) in establishing a programme of action learning sets, *Demonstrating Impact on Health Inequalities*. This helped take forward one of the recommendations in our 2015 report, *Living in the Gap*, and the majority of participants were VHS members.

We joined the newly formed *Alcohol-free Childhood Action Network* set up by VHS members Alcohol Focus Scotland, intended as a vehicle for sharing good practice and as a forum to influence a national effort towards improving the lives of young people. We joined the newly formed *Coalition on Long Term Conditions and Physical Activity* established by VHS members Paths for All. We wrote and disseminated a briefing for the third sector about the Good Food Nation Bill. The Directors of Public Health invited us to attend their Public Health Priorities Delivery Plans meeting in November in a 'critical friend' role, and in December we played a similar role at the the Population Integrated Care seminar with the Public Health Scotland Shadow Executive Team.

Cross Party Group on Health Inequalities

VHS continued its role as Secretariat of the Scottish Parliament's CPG on Health Inequalities, growing the formal membership to 80 external organisations and 11 MSPs, and consolidating a wider network of 300 CPG followers. We organised four topic based meetings in the Parliament, one study visit to a hospital, and one Parliamentary reception. By the end of the year 292 people from across the third sector, NHS boards, Royal Colleges, universities and the Parliament had attended a CPG meeting,

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

study visit or event. Topics addressed were poverty and the case for a basic income, chronic pulmonary lung disease and smoking and poverty, the future of primary care, health equity in Europe, and men's health inequalities. The study visit was to Glasgow's Queen Elizabeth Hospital, for an insight into the wards based work of the charity Art in Hospital.

Bringing voluntary health expertise into public health reform

With Public Health Scotland set to become operational in April 2020, much of the formal public health reform process that VHS had been so involved in during the previous three years wound down. Nevertheless, there were a number of significant opportunities that enabled VHS's continued championing of role of the third sector in public health. Our Health Policy Officers Network held a discussion on the Scottish Government/Cosla Public Health Scotland consultation paper during June and we submitted our own formal response to this. In August we organised a third sector health infection prevention and control round table in collaboration with Health Protection Scotland and the Coalition for Care Providers Scotland, involving 14 participants. We continued to contribute actively to the Scottish Public Health Network (ScotPHN) Advisory Board and were part of the project reference group that produced the report, *Community Empowerment Act Parts 3 and 5: What is Public Health's Role?*

By request of Scottish Government public health reform officials we met with them and the Church of Scotland in September to explore the Church's proposal to set up a Commission on Public Health and Wellbeing, and the Church subsequently joined the CPG on Health Inequalities. We joined the Edinburgh University ESCR Impact Accelerator Account Advisory Group, a multi-faceted social sciences initiative that will involve thematic knowledge exchanges and research placements and that is keen to have public health reform as a topic. We initiated discussion with the Criminal Justice Voluntary Sector Forum to help strengthen their awareness about public health, the reform programme and Public Health Scotland, although plans for a joint round table were temporarily postponed due to the COVID-19 pandemic.

Serious mental health issues in later life

Schizophrenia, bipolar disorder and depression in over 65 year olds appear to be neglected areas of healthcare policy and care. Our substantive new area of work, *Falling Off a Cliff at 65: Mental Health in Later Life*, is a collaboration with VHS members Support in Mind Scotland and a number of other third sector and health sector organisations, including Bipolar Scotland, Faith in Older People, the Mental Health Welfare Commission and Audit Scotland. We organised two round tables, in April and October, to establish and build the collaborative approach, identify the issues and build the case for reform in policy, culture, workforce development, investment and practice relating to healthcare for older people with serious mental health issues. We commissioned evidence reports from Dr Adam Daly and NHS Health Scotland Knowledge Services. We were due to present the evidence to the Scottish Government head of mental health, but the government postponed due to the COVID-19 pandemic, so in the interim we published the evidence on our website.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

Volunteering in health settings

In May we held a major conference and exhibition on *Valuing and Sustaining Volunteering in Health* in Glasgow for 126 people, and disseminated the Key Messages and presentations to reach an even wider audience. The Scottish Public Services Ombudsman met with us twice regarding its proposed new role concerning whistleblowing in the NHS, and we highlighted the need to include volunteers in the scope of the new powers, something they had not previously thought about. We commissioned Rocket Science to undertake an evaluation of the impact of the Clear Pathway guidance on NHS boards and third sector, and set up a Reference Group to oversee the work: we expect to publish the final report in August 2020. We continued to play an active role on the NHS Scotland Volunteering Programme National Group and, by invitation, we provided critical feedback and content to the Volunteer Scotland report, *The Contribution of Volunteering to Scotland's Health and Wellbeing*.

