

ILF Scotland
Annual Report and
Financial Statements
Year ended 31 March 2023
Company Number SC500075

Any enquiries related to this publication should be sent to:

ILF Scotland
Denholm House
Almondvale Business Park
Almondvale Way
Livingston
EH54 6GA

Registered in Scotland

Phone: 0300 200 2022

Email: enquiries@ilf.scot

Contents

Performance Report

<u>Introduction</u>	<u>4</u>
<u>Overview</u>	<u>6</u>
<u>Analysis.....</u>	<u>10</u>

Accountability Report

<u>Statement of Directors' & Accountable Officer's Responsibilities</u>	<u>27</u>
<u>Annual Governance Statement</u>	<u>29</u>
<u>Directors' Report</u>	<u>37</u>
<u>Remuneration and Staff Report.....</u>	<u>41</u>
<u>Parliamentary Accountability Report</u>	<u>54</u>

Independent Auditor's Report to the members of ILF Scotland

55

Financial Statements

<u>Statement of Comprehensive Net Expenditure for the year ended 31 March 2023. 62</u>	<u>62</u>
<u>Statement of Financial Position as at 31 March 2023</u>	<u>63</u>
<u>Statement of Cash Flows for the year ended 31 March 2023</u>	<u>65</u>
<u>Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023.....</u>	<u>66</u>
<u>Notes to the Financial Statements for the year ended 31 March 2023.....</u>	<u>67</u>
<u>Appendix to the Financial Statements - Accounts Direction</u>	<u>88</u>

Performance Report

Introduction

ILF Scotland is a Non-Departmental Public Body (NDPB) of the Scottish Government (SG). Our role is to provide a high quality service to, currently, over 4,500 disabled people in Scotland and Northern Ireland (NI), supporting them to achieve positive independent living outcomes, and to have greater choice and control over their lives.

ILF Scotland commenced operations in July 2015. We work in partnership with 37 Health and Social Care Partnerships/Trusts (HSCP/Ts) across Scotland and NI by jointly assessing and funding person centred care and support.

Operating from our central office in Livingston we employ (at 31 March 2023) 67 dedicated people including our social care professionals. Our assessors normally visit our recipients in their own homes every two years to identify their needs often in conjunction with Local Authority (LA) or trust social services departments. Our planned assessor visits were of course affected by Covid-19 and this is expanded upon later in this report.

Office address

ILF Scotland
Denholm House
Almondvale Business Park
Almondvale Way
Livingston
EH54 6GA

Registered in Scotland

Tel: 0300 200 2022

Email: enquiries@ILF.scot

Website: www.ilf.scot

Performance Report

Introduction (cont.)

Principal activities and historical context

ILF Scotland was set up in 2015 and carries out the functions previously carried out by the Independent Living Fund (2006) within Scotland and NI. Its aim is to deliver discretionary cash payments to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities. The organisation is an NDPB of SG and receives funding in the form of Grant in Aid from SG. There is also an agreement between the SG and the Department of Health in NI (DOH) for ILF Scotland to administer ILF payments to ILF recipients based in NI.

Details of the Directors can be found here via the link below or directly on the company website :-

[Board of Directors - ILF](#)

Details of the Senior Management Team (SMT) can be found here:-

[Senior Management Team - ILF](#)

Important external contacts are noted below:-

Statutory auditor

Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

Internal auditor

MHA Henderson Loggie
29 Greenmarket
Dundee
DD1 4QB

Solicitor

Central Legal Office
Breadalbane Street
Edinburgh
EH6 5JR

Banker

Royal Bank of Scotland
36 St. Andrew Square
Edinburgh
EH2 2AD

Performance Report

Introduction (cont.)

The Performance report contains an **Overview** section summarising the whole report, explaining our purpose and strategy, our business model, our activities, our operational risks and summarises our performance. It also has an **Analysis** section which sets out our progress against this year's performance measures and our financial performance.

Overview


Statement from Chief Executive Officer, Peter Scott OBE

ILF Scotland has had its busiest and most successful period since being established in 2015 in terms of the number of disabled people supported, with payments made to over 4,500 individuals in the year. In partnership with Self-Directed Support Scotland and Scotland Excel we also concluded the highly complex "Thank You" payment schemes for the Scottish and NI Governments during the period, with over 7,000 Personal Assistants (PAs) receiving payment by the conclusion of these initiatives.

However, the last 12 months have without a doubt been one of the most challenging environments for disabled people in recent years. The chronic shortage of social care staff and the disproportionate impact of the cost of living crisis have compounded problems associated with delays in re-establishing service provision to pre-pandemic levels, all adding to an already challenging situation.

As will be expanded on further on in this report, it is very clear that the challenges faced by disabled people with the reductions in support and provision from statutory organisations through Covid-19, have been further eroded as they re-establish to what is the new "normal" post-pandemic. A clear example of this is the record demand being driven through the Transition Fund, with growth of over 40% year on year. This demand has been exacerbated by additional demands for ILF Scotland's expertise and the extremely tight fiscal landscape.

For all this, it should be noted that ILF Scotland has not only had its busiest year ever, but the most successful one in terms of the number of disabled people supported financially. In addition to this, many have also been supported with advice, guidance and assistance to the high levels of quality and customer service ILF Scotland has become known for. This is also evidenced by the progress against our strategy and business plan across many facets of the organisation. Staff have worked hard and have performed exceptionally well against a very difficult professional and personal backdrop and for this they should be commended.



Peter Scott, OBE

28 June 2023

Performance Report

Overview (cont.)

Strategic Plan

Our key outcomes from our Strategic Plan are listed below:-

- **Strategic Outcome 1** - Facilitate the independent living needs of disabled people.
- **Strategic Outcome 2** - Be leaders in enabling independent living.
- **Strategic Outcome 3** - Operate a high-quality efficient service.

Further information on these outcomes are set out in pages 10 to 15 together with the Key Performance Indicators (KPI's) against which we monitor performance.

Principal Risks and Uncertainties

This year our principal risks and uncertainties were mainly in connection with recovering from the Covid-19 pandemic, managing the continued growth of the Transition Fund, the management of resources, managing the movement of personal and sensitive information, managing an ageing Information Technology (IT) infrastructure, managing IT security and our core long standing risks in relation to funding and policy changes. We believe that we responded very well to all risk areas and this is explored further in the **Analysis** section of this report.

Risk is further addressed in the Annual Governance Statement on pages 31 to 32.

Operational update

Over the reporting period we have continued to expand the number of physical reviews to catch up with a two year pandemic related backlog. Due to the challenges already alluded to, this is proving to be very difficult and despite best efforts we have only been able to get back to about 65% of the pre-pandemic run rate. Reviews are increasingly complex and are taking much longer to resolve due to the aforementioned issues, meaning awards are taking longer to finalise with workloads and caseloads increasing in line with this.

During the past year we had approximately 17,700 calls to operations teams, almost identical to the previous year. Throughout the pandemic, assessors provided regular contact with recipients rather than a one-off set of contacts typical of a review every two years. The ongoing support for many recipients has continued to date as a necessity and as a result, the fixed two year review visit timetable may need to be revised to ensure we target our inputs where it is needed the most.

Performance Report

Overview (cont.)

Operational update (cont.)

By the end the year we had received 3,205 Transition Fund applications, an increase of 41% on last year. Challenges around processing applications remain significant due to the variable quality of submissions and the lack of necessary supporting documentation. We do however have to bear in mind that we are dealing with young, sometimes vulnerable, disabled adults. Various efficiencies, innovations and process improvements have somewhat mitigated this, with the existing staff team continuing to make every effort to progress applications timeously. However, the sheer volume of applications we are receiving is challenging the current staffing complement and operating model. This is why we have been working to carry out an in-depth review of the Fund in an effort to find further efficiencies, consider whether additional resource is required and revising the processing model as appropriate.

At the strategic level, we continue to engage with Governments, statutory organisations, various working groups and consultations to produce national guidance alongside inputting into the set-up of the National Care Service (NCS). We also carried out comprehensive reviews during 2022-23 on several policies to take account of legislative/operational environmental changes. We retained several elements of Covid-19 policy flexibility throughout the year with both the Scottish and NI Governments extending this to the end of March 2023.

In terms of IT infrastructure, a full business case for capital investment for delivery transformation has been produced after extensive work, but unfortunately full funding was not granted at this stage. Instead we have been given permission to spend some of our reserves on a cloud based replacement for our ageing core casework database. This will make a big difference and will facilitate a part-digital transformation for ILF Scotland. This project has moved from Discovery to Proof of Concept stage, working with third party suppliers on potential software solutions.

In summary, as can be seen from the brief narrative set out above, it has been another exceptional year for ILF Scotland dealing with the profound impact of Covid-19 on us all alongside the ever more acute cost of living. We have had the busiest yet in some ways the most rewarding reporting period by any benchmark since opening in July 2015.

Future plans

We continue to work towards re-establishing a new baseline for our operations, implementing our strategy, extending the Transition Fund, re-opening the 2015 Fund to new applications in Scotland and NI (subject to Ministerial approval) and supporting both Scottish and NI Governments to deliver their priorities for disabled people to live independently with choice, control and dignity.

Performance Report

Overview (cont.)

Future plans (cont.)

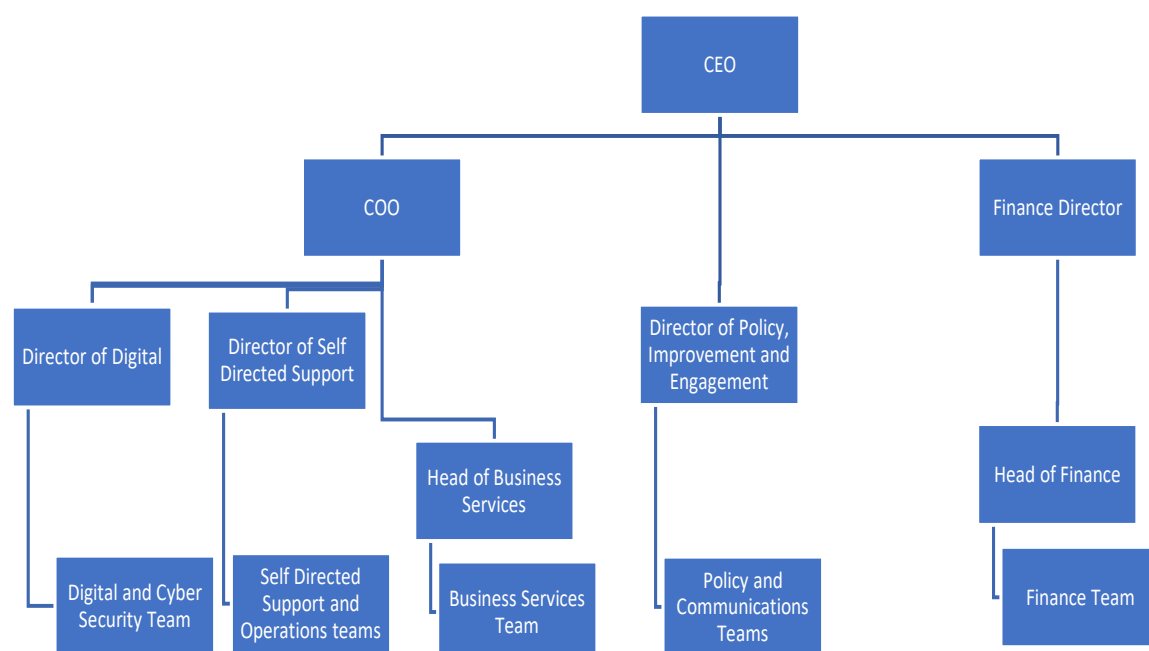
Looking to the future and fulfilling the current strategy, the progress made on the digital transformation business case coupled with work on organisational sustainability are significant stepping stones. Both areas look to achieve greater efficiency through smarter use of technology, of staff, of resources and operational processes to reduce our consumption and work towards a Net Zero position by 2040.

Business Plan Progress

Progress towards all strategic objectives remains strong and on track to complete by the end of this current strategic cycle/business plan, which has been extended and enhanced after discussion with the SG Sponsor Team. Performance against our key strategic objectives is set out in the **Analysis** section which follows on page 10.

