

Annual report and accounts

2022/23



Lasting change
through volunteering

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Foreword from our Chair



This year, many of the global COVID-19 pandemic restrictions were gradually lifted. For countries and communities already facing considerable challenges, there is a huge job to be done to make up lost ground in health, education, and livelihoods. As a result of school

closures around the world, some children have lost two years of education. There are risks that many children, particularly girls, may never return to school. The war in Ukraine has highlighted the challenge of food security globally but especially in sub-Saharan Africa. Unemployment continues to rise in many of the countries in which we work, particularly among the young. Critically, the pandemic has had a disproportionate impact on the most vulnerable. Its impact on women and girls' socio-economic welfare threatens to reverse the hard-won gains in advancing gender equality and women's empowerment.

This is the context in which we delivered our work in 2022/23. It is why our work continues to focus on the most marginalised and why we explicitly focus on building resilience for vulnerable communities, inclusion for those who have been left out and more accountable institutions that can respond to people's needs.

In Nepal, I met with communities living in remote regions along the Bheri river. They spoke of the changes they had seen to an already fragile climate, including swarms of locusts, increased pollution, and raging forest fires. All of these threaten their slender incomes and make daily life difficult. I heard first-hand from teachers, staff, and pupils of a school for hearing impaired children. Some children were accessing education for the first time. The social norms on how they were treated in the community were changing for the better. I also learned more about child marriage – with 37% of all girls in Nepal being married before they are eighteen – and VSO's work to prevent this happening through the UK-government-funded Empowering a New Generation of Adolescent Girls with Education (ENGAGE) project.

This year, we launched the Active Citizenship through Inclusive Volunteering and Empowerment (ACTIVE) project. This is an exciting new initiative, covering

18 countries around the world, supported by the UK government, that builds on work we have done under the UK-government-funded, Volunteering for Development (VfD) programme.

Throughout the year, we were also able to showcase our work and provide a platform for volunteers and primary actors to share their experience at a range of global and regional events. These included: the United Nations Commission on the Status of Women, where we were able to demonstrate the use of education technology to promote gender equity in education, health and livelihoods; the International Conference on Family Planning, where we shared innovative technology to deliver integrated reproductive health and family planning services to marginalised young people; and the Commonwealth Heads of Government Meeting in Rwanda, where along with a range of world-leading youth organisations, we signed the non-formal education alliance with the Commonwealth Secretariat to promote and recognise informal learning.

These are just a few examples of the kind of work that VSO does across the world – working with people who are vulnerable and marginalised, their communities, and local and national authorities, to make sure there is a fair world for everyone.

From a financial perspective, our overall income has stabilised after the significant cuts in UK government funding over the last two years. We are hopeful that by continuing to diversify our funding sources and demonstrating the impact of our work, our income will start to increase over the coming years, enabling us to reach more people in more places. We are enormously grateful to the general public in Ireland, the Netherlands and the UK who have continued to generously support us despite the cost-of-living crisis. We say more about our finances in the Financial review on p24.

As Chair, I am proud to be part of an organisation that this year alone has supported over 10.9m vulnerable people through its work. This annual report gives an insight to how we have reached those people and the difference it has made to them and their communities.

Julia Lalla-Maharajh OBE
Chair VSO

Our year in numbers



7,786 people volunteered with VSO

VSO worked with communities in 35 countries.

10.9 million

people were reached nearly 7.4 million indirectly and over 3.5 million directly including:



More than

3.2 million

through our education projects



Over

87,000

through our wider work on resilience, inclusion and social accountability. To help people prepare for disaster, build peaceful communities, tackle gender-based violence, and create inclusive societies for people with disabilities.



Almost

90,000

through our health projects



4%

of the people we worked with were people living with disability



Almost

200,000

through our resilient livelihoods programme



51%

of the people we worked with were women



Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Doing development differently

Our volunteering for development approach

VSO's volunteering for development method provides opportunity for everybody to build a more equitable society.

We do that by focusing first on those who are left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination and violence for their gender, sexuality, or social status. These are not passive “beneficiaries” of aid. They are the “primary actors” at the heart of our work. It is from their viewpoint and actions that we seek to define the issues, opportunities, and solutions that deliver sustainable and locally led change.

drive the change that will create a fair world for everyone.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call “core approaches” – that reliably tackle the structures, systems and conditions that make people vulnerable. These core approaches are fundamental to our VfD method, ensuring the people we work with have the confidence and capacity to bring about change in their own lives. These core approaches are the ones through which we define our programmes.

What do we mean by primary actors?

Primary actors are those marginalised people in the communities we work with. They are the ones at the heart of our projects, helping us understand the community's needs, and working with volunteers on delivering the most impactful solutions. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work, and they shape the design and delivery of programmes. 'Actors' because they are active agents. VSO does not do development to communities; it works alongside them.

Our VfD method recognises the importance of relationships in forging a shared understanding and commitment to, and building collective action for, lasting change. Through teams of community, national and international volunteers, it brings together a diversity of perspectives and experience to generate insights, innovate ideas and undertake actions that can address the underlying causes to complex problems facing our communities. It inspires and ignites the potential for active citizens everywhere across the globe to step forward and

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background or sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to help communities and societies prepare and adapt to disasters, as well as reducing their vulnerability to shocks and stresses.

Social accountability

Many people around the world are denied their basic rights. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding what they are entitled to. VSO works to support people exercising their voice, no matter who they are or where they are from. We also help authorities respond to the needs of people they are there to serve.



The CLARITY project is addressing the challenges that exclude women, youth, and people with disabilities from equally benefiting from the extractive sector in Tanzania's Lake Zone districts.

Strengthening Social Inclusion and Gender

As part of the efforts to ensure no-one is left behind, VSO uses and promotes the [Washington Group of Questions](#). These are tools which allow us to get better data on people living with disabilities. This, in turn, ensures our programmes include and support them.

Last year, in Nepal, we trained teachers in 203 government schools to use these tools. Over 14,000 learners were assessed and, as a result, we identified 382 children (3% of learners) with disabilities. By informing teachers and the local authorities of the extent of disability in government schools, we supported their ability to respond to the needs of those learners. This is crucial if we are to live up to the principle of leaving no-one behind which underpins the Sustainable Development Goals. This approach will be rolled out to other schools in Nepal.

In both Nepal and Kenya, we supported Girls and Inclusive Education Networks (GIEN) to sensitise girls to their rights. The networks of schoolgirls, teachers and youth mentors support girls to raise their concerns to the relevant authorities about abuse and violence from teachers and other children. In both countries, we are seeing girls growing in confidence to speak out. As an Education Administration officer from Parsa in Nepal commented,

“When I came to Dhobini 2 years ago, I saw girls who were comfortably tending to goats and cows in the village starting to go to school. I was initially shocked and wondered how this had happened and whether it could be sustained. This is when I learnt about VSO’s project interventions and the role GIEN play in creating the enabling environment for these girls to flourish at school.”

We also supported the strengthening of gender policies and sought to influence governments on inclusion. In Cambodia, we helped the government develop a gender sensitive action plan for fisheries administration. In Tanzania, VSO developed the mitigation strategy to overcome social exclusion and improve gender equality in the extractives sector as part of our interventions on the EU-funded Collective Action for Rights Realisation in Extractive Industry (CLARITY) project. This strategy highlights areas for ensuring safety, security, and protection of women.

Resilience building

Over the past year, alongside education and health providers, VSO volunteers collaborated with communities on the frontline of climate crises to apply VSO's volunteer-led resilience process. This process supports locally led responses to climate change through community risk assessment and action planning. It also identifies the wider systemic changes that help communities and local authorities adapt to the impacts they face from climate change.

VSO volunteers have been training climate specialists as well as youth volunteers to work alongside community representatives, local government and education and health providers before a crisis happens. They identify and address vulnerabilities within communities, as well as support responses when disasters occur. VSO has developed a digital dashboard to support our volunteers and stakeholders to evidence climate impacts, identify resilience-building priorities and to monitor new risks and actions.

Following major flooding in Nigeria, VSO led a team of 10 volunteers to evidence the loss and damage incurred by over 1,000 households, and to identify priority areas of support. The results were digitised and submitted to provincial disaster response agencies to support the design of their response.

VSO volunteers worked with affected communities to develop climate resilience plans and to establish drainage systems to reduce vulnerability to future floods.

Climate resilience plans were developed in Zimbabwe and Mozambique, where volunteers supported communities to take forward climate adaptation actions such as agro-ecological farming and emergency preparedness to reduce risks from cyclones and flooding. This is even more critical as cyclone frequency and intensity has continued to escalate in the region.

In Mozambique, VSO worked with the National Youth Council and National Disaster Management Authority in the lead up to Cyclone Freddie, to train young people in emergency response skills including simulation of floodings. We have developed innovative digital technology to support partner organisations and government ministries to be able to map, assess and respond to climate risks.

In Nepal, VSO supported climate risk assessments and action planning in over 30 schools and 16 health centres to identify actions which can be taken forward to address reduced access and quality of services due to climate disruption.



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Smallscale farmers participating in a training on agroecology in Chimanimani district in Zimbabwe. The Empowered and Resilient Communities project is aimed at increasing food and nutrition security among communities prone to natural disasters.



© PICTURE: MARISSA D'ALONSO

Regina with her son outside her parents' home where she now lives and is raising her son with the assistance of her parents in Zambia. Regina returned to her parents' house after she learned that child marriage was illegal.

Building Social Accountability to Improve the Delivery of Services

The Dutch government-funded Make Way project seeks to promote affordable, accessible and quality sexual and reproductive health services for vulnerable youth in Zambia, Kenya, Uganda, Rwanda and Ethiopia. These types of youths are largely invisible to public policy making and implementation due to their multiple vulnerabilities arising from gender, sexuality, ethnicity, and socio-economic background. Through the concept of "intersectionality", the Make Way project recognises the interconnectedness of these multiple vulnerabilities which create complex systems of discrimination or disadvantage for vulnerable young people. Utilising an Intersectional Community Scorecard (ICSC) as a social accountability tool, the project has given

these young people a platform through which they can share their experiences. VSO national and community volunteers in Kenya, Rwanda, Uganda and Zambia have supported vulnerable youth to use the ICSC. This provided community-generated evidence which has been used to engage service providers to improve the delivery of local health services. It has also informed health policy reform among local governments in Kenya and Zambia.

Continued use of the ICSC is expected to deepen the involvement of vulnerable youth in health system strengthening in all five countries where the Make Way programme is being implemented.

Our Work in Education

Our inclusive and resilient education work gives every child the opportunity to learn literacy and numeracy at the right level. This year, around the world, VSO has made significant contributions to improving learning outcomes and recovering the learning losses that children have experienced because of the COVID-19 pandemic. We have also been working to break down social barriers to inclusive education and to strengthen education systems.

As part of our achievement, over **2.6m** learners in primary education had improved learning in literacy and numeracy by 22% and 11%, respectively.

Improved Learning Outcomes

In Nepal, the ENGAGE project helped over 5,600 of the most vulnerable out-of-school girls and over 26,000 other children across 203 schools to improve significantly their ability in maths and reading. Overall, children increased their early grade mathematics assessment scores from 42 to 111 out of 260 – an increase of 27%. In early grade reading assessments, their scores improved from 16 to 42 out of 76, an increase of 34%.

The UK government-funded Building Learning Foundations project in Rwanda worked with more than a million boys and over a million girls, including almost 90,000 children with disabilities, in primary education across 30 districts to improve their skills in English and mathematics. Post COVID-19, we have been supporting children to recover learning and make improvements in English and maths.

In Kenya, we worked to improve the literacy and numeracy of over 5,000 out-of-school girls aged between 10 and 19 years in Garissa, Isiolo, Kilifi, Migori and Kisumu counties on the UK government-funded Education for Life (EFL) project. These girls have lived through violent cattle-rustling and inter-ethnic conflict. Many are survivors of sexual abuse, gender-based violence and modern-day slavery. Although they are children, many of them already have children of their own because of sexual abuse. VSO has established Catch-Up Centres for accelerated learning and supported the girls to transition into formal schools, to access apprenticeships and vocational training and to build opportunities for decent employment.

In the Education for Life project, we saw an 85% increase in school attendance by providing



Pascoa, a community supporting teacher and Amelia, a primary actor. The EAGLE project aims to empower adolescent girls aged 15-18 years who dropped out of school in Mozambique.

learning materials, hygiene kits, assistive devices such as wheelchairs, crutches, and mobility canes, and through community engagement to build support for education for girls and for children living with disabilities. Of those who came back into education, 10% of girls aged 10-14 years returned to formal schools. Of those girls aged 15-19, 17% went into vocational training, 37% into entrepreneurship training and 26% into apprenticeships. The girls showed improvement in numeracy and in reading and writing in both Kiswahili and English. The girls who enrolled in entrepreneurship training and apprenticeships have been supported to start small-scale businesses that are now enabling them to meet their basic needs.

In Uganda, VSO volunteers worked in 93 primary schools and 8 Early Childhood Care and Education centres in Yumbe through the

ACTIVE and UN-funded All Pupils Learning for Ultimate Success (A-PLUS) projects. Volunteers mentored and coached teacher educators and early grade teachers to build their confidence in using the curriculum, and effective use of child centered teaching methods in large classes. This has improved numeracy and literacy skills among early grade learners.