Primary care and other health and social care

We convened a Health Policy Officers Network discussion of primary care reform, met and briefed new members of the Scottish Government primary care team about health inequalities and the role of third sector, and established active links with the Deep End Group of GPs. We organised a meeting on primary care reform for the CPG on Health Inequalities, and presented written and oral evidence to the Health and Sport Inquiry into the Future of Primary Care. In partnership with Scottish Rural Health Partnership we ran a successful workshop on *Shaping Primary Care for the Next Generation in Rural Scotland* for 70 participants at The Gathering 2020, with inputs from the Highland Green Health Partnership, Aberdeenshire Health and Social Care Partnership and the University of Highlands and Islands.

Four of the five bids we submitted for inclusion in the NHS Scotland Event as parallel or spotlight sessions were selected, from Cope Scotland, National Forum on Rural Mental Health, Scottish Recovery Network and Chest Heart and Stroke Scotland. This was set to be the second year running where we were able to influence the agenda of this major event by enabling a larger platform for third sector voices, but sadly it was cancelled due to the COVID-19 pandemic and lockdown.

We continued to support implementation of the Health Literacy Action Plan, *Making It Easier*, through our continued membership of the action plan implementation group, and by promoting and distributing the new *Right to a GP* cards across our networks. Our continued input to the Vaccinations Transformation Programme Stakeholder Group persuaded them to develop a public facing page (as well as practitioner facing page) on their website. Our input continued to the *Our Natural Health Service* programme board and the *Our Voice* Citizens Panel Topic Advisory Group.

In February we held a sounding board for 20 health charities, to support their engagement with the Health and Sport Committee Inquiry into Social Care and with the input of the lead Clerk to the Inquiry. We met and briefed the Scottish Government Scottish Access Collaborative programme manager, signposting her to a range of voluntary health organisations to help her with patient engagement.

Loneliness, social isolation and health

We were active members of the Scottish Government's Implementation Group for *A Connected Scotland*, chaired by Christina McKelvie, Minister for Equalities and Older People. On behalf of the Implementation Group, and in partnership with Befriending Networks, we organised a successful round table for independent funders. We gave an input to the Business in the Community round table

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

on loneliness and social isolation. We supported the Scottish Public Health Network in its mapping of the NHS response to loneliness and social isolation work, a project initiated at our suggestion.

We delivered a number of presentations on *The Zubairi Report*, including to the NHS NES Bereavement Group, Aberdeenshire Health and Social Care Partnership and the Third Sector Research Forum. We met with the National Lottery Heritage Fund, who consulted us about their new wellbeing purpose. Our response to the national transport strategy consultation focused on the barriers that poor, inaccessible and/or expensive public transport plays in loneliness and social isolation, and we supported the Action Group on Isolation and Loneliness (AGIL) to develop its response. In January we organised the first meeting of AGIL's new subgroup on health and social care, with the aim of addressing the unintended consequences that health and social care integration can result in with regard to loneliness and social isolation. Unfortunately, COVID-19 has meant the subgroup has been temporarily suspended.

Strategic networks and forums

Throughout the year we engaged extensively with our members and a wide range of additional stakeholders in furtherance of our aims. Our Health Policy Officers Network continued as a useful forum for peer support, knowledge exchange, collaboration and learning, with RNIB Scotland now our organisational partner for the network. We remained an active member of the Third Sector Health and Social Care Collaborative, playing a particular role in keeping them apprised of public health reform developments.

We received a large number of requests to attend and support other organisations' events and activities and we responded positively when our capacity allowed. For example, we attended two deafscotland national events on inclusive communication, and we provided the guest speaker for VHS member organisation PF Counselling's annual event for its volunteer counsellors. When giving evidence to the Health and Sport Committee we promoted the British Red Cross's new report *Life Beyond the Ward* and we contributed to Faith in Older People's Reference Group for the evaluation of the projects involved in the national befriending initiative funded by the Life Changes Trust. We accepted an invitation to join the steering committee of the Scottish Rural Health Partnership and we supported the work of the National Rural Mental Health Forum. Dundee University School of Nursing and Health chose VHS as their third sector partner for the 2019 *Healthy Universities for Healthy Communities* Knowledge Exchanges.