Organisational Structure

The organisational structure is set out below and shows core departments:-



Performance Report

Analysis

Key Performance Indicators

Strategic Outcome 1 – Facilitate the independent living needs of disabled people:

Strategic Objective – Development of the evidence base and proposals to re-open the 2015 Fund.

Target Outcome	Activity Update	Status Green
The evidence base is further developed to support the re-opening of the 2015 Fund.	<ul style="list-style-type: none"> - The Ministerial submission for the reopening in NI was completed and submitted to the previous Minister for Health for a decision on next steps. The political situation in NI and the absence of an Executive has meant that no progress can be made. We are in regular contact with the Sponsor Team and an update on the situation is provided at each meeting of the NI Stakeholder Group. - In Scotland, the previous Minister confirmed support for the re-opening of the Fund but was unable to provide a timescale for this due to financial pressures and the need to ensure the ongoing affordability and long term sustainability of any re-opening. We plan to discuss inviting the new Minister to a meeting of the Scotland Advisory Group with our SG Sponsor and Advisory Group members. - We fully took onboard feedback from our recipients on the impact of Covid-19 and incorporated this where required in working practice, policy and strategy. 	
Key Performance Indicators <ol style="list-style-type: none"> 1. Further research and evidence from the development work in NI establishes the strategic and business rationale for re-opening in NI and informs baseline preparations for Scotland. 2. Full analysis of welfare check calls and new recovery calls provide sponsor team with up to date impact assessment of current support arrangements on the ground for disabled people. 3. Use feedback from disabled people on the impact of Covid-19 on them is used to help shape business plan for 2021-23. 		

Performance Report

Analysis (cont.)

Key Performance Indicators (cont.)

Strategic Outcome 1 (cont.) – Facilitate the independent living needs of disabled people:

Strategic Objective - Develop the Transition Fund.

Target Outcome	Activity Update	Status Green
<ol style="list-style-type: none"> 1. Sponsor team fully briefed on demand and financial pressures on Transition Fund. 2. Staffing levels to support continued levels of demand are understood and provisioned. 3. Based on demand and feedback, develop proposals for a broader based fund for multiple users and uses. 	<ul style="list-style-type: none"> - The Transition Fund performance is monitored, reported on and discussed on a regular basis with the Sponsor Team, who understand and appreciate the capacity pressures as a result of the ever increasing volume of applications and the continuing lack of quality of these applications resulting in the need for multiple interventions by staff, which impacts on the processing target timescales. 	
<p>Key Performance Indicators</p>		
<ol style="list-style-type: none"> 1. Revise maximum award cap at a level that matches demand and is financially sustainable. 2. One extra staff member recruited to support the fund. 3. Quarterly demand and usage report and feedback from ambassador group provides evidence base for developments 	<ul style="list-style-type: none"> - We are completing a comprehensive review of the Transition Fund, which will include a number of additional efficiency measures and options regarding the model we use. We plan to develop proposals to deliver a form of funding to a broader base of user experiencing transitions at different life stages. We also revised the award cap as appropriate. - We sought feedback directly from current fund recipients, and we engage regularly with the Young Ambassadors Group, Fund recipients and their representatives and wider education, health and social care representatives through our ongoing engagement and used this feedback to make adjustments to operating procedures and practice. 	

Performance Report

Analysis (cont.)

Key Performance Indicators (cont.)

Strategic Outcome 2 – Be leaders in enabling independent living:

Strategic Objective - Be leaders and champions in sharing our knowledge of enabling independent living with others.

Target Outcome	Activity Update	Status Green
1. ILF Scotland is recognised as the lead public body for enabling independent living.	<ul style="list-style-type: none"> - CEO continues with the Scottish Government PA Programme Board exploring implications of the Feeley review for this critical group of the social care and support workforce. - CEO anticipating invitation to join SG working group on Human Rights and Independent Living. - Director of SDS now part of SG working group looking at the current and future social care and support operating models as part of the development work for a National Care Service (NCS). - PA thank you/special recognition payments under contract to Governments in both Scotland and Ni is now complete and was very successful. - Director of SDS has been part of the Social Work Scotland led review of SDS guidance. - ILF Scotland being considered as delivery organisation for Care Experienced Grant currently under development and included in the Scottish Programme for Government 2023-24. - We are currently exploring ILF Scotland representation in the NCS co-design work and are discussing with our Advisory Group. - CEO continues to be involved in the NCS Key Stakeholder Reference Group. 	
Key Performance Indicators <ol style="list-style-type: none"> 1. Membership of national boards and committees. 2. Membership of integration working groups. 3. Participation in national social work practice events. 4. Inclusion in reviews of Self-Directed Support (SDS). 		

Performance Report

Analysis (cont.)

Key Performance Indicators (cont.)

Strategic Outcome 2 (cont.) – Be leaders in enabling independent living:

Strategic Objective - Develop a shared understanding and best practice model of enabling sustainable independent living outcomes.

Target Outcome	Activity Update	Status Green
<p>An agreed and integrated approach from health and social care providers in enabling best practice independent living with a clear role for ILF Scotland.</p>		
<p>Key Performance Indicators</p>		
<p>1. ILF Scotland is seen as an exemplar body in enabling independent living.</p> <p>2. ILF Scotland has a clearly defined role and remit in the delivery of an integrated social care model.</p> <p>3. ILF Scotland becomes part of the governance or operations board of a new NCS.</p>	<ul style="list-style-type: none"> - Social work Scotland (SWS): Adult Social Care Committee quarterly meeting, we input to general policy and practice across Scotland. New National SDS Guidance for Scotland is now publicised with ILF contributions in many parts of the new draft promoting the choice and control of users and adoption of the SDS standards. - Scottish Government: The National SDS Collaboration group has met quarterly and has a wide membership with the voice of lived experience fairly represented. - We meet with SDS leads in NI Trusts and bi-monthly with the SDS leads in Scotland via Social Work Scotland dedicated meetings and hosted projects delivering new SDS standards in Scotland. - We have individual team meetings and whole SDS service meetings which enable staff contributions and the implementation of the Charter for Involvement, a process of continuous learning and improvement. - We have contributed to the ongoing implementation of the Principles of Transition in Scotland and implemented a new Technology Grant. 	

Performance Report

Analysis (cont.)

Key Performance Indicators (cont.)

Strategic Outcome 3 – Operate a high quality efficient service:

Strategic Objective - Re-establish recipient reviews as soon as possible.

Target Outcome	Activity Update	Status Green
1. Safe review visit model developed. 2. Recipients trained and supported to participate fully in review visits. 3. ILF Scotland seen as leading good practice	<ul style="list-style-type: none"> - This year has seen us continue physical visits in full with recipients and social work representatives still utilising our continuing protocols for safe visits. - Progress has been made in agreeing our policy, practice and processes going forward for the 2015 fund and the Transition Funds incorporating learning from the pandemic. The Transition Fund has received a record number of applications this year, many complex, prompting a review of all operations. - ILF Scotland will allow a Local Authority to transfer responsibility for managing an ILF Award from the Local Authority to an agreed 3rd party agency. This will not be agreed as a mass transfer of a group but can be agreed on an individual basis if the recipients health, safety and welfare are still protected. 	
Key Performance Indicators 1. ILF Scotland to develop a viable and safe method by which exceptional (emergency) review visits can take place. 2. Work in partnership with SWS and HSCP and HSCT colleagues to develop a sector agreed approach to social care review visits.		

Performance Report

Analysis (cont.)

Key Performance Indicators (cont.)

Strategic Outcome 3 (cont.) – Operate a high-quality efficient service:

Strategic Objective - Prepare the full business case for a fully integrated, digitised, ILF Scotland as part of the wider whole systems approach to health and social care delivery.

Target Outcome	Activity Update	Status Green
1. Preliminary discovery of Use Cases to inform tender documentation. 2. Successful tender and development of target operating model and costings. 3. Business Case submitted to sponsor team for capital infrastructure investment.	<ul style="list-style-type: none"> - The business case for capital investment for delivery transformation has been produced but full funding was not granted. Instead we have been given permission to spend some reserves on a cloud based replacement for our ageing core casework database. This will make a big difference and will facilitate a part-digital transformation for ILF Scotland. 	
Key Performance Indicators Business Case for capital investment to support service delivery transformation submitted to sponsor team and health finance.	<ul style="list-style-type: none"> - We have appointed a Transformation lead who commenced in quarter 4. - Work continues on in-year developments with the launch of the Technology grant, Local Authority portal and ICI development. 	

Efficiencies - We constantly carry out improvement and efficiency work and this has enabled the organisation to deliver more. Over the year we have carried out improvements that have saved 3,919 (2021-22 - 1,548) hours of staff time. This works out at approximately two (2021-22 - one) Full Time Equivalent (FTE) staff which is around 3% (2021-22 - 1.5%) of our workforce. This equates to an approximate overall saving of 2.5% of our cost base (2021-22 - 1.2%) compared to the SG target of 3%.

Due to the extensive work done in previous years we are moving to a position where only smaller gains can be realised without the full capital investment referred to above.

Performance Report

Analysis (cont.)

Self-Directed Support (SDS)

Social Work Update - Over the reporting period we have continued physical reviews whilst following best practice in Personal Protective Equipment (PPE) and protection of recipients and staff. To enable the completion of reviews, we temporarily waived a number of key policies and procedures - around LA engagement and reduced service input - because LAs advised they were still routinely dealing primarily with emergency assessments. We have therefore kept our Covid-19 Policy flexibilities under constant review, and we have worked with LA/Trust partners with a view to shifting back to pre-pandemic policy positions. It is hoped that the anticipated widespread re-opening of services materialises in the next financial year, and this in turn will allow ILF Scotland recipients to support to return to pre-pandemic levels.

Our two year review cycle is currently under pressure due to the increased support our recipients clearly require, and we are having discussions around how to maximise the positive impact of a review visit with potentially more flexible timescales. In 2019-20 we completed 1,900 review visits, a typical year. In 2020-21 during the height of the pandemic, we completed 172 in-person visits. In 2021-22, when pandemic restrictions were largely in place we completed 400 review visits. This year we have completed 1,050 2015 Fund visits and 35 visits for the Transition Fund. However we made over 2,700 new award offers indicating substantial numbers of changes of circumstances and our responsiveness to recipients current needs: the impact on operational staff is increased workloads across the service.

Summary – The operating environment remains challenging for our staff who are regularly supporting isolated recipients, stretched and stressed carers, and anxious young people applying to the Transition Fund. Many standard operating policies and procedures were suspended or amended, and we are now taking a more flexible policy approach in the interests of our recipients. This has the impact of adding layers of complexity to decision making, and results in delays with processing reviews. We hope to re-assert our core policies and ILF Scotland's role in the next financial year, bringing improved partnership working with HSCP/T. We will also review our recipient visit cycle with a view to maximising our independent living impact.

Performance Report

Analysis (cont.)

Policy, Improvements and Engagement

Policy and Improvement – We carried out comprehensive reviews during 2022-23 on several policies to take account of legislative/operational environmental changes. This was further to our full review of all of our policies in 2021-22.

Covid-19 Flexibility – We retained several elements of Covid-19 policy flexibility throughout the year with both the Scottish and NI Governments extending this to the end of March 2023. We used this flexibility sparingly but successfully for a small number of recipients. For example, we were able to award some emergency respite to avoid recipient admission to care homes and were able to extend the payment of award while some recipients were in hospital or care homes beyond the standard 28 days rather than suspending the awards.

Reporting - We made good progress in implementing improvement initiatives in our published Equalities Mainstreaming and Outcomes and Corporate Parenting reports. We will establish working groups from the Stakeholder and Advisory group.

Transition Fund - We received 3,205 applications, an increase of 41% on last year. Application numbers have grown strongly throughout the year. The launch of the Technology Grant caused a significant increase in applications from December 2022 to March 2023, with 381 submitted and processed in that short period. The underlying trend in full Transition Fund applications shows strong growth.

Communications and Engagement - The Communications team delivered external communication (direct and digital) to all our stakeholders on:

- Scottish Social Care Wage increase for PAs.
- Northern Ireland award increase for PAS.
- Bi-annual newsletters.