In Sierra Leone, the ACTIVE project is working in 52 schools in the rural districts of Pujehun and Kailahun to expand the use of cost-effective education technology that raises learning outcomes of marginalised children. This is directly contributing to the Ministry of Basic and Secondary Education's goals of improving foundational learning, strengthening the education system, and of effectively using education technology to reach marginalised children in remote areas.

Addressing Social and Systematic Barriers to Inclusive and Equitable Education

VSO volunteers have worked with communities on the EFL project in Kenya, increasing awareness of education for girls and children with disabilities. They increased support in the community, in families and among husbands, as well as supporting continued learning for adolescent girls and youth. As a result, community groups have emerged to champion and advocate for girls' education. As a male champion in Isiolo, Kenya explains:

“I ensured that girls at my village attend classes daily and I kept passing by their homestead to inform them about a class day and keeping time.”

A participant in the Girls focus group discussions noted:

“While I attended training, my husband would fetch water and buy firewood because I would typically come back home late. I would also find the house clean. They also offered support by taking care of the children.”

VSO also integrated sexual and reproductive health and rights awareness into the accelerated learning programme. This has given girls the confidence to make informed choices on use of contraception. Girls are now more aware of negative practices that violate their rights. Nevertheless, social norms relating to stigma on teenage pregnancy and marriage continue to disrupt some girls from enrolling in accelerated learning.

In the ACTIVE and A-PLUS projects in Uganda, volunteers worked with 204 Parent Teacher Associations and 136 School Management Committees to better understand their roles and responsibilities and to build their awareness and confidence to lead a back-to-school campaign for children after the COVID-19 lockdown. They mentored teachers and supported parents to monitor the quality of home-based learning during the pandemic and to ensure teachers were held accountable for the quality of teaching.

Education Systems and Policies Responsive to the Rights of Learners to Education

In 2022/23, VSO continued to invest in strengthening inclusive education systems. In Kenya, volunteers on the EFL project developed a strategic partnership with the Adult and Continuing Education, Technical Vocational Education Training and Special Needs Education teams in the Ministry of Education to advance policy and systems change.

The government used evidence from the improved learning amongst girls to develop Accelerated Education Guidelines. These strengthened the Kenyan education system to respond to the needs of girls and young people who have been out of school for a variety of reasons. School Management Committees and Parent Teacher Associations have reviewed and formulated school policies which they are using to bring girls back into education and to support them to transition to entrepreneurship, apprenticeship, and vocational training.

In Rwanda, VSO volunteers on the Building Learning Foundations project have worked with local authorities to develop the roles of district Special Needs Education Coordinators (SNECOs). These SNECOs provide sustained inclusive education technical support to teachers and headteachers. The Rwandan Government has adopted SNECOs into their education policy with a commitment to institutionalise the newly established Special Needs and Inclusive Education Unit within the Rwanda Education Board.

VSO volunteers have also established Teacher-Led Communities of Practice and District Training Teams to promote child-centred pedagogy, teachers' Continuous Professional Development and inclusive practice for learners with disabilities in the classroom. The Rwandan Government has adopted the Community of Practice for Teachers as part of their education policy, and across Rwanda 80% of headteachers are now financially supported to attend the monthly Teachers Community of Practice as a professional teacher learning community. As Musanze, a Rwandan education official highlights:

“Nowadays, teachers are able to identify children with different learning difficulties and set classroom learning objectives according to individual differences and needs.”



Launch of the Building Learning Foundations tool kit in Gasabo District, Kigali, Rwanda.

Our Work in Health

Our global health strategy aims to ensure that all adolescents and youth realise their rights to quality Sexual, Reproductive, Maternal, Newborn, Child, and Adolescent (SRMNCA) health and well-being. This includes transforming structural barriers and negative social and harmful traditional norms.

As part of our achievement, **75,000 young people** (10-24 age group) improved their knowledge and attitude in Sexual Reproductive Health and Rights.

In 2022/23, VSO contributed to reducing Gender-Based Violence (GBV) against women and girls through primary actors' collective action under The UN Trust Fund to End Violence against Women (UN Trust Fund) Speak it Loud project in Zimbabwe and through the United Nations Population Fund (UNFPA) Gender-Based Violence Prevention and Response project (GBVPR II) in Nepal.

VSO volunteers on the Speak it Loud project in Zimbabwe led training and awareness raising on prevention of sexual exploitation and abuse with primary actors as well as building the capacity of Civil Society Organisations (CSOs) and local partners in Mashonaland. As a result, local CSOs put in place tracking mechanisms to prevent and address GBV cases and primary actors started to speak out and act against GBV and Violence Against Women and Girls in their communities.

After training in social accountability, a group of women volunteers in Mashonaland Central came together to engage local authorities for improved access to health services for GBV survivors. Following a series of engagements and meetings, the local authority agreed to work together with the community to construct a clinic within their locality. As many GBV cases went



Tugwell, a national volunteer, training community volunteers from Chimanimani district in Manicaland province about their legal rights under Zimbabwe's constitution.

unreported because of distance, in Mashonaland West community members influenced the police department to set up a police station in their community to improve reporting of and access to justice for GBV survivors. Efforts for further and sustained collective action against GBV are now increased through the additional support of the ACTIVE project.

In Nepal, VSO has been focusing on supporting women and men, including girls and boys, to prevent, report, and address GBV, including child marriage. VSO has trained community volunteers so that they can conduct reflection sessions

on social norms with couples to build their awareness of GBV. They have also been trained in supporting family dialogues – or rupantaran in Nepali – which target adolescent girls and boys. Alongside this, the project has led interactions with community opinion leaders along with civil society representatives, to build awareness and to influence the Nepali government to institutionalise guidelines and protocols on GBV. One of the adolescent girls from Biratnagar shared that,

“before the session, I was not able to speak freely with my parents regarding our choice and decision but now I ask for clothes, outings and other requirements according to my need.”

The community volunteer-led couple sessions – using the Gender Transformative Approach – have been successful in improving understanding of harmful social norms and practices that increase vulnerability of women and girls to GBV. Couples reported an increase in knowledge on sexual and reproductive health and rights, the health consequences of GBV as well as the health services available for survivors. Married men participating in

couple sessions reported internalising the learning on how important it is to have good knowledge of sexual and reproductive health and rights to improve their relationships. Women participants from Kailal and Bajura shared that after attending the couple sessions, they realised they could say “no” particularly in their sexual relationships. As one female participant shared,

“Now we have a consensual sexual relationship.”

Similarly, through the GBVPR II project in Nepal, VSO has engaged government officials to highlight their obligations as duty bearers towards survivors of GBV, including how to utilise funds earmarked to support survivors. As a result, government officials have been proactive in seeking out GBV survivors instead of waiting for cases to be reported. Advocacy efforts have also helped adolescent girls over the age of 16 to become aware of their rights to access citizenship records which in turn provides them with access to education. This has helped girls to re-enrol into formal education and improve the long-term outlook for their lives.



©VSO/Smriti Basnet

National volunteer Aarati, community volunteer Rekha, and Female Health Community Volunteer Sarita, explaining about Depo-Provera shots to local women in Gaur municipality, Nepal.

Our Work in Livelihoods

Over the last year, we have made a strategic shift in our livelihoods portfolio, deepening the focus on resilience by investing in 'green' skills and supporting a shift to agroecology or climate resilient farming. VSO agroecology volunteers and youth climate champions were integral to this change.

As part of our achievement, over **181,000** marginalised people, primarily **young people and women**, enhanced their Livelihoods capability.

Under the ACTIVE project, VSO continued to promote the voice and agency of primary actors. We strengthened our partnerships with key smallholder producer organisations including the Zimbabwe Smallholder Organic Farmers Forum, and the National Farmers Group Federation in Nepal.

Youth engagement continues to be a central pillar of our livelihoods work. The FutureMakers project funded by the Standard Chartered Foundation has supported the livelihoods of young women and visually impaired young people to build their employability and entrepreneurship skills across three countries – Uganda, Tanzania, and Zambia. As Alfred Wamani, a visually impaired young man from Uganda explains:

“In 2020, I became blind and in the same year my teaching career and marriage ended. I joined the Uganda National Association of the Blind, while there I learnt about the FutureMakers project. I joined the saving scheme – Village Savings and Loan Association, which was mostly constituted of people with disabilities, and I became chairperson of the group.

The money I have been borrowing from the group has sustained my small retail business and helped me provide basic needs for my family. My group was fortunate to receive business startup kits to start a salon and laundry shop. The salon is up and running with one visually impaired employee. We earn 300,000 shillings per month.”

[Enhancing Youth Entrepreneurship and Employability video](#) with Elena and Susan's testimony.

The Promoting Inclusive Resilience and Accountability through Youth Association Strengthening project funded by the European Union was implemented in four municipalities (Local Level Government) of Karnali and Madhesh Province in Nepal. Over 50,000 primary actors were reached directly, and close to 1.6 million indirectly.

VSO worked closely with the Lekhbesi Municipality in Surkhet district Nepal to finalise its “Local Disaster and Climate Resilience Plan”. We also supported the establishment of youth-

targeted Climate Change Learning Centres in four municipalities. Through training and awareness-raising, these have strengthened the learning and engagement platforms on climate actions for children, eco-club members, youth, and local government representatives. VSO supported youth-led CSOs to develop their organisational advocacy and positioning on climate advocacy. This positioning on climate leadership helps youth-led organisations to increase their engagement in the local government's planning and budgeting process and there is evidence that local governments have prioritised climate action and increased their annual budget as a result.

VSO has been at the forefront of thinking on future employment for young people in the countries where we work. As part of the Dutch government-funded Challenge Fund for Youth Employment (CFYE), VSO youth champions in Kenya have been leading research to understand the Future of Work and particularly the whole area of digitally enabled jobs.¹

Technology has the potential to open new professions and career paths for young people around the world that did not exist in the past. It also can break down traditional barriers that prohibit access for young people, particularly women. Under the CFYE project, VSO youth champions have been involved in bringing a youth perspective into the design of Jobtech Learning Labs. These aim to understand, improve and make digitally enabled jobs more inclusive. VSO returned volunteers and experts participated in the development of the CFYE "Future of Economies" [Podcast Series](#).

In Bangladesh, young community volunteers have been supporting farmers to improve their livelihoods by investing in climate resilient farming. VSO has focused particularly on women farmers, supporting financial inclusion through access to banking services. Our work has supported government agricultural extension

officers to organise extension clinics at the field level every month where farmers can present their progress and problems directly to government officers. This makes interventions more sustainable as well as ensuring the state is accountable to farmers. Youth community volunteers are engaging young entrepreneurs to collect vegetables from farmers' fields and send them on to sales centres with appropriate grading and quality, so there is zero waste of vegetables in the field and in the markets.

Addressing changes in social norms and inclusion is central to the FutureMakers programme. This project has supported over 1,400 young people and youth with disabilities to acquire entrepreneurship skills and start their own business or secure employment. Reflecting on the transformative changes at the training institute, Ndonio Francis, Principal of Samfya Youth Resource Centre, one of VSO's partners in the FutureMakers programme in Zambia commented:

“When the students joined the course, they tended to be shy and hesitant, now they are vocal in their expression ... earlier, students - boys and girls - used to sit separately, but as the training progressed, they moved to mixed seating and collaborated with each other ... there is increased respect for and collaboration with persons with disability by fellow trainees, and that has built a good rapport among all students.”

¹ <https://fundforyouthemployment.nl/future-of-work-digitally-enabled-jobs/>

Building knowledge, delivering influence

Building and using a body of knowledge from our programmes, engaging on policy, and advocating on key issues that will deliver a fairer world, are a crucial part of VSO's work. Our focus here is on advancing and supporting the delivery of the United Nations Sustainable Development Goals (SDGs) and ensuring that the rights of the poorest and most marginalised communities are secured.

As part of our achievement

Over **14,000 young people** advocated for successful change to **six policy areas** in Health, Education, and Livelihoods.

48% of over 545,000 marginalised people VSO programmes worked with on ACTIVE, improved their access to basic services in health, education, and livelihoods.

In 2022/23, we worked with communities in 35 countries including direct project delivery in over 25 of the least developed and fragile countries in Africa, the Middle East and Asia-Pacific, but the impact of our wider engagement and leadership work reaches many more countries and many more places.

In this year, VSO's thought leadership on VfD and the insights we generated through our VfD method were a significant part of our global impact. We developed thirteen VfD knowledge products covering our work in health, education, and livelihoods. Six of those, showcasing VSO's knowledge and thought leadership in VfD, were presented and published in the proceedings of a wide range of strategic international conferences including the [Human Development & Capability Association \(HDCA2022\)](#), the [Royal Geographical Society \(RGS2022\)](#), the [International Volunteer Cooperation Organisation \(IVCO2022\)](#), the

[International Society for Third Sector Research \(ISTR-Asia Pacific 2022\)](#), the [International Conference on Family Planning \(ICFP 2022\)](#) and [UNESCO's World Conference on Early Childhood Care & Education](#). In addition, we submitted an oral statement on 'bridging the education gap through technology for gender equality' at the [Commission on the Status of Women conference 2023 \(CSW67\)](#), and made representations on climate justice at the [Conference of Parties to the United Nations Framework Convention on Climate Change to the United Nations Framework Convention on Climate Change 2022 \(CoP27\)](#).

