



**IMPROVEMENT SERVICE COMPANY**

**Company registration number SC287978**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**IMPROVEMENT SERVICE COMPANY**  
(A company limited by guarantee)

**COMPANY INFORMATION**

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<b>Directors</b>	Sarah Gadsden Aubrey Fawcett Steven Grimmond Angela Scott Joyce White OBE Councillor Alison Evison Councillor Malcolm Bell Councillor Neil Benny Councillor Graham Houston
<b>Registered number</b>	SC287978
<b>Registered office</b>	1 Hub Quarrywood Court Livingston Village Livingston Scotland EH54 6AZ
<b>Independent auditor</b>	Azets Audit Services Exchange Place 3 Semple Street Edinburgh EH3 8BL
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**Introduction**

The directors present their strategic report for Improvement Service Company (“the Improvement Service” or “IS”) for the year ended 31 March 2020.

**Principal Business Activity**

Improvement Service Company is the national improvement organisation for Local Government in Scotland and a company limited by guarantee. Its purpose is to help and support councils and their partners to improve and deliver high quality, efficient local services by providing improvement support and a range of products and services.

**Review of Business**

The net loss for the year was £697,442 (2019: net loss £948,599).

As a not for profit organisation and consistent with all previous financial years, at an operational level the company broke even. However, the deficit for the year arises from the combined impact of FRS 102 pension costs of £709,000 and bank interest received of £11,558.

The overall pension liability has decreased from £2.251M in 2018/19 to a net pension liability of £0.571M in 2019/20. The balance on the pension fund will change annually according to the economic conditions.

2019/20 marked another very successful year for the Improvement Service. We continued to deliver on our priorities as set out in the **IS Strategic Framework 2015/20**:

- Support a step change in productivity and efficiency
- Support the delivery of improved outcomes
- Support thinking about future resilience and sustainability

Our main achievements against these priorities for the year are set out below.

- We have continued to **grow our funding base** in support of Local Government priorities and exceeded our 2019/20 target of £1.2M for bringing in additional resources to the sector. More than £3.516M of additional funding was brought in to support collaborative and partnership working, of which £1.644M was brought in from out with the Local Government sector.
- Across our range of products and services, our **annual customer satisfaction indicator** remained constant in 2019/20 at 80%. In response to the feedback, we implemented annual improvement actions plans for each product and service as part of our continuous improvement journey.
- We received external recognition for our products and services by winning a number of prestigious **awards**. Our Digital Public Services team won the Innovate Award at the Holyrood Connect ICT Awards. Our Spatial Information Service won an award at the 20<sup>th</sup> Scottish Awards for Quality in Planning for the Spatial Hub. Working with Scotland Excel and East Renfrewshire Council, our change team won the Employee Development and Skills Award at the Holyrood Public Service Awards for our Professional Development Award in Project Management.
- We continued to provide a range of support to councils, SOLACE and COSLA in their work to **improve outcomes for children, young people and their families**:
  - We played a key role in the Delivery Assurance Team (whose membership comprises of Scottish Government, Scottish Futures Trust and IS) to ensure the delivery of **expansion of Early Learning and Childcare**. We provided business analysis capacity to support councils as they implement their ELC Expansion Plans, and collated, analysed and reported on key performance indicators to show progress of the implementation, using the analysis to target support where necessary. We provided in-depth knowledge management services to ensure the sharing of lessons learned and good practice. We also secured further funding over the next 18 months to provide dedicated support to councils on the expansion and development of their Early Learning and Childcare workforce.