Arts, culture, health and wellbeing

Keeping the conversation going on the crucial role that arts and culture play in prevention, recovery, self-management and health improvement continued to gather momentum. The Arts and Health Scotland network chose VHS as its partner for a seminal event at Glasgow Royal Infirmary for 70 arts and health practitioners, leading to us taking on the secretary role, servicing committee meetings and securing a seed corn grant from the Scottish Government to help develop the network's presence and capacity. This grant is being managed by VHS and the network has now rebranded as Arts Culture Health and Wellbeing Scotland (ACHWS). VHS has actively led the development of its Articles, charitable purposes and registration as a SCIO. For the first time, VHS has been able to establish a relationship with Creative Scotland and were pleased to join their round table with NESTA to discuss the arts and health in October.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

At the Faculty of Public Health annual Scottish conference in Dunblane we presented a poster on the arts, culture, health and wellbeing, designed by Artlink Edinburgh, one of our members. In March 2020 the Scottish Government published *A Culture Strategy for Scotland*, with a section on health and direct reference to the value of ACHWS and its role in working with the government and Creative Scotland to further develop an action plan. We published a VHS think piece about the strategy. Sadly, COVID-19 meant we had to cancel a collaborative seminar with ACHWS for 90 delegates on the role of arts and culture in tackling loneliness and social isolation, an event that was very over-subscribed, with a waiting list of 80. A further collaborative seminar with ACHWS planned for September 2020 in Paisley also had to be postponed for the same reason.

Communications

Despite not having a dedicated communications resource, VHS's small team maintained a high level of digital communication with members and other stakeholders. Our informative e-bulletins were sent to 2,000 recipients each month and full members received additional e-alerts sharing news or opportunities that would not wait till the next month's bulletin. We maintained a very dynamic website with frequent postings that shared news items, guest blogs by our members, policy briefings, key messages, consultation responses and events listings and presentations. Social media was used actively and helped drive additional visitors to the website. VHS now has 3,929 Twitter followers and the year saw us Tweet 246 times. We had 5,023 'profile visits' and 650 mentions.

Building a strong network

VHS ended the year with 387 members (148 full members and 239 associate members). We welcomed 11 new full members and 19 new associate members. VHS's wider network and distribution list across sectors now numbers over 2,443 contacts, an increase of 217 on the previous year.

VHS took a break from the usual annual survey of its Full Members (voluntary health organisations) this year, and instead surveyed its Associate Members (individuals). The survey revealed an enormous breadth of interests and involvement in health, leading us to conclude that Associate Members are currently a rich but untapped resource to VHS and our Full Members. We were encouraged to hear from respondents that they like to actively engage with us through attendance at our events and by using our resources to keep abreast of what is happening in the voluntary health sector. A significant number said they would welcome opportunities to contribute their expertise to VHS, for example by writing blogs, speaking at our events or supporting our policy work. Just six of the respondents worked/volunteered for an organisation that is in itself a Full Member of VHS, demonstrating that Associate Membership has little overlap with our Full Membership and is therefore enabling us to reach additional audiences with our work. We discovered that many of our Associate Members are Trustees (including Chairs) of voluntary organisations, and that suggests we are meeting a particular need in terms of the information and opportunities that we provide.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

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 £12,571 (2019: £20,672) for the year before actuarial gains. There was a surplus of £27,480 (2019: £47,449) on unrestricted funds and a deficit of £13,925 (2019: surplus of £23,925) on restricted funds, after actuarial gains on the pension scheme.

Total funds as at the year-end amounted to £105,172 (2019: £91,617) including £10,000 restricted funds (2019: £23,925) and £95,172 (2019: £67,692) 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 six months' operating costs, which is around £110,000. Free reserves as at 31 March 2020, being unrestricted non designated funds before deduction of pension liability, were £122,592 (2019: £99,754).

Risk Management

The Risk Register is a standing item at each Board business meeting, with a different risk taken as a topic for discussion each time. The Board plans to improve the Risk Register template during the coming year, to facilitate improved risk assessment. The Directors continued to actively monitor the performance of the Scottish Voluntary Sector Pension Scheme run by The Pensions Trust. VHS continued to make agreed payments to The Pensions Trust to reduce its long term liabilities to the scheme. Looking ahead into the new financial year, we joined EVH as Associate Members to secure access to affordable and high quality HR and employment law advice and support going forward. The directors actively monitor VHS's delivery of the annual work programme for the Scottish Government and ensures VHS works proactively and constructively with the Government concerning the annual grant awarded. During 2020/21 the Board's new Business Development Group will work to identify new and additional business and funding opportunities.