We continued to use our robust research and evaluation practice to generate evidence and learning on VSO's unique VfD models that are scalable globally.

VSO's blended volunteering approach – which brings together community, national and



©VSO/Lisa Marie David

Grace and Marlon who live in Kulasihan in Lanao del Norte, the Philippines, oversee a plot of land where they have planted mangroves which help reduce flooding and also provide a habitat for fish and other flora and fauna.

international level volunteers – helps to promote the voice of primary actors and build their networks, bridging the gap between government or service providers and marginalised groups. For example, youth volunteers in Kenya, Malawi, Ethiopia, Rwanda, and Zimbabwe have been working with the World Health Organisation (WHO) to monitor the provision of local essential health services following the COVID-19 pandemic.

In this year, VSO’s programmes have engaged and contributed to the development of volunteer policies and frameworks in a range of countries including in Bangladesh, Ethiopia, Nepal, Nigeria, and Zimbabwe.

Citizen and civil society monitoring of progress in delivering the SDGs is also an important advocacy intervention that VSO supports around the world. In Nepal, Cambodia, and Pakistan, VSO supported local volunteers to share their experience of SDG implementation in their communities, through what is known as the Voluntary National Review process run by governments and reported back to the United Nations.

We have continued to strengthen youth volunteer networks for their effective engagement, active citizenship, and enhanced influence and impact. From leading birth registration right campaigns in fragile settings in the Philippines, to challenging duty bearers to commit to youth-responsive health services in Tanzania, youth-led actions are driving our advocacy particularly to amplify voices of those who are most vulnerable.

VSO is immensely proud of the work we are doing to promote the Global Volunteering Standard – ensuring that people around the world can volunteer safely and responsibly, making a positive impact on the communities where they are working. In this year we have worked with a wide range of governments including Cambodia, Thailand, and Malawi to help them adopt the Global Volunteering Standard, and VSO is working in the Philippines and Thailand to develop local versions.

The African Union (AU) has used the Global Volunteering Standard to develop the continental model volunteer policy. The policy is being used to support uptake in AU member states, which is expanding its influence beyond the countries where VSO has a presence on the ground such as Burundi.

Our voluntary workforce at VSO

VSO continues to generate opportunities for active citizenship, demonstrating its leadership in volunteering for development with many returned international volunteers continuing to contribute their expertise. This year over 100 people actively supported the operational delivery of VSO's objectives contributing over 3,500 hours in designing learning materials and contents for education projects, research, and evaluations of the effectiveness of tools in projects, assessment of applicants, coaching, mentoring, and delivering of training sessions.

Dr. Adrienne Miao, an Occupational Therapy consultant, continued her engagement with VSO after her placement in Uganda. As a member of the Disability Advisory Committee, Adrienne supported VSO Social Inclusion and Gender team in reviewing health care access for people with disability, designed content on Universal Design for Learning (UDL) principles in inclusive education and delivered training sessions on the use of 'Washington Group of Questions' to collect data on disability.

Sandra Ford, Christopher Stevens, and Michael Ramires developed content on Mental Health and Psychosocial Support for Teachers, students and parents, delivered through online webinars in Kenya and Myanmar. Teachers found the training sessions an invaluable resource to maintain their own mental well-being, it was particularly helpful working in these challenging fragile and conflict zones, in enabling learning of techniques to cope and make the environment safe for children and parents.

The VSOSchool App has also benefited from voluntary workforce input. Now used in eight countries the App empowers learners, teachers, teacher educators and parents to access interactive learning content and resources both online and offline. Learning content was created and training provided by Catherine Horsburgh and Elizabeth Caldwell, specialists in Early Child Education, with Eden Kassahun and Shamila Tabassum working tirelessly on keeping the app running.

Age does not constrain at VSO; Vivien Marles, a Social Research and Evaluation Specialist who first volunteered with VSO in 1974-1976 in the Fiji Islands, is now supporting in Eswatini and Zambia to produce evaluation reports and case studies. Our partnership with London School of Economics continues to produce excellent opportunities: this year 21 students produced learning reports and case studies on Agroecology as a means to building resilient livelihoods and fostering buy-in between smallholder farmers, producer associations and government.

The VSO presence at the global ICFP 2022 was effectively coordinated by Kirsty Buxbom, who built on her work in Rwanda to manage and organise abstract submission, conference presentations, a VSO open stall, logistics and admin. This was celebrated with a VSO Volunteer

with hearing impairment receiving the EXCELL award that recognises Excellent leadership in Family Planning work.

To all of these and the many more, we say thank you.



Sabitri is one of the facilitators in the remedial classes operated by Empowering a New Generation of Adolescent Girls with Education (ENGAGE) project in Shree Nepal Rastriya Secondary School, Nepal.

Looking forward

I am grateful to all those individuals, institutions and companies who have worked with us over the last year. Together we have shown how we can work alongside the most vulnerable and most marginalised, to change our world for the better. This is what it means to be changemakers.

In the coming year, we will continue to focus on building the capacity of people in communities to be active citizens through volunteering. Over the past three years, the numbers of VSO national and community volunteers have grown exponentially. We will continue to support the growth of volunteering around the world through the roll-out of the Global Standard for Volunteering for Development and by building our strong relationships with multilateral institutions such as the African Union and the Association of South-East Asian Nations. Using our knowledge and evidence to build recognition of volunteering as a transformational contribution to the delivery of the Global Goals is key to our mission and strategy.

At the same time, our work will continue to support improvements in service delivery for the most vulnerable, in education, health and livelihoods. We know that there are strong links between each of these sectors and that creating sustainable change requires us to bring all three together in our programming.

In education, we have built a reputation for innovation and use of information technology to extend the reach and quality of education provision. We are looking to expand these programmes but with a particular focus on ensuring that there is community support for education particularly for girls and those children with disabilities, and that the school environment is conducive to learning.

In livelihoods, the issues of climate change and decent employment for young people are at the forefront of our minds. We will be focusing on supporting locally led climate adaptation and sustainable agriculture practice and in working with partners around the world to support young people in finding decent employment opportunities.

In health, we know that strengthening the capacity of community health volunteers and peer educators in raising awareness of and speaking out against harmful traditional practices and social norms is essential. Our work will focus on ensuring that adolescents and youth, no matter the marginalisation or vulnerability they are facing, can exercise their rights to quality sexual reproductive health services.

We will continue to grow our strategic partnerships because we know that delivering our mission will not be possible without close collaboration. Partnerships such as the ones we have with the Pan African Climate Justice Alliance (PACJA) to mobilise African voices and action on climate justice and with Randstad on developing innovative approaches to decent employment, are essential and just two examples of how we intend to deliver at scale.

Over the coming year, we expect to stabilise and grow our income through investment in our public fundraising efforts and by diversifying our income from governments and foundations around the world.

At VSO, we are immensely proud of what we have achieved over the last year. This is only possible with your support. There is still so much work to do if we are to meet the Sustainable Development Goals. With your help, we can be confident about fulfilling our plans by working to create a fair world for everyone.



Philip Goodwin
Chief Executive Officer





Financial Review

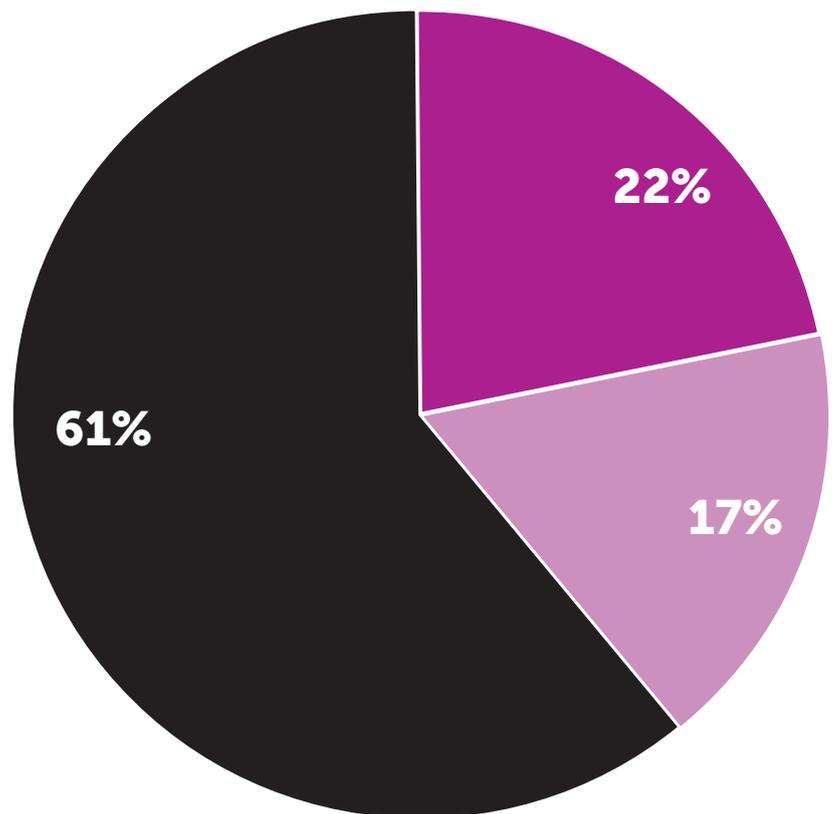
How we raised and spent our money in 2022/23.

Income

In 2022/23, our income levels increased after two years of sharp decline as we have successfully diversified our donor portfolio. The decline of the past two years followed the decrease in institutional donor funding during COVID-19 and a significant reduction in FCDO funding subsequent to the ending of the International Citizen Scheme (ICS) in February 2021 and the grant received to fund VfD programmatic work. Although FCDO remains a significant income source, the overall proportion has decreased in 2022/23 from 43% to 32% (of which the FCDO ACTIVE grant represents 22%). Diversifying our donor portfolio remains a key objective as we enter 2023/24.

Where our income came from 2022/23

- Institutional Grants: 61%
- FCDO ACTIVE grant: 22%
- Other donations: 17%



**TOTAL
INCOME
FOR THE YEAR
£40.4m**

Institutional grants

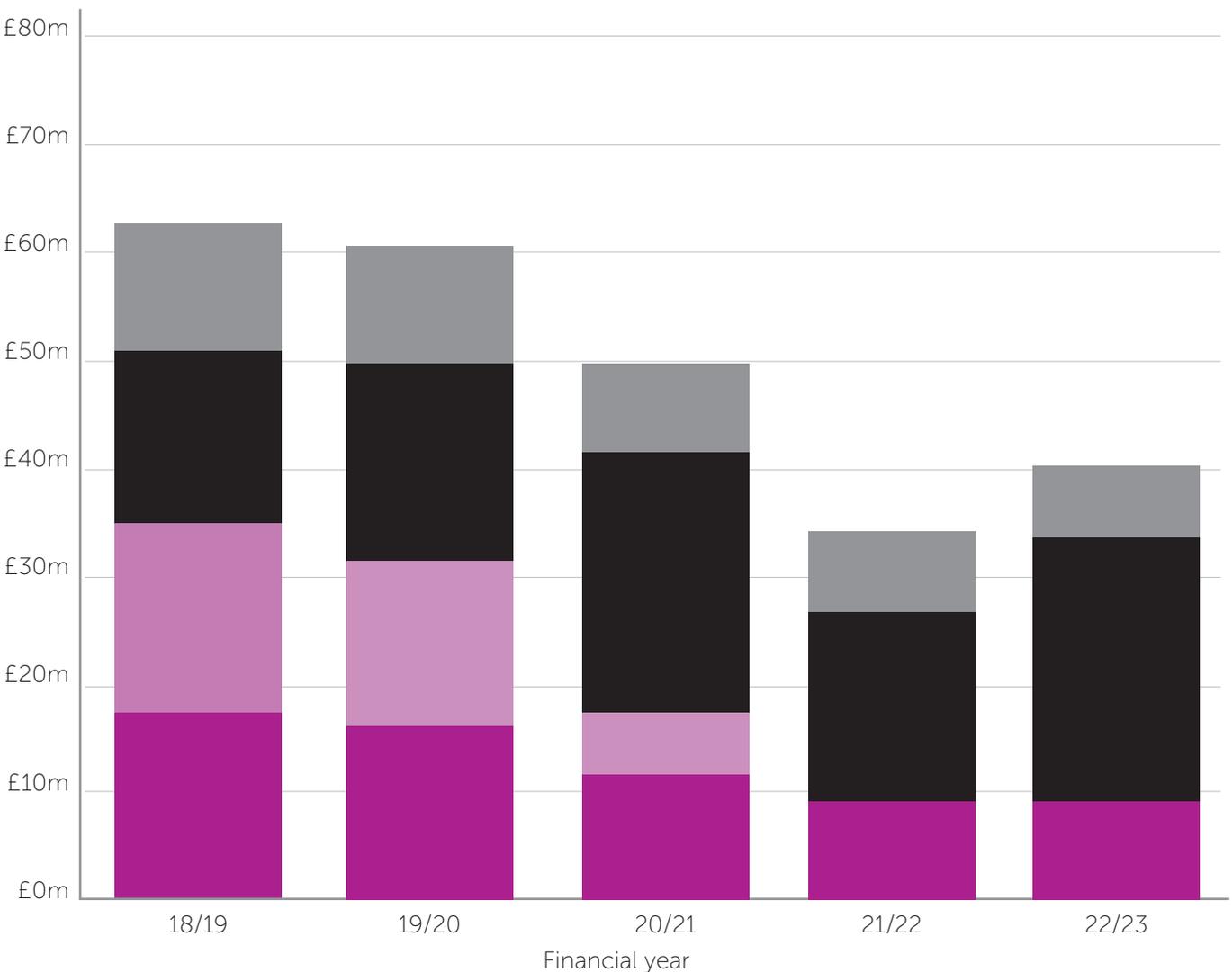
Governmental income: other (£19.3 million)

Government income has increased during the year by £6.5m from £12.8m in 2021/22 reflecting both a post pandemic increase and the result of a longer-term focus on business development and income diversification. Notably 2022/23 saw an increase in the grants from the Ministry of Foreign Affairs of the Netherlands and a near doubling in income from UN agencies. Our pipeline opportunities for 2023/24 remain promising as we focus on more significant grants to sustain our long term work.