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- We secured funding to enable the Improvement Service to host the **Child Poverty National Co-ordinator**, allowing us to provide a range of practical support to local leads and partnerships across Scotland. This work included aligning with national partners to deliver practical support such as national, regional and local events, briefing notes, webinars and tailored input to local areas.
- Working with SEEMiS, we successfully rolled out **parentsportal.scot** to all schools in West Lothian Council, with high levels of parental uptake and have now expanded its use in North Lanarkshire and Renfrewshire Councils. We launched the digitised Annual Data Check as a new service in time for the new school term in August. We worked with **Young Scot** to launch their new membership platform, which is powered by myaccount, to provide young people with personalised rewards, discounts and opportunities.
- We continued to work in partnership with SOLACE, COSLA and SLAED to **improve fair work and sustainable inclusive growth outcomes**:
  - Working with SLAED, we secured funding to host the **Employability Partnership Manager**. This two-year post is working closely with a COSLA counterpart to drive Local Government's input to this new national Scottish Government – Local Government partnership. This work aims to be transformational in the way that employability and related services are re-designed, in order to achieve better and more sustainable outcomes for citizens.
  - We undertook research to ascertain the experiences of local authorities in relation to **regional economic working**. All 32 local authorities actively engaged in the work, which resulted in the publication of two reports. The first report concluded that councils have an opportunity to lead and influence the next stages of regional economy working. The second report fleshed out further detail and proposals for taking forward the various action areas set out within the initial report.
- We delivered a range of improvement work to address **poverty and inequality**:
  - We worked with Fife, North Ayrshire, City of Edinburgh and Glasgow City Councils, along with NHS Health Scotland and Scottish Government, to explore the feasibility of a **Scottish Citizen Basic Income pilot (CBI)**, the aim of which would be to test the contribution of CBI to reducing poverty and providing a possible route to a fairer and simpler welfare system. We published an interim report into our findings.
  - We secured funding from Scottish Government to evaluate potential funding models and delivery approaches, which could be used to allocate the levy funding devolved to the Scottish Government for **debt advice**. We published an interim report and secured £100k funding for four local authorities to participate in 'tests of change' which will consider the advantages, challenges and drawbacks of allocating debt levy funding through direct grants to local authorities.
  - We secured funding from Scottish Government to support the implementation of the **Fairer Scotland Duty** across Scotland. We established a Knowledge Hub Group as a central repository for information and toolkits and produced elected member briefings, a generic integrated Impact Assessment Toolkit, generic training slides and a webinar and event programme.
- We continued to provide a range of support to local authorities and partners to help deliver outcomes in relation to **communities that are inclusive, empowered, resilient and safe**.
  - In partnership with the Scottish Government and COSLA, we rolled out support for use of the **Equally Safe Quality Standards and Performance Framework**. The framework supports multi-agency Violence against Women (VAW) Partnerships to measure their progress and performance in implementing Equally Safe: Scotland's Strategy for preventing and eradicating violence against women and girls at a local level, and to identify any areas for improvement. We have secured initial funding that will enable provisional support for the '**Safe and Together**' model and we will seek to secure further funding to enable this approach to be further embedded across local partnerships.
  - We continued to deliver support for **place-based working** by applying the Place Principle via webinars, briefing notes and hands on support for a range of councils and partnerships. This typically included providing facilitation, constructive challenge and helping to drive improvement.
- Our partnership working with Scotland Excel has continued to grow and develop to support councils to build their skills and capacity in project management and business analysis. The **Professional**

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**Development Award in Project Management**, which is a level SCQF 8, upskills candidates on the practical application of key project management skills in a Local Government context. Since its launch in August 2018, we have 99 candidates either completed or progressing the qualification from across 16 different councils. Furthermore, in late 2019 we launched our first cohort of the first part of our Business Analysis programme, which is a **Business Analysis Unit and Professional Development Award in Decision Making and Innovation**, which are levels SCQF 8 and 9 respectively.

- Based on feedback from councils, we have redesigned our offer of support on **change management** to address better local authorities' needs. Our **Change Managers' Network** has grown to over 700 members, representing more than 100 organisations, including all 32 Scottish local authorities. Our Network events are also going from strength to strength, with our event in December 2019 attracting over 60 delegates from most local authorities and a number of community planning partner organisations. We continued to embed further **change management resources** in East Lothian Council and worked with Clackmannanshire Council to embed a Transformation Manager.
- We continued to deliver successfully the **Local Government Benchmarking Framework (LGBF)** to help councils better understand their current performance levels, to build understanding of where and why council performance varies and to help identify and share good practice across councils. We delivered a programme of benchmarking events bringing together colleagues from across all 32 councils to share learning in family groups to drive improvement, and generated invaluable practice examples, which we shared widely across all councils. This year there were a number of improvements to enhance the relevance and impact of the framework. We strengthened the timeousness and reliability of the data, introduced new adult social care measures to reflect the integration and wellbeing agenda, voluntarily adopted the UK Statistics Authority Code of Practice, and strengthened links to the National Performance Framework and Public Health priorities. We also published further evidence showcasing how the LGBF continues to gain traction across Local Government and is being widely used locally to support strategic decision-making, inform improvement and support scrutiny with Elected Members. Examples provided by councils show that as the framework has matured, so too has councils' use of the data.
- In partnership with the Care Inspectorate and Scottish Care, we piloted an **improvement planning development tool** in four care homes for older people. The Care Inspectorate produced an evaluation report of the pilot in December and concluded that the impact of the improvement work was positive in focussing staff and management in struggling care homes towards positive steps to improvement. We developed and successfully tested a new **self-assessment checklist for frontline services** in local authorities. We reviewed and refreshed the Public Service Improvement Framework (PSIF) in consultation with the PSIF community, and launched **PSIF 2020**.
- 2019/20 was another successful year for the **Elected Member Development** programme. We regularly communicated via a dedicated elected member twitter account and e-newsletter. We supported the development of elected members' knowledge on topical issues by running webinars and through our briefings and guidance publications. We supported councils' member development programmes through the CPD Framework and by running workshops. This included sessions on Best Value, Economic Development, Scrutiny, Effective Administrations and Roles and Working Relationships. We ran a national good practice event on elected member development to support officers with the development of their councils' member development programmes. We also introduced a new coaching offer for senior elected members and facilitated self-assessment and improvement planning sessions for council administrations.
- We continued to manage, develop and train users on the **Knowledge Hub (Khub)**, a powerful digital platform for public servants to collaborate, communicate and connect. The Scottish Public Services Network (SPSN) enables its 22,000 members to drive significant efficiencies and tackle important social issues. 15,000 members are based in local authorities and 5,000 in the Scottish Government. There are around 800 communities covering a variety of subjects, including business transformation, organisational benchmarking, performance, sustainability and climate change, reducing re-offending and delivering excellent childcare and education. A number of professional associations including SOLAR, SPDS, Heads of Planning and Trading Standards Scotland utilise the platform for online collaboration.
- We have redesigned our **website** to better showcase our work. It provides improved personalisation, search and mobile experience and complies with the latest accessibility standards. With enhanced