Digital communications - Our new website was launched in the summer of 2022. We have received very positive feedback from our stakeholders, particularly around the accessibility of the new website. This is evident in the engagement statistics which show a 143.5% increase in page views and a 702.8% increase in new users in 2022-23. We are now in a phase of continual improvement and are looking at what further upgrades and technical efficiencies can be made to our website in 2023-24 to help advance our stakeholder communication and engagement.

Performance Report

Analysis (cont.)

Policy, Improvements and Engagement (cont.)

Marketing and accessibility - This year the team launched a re-brand and accessibility project on all organisational marketing documents and publications in order to meet some of the aims and commitments set out in the Charter for Involvement Action Plan. This work will continue into 2023-24 and is a key objective within the organisational communications strategy for next year.

Public relations and events - At the end of November 2022 and in the run up to the UN's International Day of People with Disabilities we held a very successful five year celebration event for Transition Fund recipients. Nearly 200 young people, their parents, carers, families and external partners attended. The Minister for Public Health, Women's Health and Sport also launched the Technology Grant providing an IT solution to enable young disabled people to be digitally connected. Following the event and subsequent PR about the grant, we reached over 25,000 people. This led to over 200 Technology Grant applications being received in the first month following the launch.

Engagement - We completed an extensive programme of external engagement throughout the year with a number of partners and stakeholders with a 15% increase in engagement activity compared with the previous year. We continued to focus on attracting Transition Fund applications from geographical areas where applications are low and also focused on increasing applications from those who are care experienced and the deaf community. In 2023-24 we will focus on engagement activity that meets and is in line with the aims of our Corporate Parenting Plan and Equalities Mainstreaming Action Plan. This will involve further work on increasing applications from those who are care experienced and those from disadvantaged socio-economic backgrounds.

Complaints - For the full 2022-23 year we received 25 complaints compared to 34 in 2021-22. The majority of these complaints related to the Transition Fund - 23, compared to two for the 2015 Fund. The complaints concerning the Transition Fund relate mainly to applicants deemed to be ineligible for a grant payment. We capture each learning point from this valuable feedback about our service and act to address any issues raised through revised procedures, staff training, etc. in the spirit of continuous organisational improvement.

Performance Report

Analysis (cont.)

Our People

Overview - 2022-23 has been another extremely busy year. In conjunction with additional projects such as 35 Hour Working Week consultation, Employee Passport launch and records management migration we have again observed increasing year on year work pressures. Our continuing innovative support to our workforce, along with the introduction of new measures, has supported staff throughout the year. Our attrition remains low; however, we have seen several staff members retire and others leaving to promoted posts and other opportunities. Further details are contained on page 52.

Our absence rate has remained static as we worked our way through the pandemic with several long-term absences. Further details can be seen on page 50.

We are immensely proud to have again been awarded a Top 10 Employer in the annual Working Families benchmark in September 2022.

We are a positive, open and supportive employer which is welcomed across the workforce. The Health and Wellbeing programme has remained front and centre of our decision making as we made our way through the year, offering several workshops including 'Mental Health & Resilience' refreshers and 'Returning to the Workplace'. We have continued to meet all staff monthly through ZOOM and this will continue into 2023-24. As we work with new and improved flexible/hybrid principles we continue to 'Keep in Touch' with smaller staff groups as it remains important to reconnect. Our Trickle App has been successful allowing us to react swiftly to staff mood senses and pulse surveys making positive change as required. The Trickle App is now embedded as a great tool to connect with staff who are enabled to openly discuss issues whether anonymously or recognised.

The year ensued with continuing pressures on staff as a result of new projects and heavy workloads. We remain vigilant about the potential impact of heavy workloads particularly in the context of the unintended consequences of Covid-19 continuing to challenge us all. Planning is underway to continue further Mental Health & Resilience workshops from the Strong Minded Resilience Team and promote our own Mental Health First Aiders to all staff.

Organisational Demography – By the end of the year 2022-23 the organisational make-up is 74: staff (67) and Directors (7): 73%:27% female: male, with 21.62% of staff self-identified as disabled, 2.70% BME and 2.70% LGBT.

Performance Report

Analysis (cont.)

Our People (cont.)

Employment status – During 2022-23 we have continued our commitment as a supportive life friendly employer offering a suite of life friendly policies. We have listened and reacted to feedback from colleagues through our Staff Survey and TRICKLE mood senses/pulse surveys which has informed positive change. All ILF Scotland staff have employed status; full time/part time with many different flexible working patterns to suit individual and organisational need. This continues to provide stability and continuity for both the organisation and individuals during this time of continued uncertainty. During 2022-23 all staff have worked 100% flexibly and we will continue to ensure staff can have a work/life harmony which suits their individual circumstances. Planning work has started for the 2023-26 Workforce plan which will consider our current staff and current and future workstreams, including new duties we may be formally requested to discharge in due course.

Recruitment – Due to heavy workloads across the organisation and in part due to post Covid-19 unintended consequences of changing policies and staff leaving, we have continued to build and strengthen our workforce.

Information Governance and IT

Records Management – Our new file plan is now in place and staff are working well within the new structure. The team have submitted a full Progress Update Review to the National Records of Scotland which offers an update of our Records Management Plan. A group has been set up internally to manage Information Governance. This has representation from across the organisation with Information Management Support Officers working in each functional area, managing and feeding back on their own area of the file plan. The internal audit process for the management of organisational records has been created and is currently being trialled by all teams. The trial period is due to be complete by July 2023 with staff feeding back on the process over the summer. The first full scale audit of organisational health in this area will take place in October 2023, in line with our reporting cycle for the National Records of Scotland Progress Update Review.

Performance Report

Analysis (cont.)

Information Governance and IT (cont.)

Digital and System Developments - Four new LA areas have been added to the LA portal: West Lothian, East Ayrshire, Fife and Perth & Kinross. Additional areas will be added in quarter 1 of the new financial year. The Scottish Living Wage uplift was processed automatically increasing PA hourly rates to the new SG published rate. We have made significant developments moving away from paper printouts with the use of notifications and emails for our Caseworkers.

In terms of Systems Developments our digital transformation project has moved from Discovery to Proof of Concept stage, working with third party suppliers on potential software solutions. This work commenced in the final quarter of the year. Funding has been secured and the project may take up to two years to complete.

Risk and Resilience - We tested our processes during the year and further scenario planning is complete and our teams are ready to again practice our resilience processes and build on lessons learned from the last exercise. The year has seen the resilience programme embed further into the organisation and we aim to build on this in 2023-24 with more coaching and training.

Cyber security – We have completed our re-accreditation of Cyber Essentials Plus. We took part in a month long simulated phishing campaign and staff reporting has been very good during the period. Throughout the year we have remained vigilant and pro-active with infrastructure security and have kept staff up to date with the latest threats, all of which contribute to our stable security posture.

Performance Report

Analysis (cont.)

Governance and social responsibility

The company is committed to good employee relations and HR policies have been developed from best practice to ensure full compliance with employment and equalities legislation.

ILF Scotland seeks to actively manage sickness absences and has return to work meetings with staff to improve support on resumption of duties and discuss absence patterns and causes.

The company procurement policy ensures fair competition and value for money, with specific arrangements to encourage tenders from employers of disabled people in procurement exercises. ILF Scotland is committed to prompt payment of bills for goods and services received. Payments are normally made within the period specified in the contract. Where there is no contractual or other understanding, we endeavour to pay within 10 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand, whichever is later.

In 2022-23 ILF Scotland paid 97% of invoices within 10 days (2021-22 99%) of receipt. The number of creditor days outstanding at the end of 2022-23 was 11 days (2021-22 25 days).

Financial review

Our Grant in Aid funding allocation and actual expenditure is set out below:-

Grant in Aid	Allocation	Actual
	£m	£m
Resource expenditure	60.5	55.8
Capital expenditure	0.5	0.6
Non-cash	0.1	0.1
Total Fiscal Resource	61.1	56.5

- **Awards Paid** – The payments made to recipients for the year 2022-23 were £51.4m (2021-22 £49.2m), of which £2.8m (2021-22 £1.4m), was for the Transition Fund.
- **Reserves** – We have healthy reserves at almost £4.3m at 31 March 2023 (£5.1m at 31 March 2022).
- **External Audit** – Audit Scotland have been appointed for the financial years 2022/23 to 2026/27.

Performance Report

Analysis (cont.)

Financial review (cont.)

Whilst we report an underspend of £4.6m against originally granted funding for the year, we are actually reporting a decrease in taxpayers' equity for the year amounting to £837k which has been transferred from general reserve as set out on page 66. We drew down significantly less funding than originally allocated in order to balance out our forecast funding requirements and our general reserve was intentionally managed down during the year in view of our surplus opening reserves position.

ILF Scotland is financed out of Grant in Aid from SG for the purpose of making regular grants to individuals. Grant in Aid of £54.9 million (2021-22 £55.4 million) was utilised in Scotland and NI to meet the needs of users and related administration costs.

Assets are held only for the purpose of managing the company.

The company requests and receives Grant in Aid on a monthly basis to meet its immediate cash needs. Procurement policies are designed to secure goods and services for immediate consumption during the year with best value for money at current cost, and without setting up complex financial instruments. Company exposure to financial instrument risk is therefore low compared with non-public sector organisations. The policies on financial instruments are provided in the Notes to the financial statements, and appropriate disclosures are included.

Company law requires the directors to prepare financial statements for each financial year. The financial statements comply with the Companies Act 2006 and the directors have adopted to prepare them in accordance with International Financial Reporting Standards (IFRSs) and applicable law and to provide additional disclosures required by the Government Financial Reporting Manual 2022-23 where these go beyond the requirements of the Companies Act 2006.

The financial statements are prepared on a 'going concern' basis. Grant in Aid is received on a cash basis to meet immediate need. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2023 shows a net assets position of just under £4.3m as set out on page 63.

SG has provided a letter to the Chief Executive to confirm that Grant in Aid will be made available to cover the financial obligations of the company for the financial year 2023-24.

There were no events after the end of the financial year that have any material effect on these Reports and Financial Statements.

Performance Report

Analysis (cont.)

Environmental Matters and Climate Change

We believe that the next 10 years will be crucial in creating sustainable plans to reduce our resource consumption and slow global warming by becoming carbon neutral.

Covid-19, extreme weather conditions across the globe, the semi-conductor crisis and now the staffing crisis in critical front line services have rightly focused on “right-sizing” scarce resources and setting priorities for organisations to reduce not only their current consumption, but to embed sustainable plans to de-carbonise and become Net Zero by 2040.

As an Executive Public Body ILF Scotland is committed and aligns to the general climate change duties set out under Section 44 of the Climate Change (Scotland) Act 2009. Although not a listed public body with the requirement to report directly against the carbon reduction targets, ILF Scotland takes environmental matters very seriously and is working towards its own Net Zero targets by 2040. ILF Scotland is now linked in to the Scottish Government Climate Change team and are gaining valuable information into responsibilities, requirements, measurement tools, reporting frameworks and bodies of expert knowledge on implementing Net Zero action plans.

Our approach is more than becoming paperless or using green energy sources – it is built into our strategy and operational practices and is an attempt at a whole organisational drive to right-size and appropriately source the resources we require to deliver our business objectives. This approach encompasses five domains and a further five operational practices.

Domains

- Governance
- Strategy
- Risk Management
- Metrics
- Targets and Timescales

The five Domains provide the framework for a more sustainable and carbon neutral ILF Scotland by 2040.

Performance Report

Analysis (cont.)

Environmental Matters and Climate Change (cont.)

To bring this together at the whole organisational level, five inter-related activities consider the environmental and carbon reduction measures required to achieve net zero.

- Sustainability action plan (and working group)
- Change and continuous improvement activity
- Efficiency and quality management
- HR and workforce planning
- Digital delivery transformation plan

It should be noted that the current continuous improvement activity and efficiency management reporting have identified considerable in-year time savings for the front line operations. Once a full baseline activity of current carbon impact is made and understood, future improvements can be strategically prioritised and focused on those activities either contributing most to carbon footprint, or those processes and activities that take up the most amount of time and resources.