Non-governmental bodies income: other (£5.4 million)

This category has seen an increase of £0.7m during the year, which is also the result of our income diversification strategy where partnerships with the philanthropic sector play a significant role. During the year funds were secured from the IKEA Foundation for a project that will continue into the next two financial years. Other non-governmental partners include the Lego Foundation, Robert Carr Civil Society Networks Fund, and the Hempel Foundation.

Income by type



■ Governmental income: FCDO Volunteering for Development / ACTIVE
 ■ Governmental income: ICS
 ■ Institutional grants
 ■ Other income

VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have continued volunteering partnerships with Randstad through international volunteers placements.

Charitable activities

FCDO ACTIVE grant (£9.0 million)

The Volunteering for Development programme funded through an accountable grant over the past five years by FCDO continued with reviewed priorities and focus under the new ACTIVE grant which will run to March 2025. The grant enables the most marginalised local people (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account. Vulnerable and marginalised local people will be supported with the skills to volunteer, taking ownership and action on issues important to them.

Other donations

Individuals (£5.6 million)

Over 38,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2021/22, the VSO Board agreed a 3-year investment plan to first stabilise and then increase VSO supporter base and complement the ongoing recruitment of new donors to ensure long term sustainable income for VSO's work: individuals' income is unrestricted and brings the organisation invaluable financial flexibility. Their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

Legacies (£0.4 million)

Whilst legacies continued to provide a portion of unrestricted fund, the level compared to last year has reduced slightly. Investments in this area during the year, in particular the introduction of a free Will writing scheme, will mean that this income stream is sustainable and expected to increase in the future. We are deeply grateful to the 53 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

For more information: Financial statements, note 2
Income analysis.

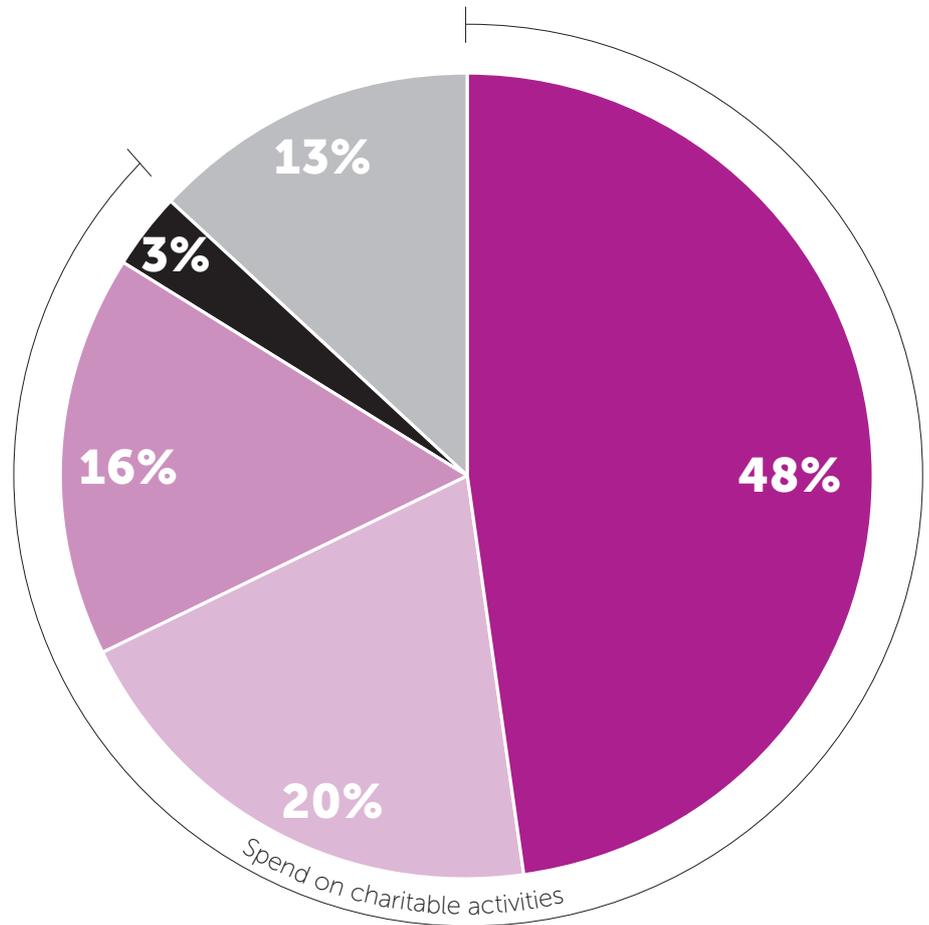


Changemaker Kabir of the YESC project with farmer Sara. She is learning about climate-resilient farming techniques for her vegetable and livestock production in Bangladesh.

Expenditure

How the money was spent 2022/23

- Inclusive Education: 48%
- Resilient Livelihoods: 20%
- Health: 16%
- Core Approaches: 3%
- Raising funds: 13%



**TOTAL
EXPENDITURE
FOR THE YEAR
£39.2m**

Raising funds

Raising funds (£5.1 million): Expenditure on raising funds has increased by 0.5m during the year with both a renewed focus on portfolio diversification and investment in public fundraising. The implementation of the individual fundraising strategy continued to focus on practical, high return channels and products, responding to feedback from the market. Where results were not as expected, alterations to the strategy and spending were made to maximise net benefit of fundraising. As described above, a 3-year investment programme in Public Fundraising was agreed by the International Board with the aim to recruit 14,000 new donors over the 3-year investment period and stop the decline in unrestricted income. In an increasingly difficult market with domestic cost of living pressures, public fundraising delivered on budget and in line with prior year figures.

Spend on charitable activities

Total spend on charitable activities in 2022/23 was £34.1m which is similar to 2021/22.

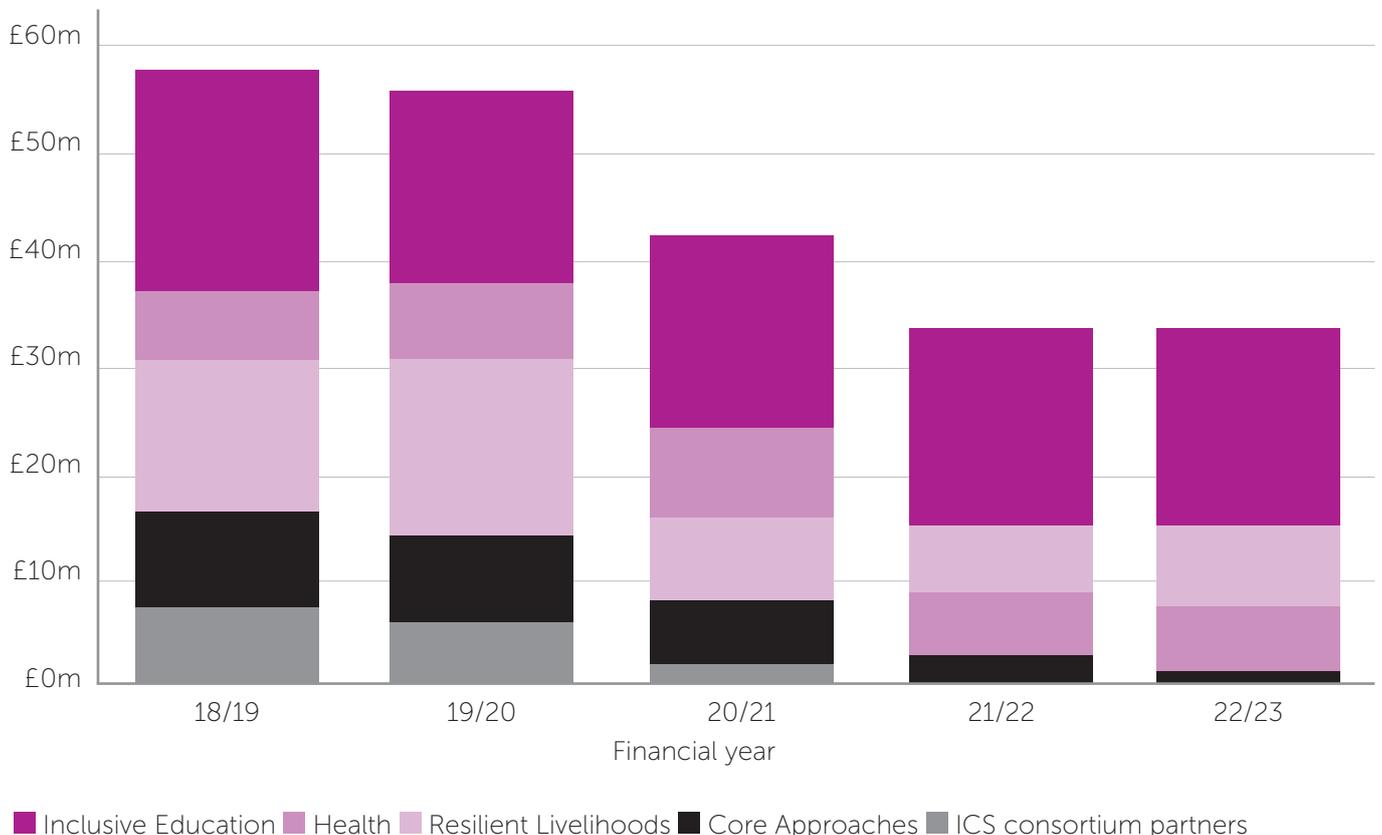
Expenditure on inclusive education continues to represent the highest portion of our portfolio of work at 48%, in line with 2021/22 whilst expenditure on working with primary actors to build resilient livelihoods has increased to £8.0m from £5.8m:

Expenditure on inclusive education (£18.6 million) has remained constant as we delivered on grants won in previous years including the Learning Through Play grant (Lego Foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), Unlocking Talent (KFW) in Malawi and Building Learning Foundations (FCDO) in Rwanda.

Expenditure on health (£6.3 million) has also remained constant, funding projects like the multi-country Make Way grant aiming at strengthening civil society organisations in their role of lobby and advocacy around sexual and reproductive health rights funded by the Dutch government and the Speak it Loud project in Zimbabwe funded by UN Women.

Expenditure on resilient livelihoods (£8.0 million) has grown by £2.2m in the year, the start of the 'From Waste to Work' Project funded by the IKEA Foundation explains most of the increase. This project is designed to reach the most vulnerable youth active in the waste sector and aims to improve the livelihood for vulnerable and marginalised young people and contribute to the green economy. Other projects like the Challenge Fund Youth Employment funded by the Dutch Ministry of Foreign Affairs, which aim to empower youth in Africa and Middle East have continued.

Spend on charitable activities



Expenditure on core approaches (£1.2 million)

has decreased by £1.6m. VSO's core approaches are social inclusion and gender, resilience and social accountability. Those are now embedded in all education, health and livelihood projects, the decrease corresponds to the organisational strategic intent to focus on the three practice areas described above. This category now also more specifically includes initiatives in working in fragile contexts including peace building initiatives.