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analytics, we can now understand our stakeholders' requirements and develop new content to match their needs.

- The **myaccount** service continues to grow: subscriber numbers now exceed 961,000 with myaccount on track to sign-up its millionth user by April 2020; authentication requests have risen up towards 720,000 per month, an average increase of 40% from the previous 12 months; and 24 organisations are now using myaccount, with a further five in our current pipeline. Adoption and usage of the **Data Hub**, our online data matching and cleansing tool also continues to grow: 18 organisations are live (15 of these councils) and a further five are in the current pipeline; and during 2019, 17.5 million records were uploaded for data matching and cleansing.
- We participated in Scottish Government's **Digital Identity Scotland Programme**, including supporting its two alpha projects and participating in stakeholder and expert groups. We developed a **new model for myaccount** to overcome the limitations of legislation (The LEARS Act), which will enable the usage of myaccount to be expanded beyond Local Government and health. We successfully secured Scottish Government commitment to **myaccount** remaining very much in the overall design of the digital identity landscape in Scotland. We also secured Leaders' endorsement for myaccount being Local Government's preferred identity provider and for it to play a wider role as a public sector identity provider.
- We concluded a proof-of-concept involving **Blockchain** to test opportunities and applications for this type of technology in the delivery of public services, using it to test how a person with a disability can easily and simply access entitlements without having to repeatedly present proof to revalidate their disabled status. We developed **getyournec.scot** as a prototype to help people apply online for a **National Entitlement Card** safely and securely, which is currently being tested. We delivered **cyber awareness training** to all IS employees.
- We have continued to improve the technical capability of the **Spatial Hub** and increased and improved the Local Government data available. We entered into a partnership agreement with EDINA (University of Edinburgh) which has enabled data to be accessed for the first time by the UK academic and research community. For the first time, the Spatial Hub has begun to collect and share non-Local Government data. A reciprocal data sharing agreement was signed with SGN, enabling their gas network to be efficiently shared with Local Government.
- Our Spatial Information Service was granted responsibility by the Scottish Road Works' Commissioner for the **collation and management of local authority and Transport Scotland street intelligence** for the Road Works' Register. The service also worked in partnership with National Records of Scotland in preparation for the **Census 2021**, and with **emergency services** to ensure the One Scotland Gazetteer is accurate and up to date.

***Business Streams and Investment***

Our financial statements set out income and spending for the year.

***Key financials:***

The Improvement Service core funded grant of £1.656M continued in 2019/20, secured as part of the Local Government Finance Settlement. We agreed funding of £3.66M with Scottish Government to manage and deliver our Digital Public Services, underpinned by a Memorandum of Understanding, which includes sufficient contractual and staff liability protection.

We carried forward a balance of £2.817M from last financial year with full approval from funding organisations.

In a tough financial climate, we continued to develop our funding base and exceeded our 2019/20 target of £1.2M for bringing in additional resources to the sector. £3.516M was brought in to support collaborative and partnership working, of which £1.644M was brought in from outwith the sector, the highest level achieved since the inception of the company.

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An overview of 2019/20 funding secured is provided below

	£
<i>Core/DPS Revenue Support Grant</i>	5,315,800
<i>Commercial</i>	271,956
<i>Grants- other sector</i>	1,974,308
<i>Local Authority funding</i>	<u>1,270,446</u>
	<b>8,832,509</b>

As many of these programmes are of several years' duration and others we received in quarter 4, we carried forward a balance of £2.817M with full approval from all funding partners.

**Next Year Financials:**

We will receive £1.656M Revenue Support Grant to fund our core programmes for 2020/21 similar to last year. £3.660M has been secured for the Digital Public Services programme, underpinned by a 3 year MOU (2018/21). A further £440K has been secured from Transport Scotland to support the additional costs associated with the re-procurement of the National Entitlement Card.

To date, we have also secured other funding of £3.445M.