There is the potential for further operational and resources consumed savings by becoming more digitally enabled as an organisation, as well as the benefits this will give to our recipients by being able to self-serve at a time and manner convenient to them, without the need to send letters and forms back to us.

At a future point, the more our recipients are able to do for themselves, the fewer staff resources in comparison we would need to support them which in turn reduces the carbon footprint and resources consumed by more staff members. This illustrates our thinking and the next stage is to set realistic targets for carbon reduction, staffing numbers, fuel and buildings costs and travel and devices. This emerging framework will give us a basis to bring all of this together during this last year of our current strategy.

Effect of the UK leaving the European Union (Brexit)

ILF Scotland has been largely unaffected by Brexit. We are a SG and NI Government funded organisation serving our recipients in Scotland and NI. We will continue to monitor any possible impact.

Performance Report

Analysis (cont.)

Human Rights

ILF Scotland is committed to equality of opportunity and has policies and procedures in place to ensure this is achieved. It also fully recognises its legal responsibilities, particularly in respect of race relations, age, sex and disability discrimination and complies with all Scottish Government policies in relation to Human Rights and Equality.

ILF Scotland is subject to the Equality Act 2010 (General Duties) (Scotland) Regulations (see link below) and must also publish statements on equal pay and information about Board members.

[Equality Act 2010: guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/equality-act-2010-general-duties-scotland)

Anti-Corruption and Anti-Bribery matters

ILF Scotland is committed to the highest standards of ethical conduct and integrity and is committed to the prevention of bribery and corruption as we recognise the importance of maintaining our reputation and the confidence of our stakeholders.

We can report that no instances of corruption or bribery were recorded in 2022-23 (2021-22 nil).

Summary – This has been another strong year, delivering even further progress against our strategic plan.

Authorised for issue by the Board of Directors.

Signed by the Chair of the Board on behalf of the directors and also signed by the Accountable Officer.



Susan Douglas-Scott CBE, Chair of the Board

28 June 2023



Peter Scott OBE, Accountable Officer

28 June 2023

Accountability Report

Consisting of: Corporate Governance Report; Remuneration and Staff Report; and Parliamentary Accountability Report

Corporate Governance Report

The Corporate Governance Report consists of three sections:

1. Statement of Directors' & Accountable Officer's Responsibilities;
2. Annual Governance Statement; and
3. Directors' Report

1. Statement of Directors' & Accountable Officer's Responsibilities

The directors and the Accountable Officer are responsible for preparing the Annual Report and Financial Statements of the company in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. The financial statements comply with the Companies Act 2006 and the directors have adopted to prepare them in accordance with IFRSs and applicable law and to provide additional disclosures required by the Government Financial Reporting Manual 2022-23 where these go beyond the requirements of the Companies Act 2006. Under company law directors must not approve the financial statements until they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the UK and the Accounts Direction applicable to the year issued by the Scottish Ministers; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Accounts Direction applicable to the year issued by the Scottish Ministers. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and detect fraud and other irregularities.

Accountability Report

Corporate Governance Report

Statement of Directors' & Accountable Officer's Responsibilities (cont.)

The directors have prepared a Directors' Remuneration Report in order to comply with the requirements of the Government Financial Reporting Manual 2022-23 in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, to the extent that they are relevant.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As Accountable Officer, as far as I am aware, there is no relevant audit information of which ILF Scotland's auditor is unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that ILF Scotland's auditor is aware of the information.

As set out in the "Memorandum to Accountable Officers for Other Public Bodies", the accountable officer is personally responsible for the propriety and regularity of the body's public finances and ensuring that its resources are used economically, efficiently and effectively. This includes compliance with relevant guidance issued by Scottish Ministers, in particular the Scottish Public Finance Manual, and the Framework Document defining the key roles and responsibilities which underpin the relationship between the body and the Scottish Government.

Accountable Officer Confirmation on the Annual Report and Financial Statements


As Accountable Officer I confirm that the annual report and financial statements as a whole are fair, balanced and understandable and I take personal responsibility for the annual report and financial statements and the judgements required for determining that it is fair, balanced and understandable.

Authorised for issue by the Board of Directors.



Susan Douglas-Scott CBE, Chair of the Board

28 June 2023



Peter Scott OBE, Accountable Officer

28 June 2023

Accountability Report

Corporate Governance Report

2. Annual Governance Statement

Scope of responsibility

The Board of Directors have responsibility for maintaining sound corporate governance systems that support the achievement of our policies, aims and objectives and safeguard the public funds and assets for which we are personally responsible. Our responsibilities for managing public money and the duties assigned to us have been exercised with due diligence and the appropriate professional care.

The role of ILF Scotland is to deliver discretionary cash payments directly to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities.

Director Attendance

Name	Board Meetings		Audit & Risk Committee		Remuneration Committee	
	2022 - 23	2021 - 22	2022 - 23	2021 - 22	2022 - 23	2021 - 22
Susan Douglas- Scott	4/4	4/4	3/4*	2/4*	2/2	2/2
Alan Dickson	4/4	4/4	4/4	4/4	N/A	N/A
Elizabeth Humphreys	4/4	4/4	4/4	4/4	N/A	N/A
Elizabeth McAtear	3/4	4/4	N/A	N/A	2/2	2/2
Mark Adderley	4/4	4/4	N/A	N/A	2/2	2/2
Anne-Marie Monaghan	4/4	4/4	N/A	N/A	2/2	2/2
Etienne d'Aboville	3/4	4/4	4/4	4/4	N/A	N/A

* Attending as an observer.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Sound Corporate Governance

Our corporate governance systems continue to be drawn up from best practice recommendations and are being strengthened through internal scrutiny, legislative and process compliance and through collaborative working with both internal and external auditors.

These systems address individual and corporate accountabilities, the roles and effectiveness of our boards and our capacity to identify and effectively manage and report risk.

The company strategic aims and objectives have been developed by the directors along with our sponsor team at SG. Our Chief Executive attends quarterly meetings chaired by SG officials. These meetings discuss significant business and programme risks and review ongoing progress against plan.

The programme meetings chaired by SG officials are supported by regular operational meetings with the sponsor team, members of specialist teams and other SG colleagues to ensure clarity of purpose, sound communication and effective reporting.

The Board met four times in formal session this period. There were also various board development days and committee meetings. All meetings have a pre-agreed agenda, are minuted and produced clear actions and matters arising. Meetings are attended by directors and appropriate members of the SMT.

The directors have a responsibility for maintaining sound systems of control to address key financial and other risks, ensuring that the requirements of the ILF Scotland founding documents are met, that high standards of corporate governance are demonstrated, and for reviewing the effectiveness of the systems of internal control.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Capacity to handle risk

The Chief Executive acts as the Risk Champion for the company, whilst lead responsibility for ensuring that appropriate mechanisms are in place for identifying, monitoring and controlling risk, and advising SMT on the actions needed in order to comply with our corporate governance requirements rests with the Chief Operating Officer, who is supported by the Director of Digital and Information in the capacity of the ILF Scotland Senior Information Risk Officer (SIRO).

Our systems and processes are designed to manage risk to a reasonable and appropriate level rather than to eliminate all risk; therefore it can only provide reasonable and not absolute assurance of effectiveness.

Whilst every member of staff has a responsibility to ensure that exposure to risk is minimised, overall leadership of the risk management processes rests with members of the SMT. The SMT meets fortnightly.

Reviewing our strategic risks is a standing item at Board meetings, supported by the work of the Audit & Risk Committee, which provides a high-level resource to test the adequacy of assurance on our risk management framework and internal control environment. The Audit & Risk Committee is attended by representatives of internal audit and, when appropriate, external audit.

Managing risks

The Risk Management Framework sets out the organisation's attitude to risk and provides a consistent basis to capture, monitor and report risks and to progress strategies to mitigate these. In assigning lead risk owners at SMT level and in the management control processes, we identify clear lines of responsibility throughout the organisation.

Our overall risk appetite is risk averse. This does not mean that we avoid opportunities to improve. However, it does mean that we are rightly cautious when challenges may hinder or put at risk our core business and service provision to our users. Our risk management processes enable us to identify operational, business and financial risks, customer focus and delivery risks as well as identifying and assessing potential reputational risks and other contingent issues.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Principal risks

All bodies subject to the requirements of the Scottish Public Finance Manual (SPFM) must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers.

ILF Scotland maintains a strategic and operational risk register which records internal and external risks and identify the mitigating actions required to reduce the threat of these risks occurring and their impact. The Risk Management Strategy and Operational Risk Register are regularly updated and reviewed as a standing item by senior staff and the Audit and Risk Committee. Each individual risk is allocated an owner who ensures that mitigating action is carried out.

This year our principal risks were mainly in connection with the risks associated with managing recovery from the Covid-19 pandemic, managing the continued growth of the Transition Fund, the management of resources, managing the movement of personal and sensitive information, managing an ageing IT infrastructure, managing IT security and our core long standing risks in relation to funding and policy changes.

The risk and control processes applied within ILF Scotland accord with guidance given in the SPFM and have been in place for the year ended 31 March 2023 and up to the date of the approval of the annual report and financial statements.

A key part of our risk management process is the involvement of all staff in the discussion and identification of risks and their management. Together, we develop mitigating action, supported by management information and identify a specific manager to oversee progress.

The managers' role is to monitor, report on and manage these issues and risks.

Information Assurance

Within our programme we have a significant challenge and risk involved in transferring sensitive user and confidential corporate data to our partners and client departments. This has required close liaison with relevant partners to ensure that we meet our legal responsibilities under the Data Protection Act. Data and information security has been managed as a high priority item.

In terms of data and information security breaches there have been no reportable incidents.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Review of effectiveness

As directors, we have responsibility for reviewing the effectiveness of the system of corporate governance, including systems of internal control which have been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements. The Accountable Officer seeks written assurances from SMT in relation to their responsibilities for reviewing the effectiveness of the systems of risk management and internal control.

We also have in place **independent internal auditors** and they have provided their opinion that, with the exception of some control issues around Procurement and Creditors/Purchasing, ILF Scotland has adequate and effective arrangements for risk management, control and governance. They also report that proper arrangements are in place to promote and secure Value for Money. The issues noted above are being addressed by management.

Directors take assurance from these sources that effective systems of corporate governance are in place throughout the organisation. The internal control systems SMT have put in place include:

- A comprehensive suite of control checks, which have been refined and adapted to meet our requirements in managing the programme (as reported to the Audit & Risk Committee);
- Regular reports to SMT, directors and SG on progress against the company targets and business aims and objectives;
- A risk management strategy and risk management framework which comply with best practice;
- The organisation's Strategic Risk Register which is reviewed by Directors at least quarterly, a standing item with Audit & Risk Committee and reviewed monthly by SMT both quarterly at the risk and controls board and monthly at SMT meetings;
- A project governance framework that seeks to manage the responsibilities, resources, reporting and programme milestones in order to deliver the planned outcomes on-time and to pre-agreed quality;
- The adoption of formal project management arrangements based on PRINCE 2 principles for all key programme and projects, includes the development and maintenance of programme and project risk registers.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Board effectiveness and structures that support decisions

The Board has set up its governance arrangements to ensure compliance with best practice and relevant legislation.

The Board has developed terms of reference for all boards and committees, including their purpose, membership, and the election of the lead Director as well as defining the management and reporting requirements for each internal function.

Our governance processes and mechanisms to manage our boards are consistently applied to capture discussions, actions, risks and progress. These provide a basis for consistent reporting and ease of read-across to inform recommendations, actions and outcomes, our boards include the SMT, the Audit & Risk Committee and the Remuneration Committee.

The SMT meets regularly and is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross-functional issues are considered, and that risk management receives a high profile in planning and delivery of our plans. The SMT along with some of our senior managers meets fortnightly to ensure that all attendees understand both the priorities of the week and any emerging issues.

Senior Committees

The **Audit & Risk Committee** met four times during the period and is responsible for ensuring, as far as possible, that appropriate systems are in place within the company for the assessment and management of risk and advising the Board on the effectiveness of the systems of governance and control, leading to signing off the Annual Governance Statement. The Audit & Risk Committee reviews Strategic Risks as a standing item, it routinely considers the effectiveness of payment security, fraud management and recovered and unspent monies, it reviews the internal audit plans to ensure sufficient rigor and detail and undertakes to provide a questioning and challenging role to obtain assurance.