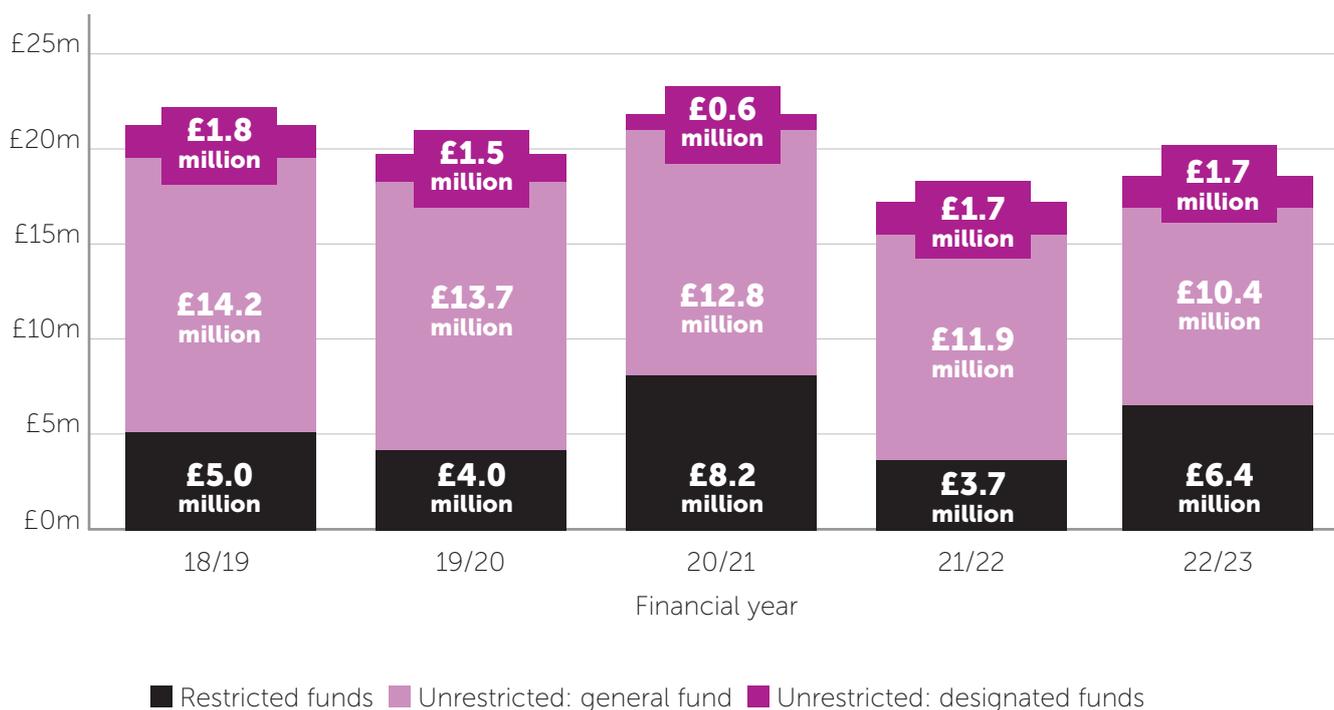
Grant-making

Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

For more information: Financial statements, note 3 Charitable activities.

Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Closing reserves position	21/22 £'000	22/23 £'000
Restricted	3,738	6,425
Unrestricted: general fund	11,882	10,429
Designated: fixed asset fund	231	58
Designated: pension deficit	(567)	(361)
Designated: change programme	365	500
Designated: rapid response fund	-	316
Designated: income generation	1,643	1,143
Designated (total)	1,672	1,656
Total Reserves	17,292	18,510

At 31 March 2023, VSO's general reserves stand at £10.4m, which is £1.4m above the £9.0m target level set out in VSO's reserves policy. This prudently high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees plan to use the surplus in the coming years to continue to diversify its institutional donor portfolio, to invest in Public Fundraising and support the continued digitisation of key processes.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. The deficit had reduced significantly in 2021/22 following the triennial valuation at the end of September 2020 which reduced the future contributions necessary to eliminate the deficit. This was the outcome of past year contributions and the de-risking strategy put in place by the Pensions Trust on behalf of participating employers in the Plan (see note 19). In 2022/23 the pension deficit has reduced by the value of the contributions paid by VSO during the year towards the reduction of the deficit. The next Triennial valuation will be at the end of September 2023 with a new repayment plan agreed in 2023/24.

The designated change programme fund represents the unrestricted funds the trustees have earmarked for ongoing organisational change.

A designated rapid response fund has been established in 2022/23 to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

The designated income generation fund is the final two years of a 3-year £2.8m investment in Public Fundraising which will invest in income generating activities in 2023/24 and 2024/25. This fund will support unrestricted income growth.

For more information: Financial statements,

- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. VSO also aims to hold a third of deposits in environmentally friendly holdings. The Audit and Risk Committee reviews the policy regularly.

VSO's cash position has increased this year with several large grants received in advance in the last few months of the year. VSO's cash position remains appropriate for the size of the organisation and its level of activities.

In 2022/23, VSO maintained most of its investments in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding. Where possible, cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Closing cash and investments position	21/22 £'000	22/23 £'000	Variance £'000
Short-term deposits	7,001	7,256	255
Cash at bank: UK	7,125	7,998	873
Cash at bank: overseas	1,227	2,034	807
Total	15,353	17,288	1,935

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO regularly scenario plans with any changes in restricted funding integrated into the management reporting at the time they occur. VSO's general reserves policy level is prudent and incorporates the cost of time to adapt to significant external shocks such as major loss of funding. The senior leadership of VSO monitor the financial situation and adapt expenditure as necessary.

Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure in the past two years, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.



Fatima, a primary actor and is a dressmaker in Marawi City, the Philippines has benefitted from VSO's training.

Principal Risks and Uncertainties: 2022-23

VSO's work in creating a fair world for everyone carries risks. This is part of our work, especially in fragile and conflict-prone countries and in working with partners and volunteers. Our trustees recognise the acceptance and management of risk is necessary to achieve our mission. They have ensured appropriate systems and processes are in place to identify and manage risk.

Over the last year, we continued to face considerable financial risk from the UK government's decision to reduce Overseas Development Assistance funding. This included decisions to reduce already agreed funding at short notice. However, the UK government's decision to renew the strategic partnership with VSO for three years from 2022/23, through the Active Citizenship Through Volunteering and Empowerment project, was very welcome. Although, funding is at reduced levels.

Since 2015, a key part of our long-term strategy to manage risk has been to create a more adaptable operating model. This has enabled us to manage the level of disruption caused by the global pandemic, the wider impact of war in Ukraine, the disruption to the UK economy and the wider global economic downturn. VSO has a globally dispersed leadership model and has developed a high degree of organisational comfort in online and remote working which are geared to withstand any future shocks in the environment in which we operate.

Through good strategic management and a long-standing focus on the sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks such as these. We have developed an operating culture that allows us to respond and adapt quickly. These themes of adaptability and careful management of resources, particularly our unrestricted spend, will enable us to continue to deliver our mission for the long-term.

The Executive Board manages the strategic risks facing VSO through our risk management process. This includes monthly Executive Board meetings to discuss existing and emerging risks, ensuring mitigating actions are in place and effective in managing these risks and updating the International Board of Trustees as necessary.

Risk Management

The Trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in the furtherance of VSO's objectives. The Trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control within VSO is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The risk management framework approved by the Trustees includes the following measures:

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Chief Executive Officer regularly updates the chair of the Audit and Risk Committee on any significant new risks that may emerge.
- Risk management is embedded across the organisation through use of local risk registers, and an online system for escalating global risks which are monitored in 'real time', reviewed by senior staff, and inform the strategic risk register.

- Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.
- The International Board of Trustees has also initiated the development of risk appetite statements to help set the framework within which VSO implements its strategy and inform decision-making from a risk perspective.

The internal audit function undertakes risk-based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that is approved by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties and the mitigating strategies in place to manage these risks. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risks presented below.

Risks	Mitigation Strategy
Financial Sustainability	
<p>There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. This would undermine the long-term sustainability of the organisation as we would not have enough funds to support our programme work and achieve our objectives.</p>	<p>We will maintain our strategic investments in public fundraising and increase unrestricted income by engaging our existing donors, recruiting new regular givers, and focusing more on legacies and cash appeals.</p> <p>We will nurture existing institutional donor relationships, cultivate new relationships, and continue to improve the quality of our bids to attract more restricted income to deliver our portfolio ambition.</p>

Risks	Mitigation Strategy
Compliance	
<p>Whilst we have embedded systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that cost recovery from donors on some projects is insufficient to meet all costs associated with the project. This impacts negatively on our general reserves and is not sustainable.</p>	<p>Key performance indicators are in place and are monitored on an ongoing basis. These include a periodic review of the percentage of cost recovery and overhead recovery over total project costs, unrestricted costs that are not recovered through overheads or direct charging to grants and margin on contracts.</p> <p>Our portfolio of work and overall cost management and potential to recover costs is also monitored. Our decision to increase the average value of opportunities we pursue should enable us to better cover our costs in future years.</p> <p>Our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will progress to guide us and help mitigate some of the risks associated with cost recovery.</p>
Operations and implementation	
<p>With the introduction of new ways of working in implementation, there is a risk that we fail to realise the benefits of the changes due to poor design and implementation which, in turn, impacts on our ability to achieve planned outcomes, impact, and reach on our programmes and maintain the quality of our service.</p>	<p>We continue to monitor the success of our new ways of working in implementation through regular reviews. Our global implementation team has established and continues to embed an effective planning and management system, standardised monitoring with new metrics in place, and has aligned core business processes across the organisation. A comprehensive implementation risk and compliance framework is in place to mitigate some of the risks associated with service quality, design, and implementation.</p> <p>We are investing in simplifying, standardising and streamlining core business processes across all areas of implementation and digitising project management. This includes work planning and budgeting, partner management, duty of care and project risk assessments, monitoring, evaluation and reporting.</p>
Operating model and governance	
<p>Our ability to grow, maintain financial stability and deliver VfD programmes at scale could weaken because of national governance restrictions, organisational design, and failure to adhere to our policies and values.</p> <p>There is also a risk that a global event such as the pandemic creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermines the well-being of VSO people.</p>	<p>We continue to monitor operating environments on an ongoing basis, responding as necessary and continuing to deliver our portfolio of work with minimal disruption.</p> <p>We are satisfied with how we responded to the global pandemic. This gives us confidence in our systems and our approach. We will ensure that VSO learns lessons from this and that we are well prepared for any future shocks that could destabilise our operations.</p>
Reputation	
<p>VSO specific news coverage from a significant incident or public, social media or press scrutiny of Charities could lead to reputational damage and compromise our leadership in the sector.</p>	<p>We continue to scan the horizon for areas that we think may lead to reputational risk and put in place mitigating strategies as necessary. We continue to learn from incidents and ensure that the controls environment within which we operate enables us to manage any associated risks.</p> <p>Our investment in integrity systems and processes that are aligned to our values should also reduce the likelihood of incidents that could impact on our reputation.</p> <p>Our compliance training pathway module on preventing criminal practice, safeguarding, data protection, procurement, and the VSO code of conduct is mandatory for all VSO people and is repeated annually.</p>

Governance

Structure, governance and management

Our organisational structure

Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

VSO operates through the following subsidiary entities:

- Voluntary Service Overseas (Ireland) is a company limited by guarantee, incorporated and registered as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Otherwise, VSO operates internationally largely through branch offices. This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

We have binding agreements with our subsidiaries to govern their use of the VSO brand and trademarks and setting out how they operate within the global organisational structure. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO's Schedule of Delegations.





Our governance and management

VSO is governed by its International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Trustees' duties are described in more detail on page 38.

The Board formally resolved at its March 2022 meeting to move to a schedule of at least four formal meetings in the calendar year 2022/23. Two of the meetings were hybrid meetings with some board members attending in person and others via video link and two were held via an online platform. Board members receive management information on organisational performance on a quarterly basis.

Trustees

Trustees serve terms of office as provided in VSO's Articles. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee. Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. When travel permits, they participate in visits to VSO programmes and act as expert advisers to VSO working groups. Board members undertook a visit to Nepal in September 2022 to review VSO operations and meet the VSO team of staff and volunteers.

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes as well as their roles and time commitment. Review of performance of the Board is a continuous process. Feedback on Board performance is regularly sought from Board members and the Executive. An annual review is undertaken by the Chair with individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members.

International Board of Trustees



Sam Younger CBE *

Appointed 18 November 2014

Chair until 1 February 2023

Chair of CILEX Regulation; Chair of the Consumers' Association – Which?



Julia Lalla-Maharajh OBE *

Appointed 14 July 2020

Appointed Chair on 1 February 2023

Interim Chief Partnerships Officer, Tostan; Chair, Under One Sky; Founder of the Orchid Project.



Geoffrey Skingsley *

Appointed 1 November 2020

Vice Chair and Chair of Governance Committee

Non-executive Board Member Médecins sans Frontières Foundation; Chairman, L'Oréal UKI; Member of the Global Leadership Council of the Said Business School in Oxford; member of the London Council.



Susan Hickey ^

Appointed 14 July 2020

Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee

Non-executive board member of The Good Economy Partnership, LandAid, Saltaire Housing.



Maurice Makoloo ^

Appointed 1 November 2020

Regional Director, Habitat for Humanity.



Christopher Muwanguzi ^

Appointed 19 September 2019

Chief Executive, Child's i Foundation.



Janet Muir ^

Appointed 1 February 2023

Experienced Finance Director in the not for profit sector. Member of the Chartered Accountancy Association Ireland and Corporate Governance Institute

Former members International Board of Trustees

Lara Naqushbandi (resigned 2 September 2022)

Guus Eskens (resigned 1 April 2023)

Aditi Thorat (resigned 9 June 2023)

* Governance Committee member ^ Audit and Risk Committee member

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes Board approval of the strategic direction, operating and expenditure plan, and key policies; formal review of risk and mitigations and monitoring performance data. They also approve and monitor constitutional change and the appointment of the CEO.

They delegate certain board functions to Board committees and through a Schedule of Delegations, daily decision making to the Chief Executive Officer and the executive board (the "Executive"). VSO's formal organisation and Board Committee structure and membership is set out on page 36.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office, this presents opportunity for reviewing the need for new trustees, particularly where specific gaps in capability are identified and bearing in mind the need for board diversity. Janet Muir was appointed as a new trustee on 1st February 2023 and was appointed by the Board as a member of the Audit and Risk Committee. Lara Naqushbandi, Aditi Thorat and Guus Eskens resigned as trustees. Julia Lalla-Maharajh formally took over as Chair on 1 February 2023. Sam Younger's term as a VSO trustee will come to an end in November 2023 and he will remain as a trustee until then. In the coming year, we will be recruiting new Board members following a skills audit.