**Key Performance Indicators**

IS key performance indicators for 2019/20 are noted below:

<b>2019/20</b>	<b>Target</b>	<b>Actual</b>
Additional Resources into the Sector	£1.2M	£1.644M
Programme Performance	96%	99.3%
Staff Satisfaction Indicator	75%	91%
Customer Satisfaction Indicator	75%	80%
Sickness absence Indicator	1.5%	0.55%

**The Forward Context, Risks and Challenges**

**Context for Change**

The Improvement Service (IS) is the **'go-to' organisation for Local Government improvement in Scotland**. Established in 2005, our purpose is to work collaboratively to help councils and their partners to improve the health, quality of life and opportunities of all people in Scotland through community leadership, strong local governance and the delivery of high quality, efficient local services.

In March 2018, the IS Board agreed to undertake a strategic review and identify options for the future leadership, governance and direction of the company to ensure it is best positioned to continue to effectively support councils and partners.

In December 2019, the IS Board and COSLA Leaders agreed to conclude the strategic review and move forward with a formal partnership. Both COSLA and the IS will retain their existing separate statuses, their own management, and the IS will retain its independent status as a not-for-profit company limited by guarantee.

The vision for the partnership is for COSLA and the IS **'to work collaboratively to support Local Government make communities better and more equal places to live'**. Both organisations are committed to working together, and in the interests of our members and their priorities, where it is appropriate and sensible to do so, and where collaborative gain will be derived for Local Government to:



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- Focus on Local Government's key priorities at a national level;
- Support councils to improve at a local level;
- Connect evidence, policy, performance and decision making;
- Ensure resources are delivering best value;
- Support national shared services; and
- Ensure effective governance and scrutiny.

Over the next 12 months, COSLA and the IS will:

- work systematically to support the delivery of Scottish Local Government's key priorities, helping achieve the shared outcomes in the National Performance Framework;
- work in consort to lever additional funding into Scottish Local Government and optimise its use across both organisations;
- work together, and with elected members, to co-design, develop and deliver support to enable elected members to fulfil their roles effectively;
- communicate jointly with elected members where appropriate, for example, issue jointly badged Elected Member Briefing Notes;
- coordinate and share intelligence from meetings with individual local authorities to help nurture relationships with elected members and senior officers in ways that are mutually beneficial;
- develop improved approaches for shared working with other Local Government Professional Associations; and
- generate efficiencies and economies of scale from common back-office operations, functions and policies.

The Improvement Service also appointed a permanent Chief Executive on 31<sup>st</sup> March 2020.

***Current Priorities***

The operating context of Local Government continues to be challenging and it is evolving at pace to respond to the challenges of the Covid-19 pandemic. The UK's withdrawal from the European Union also look set to drive further changes and challenges for Local Government over the forthcoming period.

The IS will continue to work with partners on new, practical and creative approaches in priority areas to support Local Government with the three phases of Covid-19 – response, recovery and renewal. The IS will also continue to ensure all work delivered contributes to the delivery of Local Government priorities and Scotland's National Performance Framework.

Our detailed business plan for 2020/21 contains a range of established programmes, products and services, which are continually being developed and refined through a 'Covid-19 lens' to support councils as they face challenge and change. As part of the 2019/20 business plan, we made progress in key priority areas that continue to be of significance. Our major developments for 2020/21 build on this and we have prioritised areas where the Improvement Service is positioned to add value and deliver impact as councils respond to Covid-19 and transition to recovery and renewal.

Across the next year, the Board will undertake a review of the company's governance arrangements, which will complement and support an organisational structure review and the development of a two-year Strategic Framework. This will enable a holistic approach to be taken to reviewing: the company's overarching purpose and strategy; the senior leadership capacity necessary to deliver this strategy; and the governance required to ensure that the company fulfils its overall purpose and achieves its intended outcomes while operating effectively, efficiently and ethically.

We will also develop a business growth / commercialisation strategy for the company, building on the successes of recent years in consistently exceeding our target of bringing in £1.2M from outwith the Local Government sector.

We have mapped our business plan deliverables against the National Performance Framework, however, given the interlinkages between the national outcomes, some IS deliverables contribute to more than one national

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outcome. For the purposes of our business plan, we have mapped our products, services and programmes to the most obvious national outcome.

**Core IS resources**

Across 2020/21, we will focus resources funded through the core grant and IS Change Fund on improvement support that will help Local Government deliver priority national outcomes through a Covid-19 lens:

- ***Economy [Sustainable inclusive growth]***  
We will continue to work with SOLACE, COSLA and SLAED to support a place-based and people focused approach to economic recovery with inclusion, environmental sustainability, resilience, fair work and wellbeing at its core.
- ***Environment [Climate Change]***  
We will work with SOLACE, COSLA and others to provide practical support to councils in relation to the improvement agenda around **climate change**. This will include helping connect councils better with good practice, supporting elected members' knowledge and scrutiny on this issue and helping embed the climate change agenda across the full range of service areas and professional groups that have a role to play.
- ***Health [and Social Care]***  
We will work in partnership with **Public Health Scotland** to support the delivery of Scotland's public health priorities and to contribute to social and system recovery and renewal, following Covid-19. This will include working with partners across the public, private and third sectors to develop a whole system approach to improving the public's health and wellbeing and reducing health inequalities, co-leading an early adopter on Place and Health, maximising the collective use of our data and intelligence assets and jointly delivering practical support to CPPs and local authorities. We will also work with national improvement bodies to deliver collaborative improvement support to **integration authorities**, including developing our self-assessment and improvement planning offer and testing a joint account management approach.