The **Remuneration Committee** met twice during the year. It oversees and reports to the directors on the salaries, rewards and conditions of service in place at the company. It also makes sure that ILF Scotland conducts its employee relations fairly, efficiently and effectively.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Significant internal control issues

Internal controls and procedures have been further strengthened with a formal partnership with NHS Counter Fraud Services and the implementation of a continuous improvement plan following in depth internal review.

During the course of the year we have become aware of and have investigated five (2021-22 two) instances of alleged mis-use of funds in relation to fund recipients. Total funds involved are estimated to be around £26,000 (2021-22 £8,000). At 31 March 2023 four of these cases had been closed as either no case to answer or repayment plans have been put in place. It is also looking likely that the fifth allegation will have no case to answer. As these payments were recorded as costs when originally advanced they do not represent a further cost if deemed to be irrecoverable.

All cases have been reported to NHS Counter Fraud Services.

Whilst there were some issues noted as requiring improvement by our internal auditors, over the course of the year there have been no significant control weaknesses reported, nor has any report been made externally, independently nor via the company Whistle-blower policy. This policy encourages staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected.

Our audit and internal management reporting remains vigilant to ensure early identification of issues within normal day-to-day business and no significant issues have emerged. We have managed our risks and highlighted issues with foresight and taken decisions as required; we have forecast and reported our financial position in a timely accurate manner and maintained our budget within expected parameters.

We continue to develop and improve our internal control and governance systems and in conclusion we believe that they were fit for purpose during the reporting period.

Information and Data Security

ILF Scotland has in place a range of systems and measures which ensure that information held by the organisation, and held by third parties on behalf of the organisation, is secure. ILF Scotland monitors compliance concerning the release of data from the organisation. In addition, ILF Scotland has implemented SG guidance on data security and information risk through the creation of an information asset register, which includes assessment of risk and awareness training for staff.

Accountability Report

Corporate Governance Report

2. Annual Governance Statement (cont.)

Information and Data Security (cont.)

During 2022-23, we have been closely monitoring the requirements of the General Data Protection Regulations (GDPR) and engaged with all staff regularly. Direct GDPR training has been rolled out to all staff, this is mandatory training and an annual refresher is provided with data protection updates. Physical data security is monitored by office checks, on a quarterly basis.

ILF Scotland continues to focus upon Cyber Security and Resilience and we have Cyber Essentials PLUS accreditation.

There are no significant lapses in data security to report in 2022-23 (2021-22: none).

Authorised for issue by the Board of Directors.

Signed by the Chair of the Board on behalf of the Directors and also signed by the Accountable Officer.



Susan Douglas-Scott CBE, Chair of the Board
28 June 2023



Peter Scott OBE, Accountable Officer
28 June 2023

Accountability Report

Corporate Governance Report

3. Directors' Report

Company Number SC500075

The directors submit their annual report for the year ended 31 March 2023.

The financial statements comply with the Companies Act 2006 and the directors have adopted to prepare them in accordance with IFRSs and applicable law and to provide additional disclosures required by the Government Financial Reporting Manual 2022-23 where these go beyond the requirements of the Companies Act 2006.

Principal activities

The principal activities are described on page 5. The organisation became an NDPB in June 2018, having previously been an Other Significant Public Body.

Directors

Susan Douglas-Scott

Chair of the board

Alan Dickson

Non-executive director

Mark Adderley

Non-executive director

Elizabeth Humphreys

Non-executive director

Elizabeth McAtear

Non-executive director

Anne-Marie Monaghan

Non-executive director

Etienne d'Aboville

Non-executive director

For further information, please see the Annual Governance Statement on pages 29 to 36.

All non-executive directors are considered to be independent.

Accountability Report

Corporate Governance Report

3. Directors' Report (cont.)

Beneficial Interests

None of the directors had any beneficial interest in the ownership of the company throughout the period. The company is guaranteed by the Scottish Ministers.

Non-current assets

The company is now accounting for right-of-use assets in accordance with IFRS 16. The only other movement during the year was depreciation/amortisation of existing assets held at the beginning of the year and the disposal of fully depreciated assets.

Employees

It is ILF Scotland's aim to keep employees informed about its affairs and in particular those matters that affect them directly. The company regularly issues all-staff emails and is in the process of developing a staff Intranet site.

ILF Scotland is an Equal Opportunities Employer and actively encourages applications from disabled people.

Pension Scheme

The company joined the Civil Service Pension Scheme on 1 September 2019. Most members of staff chose to join the defined benefit offering known as alpha.

Corporate governance

The Board is charged with maintaining a sound system of internal control that supports the achievement of the ILF Scotland policies, aims and objectives and regularly reviewing the effectiveness of that system. The Board is also responsible for the Annual Governance Statement.

The Board's Annual Governance Statement is provided on pages 29 to 36.

The Board & SMT

The Board is responsible for ensuring that effective corporate governance arrangements are in place that set out how ILF Scotland is directed and controlled and how the assurance on risk management and internal control is provided.

Accountability Report

Corporate Governance Report

3. Directors' Report (cont.)

The Board & SMT (cont.)

The Board is required to demonstrate high standards of corporate governance at all times and to ensure that best practice is followed consistent with the UK Corporate Governance Code and appropriate adaptations of Corporate Governance in the Central Government Departments Code of Good Practice. The responsibilities of the Board are set out in the Governance Statement.

A link to the company website giving more details about the Board of Directors and the SMT can be found on page 5. The Board of Directors is also listed on page 37.

Non-Executive Directors

The non-executive directors are appointed by The Scottish Ministers for a fixed term appointment of four years which can be extended at the discretion of The Scottish Ministers.

Register Of Interests

Full details of ILF Scotland's Register of Interests can be found on our website at:

[Board Register of Declared Interests 2023 | ILF Scotland](#)

Remuneration Committee

Members of the committee are appointed by the Board. The Board determines the membership and terms of reference. The chair of the committee will report back to the Board after each meeting as required and the minutes of Committee meetings will be provided to directors for information. Remuneration Committee meetings will normally be attended by the Chief Executive and the Chief Operating Officer.

For further information, please see the Annual Governance Statement on pages 29 to 36 and the Remuneration and Staff Report on pages 41 to 53.

Audit & Risk Committee

Members of the committee are appointed by the Board. The Board determines the membership and terms of reference. The chair of the committee will report back to the Board after each meeting as required and the minutes of committee meetings will be provided to directors for information. Audit Committee meetings will normally be attended by the Chief Executive, the Finance Director and the Chief Operating Officer.

Accountability Report

Corporate Governance Report

3. Directors' Report (cont.)

Audit & Risk Committee (cont.)

Both external and internal audit have the right to independent access to the chair and members of the committee.

Further details regarding the Audit & Risk Committee can be found in the Annual Governance Statement on pages 29 to 36.

Statement of disclosure of information to external auditor

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the external auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the external auditor is aware of that information.

External Auditor

Details of all fees earned by the external auditor are provided in note 5 of the annual financial statements.

Under the Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008, a new auditor of the company was appointed by the Auditor General for Scotland for 2022-23. The new auditor for the company with effect from 2022-23 is Audit Scotland.

Authorised for issue by the Board of Directors.

James Maguire

James A Maguire
Company Secretary

28 June 2023

Accountability Report

Remuneration and Staff Report

Directors and SMT

Directors are appointed by Scottish Ministers for a period of four years which can be extended to a maximum of eight years at the discretion of Scottish Ministers.

The directors are appointed from a variety of backgrounds on the basis of relevant experience gained and skills required.

The Chief Executive together with the SMT are responsible for day-to-day operations and activities.

The Remuneration Policy

This report for the year ended 31 March 2023 deals with the remuneration of the Chief Executive, SMT and directors of ILF Scotland.

ILF Scotland is managed by a Board of Directors appointed by Scottish Ministers. The directors receive remuneration as post-holders and are reimbursed for incidental expenses in line with the company travel and subsistence policy. There are no unpaid persons or volunteers upon whose services the company is dependent.

The Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors and is established to independently review the salary of the Chief Executive. The Chief Executive informs the committee of any annual pay discussions to agree the salary levels for employees and SMT, in accordance with with Scottish Government pay remit guidelines.

Members of the committee for the period of this report were:

Mark Adderley, chair of the Remuneration Committee

Susan Douglas-Scott, member of the Remuneration Committee

Elizabeth McAtear, member of the Remuneration Committee

Anne-Marie Monaghan, member of the Remuneration Committee

Accountability Report

Remuneration and Staff Report (cont.)

The Remuneration Committee (cont.)

The terms of reference of the Remuneration Committee in relation to salary, rewards and conditions of service are:

- To ensure that the SMT and staff are fairly and responsibly rewarded for their joint and individual contributions to ILF Scotland management and overall performance.
- To agree the Chief Executive's remuneration in line with Public Sector Pay Policy, in discussion with The Scottish Ministers and ensure that it is managed under the terms and conditions agreed with the company.
- To review and where appropriate, approve the Chief Executive's proposals for the remuneration of the SMT.
- To review and where appropriate approve the SMT's remuneration proposals for all staff below SMT level. This will include approval of the annual pay remit and setting pay bands where appropriate.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the directors and the most senior company management. The figures below form part of the Remuneration Report to be audited as referred to in the Auditor's Report.

Directors

For the year ended 31 March 2023 the total remuneration paid to directors was:

Name	2022-23	2021-22
	£'000	£'000
Susan Douglas-Scott (Chair)	5-10	5-10
Alan Dickson	0-5	0-5
Elizabeth Humphreys (Vice Chair)	0-5	0-5
Elizabeth McAtear	0-5	0-5
Mark Adderley	0-5	0-5
Anne-Marie Monaghan	0-5	0-5
Etienne d'Aboville	0-5	0-5

Directors' salary is non-pensionable.

Accountability Report

Remuneration and Staff Report (cont.)

The Chief Executive and SMT

The Chief Executive and the SMT are employed on ILF Scotland terms and conditions.

The directors apply the policy regarding senior management remuneration as follows:

- To create a fair and transparent pay structure offering salaries in line with the roles and demands on the personnel in those posts.
- To offer competitive salaries to enable the company to attract personnel of the required calibre to fill its senior management posts.
- To align decisions in accordance with the key features and parameters of the Scottish Government's pay policy so as to:
- To align reward with the business objectives to encourage high performance and improve the focus on the delivery of service;
- To ensure reward arrangements are affordable; and
- To create a level of salary progression which is subject to performance expectations (performance below the expectation would mean no progression and management action would be necessary for less than adequate performance).

The Chief Executive's and SMT performance will be reviewed annually with the overall assessment informed by quarterly one-to-one meetings.

In the event of early severance, compensation would be payable in accordance with company terms and conditions.

Accountability Report

Remuneration and Staff Report (cont.)

Remuneration of Chief Executive and Executive Leadership Team (ELT) – Subject to Audit

This table represents the part of the Remuneration Report to be audited as referred to in the Auditor’s Report.

Salaries include gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made within the year by ILF Scotland. There were no bonus payments or benefits in kind.

	Salary		Pension benefits (to nearest £000)		Total	Total
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	£'000	£'000	£'000	£'000	£'000	£'000
Peter Scott Chief Executive Officer	85-90	80-85	33	32	115-120	115-120
Harvey Tilley Chief Operating Officer	80-85	80-85	31	30	110-115	110-115
James Maguire Director of Finance	55-60	55-60	22	22	80-85	80-85
Linda Scott Director of Policy, Improvement & Engagement	75-80	65-70	27	26	100-105	95-100
Paul Hayllor Director of Digital & Information Services	75-80	70-75	31	28	105-110	95-100
Robert White Director of Self- directed Support	75-80	65-70	29	26	105-110	90-95

Accountability Report

Remuneration and Staff Report (cont.)

Pension Benefits – Subject to Audit

The company joined the Civil Service Pension Scheme on 1 September 2019 and most members of staff chose to join the defined benefit offering (alpha). All of the ELT noted below joined alpha.