A nominated Board trustee, Christopher Muwanguzi, has specific responsibility for supporting the Executive on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway: their role description, memorandum and articles, delegation of authority, organisation structure, committee terms of reference. This also signposts them to the most recent UK Charity Commission guidance for trustees.

This year, an independent review of Board effectiveness was undertaken by Ethicore. The review is very positive about the effectiveness of the Board. Areas of particular strength highlighted were openness of the board, high levels of integrity and its oversight of risk and control. The report will now assist in discussing areas for improvements for the future which include exploring the bold decisions the organisation has made on diversity, equity, and inclusion and what it means for increased effectiveness of the Board.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers, and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on employees are discussed by the Board and its committees who also receive regular updates on employee pay, employee pensions schemes, health and safety, and safeguarding.

Over the last year, the Board has sought to engage with the wider VSO community of employees, volunteers, and primary actors through briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events. Board members also undertook a visit to Nepal in September 2022 to review VSO operations and meet the VSO team of employees and volunteers.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Risk Management Policy (July 2022)
- Reserves Policy (November 2022)
- Social Media Policy (December 2022)
- Safety and Security Policy (December 2022)
- Ethical Income Generation Policy (March 2023)
- Preventing Criminal Practices (July 2024)

The need to demonstrate inclusive ways of working between trustees

All Board members operate equally as trustees and directors and are given opportunity to raise questions and issues. All have access to the CEO, the Executive Directors, Company Secretary, and one another. Communication directly between board members and members of the Executive or VSO colleagues is actively encouraged.

To contribute to the ongoing review of Board effectiveness, the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through the quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings.

Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the company's operations on the community and environment

The organisation has a formal policy on environmental sustainability. As part of its ongoing programme of work, VSO trains its programme teams, volunteers, and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is regularly updated on the positive impacts that are being made in communities and through our reporting on duty of care, our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 47. The Board and the Executive have set and met robust targets for reducing VSO's carbon footprint.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero-tolerance approach to any form of wrong-doing, abuse, and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, and consultants are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive and the Strategic Leadership Group

The International Board delegates VSO's day-to-day management to the Executive. The Executive has operational oversight of VSO's work globally. There are four members of the Executive, the Chief Executive Officer, and three Executive Directors, who jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Corporate Services and Business Pursuit.

The Executive meet at least weekly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards and determine core approaches to how VSO works. The Executive undertake a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive reports back on quarterly performance to the International Board through a regular performance report.



Dr Philip Goodwin
Chief Executive Officer



Donn  Cameron
Executive Director VSO,
Programmes



Kathryn Gordon
Executive Director VSO, People
and Organisation Development



Fabienne Arminjon
Executive Director VSO,
Finance and Corporate Services

The Directors on the Executive form part of a wider Strategic Leadership Group who have collective responsibility for developing and delivering the VSO strategy and operating plan.

The members of the Strategic Leadership Group are:



Duty of care

One of VSO's key commitments is to do no harm. VSO aims at finding the appropriate balance of moral and legal obligations whilst ensuring the safety and well-being of VSO's employees and volunteers and those who engage with VSO.

Our main methods for mitigating duty of care risk are:

- Assessing the risk in the context of the programme and the location.
- Equipping the team with the necessary capability ensuring there is capacity within roles in a project team or support from the global team.
- Maintaining an environment that promotes reporting, covering not only significant incidents but also minor concerns.
- Insuring the costs of medical and health treatment for employees and volunteers – where there is no government funded health service.
- Employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.
- Supporting managers to take responsibility for discussing risk, and risk mitigations with colleagues in planning travel.

During the year we have strengthened our Health and Medical insurance by improving provisions and the coverage across our VSO People. We have provided access to funds for medical services at the time when employees need them most.

VSO continues to use a professionally managed data source to assess security risk and support the business pursuit team to review opportunities for new programmes, both in locations where we currently work and where we may in the future.

The duty of care focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ongoing well-being offer.

Resilience initiatives continue and feedback is positive:

- Every year, during VSO week, VSO People are offered a "recharging" day to disconnect from the schedule of back-to-back meetings and conversations.
- Specific wellbeing sessions for those working in fragile spaces where there is no end to a specific incident in sight. Run by a combination of trained counsellors and peer supporters trained in psychosocial first aid.
- Regular series of resilience sessions for volunteers and employees.

"What I appreciate most about the peer supervision we're getting is that the process allows us to reflect on our feelings and how we are also affected by and respond to the external environment. We are given the opportunity to experience and reflect on the exercises and tools shared with us so that we are better placed to use them appropriately. Overall, I think the facilitator has built a safe and empowering environment where we are able to support ourselves so we are able to support others."

Peer supporter

85%

said the training improved their ability to perform at work and helped them to feel more motivated at work

100%

said they would recommend the resilience training to others

We have introduced some specific capacity with our global implementation team to manage project start-up and programme inception. Assessing the safeguarding and security risks of operating and delivering work has been established as a key element of this with specific learning material developed.

Capacity in safeguarding has increased during the year through the recruitment of officers in Bangladesh and Kenya. This new safeguarding capacity is assisting in both risk identification, developing risk mitigations and supporting case response and management.

As members of the Misconduct Disclosure Scheme, VSO recognises both the progress made and the continued requirement for regular reminders that operating in a respectful way, keeping primary actors safe and doing no harm is fundamental to our licence to operate. The next phase of work with the scheme members will be to engage and align with other initiatives to protect from sexual exploitation, abuse, and harassment and to promote understanding of the necessity for background checking with senior leaders and programme design teams. Our Nepal team in particular continues to engage across agencies and partners to strength participation and the culture of safeguarding.

Medical, security and safeguarding incidents reported 2022/23	Medical	Security	Safeguarding
Across the whole VSO global portfolio of work	45	15	18

Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting. Of these reported incidents – 10 required a critical response. For one of them, a crisis response team was mobilised in response to a fatal road traffic accident.

Monitoring of the Ebola outbreak in Uganda and COVID-19 outbreaks across VSO office locations has continued through the year. Staff are taking precautions; public health messages are shared and circulated. We continue to monitor the implications of the security situation and increased fragility of the environment in Ethiopia, the Northern Kenya border and Myanmar, adapting delivery and practice as appropriate.

In addition to this incident response, we have managed over 400 medical cases and provided medical clearance to 580 people supported by our global network of medical practitioners.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work. Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive and senior managers often remind People of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 17 cases of potential irregularities were reported and investigated. Of these, five cases led to reported fraud and losses of £127,008. These included equipment losses and travel allowance fraud.

Our approach to pay

Our pay philosophy is based on the principles of fairness, internal equity, and external competitiveness to support the wider agenda of equity, ethical reward, and sustainability.

Our reward policy is fully aligned with the organisation's mission and values, it is transparent, evidence-based, and fair. It reflects stewardship of donor funds and meets local and international legal and regulatory requirements.

We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the

principles of Project FAIR, supporting fair pay in the international development sector. To realise on these principles, we pay the appropriate rate for the role in each country where we operate. In instances where inflation reaches excessive levels continuously, VSO's policy provides immediate assistance to employees and volunteers to support their cost of living temporarily until the situation stabilises. VSO does not operate a bonus scheme.

External competitiveness is achieved by benchmarking each individual salary every year against actual pay for similar positions in comparable organisations, in the location of the work.

Internal comparison of each role is determined by considering:

- job purpose – the scope, depth, and difficulty of the work,
- level of engagement – communicating and connecting with others,
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sits with post holders with collaboration key to achieving high performance.

VSO is an accredited UK Living Wage Employer and ensures all our staff are paid at least the living wage in the UK where there is an official calculating body. In other countries, we look for Living Wage data from other organisations to assess our employees' remuneration against. In any case, VSO ensures that all our employees are paid at least the official minimum wage in all the locations where we operate.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK-based employees. VSO employed 86 people in the UK in April 2023.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2023 the difference in mean (average) pay between female and male employees in the UK was 5.93% (compared to 5.3% on 5 April 2022). The difference in median (middle value) pay between female and male employees in the UK is 0.88% (compared to –0.33% on 5 April 2022).

In line with our view of organisation design, and to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios in each operating location on a regular basis, aiming not to increase the current level when pay bench-marking adjustments and pay awards are made. Our CEO is employed on a UK contract, reporting the UK pay ratio identifies the ratio from CEO pay to lowest pay in the UK as 4.5:1 (compared to 5:1 in 2021/22).

Modern slavery statement

Modern slavery is an abhorrent abuse of human rights, and includes practices such as forced labour, debt bondage, human trafficking, and child labour.

VSO has a zero-tolerance approach to modern slavery and in line with the UN Sustainable Development Goal 8.7, is committed to ensuring that there are no instances of modern slavery or human trafficking occurring within our global organisation or our supply chains.

VSO is raising awareness about modern slavery within the organisation and with its delivery partners, we have in place policies, procedures and processes to combat the risk of modern slavery. We also recognise that more can be done to combat this risk and VSO strives to continually improve processes.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans for the next financial year can be found in VSO's Modern Slavery Statement:

vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We aim to inspire our supporters to help us tackle poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2022/23 we used the following channels: direct mail, telemarketing, email communications, face to face fundraising and digital advertisement.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2022/23 this number totalled 40. Those were minor negative feedback which informed future work. Our Supporter Care team examines every complaint, responding within three working days. We also complete the Fundraising Regulator's Annual Return. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2022/23.

We must invest in our fundraising to achieve our plans to increase our scale, influence and impact to create a fair world for everyone. We monitor our spending in all areas of fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

We have introduced a single supporter view of all VSO's individual supporters. This has started to enable us to make significant improvements to communications effectiveness through testing and supporter insight and improved targeting and tailoring.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place an Ethical Income Generation policy, which was reviewed by the Board in March 2023.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks. We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of data subjects.

We monitor complaints and take on feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no reportable data breaches. In cases even of minor breach, we always speak to the Information Commissioner's Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Environmental impact assessment

VSO is committed to embedding resilience, including environmental resilience and sustainability throughout its programmes and organisational practices.

By measuring our carbon footprint, we seek to understand the impact we have on the environment with a commitment to reduce it. Because of this commitment, we have gone beyond the minimum reporting obligations under Streamlined Energy and Carbon Reporting (SECR). SECR requires us to report our UK energy use relating to gas, electricity, and transport fuel. But as a volunteer international organisation where a large part of our carbon is attributed to air travel, we have also reported on carbon emissions from all our project locations across the world, including optional scope 3 emissions from business travel.

Ambitious targets

Using pre-pandemic (i.e. 2019/20) levels as a base, we aim to reduce our emissions by 66% for the same turnover over five years, a more ambitious target than the one we had previously worked to. We are seeing the impact the environmental crisis has on the most marginalised people we work with and want to reduce our own emissions to as little as our operations allow.

Because our carbon depends on the volume of work we deliver, a useful indicator of our performance in managing our footprint is the intensity ratio which considers our carbon emissions in relation to our income. This year's measurement of 37 tCO₂e / £ million compares with last year's intensity ratio of 39 tCO₂e / £ million, a significant reduction relative to our 2019/20 base line of 107 tCO₂e / £ million.

Calculating our carbon impact

To calculate our 2022/23 emissions, we have used the Green House Gases (GHG) Protocol which supplies the world's most widely used greenhouse

gas accounting standards. The table below details the carbon emissions from the countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers).
- Energy consumption (gas and electricity use from our global office locations).
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators).

The table below summarises VSO's GHG statement from 2019/20 when recording began. Scope 1 emissions are caused by VSO's operations and released from directly controlled assets. Scope 2 emissions are indirect greenhouse gases released from the energy purchased from a utility provider. Scope 3 emissions are all other associated indirect emissions. Scope 3 emissions arising from business travel in rental cars where VSO purchases the fuel and upstream emissions from purchased fuel and energy are mandatory. Other scope 3 emissions from business travel – air, road and rail are optional and reported in the total emissions figure.

	19/20	20/21*	21/22	22/23
Energy consumption (MWh)	3.3	0.8	2.0	1.7
Scope 1 & 2 emissions (tCO ₂ e)	842	263	589	447
Total mandatory reported emissions (tCO ₂ e)	1,193	330	710	561
Total emissions including optional scope 3 (tCO ₂ e)	6,440	461	1,293	1,480
Intensity ratio (tCO ₂ e/£m)	20	7	21	14
Intensity ratio (tCO ₂ e/£m) including optional scope 3	107	9	39	37

*In 2020/21 COVID-19 restricted travel.