We will further develop our core improvement offer, which contributes to the delivery of a wide range of national outcomes. For example, we will:

- Continue to evolve and strengthen our **account management** service with council corporate management teams and invest in building relationships and developing a responsive service for each council. We will also continue to embed our **communications** strategy to help ensure all stakeholders have a firm understanding of our improvement support, how to access it and the impact it has.
- Continue to develop our **transformation support programme** through our themed approach, as we support councils with the delivery of their recovery / renewal plans. This will build on existing activity, explore opportunities for new and innovative practice, promote collaboration (where appropriate) and crucially provide councils with the opportunity to participate when and how they wish.
- Enhance our offers of support on **change management** and **organisational development**, including local capacity building, and provide bespoke support to councils and partnerships as they implement their recovery and renewal plans.
- Work with SOLACE and COSLA to continue to develop and embed the **Local Government Benchmarking Framework** and target IS improvement activity in areas where local authority performance improvement is slowing or declining. This will include producing weekly Covid-19 Data Dashboards for Local Government overall and for individual councils.
- Explore opportunities to embed further our approach to **self-evaluation and improvement planning** across local authorities, other public services and partnerships and within priority outcome areas, with a particular focus on capturing learning from Covid-19.
- Work with COSLA and elected members to co-design, develop and deliver our **elected member development programme**, including introducing a new mentoring programme.
- Continue to grow the number of active **Knowledge Hub** users and groups across Scotland's public services and, in parallel, explore options for a refreshed collaboration tool.
- Maximise the use of our **research and analytical services** by Local Government to support analysis, thinking and decision-making in priority areas.

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- Harness the support we provide to councils from across the IS as they prepare for **Best Value Assurance Reports** (BVAR) and support councils that request our input as they implement their BVAR recommendations.
- As lead for the **Community Planning Improvement Board** workstream on ‘Supporting innovation, improvement and sharing best practice’, we will work with partners to provide tailored support to CPPs. This will include continuing to develop and deliver the **Community Planning in Scotland website**.

We will also focus on opportunities to expand our improvement offer to local authorities, for example:

- We will work with SOLACE, professional associations and other partners to explore how we can contribute to **peer support / review** approaches under discussion, building on our previous experience using such approaches, to drive improvement activity in priority outcome areas, for example, health and social care integration and education.
- We will consider what more we can do to support Local Government to embed **improvement and innovation** and partner with organisations that complement the work that we do, such as NESTA and IESE.
- We will explore opportunities to partner with the **Scottish Policy and Research Exchange**, to encourage greater collaboration between the IS, Local Government and researchers and academics in higher education institutions to expand access to evidence and increase the range of expert voices in priority outcome areas.
- We will explore opportunities to **connect internationally** with Local Government organisations focused on improvement to embed international learning and good practice in our work.

**Non-core IS resources**

We will continue to identify value added partnership arrangements across priority outcome areas and actively pursue additional funding and income sources. We will work with COSLA to lever additional funding into Scottish Local Government and maximise its use across both organisations. In a challenging financial climate, we will seek to deliver a target of bringing in an additional £1.2M from out with the Local Government sector. Our known external funding commitments across 2020/21 will help Local Government deliver the following outcomes:

- **Poverty**  
We will continue to work with the Scottish Government in supporting its review of **debt levy funding**, including overseeing a number of ‘tests of change’. In doing so, we will seek to join up the significant Local Government investment in advice with the broader range of Scottish Government advice-related funding. We will undertake detailed analytical work, which will enable us to publish an annual report evidencing the investment in advice by local authorities and the key outputs achieved. This work will be used to support benchmarking and improvement within the sector.

We will work with the four local authorities and relevant national partners to complete and publish the feasibility study aimed at assessing the potential for a **Citizen’s Basic Income pilot** in Scotland. Through the detailed and robust assessment of a radically different approach to tackling long-standing challenges, the feasibility and challenges associated with piloting a Basic Income Scheme in Scotland will be better understood.

- **Poverty / Children**  
We will continue to work with local and national partners to support the ongoing development, implementation and improvement of effective **child poverty** interventions. In doing so, we will continue to develop networks to identify and share good practice and provide constructive challenge in relation to tackling child poverty.
- **Children**  
We will support local authorities with the delivery of **Early Learning and Childcare Expansion**, through the provision of targeted business analysis, workforce planning and knowledge management support. We will continue to produce regular delivery progress reports for Scottish Government and COSLA. We will continue to work with SEEMiS to develop **parentsportal.scot** by making more online services available, and grow the number of councils adopting the portal, with a target of at least 50% of councils being live or in our pipeline by 31<sup>st</sup> March 2021. We will also work with **Young Scot** to continue to support their

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membership platform, powered by myaccount, to grow membership numbers to achieve Young Scot's target of 175k and expand the range of rewards, opportunities and discounts available.