	Accrued pension at pension age as at 31 March 2023	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Peter Scott Chief Executive Officer	5-10	0-2.5	97	66	21
Harvey Tilley Chief Operating Officer	20-25	0-2.5	248	214	16
James Maguire Finance Director	5-10	0-2.5	95	71	17
Linda Scott Director of Policy, Improvement & Engagement	5-10	0-2.5	91	65	18
Paul Hayllor Director of Digital & Information Services	5-10	0-2.5	85	56	20
Robert White Director of Self-directed Support	5-10	0-2.5	77	51	18

Cash Equivalent Transfer Value (CETV) is fully explained on page 48.

Accountability Report

Remuneration and Staff Report (cont.)

Pension Benefits – Subject to Audit (cont.)

Prior year figures for the ELT were as follows:-

	Accrued pension at pension age as at 31 March 2022	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Peter Scott Chief Executive Officer	0-5	0-2.5	66	39	20
Harvey Tilley Chief Operating Officer	15-20	0-2.5	214	189	15
James Maguire Finance Director	0-5	0-2.5	71	49	17
Linda Scott Director of Policy, Improvement & Engagement	0-5	0-2.5	65	41	18
Paul Hayllor Director of Digital & Information Services	0-5	0-2.5	56	33	17
Robert White Director of Self-directed Support	0-5	0-2.5	51	30	15

Accountability Report

Remuneration and Staff Report (cont.)

Pension Benefits – Audited (cont.)

The Civil Service Pension Scheme are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Pension Schemes

The company joined the Civil Service Pension Scheme on 1 September 2019. Most staff members chose to join the scheme known as alpha which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age. This statutory pension arrangement is unfunded with the cost of benefits met by monies voted by Parliament each year.

Employee contributions are salary related and range between 4.60% and 7.35% of pensionable earnings. At the end of the scheme year the member's earned pension account is credited with 2.32% of their pensionable earnings in that scheme year. Employer contributions are salary-related and can be up to 30.30% of pensionable earnings.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is the higher of 65 or State Pension Age for members of alpha.

A few staff members have chosen to participate in the partnership pensions account which is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer basic contribution).

Employers also contribute a further 0.50% of pensionable salary in both schemes above to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservicepensionscheme.org.uk>

Accountability Report

Remuneration and Staff Report (cont.)

Pension Schemes (cont.)

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent partner's benefits payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves the scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the scheme, not just as their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office - Audited

There were no ILF Scotland directors or staff that left on Voluntary Exit, Voluntary Redundancy or Compulsory Redundancy terms.

Accountability Report

Remuneration and Staff Report (cont.)

Pay multiples – Subject to Audit

Fair pay

Year	25th percentile pay ratio	median pay ratio	75th percentile pay ratio
2022-23	2.77	2.16	2.04
2021-22	2.75	2.14	2.02

Year	25th percentile pay	median pay	75th percentile pay
2022-23	£31,541.00	£40,436.00	£42,855.00
2021-22	£30,039.00	£38,629.00	£40,814.00

The banded remuneration of the highest paid employee in the company in the financial period 2022-23 was £85-90k (2021-22 £80-85k). The table above sets out how the various percentiles compare against the mid-point of the band of the highest paid employee.

We believe that the median pay ratios set out above are consistent with the pay, reward and progression policies for our employees taken as a whole. We adhere to SG pay policy.

Movement in the ratios are reflective of the consistent application of ILFS pay and reward policies in year to all staff, including the remuneration of the highest paid employee.

Total remuneration includes salary only. There were no bonus payments or benefits in kind. It does not include employer pension contributions.

The table above represents the part of the Remuneration Report to be audited as referred to in the Auditor's Report.

In 2022-23 nil (2021-22 one) employees received remuneration in excess of the Chief Executive. Remuneration ranged from £23,335 to £85,090 (2021-22 £21,045 to £83,890).

The increase in the banded remuneration of the highest paid employee year on year was 6%.

Year on year annualised average staff FTE remuneration increased by 6.25% (2021/22 decrease of 0.27%). This increase is in line with the overall SG pay settlement implemented during the year alongside staff pay progression.

Accountability Report

Remuneration and Staff Report (cont.)

Staff Report

Gender Analysis

The table below shows the gender analysis of ILFS employees during the year.

	2022 - 23		2021 - 22	
	Male	Female	Male	Female
Directors	3	4	3	4
Senior Management Team	6	2	6	2
Staff	12	53	10	48
Total	21	59	19	54

Absence Analysis

The table below shows the staff absence analysis of ILFS employees for the year.

	2022- 23	2021- 22
Absence rate	4.72%	5.02%

Short term absences remain at a low level at 2.40% (2.28% in 2021-22). However we had several longer term absences at 2.32% in line with last year (2.74% in 2021-22). We continue to offer mental health awareness, personal resilience and suicide prevention workshops to all staff on an annual basis with mental health first aiders being trained and now in post to support our workforce. Our whole-life friendly suite of policies also continues to support the workforce in a positive manner.

Staff Costs & Numbers – Subject to Audit

	Permanently Employed Staff	Fixed Term Contract Staff	Board Members	Total 2022-23	Permanently Employed Staff	Fixed Term Contract Staff	Board Members	Total 2021-22
Salaries	£ 2,388,183	£ 76,246	£ 15,840	£2,480,269	£ 2,140,710	£ 12,661	£ 16,150	£ 2,169,521
Social Security Costs	£ 262,511	£ 7,873	£ -	£ 270,384	£ 224,223	£ 884	£ -	£ 225,107
Other Pension Costs	£ 647,502	£ 15,248	£ -	£ 662,750	£ 579,039	£ 3,286	£ -	£ 582,325
Total	£ 3,298,196	£ 99,367	£ 15,840	£3,413,403	£ 2,943,972	£ 16,831	£ 16,150	£ 2,976,953

Accountability Report

Remuneration and Staff Report (cont.)

Staff Report (cont.)

Staff Costs & Numbers – Subject to Audit (cont.)

	2022-23	2021-22
	Directly Employed Staff	Directly Employed Staff
Directly employed: Permanent contract	69	61
Directly employed: Fixed Term contract	4	5
Temporary staff contract	0	0
Total	73	66

Note that the numbers above exclude non-executive directors. The numbers show staff employed during the year.

Consultancy costs

Amounts paid in the year

2022-23	2021-22
£19,682	£56,019

Staff Policies

Our policy framework enables the delivery of our strategy and also supports the wishes, needs and aspirations of a modern workforce which is underpinned by a strong culture of trust, dignity and respect. This has helped ILF Scotland to be a beacon of independent living and innovative thinking for disabled people and also an award-winning employer of choice. For us there is no such thing as a normal employee and the framework had to take into account values, equality, diversity, young and more mature employees, families, caring responsibilities and make-up of modern society. By doing this, we know we attract and retain the best team possible to achieve our inclusive organisational aspirations.

To support the way we aspire to work, we have co-produced with colleagues a comprehensive approach that supports our collective health and wellbeing alongside delivering our organisational strategy. This methodology is solidly based on organisational development, tailored to support the culture of inclusiveness, diversity, outcomes focus, trust, coaching and continuous improvement.

Accountability Report

Remuneration and Staff Report (cont.)

Staff Report (cont.)

Staff Policies (cont.)

We have put in place an award winning suite of whole-life-friendly policies, procedures, benefits and systems that can be tailored to meet individual circumstances. This includes working flexibly, compressed hours, being sympathetic to individual/family emergencies or remote working and providing the right technology to do the job.

Our above established policies proved to be invaluable when we, along with everyone in the country and indeed the world, were affected by the pandemic referred to as Covid-19. We quickly extended our remote working practices for all members of staff to keep both them and our recipients safe.

Staff Turnover

Staff turnover was 9% during the year (5% in 2021-22) and is considered satisfactory in view of the higher than normal number of retirements. The 9% is made up of six employees, four of whom retired during the year.

Staff Survey

The ILF Scotland 2022 staff survey had an 87% response rate and, from that, over 95% of survey respondents feel valued by their colleagues and managers and over 97% reported satisfaction with work life balance opportunities. 100% of respondents said flexible working makes a beneficial difference to them, enhancing their life. Respondents put an average value of £4,380 above their remuneration package as a result of being able to work flexibly. The 'organisations purpose' was shown to be one of the main reasons why staff enjoy working for ILF Scotland as well as being aligned to the organisations vision and values.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

We, as an organisation, are happy to recognise trade unions and we make a point of engaging trade unions on important matters affecting staff. An example of this was when we changed the pension scheme offering to staff. Relevant trade unions were actively consulted and involved.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require public sector employers to publish information relating to facility time. At year end 31 March 2023, ILF Scotland did not have any trade union facility time (2021-22 Nil).

Accountability Report

Remuneration and Staff Report (cont.)

Staff Report (cont.)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 (cont.)

Table 1	
Relevant union officials	
What was the total number of your employees who were relevant union officials during the relevant period?	
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Table 2	
Percentage of time spent on facility time	
How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?	
Percentage of time	Number of employees
0%	0
1-50%	0
51%-99%	0
100%	0

Table 3	
Percentage of pay bill spent on facility time	
Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.	
First Column	Figures
Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Table 4	
Paid trade union activities	
As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0


Mark Adderley, Remuneration Committee Chair
 28 June 2023


Peter Scott OBE, Accountable Officer
 28 June 2023

Accountability Report

Parliamentary Accountability Report (Subject to Audit)

Losses and special payments

In accordance with the SPFM, we are required to disclose losses and special payments above £300,000. During 2022-23 there were no losses or special payments within this criteria (2021-22: £nil).

Gifts and Charitable Donations

There were gifts made during the year amounting to £695 (2021-22: nil). There were no charitable donations made during the year (2021-22: nil).

Remote Contingent Liabilities

ILF Scotland are required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability under IAS37. There are currently no remote contingent liabilities.



Susan Douglas-Scott CBE, Chair of the Board

28 June 2023



Peter Scott OBE, Accountable Officer

28 June 2023

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Independent Living Fund Scotland for the year ended 31 March 2023 under The Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity 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 UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the company as at 31 March 2023 and of the deficit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27.

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Basis for opinion (cont.)

I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the company. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

These conclusions are not intended to, nor do they, provide assurance on the company's current or future financial sustainability. However, I report on the company's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Responsibilities of the Accountable Officer and directors for the financial statements

As explained more fully in the Statement of the Directors' and Accountable Officer's Responsibilities, the Accountable Officer and directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer and directors 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 Accountable Officer and directors are responsible for assessing the 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 there is an intention to discontinue the company's operations.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Auditor's responsibilities for the audit of the financial statements (cont.)

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006 are significant in the context of the company;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the company;
- inquiring of the Accountable Officer concerning the company's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006.

Other information

The Accountable Officer and directors are responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves.

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Other information (cont.)

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or

Independent Auditor's Report to the members of ILF Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Matters on which I am required to report by exception (cont.)

- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Kyle McAulay

Kyle McAulay CA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT
28 June 2023

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

Expenditure	Notes	2022-23	2021-22
		£	£
Grants to individuals	3	51,413,839	49,155,898
Staff costs	4	3,413,403	2,976,953
Other operating income and expenditure	5	871,042	832,025
Depreciation and amortisation	5	58,992	5,690
Total comprehensive net expenditure for the year		55,757,276	52,970,566

All expenditure relates to continuing operations.

The notes on pages 67 to 87 form part of these financial statements.

Statement of Financial Position as at 31 March 2023

	Notes	31 March 2023	31 March 2022
		£	£
Non-current assets			
Property, plant and equipment - owned	6a	-	-
Property, plant and equipment - right-of-use	6b	521,098	-
Total non-current assets		521,098	-
Current assets			
Trade and other receivables	9	538,319	64,929
Cash and cash equivalents	10	7,770,500	8,261,376
Total current assets		8,308,819	8,326,305
Total assets		8,829,917	8,326,305
Current liabilities			
	11	(4,038,050)	(3,242,272)
Total assets less current liabilities		4,791,867	5,084,033
Non-current liabilities			
	12	(506,278)	-
Net assets		4,285,589	5,084,033
Taxpayers' equity			
General reserve		4,285,589	5,084,033
Total taxpayers' equity		4,285,589	5,084,033

Cont.