VSO International's GHG statements (in tCO₂e), as follows:

Streamlined Energy and Carbon Reporting	Current reporting year 2022/23			Comparison reporting year 2021/22		
	UK '000	Non-UK '000	Global '000	UK '000	Non-UK '000	Global '000
Energy consumption: (kWh)						
- Electricity	190	256	446	220	307	526
- Gas	48	10	58	76	9	85
- Transport fuel	-	1,124	1,124	-	1,338	1,338
- Fuel for electricity generation	-	68	68	-	78	78
Total energy consumption	238	1,458	1,696	296	1,732	2,028
Emissions (tCO₂e)	UK	Non-UK	Global	UK	Non-UK	Global
Scope 1						
Emissions from combustion of gas in buildings	9	2	11	14	2	16
Emissions from combustion of fuel for transport purposes	-	261	261	-	316	316
Emissions from combustion of other stationary fuels	-	17	17	-	19	19
Scope 2						
Emissions from purchased electricity - location-based*	37	121	158	47	191	238
Scope 1 & 2						
Total Scope 1+2 emissions – location-based	46	401	447	61	527	588
Scope 3						
Category 6: Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	-	6	6	-	-	-
Category 3: Upstream emissions from purchased fuel and energy - location-based						
Emissions from upstream transmission and distribution losses, and excavation and transport of fuels not included in Scopes 1 and 2.	14	94	108	20	101	121
Total emissions for mandatory reporting – location-based	60	501	561	81	629	710
Intensity						
Revenue £m			40			33
Intensity ratio: tCO ₂ e / £m (location-based)			14			21
Emissions (tCO₂e)	UK	Non-UK	Global	UK	Non-UK	Global
Optional Scope 3						
Emissions from business travel – air	-	580	580	-	163	163
Emissions from business travel – road	22	317	338	-	420	420
Total emissions from business travel (third-party vehicles)	22	897	919	-	583	583
Total emissions (including optional scope 3) – location-based	82	1,398	1,480	81	1,212	1,293
Intensity						
Intensity ratio: tCO ₂ e / £m			37			39

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Our continuous drive towards greater sustainability

After the upturn in 2022/23 when the post COVID-19 restrictions were lifted, there has continued to be an increase in carbon emissions associated with travel and in particular air travel. At 580 tCO₂e this is still significantly below our pre-pandemic 2019/20 level of 4,703 tCO₂e.

As a volunteer organisation that focuses on having the right people in the places where their skills can have the maximum impact, air travel is essential to our mission. Predictably, air and road travel are 52% of our carbon footprint. However, by making changes in how we think, book, and track our business travel, we can significantly reduce our impact in this area.

To gain greater control of business travel emissions, we have reassessed our ways of working and improved our remote working capabilities, by leveraging digital tools available to us, so that international travel is no longer the only option for international collaboration. Our travel policy encourages people to make the most carbon efficient choice. Finally, we are introducing carbon budgets that will allow managers to consider the carbon impact of delivering their programmes at the beginning of the project.

In 2022/23 we have further downsized our office space, with the closure of our London facility. This builds on the move, where possible, to renewable energy solutions for our premises and the introduction of home working arrangements for global staff members whose remit are across a number of locations, reducing the need to commute. This has resulted in a decrease in energy consumption in particular electricity resulting in a decrease of scope 1&2 emissions.

We continue to consider future carbon reducing initiatives, such as assessing the carbon efficiency of fleet vehicles and in our procurement activities.

Measuring our operations' impact on the environment is only one aspect of our efforts, additionally, we are developing longer term environmental strategies for delivering more sustainable programmes. Environmental sustainability has been embedded into a number of successful programme designs over the last year, this includes an IKEA-funded waste management and green enterprise programme in Kenya and a peace, resilience and humanitarian programme which has been launched in the Ethiopia Kenya border. In addition, VSO project teams have supported a wide number of environmental sustainability interventions this year within ongoing projects including establishment of a community led eco-tourism and protected area in Mindanao, the Philippines, youth-led tree planting in Nigeria to support flood recovery, and environmental and climate education sessions for children in Myanmar. In the coming year, a key priority is to review and re-launch the environmental policy.

Reference and administrative details

Charity name: Voluntary Service Overseas (VSO)

Charity registration: 313757 (England and Wales)

Company registration: 00703509

Registered office: 2 Putney Hill, London SW15 6HB (from 1 May, prior registered address was 100 London Road, Kingston upon Thames KT2 6QJ)

Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.

The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: Voluntary Service Overseas (limited by guarantee) is governed by its Articles of Association.

Royal patron: HRH The Princess Royal

Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP

Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org

Facebook: www.facebook.com/vso.international

Twitter: www.twitter.com/VSO_Intl

Instagram: www.instagram.com/vsointernational

YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500

Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees



Julia Lalla-Maharajh OBE

Chair VSO

14 July 2023

Financial Statements

Independent auditor's report

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the - trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 51, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to

liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance

with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
10 August 2023

Consolidated statements of financial activities

for the year ended 31 March 2023

Income and expenditure	Note	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000
Income							
Donations and legacies							
Institutional grants	2a	68	24,660	24,728	73	17,435	17,508
Other donations	2b	6,236	3	6,239	6,565	3	6,568
Charitable activities							
FCDO ACTIVE/VfD grant	2c	-	9,000	9,000	-	8,928	8,928
Other trading activities	2d	292	3	295	276	-	276
Bank interest receivable and similar income		136	-	136	30	-	30
Total income		6,732	33,666	40,398	6,944	26,366	33,310
Expenditure							
	3						
Raising funds		5,094	-	5,094	4,568	-	4,568
Charitable activities							
Inclusive education		2,075	16,554	18,629	1,933	16,960	18,893
Health		667	5,624	6,291	660	6,010	6,670
Resilient livelihoods		725	7,260	7,985	429	5,389	5,818
Core approaches*		244	937	1,181	454	2,393	2,847
Interest payable and similar costs		-	-	-	13	-	13
Operating expenditure		8,805	30,375	39,180	8,057	30,752	38,809
Net income/(expenditure)		(2,073)	3,291	1,218	(1,113)	(4,386)	(5,499)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes on consolidation	19	-	-	-	1,154	-	1,154
Net movement in funds		(2,073)	3,291	1,218	41	(4,386)	(4,345)
Transfer of funds	13	604	(604)	-	112	(112)	-
Reconciliation of funds							
Total funds brought forward		13,554	3,738	17,292	13,401	8,236	21,637
Total funds carried forward		12,085	6,425	18,510	13,554	3,738	17,292

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 58 to 76 form part of these financial statements.

Balance sheet

As at 31 March 2023

	Note	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Fixed assets					
Intangible assets	8b	-	-	18	18
Tangible assets	8a	58	52	213	197
Investments	9	-	2,568	-	2,892
Total fixed assets		58	2,620	231	3,107
Current Assets					
Debtors	10	5,156	5,704	6,772	7,047
Short-term cash deposits		7,256	7,256	7,001	7,001
Cash at bank and in hand:					
In the UK and held by group subsidiaries		8,008	3,288	7,125	4,174
Overseas		2,024	2,024	1,227	1,227
Total current assets		22,444	18,272	22,125	19,449
Liabilities					
Creditors: amounts falling due within one year	11a	(2,364)	(2,116)	(3,312)	(3,124)
Net current assets		20,080	16,156	18,813	16,325
Total assets less current liabilities		20,138	18,776	19,044	19,432
Creditors: amounts falling due after one year	11c	(422)	(422)	(370)	(370)
Provisions for liabilities	12	(1,206)	(1,206)	(1,382)	(1,382)
Total net assets		18,510	17,148	17,292	17,680
Restricted funds					
Income funds	13,15	6,425	3,164	3,738	2,780
Unrestricted funds					
General fund	14,15	10,429	12,334	11,882	13,248
Designated funds	14,15				
Pension deficit repayment plan fund		(361)	(361)	(567)	(567)
Change programme fund		500	500	365	365
Fixed asset fund		58	52	231	211
Rapid response fund		316	316	-	-
Income generation		1,143	1,143	1,643	1,643
Total unrestricted reserves		12,085	13,984	13,554	14,900
Total funds		18,510	17,148	17,292	17,680

The notes on pages 58 to 76 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 14 July 2023.



Susan Hickey

Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement

for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities		2,792	(5,859)
Cash flows from investing activities			
Interest received		136	30
Proceeds from sale of assets	2d	84	13
Purchase of property, plant and equipment	8	(1,077)	(1,579)
Net cash used in investing activities		(857)	(1,536)
Change in cash and cash equivalents in the reporting period			
		1,935	(7,395)
Cash and cash equivalents at the start of the reporting period		15,353	22,748
Total cash and cash equivalents at the end of the reporting period		17,288	15,353
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		1,218	(5,499)
Adjustments for:			
Depreciation and amortisation charges	8	1,250	1,709
Gains on disposal of fixed assets	2d	(84)	(13)
Interest received		(136)	(30)
(Increase) / decrease in debtors	10	1,616	(456)
Decrease in creditors falling due within one year	11a	(948)	(750)
Decrease in creditors falling after one year and provisions	11c,12	(124)	(1,974)
Accounts related to the defined benefit pension scheme included within the statement	19	-	1,154
Net cash provided by operating activities		2,792	(5,859)
Analysis of cash and cash equivalents			
Cash at bank and in hand		10,032	8,352
Short-term cash deposits		7,256	7,001
Total cash and cash equivalents		17,288	15,353

Notes forming part of

the financial statements for the year ended 31 March 2023

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements. The net expenditure for the year to 31 March 2023 for the charity is £532,000 (2022: £3,642,000).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that

period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).
- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).
- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 29-30 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the four thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction.

Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight-line basis as follows:

Assets held in the UK and subsidiaries

	Length of the lease
Leasehold improvements	
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years

Assets held overseas

All categories	Fully in the year of acquisition
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The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2023/24 and going forward. As described throughout this report, in 2022/23, as in 2021/22, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and

to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Governmental bodies				
Austrian Development Agency	-	572	572	-
British Council	-	24	24	68
Foreign Commonwealth & Development Office - other funding	-	4,006	4,006	5,361
European Commission	-	1,725	1,725	854
Global Affairs Canada	-	1,397	1,397	886
KfW	-	4,574	4,574	3,619
Ministry of Foreign Affairs of the Netherlands	-	3,365	3,365	579
Cambodian Ministry of Education, Youth and Sport	-	287	287	-
Norwegian Embassy	-	-	-	83
United Kingdom HMRC Coronavirus Job Retention Scheme	-	-	-	24
United Nations Agencies	-	3,106	3,106	1,252
USAID	-	191	191	84
Other institutional funding	22	-	22	2
Total governmental bodies	22	19,247	19,269	12,812
Non-government bodies				
Companies	30	206	236	219
Trusts and Foundations	-	4,573	4,573	1,744
Other charitable organisations	16	634	650	2,733
Total non-government bodies	46	5,413	5,459	4,696
Total institutional grants	68	24,660	24,728	17,508

2. Income analysis (continued)

b. Other donations	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Individuals	5,644	3	5,647	5,868
Legacies	399	-	399	510
Gifts in kind and pro bono services	193	-	193	190
Total donations and legacies	6,236	3	6,239	6,568

c. Charitable activities	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
FCDO ACTIVE/VfD grant	-	9,000	9,000	8,928
Total charitable activities income	-	9,000	9,000	8,928

d. Other trading income	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Lettings	211	-	211	263
Sale of assets	81	3	84	13
Total other trading income	292	3	295	276

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2023 £'000	Total costs 2022 £'000
By practice area						
Inclusive education	1,102	6,045	9,208	2,274	18,629	18,893
Health	1,508	2,158	1,854	771	6,291	6,670
Resilient livelihoods	770	3,260	3,143	812	7,985	5,818
Core approaches*	249	554	98	280	1,181	2,847
Total	3,629	12,017	14,303	4,137	34,086	34,228

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £29,000 (2022: £19,000).

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2023 £'000	Total costs 2022 £'000
Inclusive education	377	626	318	493	460	2,274	2,375
Health	128	211	107	169	156	771	825
Resilient livelihoods	112	229	116	184	171	812	486
Core approaches	46	77	39	61	57	280	480
Apportioned support costs - charitable activities	663	1,143	580	907	844	4,137	4,166
Raising funds	89	147	74	115	109	534	459
Total apportioned support costs	752	1,290	654	1,022	953	4,671	4,625

Apportioned support costs include pro bono services valued at £164,000 (2022: £171,000).

4. Net incoming resources

Net movement in funds is stated after the following charges/(credits):

	2023 £'000	2022 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	43	38
Fees payable for the audit of the charity's subsidiaries	15	30
Fees payable for overseas tax consultancy	4	5
Total fees payable to the charity's auditors	62	73
Depreciation		
Assets in the UK and held by group subsidiaries	331	312
Assets held overseas	919	1,397
Total depreciation charges	1,250	1,709
Gain on exchange rate movements		
Realised gains	(307)	(269)
Unrealised gains	(72)	(70)
Total gain on exchange rate movements	(379)	(339)

Unrealised gains on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2022: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £8,000 (2022: £1,000), paid to 5 trustees (2022: 5).

6. Employee benefits including the cost of key management personnel

	2023 £'000	2022 £'000
Salaries and wages	13,675	13,185
Social security costs	908	863
Pension costs	910	860
Other employee benefits	979	772
Temporary staff	-	9
Total	16,472	15,689

The 2023 wages and salaries figure above does not include an amount of £74,000 (2022: £244,000) relating to termination costs, nor do they include the provision for overseas tax (see note 12).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2023 £'000	2022 £'000
£60,001 - 70,000	12	13
£70,001 - 80,000	7	5
£80,001 - 90,000	1	2
£90,001 - 100,000	2	1
£100,001 - 110,000	2	2
£110,001 - 120,000	2	2
£120,001 - 130,000	2	2
£140,001 - 150,000	1	1
Total	29	28

Total benefits, excluding employer pension and social security costs and include termination costs of £13,000 (2022: £35,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £79,000 (2022: £118,000).