- **Fair Work and Business**

We will work with SOLACE, COSLA, SLAED and Scottish Government to develop and deliver the **Employability Partnership**, which will help transform a radical change towards person-centred, integrated support across the full range of services that can contribute to sustainable employment and related outcomes.

- **Communities**

We will continue to promote, facilitate and develop **place-based working** including its input into climate crisis action, Scottish Government's planning review, public health reform and the digital planning review. We will continue to work with partners to support and promote the effective use of the Place Standard Tool, as an enabler of Place Principle application. By supporting collaborative approaches, IS place-based working will help foster joint planning and resourcing across a wide range of disciplines and functions to help create diverse, sustainable and flourishing communities and support choices which improve public health and help address the climate change emergency.

We will deliver the **Digital Planning Pathfinder on Data** and undertake a comprehensive review of data within the planning system, draft data standards for planning data, draft a data governance proposal and develop data insights based upon environmental data work to date.

We will seek to expand our portfolio of work in co-ordinating Scotland's **Violence Against Women Network** by applying for funding that will enable the delivery of support for local partnerships in relation to the 'Safe and Together' model.

- **Human Rights**

We will continue to roll-out support for the implementation of the **Fairer Scotland Duty** across Scotland, working with the listed agencies to identify and share best practice, develop practical guidance for officers and elected members and further develop online resources. This work will include supporting integrated Impact Assessments, helping to streamline and connect broad areas of strategic importance to Local Government, such as environmental, equalities, fairness and poverty outcomes.

We will continue to develop our digital public services, which provide the underpinning infrastructure to support the delivery of digital services across a range of different outcome areas, for example:

- We will continue to grow the use of **myaccount**, expanding the number of authentication requests, distinct users, returning visitors and multiple users. We will aim to expand myaccount subscriber numbers to 1.5 million and grow authentication requests to around 9 million annually. We will continue to work closely with Scottish Government to secure the future of myaccount in Scotland's digital identity landscape and broader digital ecosystem. We will seek to achieve **ISO27001** accreditation, which is an internationally recognised standard for managing information security. We will also continue to grow the uptake of the **Data Hub**.
- We will work with our delivery partner, Dundee City Council, to deliver the **National Entitlement Card (NEC)** scheme and procure new contracts for the scheme's card management/customer relationship system, card production bureau and smartcard supply. We will also launch **getyournec.scot**, a new online service that will enable Scottish residents to apply for and manage their card from the comfort of their own home. It will allow applications to be submitted and verified entirely online.

We will also continue to invest in our collaborative approach to managing and improving **spatial information** across Local Government, resulting in the potential for long-term efficiency gains and cost savings. For example:

- We will implement a series of technical upgrades to the **Spatial Hub** and continue to work with councils to extend the range of spatial data sets and improve the quality of spatial information available. We will also explore the development of a long-term and sustainable funding model for the Spatial Hub that will enable

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us to meet the aspirations of Scotland's open government policy by making the Spatial Hub freely available to anyone who wishes to use it.

- We will continue to work with **local authority gazetteer custodians** and Ordnance Survey/ GeoPlace to improve and enhance the vital address and street datasets for Scotland.
- We will develop **TellmeScotland** to allow the automatic upload of planning notifications

More detail on existing products and services and our approach can be viewed in IS Business Plan 2020/21.

**Impact of Covid-19**

The IS closed its office on 17<sup>th</sup> March 2020 in line with Scottish Government guidance to limit all non-essential travel and contact with others. Employees will continue to work from home until the Scottish Government guidance on non-essential offices and homeworking changes as we move through the route map.

Our employees are well equipped to work from home using Office 365. We have set up a supportive framework for homeworking and have put in place a number of measures to support our people with their health and well-being. We have issued regular internal surveys to gather feedback from employees on the company's approach to responding to Covid-19 and the Chief Executive issues a weekly staff update, which was twice-weekly in the early stages of lockdown. We have agreed a plan for the safe reopening of the office, which we will execute in line with Scottish Government guidance.

Our governance arrangements have remained unaltered since the pandemic commenced, with the IS Board and Audit Committee continuing to meet on its quarterly cycle. A special Board meeting took place on 29<sup>th</sup> April 2020 to update Board members on the IS response as an employer, and to discuss how we reposition our work to reflect the challenges presented by Covid-19.

Our funding for 2020/21 has not been impacted by Covid-19, with Scottish Government and other funders confirming they will honour existing grant agreements. The improvement programmes that we are funded to deliver, in addition to our core and Digital Public Services grants, are in policy areas that are of paramount importance in responding to Covid-19. These include employability, Fairer Scotland Duty, Violence against Women and Girls, Child Poverty, Early Learning and Childcare Expansion and Advice Services. Total income secured to 30<sup>th</sup> June 2020 is £9,491,011, and we have brokered £1,950,512 additional resources into the Local Government sector from grant funding and commercial income.