Statement of Financial Position as at 31 March 2023 (cont.)

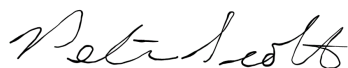
For the year ending 31 March 2023 the company was exempt under s482 of the Companies Act 2006 (non-profit making companies subject to public sector audit) from the audit requirements of Part 16 of that Act. The company is, instead, subject to audit by an auditor chosen selected by the Auditor General for Scotland by virtue of the Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2019, an order made under s483 of the Act.

These financial statements were approved and authorised for issue by the Directors.



Susan Douglas-Scott CBE, Chair of the Board

28 June 2023



Peter Scott OBE, Accountable Officer

28 June 2023

The notes on pages 67 to 87 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2023

	Notes	2022-23 £	2021-22 £
Cash flows from operating activities			
Net expenditure		(55,757,276)	(52,970,566)
Depreciation and amortisation	5	58,992	6,561
Adjustment for initial adoption of IFRS16		38,832	-
Amortisation of capital grant	11	-	(871)
(Increase) in trade and other receivables	9	(473,390)	(6,427)
Increase/(Decrease) in trade and other payables and other liabilities	11	1,302,056	(1,334,918)
Net cash outflow from operating activities		(54,830,786)	(54,306,221)
Acquisition of right of use asset	6b	(580,090)	-
Net cash outflow from investing activities		(580,090)	-
Cash outflows from financing activities			
Grant Funding		54,920,000	55,427,581
Net cash flows from financing activities		54,920,000	55,427,581
Net (Decrease)/Increase in cash and cash equivalents in the period		(490,876)	1,121,360
Cash and cash equivalents at the beginning of the period		8,261,376	7,140,016
Cash and cash equivalents at the end of the period	10	7,770,500	8,261,376

The notes on pages 67 to 87 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	£	General Reserve £
Balance at 1 April 2022		5,122,865
Changes in Taxpayers' equity 2022-2023		
Grant in aid from departments	54,920,000	
Net expenditure	<u>(55,757,276)</u>	
		<u>(837,276)</u>
Balance at 31 March 2023		<u>4,285,589</u>
Balance at 1 April 2021		2,627,018
Changes in Taxpayers' equity 2021-2022		
Grant in aid from departments	55,427,581	
Net expenditure	<u>(52,970,566)</u>	
		<u>2,457,015</u>
Balance at 31 March 2022		5,084,033
Initial adoption of IFRS16 on 1 April 2022 (see below)		<u>38,832</u>
Balance at 1 April 2022		<u>5,122,865</u>

General reserve – relates to the ongoing operation of regular payments to individuals and the associated administration costs, financed by Grant in Aid.

The IFRS16 adjustment relates to the reversal of a dilapidations provision in existence at 31 March 2022 prior to the implementation of IFRS16. Such provisions are now capitalised onto the right of use asset. The adjustment also reflects opening depreciation on dilapidations at 1 April 2022.

The notes on pages 67 to 87 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2023

1 Nature and purpose of ILF Scotland

ILF Scotland commenced operations in July 2015. The company is limited by guarantee (company number SC500075). The guarantor is The Scottish Ministers. The company is an NDPB of SG.

ILF Scotland carries out the functions previously carried out by the Independent Living Fund (2006) within Scotland and NI. There is also an agreement between SG and the DOH for ILF Scotland to administer ILF payments to ILF users based in NI.

It is financed by Grant in Aid from SG to provide assistance with the cost of qualifying support and services to disabled applicants and to meet the operating costs of the company. The Grant in Aid amount is approved annually and confirmed in a letter of delegation.

2 Statement of Accounting Policies

The financial statements comply with the Companies Act 2006 and the directors have adopted to prepare them in accordance with IFRSs and applicable law and to provide additional disclosures required by the Government Financial Reporting Manual 2022-23 where these go beyond the requirements of the Companies Act 2006.

The financial statements are prepared on a 'going concern' basis. Grant in Aid is received on a cash basis to meet immediate need. SG has provided a letter to the Chief Executive to confirm that Grant in Aid will be made available to cover the financial obligations of the company for the financial year 2023-24. The directors are not aware of any reason why the required Grant in Aid will not be made available in subsequent years.

a) Accounting convention

These financial statements have been prepared under the historical cost convention.

b) Property, plant and equipment

Property, plant and equipment consists of leased property (right-of-use assets) and IT equipment (owned assets). ILF Scotland believes that the useful economic life is a realistic reflection of the life of its assets, and the depreciated historical cost method provides a realistic reflection of the consumption of those assets. The company therefore carries assets at cost less accumulated depreciation and any recognised impairment in value.

With regard to right-of-use assets, value is assessed as the net present value of future lease payments plus any associated dilapidations provisions.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

c) Depreciation

Depreciation on property, plant and equipment is charged on a straight-line basis to write off the cost less residual values over the useful life of the asset: incepting at the purchase date, or when the asset is available for use, whichever is the later. IT hardware and equipment is depreciated over a three-year life span. Right-of-use assets are depreciated over the term of the lease.

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

d) Intangible assets

Intangible assets consist of bespoke software developed for the company and software licences held only for the purpose of managing the company. All intangible assets are carried at historic cost less amortisation.

Bespoke software assets are capitalised in the year of implementation. Amortisation is on a straight line basis over the estimated useful life of three years.

Software licences are capitalised in the year of acquisition. Amortisation is on a straight line basis over the estimated useful life of three years.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

e) Financial instruments

The company procurement policy is to enter into contracts and framework agreements for services and supplies at current agreed costs with annual price reviews, rather than create complex financial instruments.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when ILF Scotland becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised at fair value (the transaction price plus any directly attributable transaction costs, assessed for recoverability where relevant). Subsequent measurement is at amortised cost, although no adjustment for the time value of money is made where the settlement period is short so there would be no significant effect.

Financial assets comprise loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash at bank, accrued bank interest, prepayments and other receivables.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

e) *Financial instruments (cont.)* Financial liabilities comprise grant liabilities, trade payables, accruals, deferred income, leasing and provisions.

f) *Reserves policy*

Grant in Aid is not drawn in full in advance but requested each calendar month to meet estimated cash outflow. The company does not hold strategic reserves as it is dependent on public funding. It does however have general reserves that can be utilised as required.

g) *Grant in Aid*

Funding to cover grants to individuals and administrative expenditure is provided through Grant in Aid from SG. Grant in Aid is received on the basis of the ILF Scotland estimated cash payments during the financial year. Grant in Aid received forms part of the Departmental Expenditure Limits for the respective Departments. Grant in Aid is treated as financing rather than income and is directly credited to reserves.

h) *Grants to individuals*

Grants to individuals are discretionary grants made within SG rules and regulations. 2015 Fund grants are paid four weekly in arrears on the basis of authorised awards. Transition Fund grants are paid once applications have been approved and processed. Amounts due but unpaid at the end of the financial year are accrued.

Unused grants returned by individuals in the normal course of business are recognised on an accruals basis. An assessment is made of fair value recoverable.

i) *Formal recovery of grants to individuals*

Although grants to individuals are discretionary payments, formal recovery will be sought where the provision of incorrect information has led to incorrect payment or where the grants have not been used for the intended purpose. The company will seek to recover all amounts where it is cost-effective to do so unless it will cause hardship to the individual. Recovery procedures appropriate to the value and circumstances of the case will be used, in accordance with the ILF Scotland guidelines and procedures.

In accounting for recoveries we have adhered to the Conceptual Framework for Financial Reporting which gives guidance that an asset should not be recognised in the statement of financial position when the expenditure has been incurred for which it is considered improbable that economic benefits will flow. Therefore, a receivable is only recognised when it has been agreed with the individual and there is considered to be a definite prospect of recovery. Any grant recovery recognised will be disclosed as a reduction to expenditure in the year in which it is recognised.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

i) Formal recovery of grants to individuals (cont.)

Receivables will be assessed at the end of each accounting period and reduced to the estimated recoverable amount where there are circumstances that indicate full recovery is uncertain.

Amounts potentially recoverable in respect of Transition Fund grants are not treated as debt. All Transition Fund grant payments potentially remain payable until all evidence supporting the initial grant application has been received. We do not recognise any contingent assets in the financial statements.

j) Leasing

The company recognises a right-of-use asset and corresponding liability at the date at which a leased asset is made available, except for short term leases of less than 12 months and leases of low-value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the future lease payments. Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised.

k) Pension costs

The company joined the Civil Service Pension Scheme on 1 September 2019 and most staff chose to join the defined benefit offering.

The Civil Service Pension Scheme is an unfunded multi-employer defined benefit scheme in which ILF Scotland is unable to identify its share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 Employee Benefits. A full actuarial valuation was carried as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk)

Further pension details can be found in the remuneration and staff report on pages 41 to 52.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

1) Significant estimates and judgements

In applying the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

a. Significant estimates - the preparation of financial statements requires management to make estimates and assumptions in certain circumstances that affect reported amounts, and for this organisation such estimates are principally in assessing amounts due to recipients. There are no estimates which give rise to a significant risk of a material misstatement in the year ended 31 March 2023 (2021-22 none).

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 both current and future periods.

b. Judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately above), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recipient Accruals - we pay our 2015 Fund recipients four weeks in arrears, therefore we accrue based on the previous months payment information, this being a reliable measure. With regard to the Transition Fund we recognise a liability when applications are approved by management.

Recipient Payments Receivable – funding unused by recipients is repayable under our terms and conditions. In order to assess fair value of amounts deemed potentially receivable we use historic experience to determine recoverability. Our most recent experience tells us that 84% of amounts deemed potentially repayable have in fact been received. We have therefore used a factor of 84% recoverability to determine the fair value amounts deemed recoverable from unused funding at the year end. Recoverability factors are kept under review.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

b. Judgements (cont.)

In making their judgement, the directors considered the detailed criteria for the recognition of assets and liabilities and are satisfied with the above methodology.

m) Reporting segments

IFRS 8 requires entities to provide information relating to the components of the entity that management uses to make decisions about operating matters. A segmental financial analysis is not considered necessary for the company, as no separate components are used for operating decisions made by the Senior Management Team.

n) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of an event that occurred in the past and where it is probable that the settlement of that obligation will result in an outflow of resources, but the timing or amount of the settlement is uncertain. The amount recognised as a provision is the best estimate of the consideration which will be required to settle the obligation.

o) Adoption of new and revised Standards

1. Standards, amendments and interpretations effective in the current year

In the current year, ILF Scotland has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **Amendments to IAS 16:** Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 37:** Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

Notes to the Financial Statements for the year ended 31 March 2023

2 Statement of Accounting Policies (cont.)

o) Adoption of new and revised Standards (cont.)

2. Standards, amendments and interpretations early adopted this year

There are no new standards, amendments or interpretations early adopted this year.

3. Standards, amendments and interpretations issued but not adopted this year

At the date of authorisation of these financial statements, ILF Scotland has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- **IFRS 17:** Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 8:** Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.

ILF Scotland does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods.

Notes to the Financial Statements for the year ended 31 March 2023

3 Grants to individuals

	2022-23 £	2021-22 £
Payments made in year	55,531,220	53,779,043
Grant liabilities at start of year	(2,900,459)	(4,202,435)
Grant liabilities at end of year	3,708,496	2,900,459
Grant returns received in year	(4,479,840)	(3,321,168)
Grants receivable at end of year	(445,578)	-
	51,413,839	49,155,899

Grants to individuals are paid four-weekly in arrears. Grant liabilities consist of the accrued amounts from awards made by the end of the financial year but not fully paid up to the end of the financial year.

Returns received comprised £4,479,840 (2021-22 £3,321,168) in respect of unused funds returned by individuals. Grants receivable of £445,578 (2021-22 nil) consist of amounts deemed to be repayable by recipients but not received by the end of the financial year. This is the first year that grants receivable have been recognised after a change in accounting policy.

