



Case Report

Volunteering Matters (291222)

About the charity

Volunteering Matters (previously known as Community Service Volunteers) was registered in February 1985. Its charitable objectives are to advance citizenship and community development for the public benefit by promoting volunteering, and advancing the education and training of people who, due to their social or economic circumstances or otherwise, are unable to gain employment in the United Kingdom.

Why the Charity Commission got involved

There was a media report that the charity had made a significant reduction in staff and had a reserves deficit of £5.8 million due to a large pension scheme deficit. The charity's last filed accounts were unqualified but noted the pension deficit and that the trustees were dealing with this. In light of the then public concerns about the viability of some household name charities, we proactively contacted the charity to verify this. This is part of our work to proactively monitor charities that fall into certain risk categories.

The action we took

In October 2015, we opened a monitoring case and carried out an analysis and further scrutiny of the last filed accounts of the charity. We met with the trustees to discuss the charity's financial position and the actions being taken.

What we found

The charity's financial position had become difficult due to the loss of a £1.2 million central government grant and a large pension deficit.

After meeting with the trustees and considering the information available, it was clear that the trustees of the charity had taken significant positive steps over the last 2 years to protect the charity's assets and to improve the charity's financial stability.

The trustees had implemented a transformation plan to enable the charity to operate effectively and build its reserves.

The trustees had taken relevant professional financial advice throughout. We saw evidence that the trustees had regularly reviewed the charity's finances and a series of actions had been taken to establish the charity on a more stable footing.

The trustees had implemented a series of changes to improve the charity's future financial stability:

- streamlining the charity's operations to bring everything under one management team, making it a smaller, leaner and more focused organisation
- the implementation of the transformation plan assisted with the downsizing of the charity which included a new operating model and improved financial reporting
- the trustees reviewed the charity's fixed assets and sold a number of buildings to generate funds
- the defined benefit pension scheme (the main factor contributing to the charity's reserves deficit) has now been closed to new entrants and future accruals - the trustees are fully aware of the position with the pension scheme and they consider that the charity has done all that it can to mitigate the risks - the trustees know they must keep monitoring the situation for the future
- drafting and implementing a more robust reserves policy - the trustees reviewed the level of reserves required and put plans in place to achieve this level, including the sale of 2 remaining buildings
- an income generation and business development team has been established to obtain funding to increase projects and ensure they are managed more efficiently, aiming to provide cost savings - the trustees have developed a clear strategy for the charity and projects are only pursued which fall within the charity's areas of expertise
- the charity has a clear process in place to ensure that if projects are not continuing at the end of a funding agreement, steps are taken in a timely manner to redeploy staff or, if necessary, end their contracts to avoid the charity incurring costs after funding has ended
- the charity has a new finance committee reporting regularly to the trustees and has recruited new trustees with a strong financial background

Impact of our involvement

We verified the claims in the annual accounts and report. Our findings provided assurance that the trustees had put in place appropriate measures to improve the future financial stability of the charity. The mitigating actions that the trustees have implemented must continue to be monitored and reviewed by the trustees to ensure that the plans they have put in place to manage their financial risks remain effective.

Lessons for other charities

The trustees of this charity have done the right thing to react quickly to signs of financial distress and put measures in place to mitigate risks and improve the long term financial stability of the charity. It is never too early to review your charity's finances and mitigate future risks.

Our guidance [Managing a charity's finances: planning, managing difficulties and insolvency \(CC12\)](#) provides advice for charities that are facing financial difficulties and how charities can reduce the risk of insolvency.

[Charity reserves: building resilience \(CC19\)](#) provides a guide to what charities need to consider when thinking about the levels of reserves they hold and describes what to think about when drafting a reserves policy.

Trustees can use [Charity governance, finance and resilience: 15 questions trustees should ask](#) as a helpful starting point to consider the health of their charity.