The key management personnel comprise the trustees who make up the International Board, and the executive team led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits, only payment for reimbursement of out-of-pocket expenses (see note 5).

The executive team is made up of four members including the Chief Executive Officer. The total compensation costs, including employer's social security contributions, pension and termination costs were £605,000 (2022: £575,000),

The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £142,000 (2022: £142,000).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2023 Headcount	2023 FTE	2022 Headcount	2022 FTE
UK and subsidiaries based	119	110	136	124
Overseas based	381	379	382	380
Total	500	489	518	504

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2022	1,324	219	1,553	2,795	5,891
Additions	-	9	149	919	1,077
Disposals	(1,324)	(186)	-	(119)	(1,629)
At 31 March 2023	-	42	1,702	3,595	5,339
Accumulated depreciation					
As at 1 April 2022	1,171	207	1,505	2,795	5,678
Charge for the year	153	21	139	919	1,232
Disposals	(1,324)	(186)	-	(119)	(1,629)
At 31 March 2023	-	42	1,644	3,595	5,281
Net book value					
At 31 March 2022	153	12	48	-	213
At 31 March 2023	-	-	58	-	58
Held by parent charity	-	-	52	-	52
Held by subsidiaries	-	-	6	-	6

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2022	72	72
As at 31 March 2023	72	72
Accumulated depreciation		
As at 1 April 2022	54	54
Charge for the year	18	18
As at 31 March 2023	72	72
Net book value		
As at 31 March 2022	18	18
As at 31 March 2023	-	-

Intangible assets are all held by parent charity.

9. Investments

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Market value at the beginning of the year	-	2,892	-	2,892
Impairment of investment	-	(324)	-	-
Market value at 31 March 2023	-	2,568	-	2,892

Investments held by the charity at 31 March 2023 comprise £2 held in VSO Trading Limited, £629,000 held in Voluntary Service Overseas (Ireland) Limited and £1,939,000 held in Voluntary Service Overseas (Netherlands).

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost less impairment. Voluntary Service Overseas USA, Inc has nil value. (See note 17).

The net asset value of Voluntary Service Overseas (Ireland) has decreased following grants made to parent charity in line with its charitable objective and the subsidiary reserves policy. As a result, the value of the investment in the parent charity only balance sheet has been impaired.

10. Debtors

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Trade debtors	2,912	3,555	2,578	2,263
Amounts due from VSO Ireland	-	54	-	54
Amounts due from VSO USA	-	-	-	656
Other debtors	489	18	668	650
Accrued income	1,530	1,488	2,795	2,778
Prepayments	225	589	731	646
Total	5,156	5,704	6,772	7,047

All amounts above are due within one year, with the exception of £nil (2022: £4,000) relating to non-current prepayments and £37,339 relating to lease deposits (2022: £40,000).

Legacies of which we have been notified, but not recognised as income, are valued at £529,881 (2022: £175,000).

Amounts due from VSO USA have been provided in 2022/23 and are expected to be granted during 2023/24.

11. Creditors

a. Amounts falling due within one year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Trade creditors	876	871	780	778
Amounts due to VSO Netherlands	-	102	-	181
Other creditors	311	106	769	536
Pension contributions payable	36	17	92	74
Tax and social security	167	173	151	149
Accrued expenditure	603	595	870	854
Deferred income	-	-	159	159
Accrual for compensated employee leave	371	252	491	393
Total	2,364	2,116	3,312	3,124

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Balance brought forward	159	159	478	453
Released to income	(159)	(159)	(319)	(294)
Received in year	-	-	-	-
Balance carried forward	-	-	159	159

c. Amounts falling due after one year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Other creditors	422	422	370	370
Total	422	422	370	370

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2022 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2023 £'000
Overseas tax	394	-	-	(74)	320
Volunteer flights	19	14	-	-	33
Dilapidations	402	248	(158)	-	492
Pension deficit	567	-	(206)	-	361
Total	1,382	262	(364)	(74)	1,206

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease. Our main building lease in Kingston ended in May 2023, dilapidations worked started during the period and ended in May 2023.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £206,000 (2022: £579,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds		Opening balance	Transfer	Incoming resources	Resources expended	Closing balance	Opening balance	Incoming resources	Resources expended	Closing balance
		2023	2023	2023	2023	2023	2022	2022	2022	2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ACTIVE	FCDO	-	-	9,003	(9,003)	-	-	-	-	-
Unlocking Talent Primary Education	KfW	-	-	2,900	(2,900)	-	-	-	-	-
Make Way	Dutch MOFA	376	-	2,412	(2,133)	655	844	64	(532)	376
Building Learning Foundations	FCDO	-	-	2,272	(2,272)	-	-	-	-	-
IKEA Foundation – Waste to Work	IKEA	-	-	1,760	(246)	1,514	-	-	-	-
UT Education Services Joint Fund	KfW	-	-	1,673	(1,452)	221	-	-	-	-
Empowering Adolescent Girls to Learn and Earn	Global Affairs Canada	517	-	1,398	(1,191)	724	474	886	(843)	517
ENGAGE	FCDO	1	-	1,214	(1,212)	3	206	300	(505)	1
Preventing Gender Based Violence	UNFPA	29	-	1,096	(1,025)	100	-	373	(344)	29
Challenge Fund for Youth Entrepreneurship	Dutch MOFA	(41)	-	982	(1,009)	(68)	55	553	(649)	(41)
Education Cannot Wait	Education Cannot Wait	-	-	976	(473)	503	-	-	-	-
Learning through Play	Lego Foundation	456	-	928	(928)	456	155	716	(415)	456
CLARITY	European Commission	-	-	581	(477)	104	-	-	-	-
Integrated Peacebuilding, Development & Humanitarian Efforts across borders	Austrian Development Agency	-	-	572	(199)	373	-	-	-	-
Education for Life	FCDO	72	-	497	(569)	-	96	773	(797)	72
FutureMakers	Standard Chartered Foundation	-	-	489	(144)	345	-	-	-	-
United Nations Trust Fund Speak It Loud	UN Women	-	-	441	(441)	-	-	-	-	-
Inclusive Education in Baglung	Hempel Foundation	399	-	433	(337)	495	18	586	(205)	399
RECOVER	DanChurchAid	20	-	410	(305)	125	(36)	143	(87)	20
Robert Carr Fund Exceptional Funding Opportunity	Robert Carr Fund	-	-	357	(250)	107	-	-	-	-
Other grants	Various donors	1,909	(604)	3,272	(3,809)	768	6,424	21,972	(26,487)	1,909
Total restricted funds		3,738	(604)	33,666	(30,375)	6,425	8,236	26,366	(30,864)	3,738

The top twenty grants for 2022/23 and their prior year comparators are shown. Historic balances of £0.6m have been transferred to designated unrestricted funds as the charity is satisfied that the restrictions have been met and there was no evidence of continued restrictions.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Total £'000
As at 1 April 2021	12,821	(2,286)	522	361	-	1,983	13,401
Surplus / (deficit) for the year	(602)	1,140	(157)	-	-	(340)	41
Transfer from restricted	112	-	-	-	-	-	112
Transfer between funds	(449)	579	-	(130)	-	-	-
At 31 March 2022	11,882	(567)	365	231	-	1,643	13,554
Surplus / (deficit) for the year	(1,693)	206	(86)	-	-	(500)	(2,073)
Transfer from restricted	67	-	221	-	316	-	604
Transfer between funds	173	-	-	(173)	-	-	-
At 31 March 2023	10,429	(361)	500	58	316	1,143	12,085

Designated funds:

Pension deficit repayment plan fund

The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund

The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. In 2023, the International Board decided to replenish this fund to ensure VSO has a continuous ability to adapt.

Fixed asset fund

Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Rapid response fund

Funds designated to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

Income generation fund

In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification over the next three years. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2022 are represented by:								
Tangible fixed assets	-	-	-	231	-	-	-	231
Current assets	16,366	-	365	-	-	1,643	3,751	22,125
Current liabilities	(3,299)	-	-	-	-	-	(13)	(3,312)
Long term liabilities and provisions	(1,185)	(567)	-	-	-	-	-	(1,752)
Total net assets	11,882	(567)	365	231	-	1,643	3,738	17,292

	General fund £'000	Pension deficit repayment Plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2023 are represented by:								
Tangible fixed assets	-	-	-	58	-	-	-	58
Current assets	14,058	-	500	-	316	1,143	6,427	22,444
Current liabilities	(2,362)	-	-	-	-	-	(2)	(2,364)
Long term liabilities and provisions	(1,267)	(361)	-	-	-	-	-	(1,628)
Total net assets	10,429	(361)	500	58	316	1,143	6,425	18,510

16. Operating leases

As at 31 March 2023 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2023 £'000	2022 £'000
In the UK:		
Within one year	83	536
Within two to five years	-	48
Overseas:		
Within one year	156	158
Within two to five years	116	64
Total	355	806
Lease expense	1,020	905

16. Operating leases (continued)

As at 31 March 2023 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2023 £'000	2022 £'000
In the UK		
Within one year	13	71
Within two to five years	-	9
Total	13	80

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building which ended in May 2023.

17. Subsidiary companies

	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000
Total income	288	7,889	-	319	3,058	1
Total expenditure	528	5,937	287	294	3,594	192
Net income / (expenditure)	(240)	1,952	(287)	25	(536)	(191)
Retained profit / (loss) for the year	(240)	1,952	(287)	25	(536)	(191)
Total assets	628	4,566	35	935	2,620	26
Total liabilities	5	341	954	72	347	658
Total funds	623	4,225	(919)	863	2,273	(632)

As at 31st March 2023, the VSO Group comprises the parent charity (VSO), three active subsidiary undertakings and one dormant subsidiary undertaking.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: Ten Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to advance education and to aid in the relief of poverty in any part of the world; they do this by supporting programmes that deliver sustainable change in VSO's three thematic practice areas: Inclusive Education, Health and Resilient Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland; registration number 41155934. Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019.

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

17. Subsidiary companies (continued)

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000
Payments received for services	118	-	-	112	-	-
Sub-grants paid to	-	66	295	-	140	190
Sub-grants received from	270	1,405	-	-	758	-

Subsidiary debtor and creditor balances at the year-end are shown in Notes 10 and 11 above.

19. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the consolidated statements of financial activities in 2023 and 2022.

	2023 £'000	2022 £'000
Contributions to defined contribution schemes	910	816
Contributions to defined benefit scheme - The Pension Trust	206	31
The Pension Trust – deficit reduction liability: unwinding of discounting	10	13
The Pension Trust – deficit reduction liability: impact of any change in assumptions	(10)	(13)
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	-	(1,141)
Total	1,116	(294)

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009.

As at 31 March 2023, VSO employed 8 (2022: 8) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

19. Pension costs (continued)

The Plan 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 Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

Future contributions for VSO as at 31 March 2023 are as follows:

Financial Year	£'000
2023/24	206
2024/25	172

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 below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2023 £'000	2022 £'000	2021 £'000
Present value of provision	361	566	2,286

Reconciliation of opening and closing provisions	2023 £'000	2022 £'000
Provision at start of period	566	2,286
Unwinding of the discount factor (interest expense)	11	13
Deficit contribution paid	(206)	(579)
Remeasurements – impact of any change in assumptions	(10)	(13)
Remeasurements – amendments to the contribution schedule	-	(1,141)
Provision at end of period	361	566

Income and expenditure impact of defined benefit scheme	2023 £'000	2022 £'000
Interest expense	10	13
Remeasurements – impact of any change in assumptions	(10)	(13)
Remeasurements – amendments to the contribution schedule	-	(1,141)
Cost recognised in the SOFA	-	(1,141)

19. Pension costs (continued)

Assumptions

	2023 % per annum	2022 % per annum	2021 % per annum
Rate of discount	5.52	2.35	0.66

These discount rates 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 Plan is classified as a 'last-man standing arrangement', so VSO 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 although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners, and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you. Here are just some of the individuals and organisations who made a vital contribution to our work in 2022/23.

African Union
Austrian Development Agency
Avert
British Council
Civil Society and Indigenous People's Mechanism of the Committee on World Food Security
Education Cannot Wait Consortium
Education Development Trust
European Commission
ERIKS
Foreign, Commonwealth & Development Office
Global Affairs Canada
Global Campaign for Education
Global Partnership for Education
GSRD Foundation
Hempel Foundation
IKEA Foundation
Imagine Worldwide
Institute of Development Studies
International Civil Society Centre
International Forum for Volunteering in Development
JBJ Foundation
KfW
Lego Foundation
London School of Economics
Mastercard Foundation
MESH Guides (Education Future Collaboration)
Ministry of Foreign Affairs of The Netherlands

NHS Lewisham and Greenwich Trust
Nyagatare Hospital in Rwanda
Onebillion
Palladium
Pan African Climate Justice Alliance
Population Services Kenya
Randstad
Robert Carr
Civil Society Networks Fund
Royal Norwegian Embassy
Southern Africa Network of Prisons
Standard Chartered Foundation
Tackle Africa
UNESCO
UNFPA
UNICEF
UNGEI
UNOCHA
UN Trust Fund
UNV
UNWOMEN
University of Northumbria
University of Nottingham
USAID
Weeshuis der Doopsgezinden
Wees een Kans
Wemos
WHO



Global Affairs
Canada



The LEGO Foundation



If you would like to know more about VSO's work worldwide, visit www.vsointernational.org

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