Discussions are underway with our grant funders in relation to funding for 2021/22 and beyond. This includes renegotiating our Memorandum of Understanding with Scottish Government for our Digital Public Services funding, which runs until March 2021.

We have achieved some small savings since closing the office, predominantly from reduced running costs and travelling expenses. Our contracts with existing suppliers and partners continue to work well and there have been no redundancies resulting from loss of income arising from Covid-19.

27 November 2020

This report was approved by the Board on ..... and signed on its behalf by



**Alison Evison**  
**Director**

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**Directors**

The directors who served during the year were:

Sarah Gadsden  
Aubrey Fawcett (appointed 20 December 2019)  
Steven Grimmond  
Angela Scott (appointed 20 December 2019)  
Joyce White OBE  
Angela Leitch (resigned 31 October 2019)  
Keith Winter (resigned 12 December 2019)  
Councillor Alison Evison  
Councillor Malcolm Bell  
Councillor Neil Benny  
Councillor Graham Houston (appointed 1 April 2019)

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Auditor**

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Azets Audit Services.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

27 November 2020

This report was approved by the board on .....and signed on its behalf.



**Alison Evison**  
**Director**

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**REPORT OF THE AUDIT COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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Reporting to the Company Board, the Audit Committee provides a key source of assurance about the company's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.

During the year the following served on the Committee which met on six occasions including a joint meeting with the IS Board:

- Councillor Graham Houston – Stirling Council – representing COSLA and IS Board Member from 7<sup>t</sup> June 2019
- Councillor Kevin Keenan – Dundee City Council – representing COSLA
- Rory Mair CBE – Independent Member
- David Robertson - Chief Financial Officer, Scottish Borders Council representing Solace from 12<sup>th</sup> August 2019
- Derek Yule – Director of Finance, Highland Council representing Solace – retired 30<sup>th</sup> June 2019

Business meetings were conducted via teleconference and copies of the minutes of all meetings are available from Donna McVeigh at the Improvement Service - [donna.mcveigh@improvementservice.org.uk](mailto:donna.mcveigh@improvementservice.org.uk)

A standing item on the Audit Committee Agenda was the Quarterly Finance and Operations Report which included:

- A comprehensive budget monitoring report;
- A report on HR activity monitoring establishment numbers to ensure these are aligned with available funding;
- A progress report on delivery of the Business Plan; and
- An update on the corporate risk register.

In the course of the year the Audit Committee also:

- Approved the 2019/20 Internal Audit Work Programme and considered reports on the Best Value Review of the Parents Portal and a review of key business processes and systems of internal control;
- Considered and recommended Board approval of the 2018/19 Annual Accounts and External Auditor's report thereon;
- Progressed the re- procurement of external audit services for 2020/21 – 2022/23;
- Completed a review of the Treasury Management Policy;
- Reviewed the Information Security Policy including the arrangements for data retention;
- Considered and recommended Board approval of the 2019/20 budget and business plan;
- Examined the reconciliation of management accounts with the final financial accounts and the impact of the defined benefit pension scheme liability annual valuation;
- Approved a workplan for the Committee in respect of the nine month period April – December 2020;
- Continued to oversee the operation of the Digital Office; and



**IMPROVEMENT SERVICE COMPANY  
(A company limited by guarantee)**

**REPORT OF THE AUDIT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

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- Monitored and reported to the Board on the risks and potential impacts for the company, concerning both the process and outcome of the strategic review of the IS which was initiated by the Board in late 2017.

All of the above matters were reported on a regular basis to the IS Board and it is pleasing to note that the Annual Accounts for 2019/20 again reflect a sound financial position and supported by a positive report from our external auditors once again. The Audit Committee also welcomed the decision of the Board in November 2019 to draw the Strategic Options Appraisal Exercise to a close and move forward with a partnership agreement between the IS and COSLA. This outcome reflected the advice which had been provided to the Board by the Audit Committee on a number of occasions during an extended process which also involved the Audit Committee formally reporting its concerns regarding the Board's consideration of the Strategic Review and the working relationship between the Audit Committee and Board.

During the course of 2019/20 the Board decided that there should be a review of the Audit Committee encompassing its establishment and effectiveness, roles and responsibilities and communication with members. This review assessed the IS arrangements against best practice as set out in guidance from the FRC, CIPFA and Treasury. Overall it was reported the Audit Committee fully complied with 85% and partially complied with a further 8% of best practice statements with the remaining 7 % requiring to be addressed. Arising out of consideration of this report the Board decided that from 2021, the Audit Committee would comprise three members – 2 Board Members and 1 independent member co-opted by the Board, with the Committee chaired by a Board Member

During the remainder of 2020, the Audit Committee will continue to keep under review the effectiveness of the company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks and also work with the new Audit Committee members to secure a smooth transition to the revised arrangements

In closing, I would wish to place on my record my sincere thanks to members of the Audit Committee, officers of the IS, our external auditors and West Lothian Council Internal Audit for their valued contributions and support not just during 2019/20 but over the many years I have served the Improvement Service as its Audit Committee Chair.