The onset of the COVID-19 pandemic and the lock-down and social distancing measures implemented by UK governments in March 2020 significantly impacted on VHS's risk management activities. We immediately prepared a specific business continuity plan and have reviewed and updated this regularly throughout the pandemic. We reviewed our insurance policies as a matter of urgency and sought reassurances from our insurance broker concerning our cover. We moved swiftly to secure additional technology and equipment and put new systems and support in place to enable staff to work remotely from their homes as of 19th March. We have not had access to our offices since that date so we liaise regularly with our landlord (Scottish Council for Voluntary Organisations) about the necessary risk assessments and reconfiguration of the building that will enable an eventual safe return. We immediately pivoted all of our work to digital platforms and have served our membership and wider stakeholders very actively throughout the lockdown and continuing pandemic. We have followed Scottish Government and NHS advice about the pandemic throughout, and our Chief Executive has attended webinars on COVID-19 related employment law and good practice. The Chair, Vice Chair and Treasurer have met regularly with the Chief Executive to discuss business continuity and sustainability and to offer additional support at this time. The Board has endeavoured to put staff

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

health and wellbeing to the forefront of its decision making and risk management throughout the period.

PLANS FOR FUTURE PERIODS

Response to COVID-19

Our planned work for the first half of 2020 looked set to be severely disrupted by COVID-19 and the lock-down, but we moved fast to ensure we could remain both functional and effective. Once our new systems were in place our priority was the very many health charities and other voluntary health organisations whose boards, staff and volunteers were frantically working to reconfigure services and support for the increased numbers of vulnerable people who were seriously affected by the lockdown, social distancing, shielding and the withdrawal of normal services. Our second priority was to provide evidence to decision makers in Scottish Government, Public Health Scotland and NHS bodies about people's needs on the ground and the gaps that the third sector was plugging. Our third priority was to influence emerging and future public policy in relation to the pandemic.

To this end we immediately pivoted all of our work onto online platforms and reached out to our members, our wider networks and our public sector partners and stakeholders. Our March 2020 survey and research briefing on the immediate impact of the lockdown and social distancing was one of the first to be done by any third or public sector body, received media coverage and provided invaluable evidence to policy makers.

Since then we have implemented a wide-ranging and regular programme of online events on COVID-19 related topics, resulting in face to face engagement with nearly 600 participants by July. We now have a COVID-19 page on our website where we publish Key Messages, briefings and regular guest blogs from our members and we have increased the frequency of our ebulletins to our network. Anas Sarwar MSP tabled a Parliamentary Motion at our suggestion, commending the third sector for its efforts during the emergency to support people's urgent and unmet needs for support and care. We have worked actively throughout with the Scottish Government and Public Health Scotland, contributing to a significant number of COVID-19 advisory and working groups focused on the longer term recovery of society and services.

Longer term plans

VHS has the continued financial support of the Scottish Government for 2020/21 and is working actively to maintain this support in future years. COVID-19 is likely to negatively impact on budgeted income from self-generated income, in particular event fees and sponsorship, and at the same time we are incurring additional expenditure on the new software, digital applications and equipment that have been necessary for remote working. However, we anticipate additional costs will be balanced out by savings in areas like staff travel and venue hire for events and by a short-term discount to our rent and service charges. We are quietly confident that with good management our financial position will remain healthy this year. We will be refreshing our three year strategy ahead of March 2021 and the Board of Directors' new Business Development group will play an important role in planning for longer term sustainability.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Voluntary Health Scotland (VHS) is a company limited by guarantee, governed by its Memorandum and Articles of Association and is recognised as a Scottish Charity.

On 28th February 2019 VHS held an EGM and the membership formally adopted a new set of Articles incorporating revised charitable purposes. The reason for this change was to bring the company's governing document into line with current legislation and good practice, and to ensure it remained fit for purpose for the company. The previous Articles had been slightly amended in 2009 but remained substantially as first adopted in 2004. The new Articles were formally published by Companies House on 1st May 2019 and formally acknowledged by the Office of the Scottish Charity Regulator on 9th May 2019. They are available on the VHS website.

We held our AGM on 20th November 2019 with 58 voluntary health organisations represented.