4 Staff costs

4a Staff numbers and related costs

	2022-23 £	2021-22 £
Wages and salaries	2,480,269	2,169,521
Social security costs	270,384	225,107
Other pension costs (see note 4b below)	662,750	582,325
Total staff costs	3,413,403	2,976,953

Notes to the Financial Statements for the year ended 31 March 2023

4a Staff numbers and related costs (cont.)

	2022-23	2021-22
	Number	Number
Average number of persons directly employed:		
Directors (part-time non-executives)	7	7
Staff	67	60
	74	67

4b Other pension costs

The company joined the Civil Service Pension Scheme on 1 September 2019 and most staff chose to join the defined benefit offering (alpha). Employee contributions are salary-related and range between 4.6% and 7.35% of pensionable earnings. Employer contributions are salary-related and can be up to 30.3% of pensionable earnings.

Contributions due to the current pension providers were £3,800 at 31 March 2023 (31 March 2022 £65,845). Contributions prepaid were nil at 31 March 2023 (31 March 2022 nil).

The Civil Service Pension Scheme known as alpha is an unfunded multi-employer defined benefit scheme. ILF Scotland is unable to identify its share of the underlying assets and liabilities. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2022-23, employers' contributions of £646,010 were paid in respect of alpha (2021-22 £573,950). Expected contributions in 2023-24 are approximately £685,000.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £16,740 were paid in 2022-23 (2021-22 £8,375) to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and ranged between 8% to 14.75%. Expected contributions in 2023-24 are approximately £18,000.

Notes to the Financial Statements for the year ended 31 March 2023

	2022-23	2021-22
	£	£
5 Other operating income and expenditure:		
IT and information security costs	308,237	258,020
Utilities and other estate costs	35,227	113,079
Legal and professional costs	74,455	142,495
Services, training, recruitment, travel and subsistence	286,843	196,754
Auditors remuneration (external audit)	27,580	21,120
Communication and engagement	121,600	87,267
Postage costs	14,654	9,059
Printing and stationary costs	2,446	4,231
Total other expenditure	871,042	832,025
Depreciation and amortisation	£	£
Depreciation	58,992	-
Amortisation	-	6,561
Amortisation of capital grant	-	(871)
Net depreciation and amortisation	58,992	5,690

Notes to the Financial Statements for the year ended 31 March 2023

6a Property, plant and equipment - owned

Cost	Information Technology £	Total £
At 1 April 2022 and at 31 March 2023	-	-
Depreciation		
At 1 April 2022 and at 31 March 2023	-	-
Net Book Value		
At 31 March 2023	-	-
At 31 March 2022	-	-

Cost	Information Technology £	Total £
At 1 April 2021	37,583	37,583
Disposals	(37,583)	(37,583)
At 31 March 2022	-	-
Depreciation		
At 1 April 2021	37,583	37,583
Disposals	(37,583)	(37,583)
At 31 March 2022	-	-
Net Book Value		
At 31 March 2022	-	-
At 31 March 2021	-	-

Notes to the Financial Statements for the year ended 31 March 2023

6b Property, plant and equipment – right-of-use assets

	Property	Total
	£	£
Cost or valuation		
At 31 March 2022	-	-
Adjustment	589,922	589,922
At 1 April 2022 as adjusted and at 31 March 2023	589,922	589,922
Depreciation		
At 31 March 2022	-	-
Adjustment	9,832	9,832
At 1 April 2022 as adjusted	9,832	9,832
Charge for year	58,992	58,992
At 31 March 2023	68,824	68,824
Net Book Value		
At 31 March 2023	521,098	521,098
At 31 March 2022	-	-

The right of use assets relate to the property occupied by ILF Scotland which under government accounting regulations have been treated in accordance with IFRS 16 with effect from 1 April 2022. There are no comparative figures for the previous year since the company was party to a lease that had less than 12 months to run.

The adjustments shown above relate to a property lease in existence at 1 April 2022 and now treated in accordance with IFRS 16. The net addition to right of use assets set out above is £580,090.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FRm) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Notes to the Financial Statements for the year ended 31 March 2023

7 Intangible assets

	Information Technology	Total
	£	£
Cost or valuation		
At 1 April 2022 and at 31 March 2023	281,028	281,028
Amortisation		
At 1 April 2022 and at 31 March 2023	281,028	281,028
Net Book Value		
At 31 March 2023	-	-
At 31 March 2022	-	-

	Information Technology	Total
	£	£
Cost or valuation		
At 1 April 2021 and at 31 March 2022	281,028	281,028
Amortisation		
At 1 April 2021	274,467	274,467
Charge for year	6,561	6,561
At 31 March 2022	281,028	281,028
Net Book Value		
At 31 March 2022	-	-
At 31 March 2021	6,561	6,561

Notes to the Financial Statements for the year ended 31 March 2023

8 Financial instruments and associated risks

As all of the of the company's cash requirements are met through Grant in Aid, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to purchase non-financial items in line with the company's expected usage requirements, so the company is exposed to little credit, liquidity or market risk. The value of financial instruments are considered to be a proxy of their fair value.

Financial Assets

	31 March 2023 £	31 March 2022 £
Cash and cash equivalents	<u>7,770,500</u>	<u>8,261,376</u>

Cash and cash equivalents: represents money with a UK bank held in current accounts to minimise risk.

Financial liabilities

	31 March 2023 £	31 March 2022 £
Grant liabilities	3,708,496	2,860,459
Trade payables and accruals	276,460	341,813
Deferred income	15,457	-
Leasing	436,278	-
Provisions	70,000	40,000
	<u>4,506,691</u>	<u>3,242,272</u>

Notes to the Financial Statements for the year ended 31 March 2023

8 Financial instruments and associated risks (cont.)

Financial liabilities (cont.)

Grant liabilities: Represents awards authorised but unpaid at the year end.

Trade payables and accruals: Represents amounts payable in the short term, to be met out of cash held at the year-end.

Deferred income: Represents amounts received to meet liabilities due in the next financial year.

Leasing: Represents amounts payable in respect of right of use assets.

Provisions: Represents amounts potentially payable in respect of property dilapidations.

9 Trade and other receivables

	31 March 2023 £	31 March 2022 £
Due within one year		
Trade and other receivables (see below)	476,128	14,633
Prepayments	62,191	50,296
	<u>538,319</u>	<u>64,929</u>

Trade and other receivables includes amounts deemed recoverable in respect of unused grant funding and grant overpayments. A gross amount potentially recoverable of £545,948 has been reduced to fair value of £445,578 (2022 - nil) and is included above.

There is no comparative figure due to a change in accounting policy this year with regard to the treatment of such monies.

Notes to the Financial Statements for the year ended 31 March 2023

10 Cash and cash equivalents	2022-23	2021-22
	£	£
Balance at 1 April	8,261,376	7,140,016
Net cash (outflow)/inflow	(490,876)	1,121,360
Balance at 31 March	7,770,500	8,261,376

	31 March	31 March
	2023	2022
	£	£
Benefit accounts	7,532,097	8,172,515
Administration account	238,403	88,861
	7,770,500	8,261,376

Cash and equivalents comprise bank balances which are held in current accounts in a UK commercial bank.

11 Current Liabilities

	31 March	31 March
	2023	2022
	£	£
Trade and other payables	276,460	301,813
Other liabilities - grant liabilities	3,708,496	2,900,459
Other liabilities - deferred income	15,457	-
Deferred income - capital grants	-	-
Leasing	37,637	-
Provisions	-	40,000
	4,038,050	3,242,272

Deferred Income - Capital Grants

	31 March	31 March
	2023	2022
	£	£
At 1 April 2022	-	871
Less amortised in year	-	(871)
Balance at 31 March 2023	-	-

Notes to the Financial Statements for the year ended 31 March 2023

12 Non-Current Liabilities

	31 March 2023	31 March 2022
	£	£
Leasing	436,278	-
Provisions	70,000	-
	<u>506,278</u>	<u>-</u>

The leasing balance relates to the liability associated with right-of-use assets and is due in up to 10 years. The provisions balance relates to dilapidations associated with the lease.

13 Finance leases

There is a sub-lease for accommodation and facilities with SG.

The charges to the company are set in the head lease between SG and its accommodation supplier.

The building rental element of the lease is now reflected in right-of-use assets in accordance with IFRS 16.

Total future minimum lease payments under for services contained within finance leases for each of the following periods were:

	31 March 2023	31 March 2022
	£	£
Land and buildings (Denholm House)		
Within one year	31,046	62,500
Within two to five years	136,604	-
Over five years	150,265	-
Total	<u>317,915</u>	<u>62,500</u>
Lease payments charged in year	<u>29,568</u>	<u>75,040</u>

Notes to the Financial Statements for the year ended 31 March 2023

14 Directors' remuneration, interests and indemnities

The directors receive remuneration from the company. The total remuneration paid to the directors was £15,840 (2021-22 £16,150) for the year and further information is provided in the Remuneration Report. Directors received reimbursement for travel and subsistence expenses amounting to £105 (2021-22 £86) for the year. No directors were a beneficiary of the company and received payments in accordance with the objects of ILF Scotland; a procedure is in place to manage actual or perceived conflicts of interest.

No other transactions were undertaken in which any director or person connected with any director had a material interest.

SG provides that directors are not personally liable for any loss to ILF Scotland other than that arising from wilful and individual fraud, wrongdoing or omission on the part of a director who is found to be liable.

15 Related party transactions and controlling party

Related parties are the directors and SG. ILF Scotland received Grant in Aid from SG of £54.9m (2021-22 £55.4m). SG makes payments to ILF Scotland on a monthly basis.

The Company's ultimate controlling party is the Scottish Ministers.

During the year no directors were a beneficiary of ILF Scotland and received discretionary grants in accordance with the objects of the company.

No other related parties, including the directors and key management staff, have undertaken any transactions with the company during the period.

16 Agency Agreement

During the year the company acted as agent for SG (the ultimate owner of the company) and also for DOH to pay a £500 care grant to eligible workers in the care sector in recognition of their contribution at the height of the Covid-19 pandemic.

This arrangements were considered to be Agency Agreements since the company had no input to the decisions regarding who should be paid the award. The company was advised on who the recipients would be and the company had no discretion over the amount of award.

Notes to the Financial Statements for the year ended 31 March 2023

16 Agency Agreement (cont.)

The relevant figures relating to SG are set out as follows:-

	2022-23	2021-22
	£	£
Care grant funding		
Received from SG in year	-	1,281,230
Received from SG in prior years	500	442,334
Income receivable in year	<u>500</u>	<u>1,723,564</u>
Payments made in year	<u>500</u>	<u>1,723,564</u>
Administration funding		
Received from SG in year	-	42,000
Received from SG in prior year	-	5,568
Income receivable in year	<u>-</u>	<u>47,568</u>
Administration costs paid in year	<u>-</u>	<u>47,568</u>
Total funding		
Received from SG in year	-	1,323,230
Received from SG in prior years	500	447,902
Total receivable in year	<u>500</u>	<u>1,771,132</u>
Total payments		
Cost of care grants	500	1,723,564
Administration costs	-	47,568
Grand total payments in year	<u>500</u>	<u>1,771,132</u>

Notes to the Financial Statements for the year ended 31 March 2023

16 Agency Agreement (cont.)

The relevant figures relating to DOH are set out as follows:-

	2022-23	2021-22
	£	£
Care grant funding		
Received from DOH in year	835,039	-
Payments made in year	835,039	-
Administration funding		
Received from DOH in year	96,280	-
Administration costs paid in year	96,280	-
Total funding		
Received from DOH in year	931,319	-
Total payments		
Cost of care grants	835,039	-
Administration costs	96,280	-
Grand total payments in year	931,319	-

Notes to the Financial Statements for the year ended 31 March 2023

17 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 March 2023.

18 Events after the reporting period

There are no events after the reporting period which would have an effect on the Annual Report and Financial Statements or which would require disclosure.

19 Date of Authorisation

IAS 10 requires the company to disclose the date on which the financial statements are authorised for issue.

The authorised date for issue is 28 June 2023.

Appendix to the Financial Statements for the year ended 31 March 2023

Accounts Direction



ILF Scotland

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2020, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared, and with the Companies Act 2006.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Jamie MacDougall

Signed by the authority of the Scottish Ministers

Dated 27 May 2020