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 fulfil the obligations of the Directors of the company. The Articles set out the terms of appointment for Directors and the terms of office. A maximum of ten elected Directors and four co-opted Directors is permitted. Together the Directors comprise the Board of Directors.

There were no resignations of Directors during the year. In February the Board formally appointed two new Directors, Nicola Sinclair of Edinburgh and Lothians Health Foundation and Nathan Sparling of HIV Scotland, both full member organisations of VHS.

In February the existing office bearers were formally reappointed for a further period (to the next AGM).

Induction and conduct of Directors

During the year the Board of Directors met in full on four occasions, holding three business meetings and a development day. There are no sub-committees and during the year no short-life working groups met, although in February 2020 the Board agreed to set up a working group on business development for the coming financial year. Individual Directors engaged very actively with the business of VHS in a wide range of ways, including advice to the Chief Executive and regular attendance at VHS and external stakeholder events.

New Directors received information to assist them to understand their remit and responsibilities, including VHS's Articles, three year strategy, operational plan and the latest accounts. They also had face to face induction meetings with the Chair and staff team, and completed a conflict of interest statement.

Management

Staff management and support is provided through regular one to one meetings with each staff member and through team meetings, and staff performance is formally appraised annually. Individual work plans are agreed annually and aligned with the three year strategy and annual operational plan. A team away day was facilitated by Evaluation Support Scotland and supported staff to identify and introduce additional means to help measure VHS's impact and outcomes. As well as reporting regularly to the Directors, the Chief Executive met with and reported regularly to VHS's principal funder, the Scottish Government.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number

SC267315

Charity Number

SC035482

Directors

Allyson McCollam	Chair
Peter White	Vice Chair
Rob Murray	Treasurer (from 9 May 2019)
Ian Brooke	
Nicola Hanssen	
Allan Johnstone	
Gemma Crompton	
Lucy Mulvagh	
Maureen O'Neill	
Jonathan Ssentamu	
Nicola Sinclair	(appointed 11 May 2020)
Nathan Sparling	(appointed 11 May 2020)

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
Edinburgh EH3 6AT

Bankers

Unity Trust Bank
9 Brindleyplace
Birmingham B1 2HG

Solicitors

Burness Paull
242 West George Street
Glasgow G2 4QY

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

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 2020 and signed on their behalf by:



Allyson McCollam
Chair, VHS

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2020

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS

I report on the accounts for the year ended 31 March 2020 as set out on pages 13 to 26.

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.

Laura Penbie

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

8 October 2020

VOLUNTARY HEALTH SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total £	2019 Total £
Income from:					
Charitable activities	2	17,438	205,000	222,438	247,679
Other trading activities					
Fee income		8,000	-	8,000	-
Investments					
Bank interest		892	-	892	648
		<hr/>	<hr/>	<hr/>	<hr/>
Total		26,330	205,000	231,330	248,327
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on:					
Charitable activities	3	4,800	213,959	218,759	227,655
		<hr/>	<hr/>	<hr/>	<hr/>
Total		4,800	213,959	218,759	227,655
		<hr/>	<hr/>	<hr/>	<hr/>
Net income		21,530	(8,959)	12,571	20,672
Transfers between funds	12	4,966	(4,966)	-	-
Actuarial gains	15	984	-	984	50,702
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		27,480	(13,925)	13,555	71,374
Reconciliation of funds:					
Total funds brought forward		67,692	23,925	91,617	20,243
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward	12	95,172	10,000	105,172	91,617
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 15 to 26 form part of these financial statements.

VOLUNTARY HEALTH SCOTLAND

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	7		-		-
Current assets					
Debtors	8	206		1,055	
Cash at bank and in hand		142,774		134,080	
		-----		-----	
		142,980		135,135	
Current liabilities					
Creditors: amounts falling due within one year	9	(10,388)		(11,456)	
Provision for liabilities due within one year	15	(4,216)		(4,094)	
		-----		-----	
Net current assets			128,376		119,585
			-----		-----
Total assets less current liabilities			128,376		119,585
Provision for liabilities due in more than one year	15		(23,204)		(27,968)
			-----		-----
Net assets	13		105,172		91,617
			=====		=====
Funds					
Unrestricted funds: General fund			122,592		99,754
Designated funds			(27,420)		(32,062)
Restricted funds			10,000		23,925
			-----		-----
	12		105,172		91,617
			=====		=====

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 2020 and signed on its behalf by:



Allyson McCollam, Chair

The notes on pages 15 to 26 form part of these financial statements.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

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 2019) – 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 2021. 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 2019/20. In expectation of continued support, the Directors have continued to adopt the going concern basis of accounting. This assessment of going concern includes the expected impact of COVID-19.

(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 2020

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

(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 2020

2. Income from charitable activities

	Unrestricted Funds £	Restricted funds £	2020 Total £	2019 Total £
Grants receivable				
Scottish Government and NHS Health Scotland	-	195,000	195,000	195,000
Scottish Government – Arts Culture Health and Wellbeing Scotland	-	10,000	10,000	-
Scottish Government – Clear Pathway evaluation	-	-	-	15,000
Scottish Government – Clear Pathway conference	-	-	-	8,925
	<hr/>	<hr/>	<hr/>	<hr/>
	-	205,000	205,000	218,925
Event income, incl NHS Health Scotland funding	9,699	-	9,699	20,898
Membership subscriptions	7,739	-	7,739	7,856
	<hr/>	<hr/>	<hr/>	<hr/>
	17,438	205,000	222,438	247,679
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the year there were restricted grants amounting to £205,000 (2019: £218,925). 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 2020

3. Expenditure on charitable activities

	Engagement & partnership	Evidence building	Policy influencing	Comm-unications	Building a strong network	Resources & develop-ment	2020 Total	2019 Total
	£	£	£	£	£	£	£	£
Events and communications	6,608	3,427	5,471	2,626	2,172	4,472	24,776	23,748
Staff costs (Note 5)	39,385	20,799	34,204	14,849	12,422	27,195	148,854	160,068
Other staff costs	1,023	530	847	406	336	692	3,834	6,249
Rent and service charges	4,513	2,340	3,736	1,793	1,483	3,054	16,919	19,419
Other overhead costs	1,393	722	1,153	554	458	943	5,223	5,172
Legal and professional fees	633	328	524	251	208	428	2,372	2,117
Research and consultancy fees	3,101	1,608	2,566	1,232	1,019	2,098	11,624	4,748
Pension scheme interest payable (Note 15)	116	60	96	46	38	80	436	1,703
<u>Governance costs</u>								
Independent examiner's fees	688	357	570	273	226	466	2,580	2,928
Board meeting and development costs	571	296	473	227	188	386	2,141	1,503
	=====	=====	=====	=====	=====	=====	=====	=====
	58,031	30,467	49,640	22,257	18,550	39,814	218,759	227,655
	=====	=====	=====	=====	=====	=====	=====	=====

Included above is restricted expenditure amounting to £213,959 (2019: £187,691).

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

4. Net income for the year

	2020	2019
This is stated after charging:	£	£
Independent examiner's remuneration	2,580	2,928
Operating lease rentals:		
Land and buildings	15,658	14,888
	15,658	14,888

One (2019: three) board member was reimbursed travel expenses during the year amounting to £164 (2019: £268) in total.

The charity paid £1,297 (2019: £1,310) 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

	2020	2019
	£	£
Salaries and wages	129,367	124,831
Employer's social security costs	10,090	9,547
Employer's pension costs	9,397	7,956
Pension transfer value	-	17,734
	148,854	160,068

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

	2020	2019
	4	4
	4	4

No employee was paid a salary of more than £60,000 (2019: none) and no director received any remuneration (2019: none). Key management personnel received total remuneration, including employer pension contributions and employer national insurance contributions, amounting to £53,965 (2019: £52,128) 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 2020

7. Tangible Fixed Assets

	Computer equipment £	Total £
Cost		
At 1 April 2019	1,866	1,866
Disposals	(662)	(662)
	-----	-----
At 31 March 2020	1,204	1,204
	=====	=====
Depreciation		
At 1 April 2019	1,866	1,866
Disposals	(662)	(662)
	-----	-----
At 31 March 2020	1,204	1,204
	=====	=====
Net Book Value		
At 31 March 2020	-	-
	-----	-----
At 31 March 2019	-	-
	=====	=====

8. Debtors

	2020 £	2019 £
Prepayments	206	1,055
	-----	-----

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals	5,402	2,955
PAYE and NI	3,171	3,269
Pension contributions	960	812
Deferred income (Note 10)	855	4,420
	-----	-----
	10,388	11,456
	=====	=====

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

10. Deferred income

	Subscriptions £	Total 2020 £	Total 2019 £
Balance at 1 April 2019	4,420	4,420	1,416
Released to Statement of Financial Activities	(4,420)	(4,420)	(1,416)
Income received and deferred in year	855	855	4,420
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	855	855	4,420
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. Operating lease commitments

At 31 March 2020 the charity had aggregate commitments under non-cancellable operating leases for rent and service charges payable as set out below:

	2020 £	2019 £
Payable within one year	7,829	7,445
	<hr/> <hr/>	<hr/> <hr/>

12. Funds

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	Gains/ losses £	At 31 March 2020 £
Unrestricted funds						
General funds	99,754	26,330	(4,364)	872	-	122,592
Designated funds:						
Pension provision	(32,062)	-	(436)	4,094	984	(27,420)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	67,692	26,330	(4,800)	4,966	984	95,172
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
Strategic work programme	-	195,000	(195,000)	-	-	-
Clear Pathway evaluation	15,000	-	(11,161)	(3,839)	-	-
Clear Pathway conference	8,925	-	(7,798)	(1,127)	-	-
Arts Culture Health and Wellbeing Scotland	-	10,000	-	-	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	23,925	205,000	(213,959)	(4,966)	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	91,617	231,330	(218,759)	-	984	105,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

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 transfer represents a contribution towards general management costs, as permitted by the funder.

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 transfer represents a contribution towards general management costs, as permitted by the funder.

The Arts Culture Health and Wellbeing Scotland fund is to carry out workshop and networking events to promote knowledge exchange and learning about culture and health, raise awareness about ACHWS and extend the reach and influence of the network.

The following table and subsequent narrative is the funds note for the year ended 31 March 2019 for comparative purposes:

	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)
	-----	-----	-----	-----	-----	-----
	20,243	29,402	(39,964)	7,309	50,702	67,692
	-----	-----	-----	-----	-----	-----
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
	-----	-----	-----	-----	-----	-----
	-	218,925	(187,691)	(7,309)	-	23,925
	-----	-----	-----	-----	-----	-----
Total funds	20,243	248,327	(227,655)	-	50,702	91,617
	=====	=====	=====	=====	=====	=====

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

12. Funds (continued)

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

13. Analysis of funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	-	-	-
Net current assets	118,376	10,000	128,376
Pension provision payable in more than one year	(23,204)	-	(23,204)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	95,172	10,000	105,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	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/>

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 2020

15. Pensions

The company participates in the Scottish Voluntary Sector Pension Scheme ("the scheme"), a multi-employer scheme which provides benefits to some 102 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:	£1,404,638 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2019 to 30 September 2027:	£136,701 per annum (payable monthly and increasing by 3% each on 1st April)

The contributions to 30 September 2027 are in respect of those employers that have agreed concessions (both past and present) with the Trustee.

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 2016 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)

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

15. Pensions (continued)

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

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.

	2020	2019
	£	£
Present value of provision for Voluntary Health Scotland	27,420	32,062
	=====	=====
<u>Reconciliation of Opening and Closing Provisions</u>		
	2020	2019
	£	£
Provision at start of period	32,062	88,370
Unwinding of the discount factor (interest expense)	436	1,703
Deficit contribution paid	(4,094)	(7,309)
Remeasurements - impact of any change in assumptions	(984)	646
Remeasurements - amendments to the contribution schedule	-	(51,348)
	=====	=====
Provision at end of period	27,420	32,062
	=====	=====
<u>Income and Expenditure Impact</u>		
	2020	2019
	£	£
Interest expense	436	1,703
Remeasurements – impact of any change in assumptions	(984)	646
Remeasurements – amendments to the contribution schedule	-	(51,348)
Contributions paid in respect of future service	-	-
Costs recognised in income and expenditure account	9,397	7,956

Assumptions

	2020	2019	2018
Rate of discount (% per annum)	2.57	1.46	2.01

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£	£
Year 1	4,216	4,094
Year 2	4,343	4,216
Year 3	4,473	4,343
Year 4	4,607	4,473
Year 5	4,746	4,607
Year 6	4,888	4,746
Year 7	2,517	4,888
Year 8	-	2,517
Year 9	-	-
Year 10	-	-
Year 11	-	-
Year 12	-	-
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 2019. At this date the estimated employer debt for Voluntary Health Scotland was £208,189, which includes the provision recognised in the financial statements above. The Directors have no intention of withdrawing from the scheme in the foreseeable future.