**Gavin Whitefield CBE DL CPFA DPA**

**Independent Chair of the Improvement Service Audit Committee**

  
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**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE IMPROVEMENT SERVICE COMPANY**

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**Opinion**

We have audited the financial statements of Improvement Service Company for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE IMPROVEMENT SERVICE COMPANY**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**IMPROVEMENT SERVICE COMPANY**  
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE IMPROVEMENT SERVICE COMPANY**

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**Responsibilities of the directors**

As explained more fully in the Directors' responsibilities statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

**Use of our report**

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

*Azets Audit Services*

**Bernadette Higgins (Senior statutory auditor)**  
**for and on behalf of Azets Audit Services, Statutory Auditor**  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: 16 December 2020

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	9,682,349	8,549,859
<b>Gross profit</b>		<u>9,682,349</u>	<u>8,549,859</u>
Administrative expenses		(10,326,349)	(9,480,859)
<b>Operating profit/(loss)</b>	5	<u>(644,000)</u>	<u>(931,000)</u>
Interest receivable and similar income		11,558	23,401
Other finance income		(65,000)	(41,000)
<b>Profit/(loss) before tax</b>		<u>(697,442)</u>	<u>(948,599)</u>
<b>Profit/(loss) for the financial year</b>		<u>(697,442)</u>	<u>(948,599)</u>
<b>Other comprehensive income/(expenditure) for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme		2,389,000	(294,000)
<b>Other comprehensive income/(expenditure) for the year</b>		<u>2,389,000</u>	<u>(294,000)</u>
<b>Total comprehensive income/(expenditure) for the year</b>		<u><u>1,691,558</u></u>	<u><u>(1,242,599)</u></u>

The notes on pages 22 to 34 form part of these financial statements.

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: SC287978**

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	9	38,425	61,573
		38,425	61,573
<b>Current assets</b>			
Investments	12	1,500,000	-
Debtors: amounts falling due within one year	10	326,152	448,750
Cash and cash equivalents	11	3,549,057	5,248,301
		5,375,209	5,697,051
Creditors: amounts falling due within one year	13	(4,736,631)	(5,093,179)
<b>Net current assets</b>		638,578	603,872
<b>Total assets less current liabilities</b>		677,003	665,445
Pension liability	16	(571,000)	(2,251,000)
<b>Net assets/(liabilities)</b>		<b>106,003</b>	<b>(1,585,555)</b>
<b>Capital and reserves</b>			
Profit and loss account	15	106,003	(1,585,555)
		<b>106,003</b>	<b>(1,585,555)</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on ...27 November 2020.....



**Alison Evison**  
**Director**

The notes on pages 22 to 34 form part of these financial statements.

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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	<b>Total equity</b>
	<b>£</b>
At 1 April 2019	<b>(1,585,555)</b>
<b>Comprehensive income/(expenditure) for the year</b>	
Loss for the year	(697,442)
<b>Other comprehensive income for the year</b>	
Actuarial gains on pension scheme	2,389,000
<b>Total comprehensive income/(expenditure) for the year</b>	<b>1,691,558</b>
<b>At 31 March 2020</b>	<b>106,003</b>

  

	<b>Total equity</b>
	<b>£</b>
At 1 April 2018	<b>(342,956)</b>
<b>Comprehensive income/(expenditure) for the year</b>	
Loss for the year	(948,599)
<b>Other comprehensive income for the year</b>	
Actuarial losses on pension scheme	(294,000)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(1,242,599)</b>
<b>At 31 March 2019</b>	<b>(1,585,555)</b>

The notes on pages 22 to 34 form part of these financial statements.

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	(697,442)	(948,599)
<b>Adjustments for:</b>		
Depreciation of tangible assets	24,590	25,501
Interest received	(11,558)	(23,401)
Decrease/(increase) in debtors	122,598	(210,556)
(Decrease)/increase in creditors	(356,548)	839,985
Retirement benefit scheme	709,000	792,000
<b>Net cash generated from operating activities</b>	<b>(209,360)</b>	474,930
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,442)	(19,879)
Fixed interest deposit	(1,500,000)	-
Interest received	11,558	23,401
<b>Net cash from investing activities</b>	<b>(1,489,884)</b>	3,522
<b>Net increase in cash and cash equivalents</b>	<b>(1,699,244)</b>	478,452
Cash and cash equivalents at beginning of year	5,248,301	4,769,849
<b>Cash and cash equivalents at the end of year</b>	<b><u>3,549,057</u></b>	<u>5,248,301</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,549,057	5,248,301
	<b><u>3,549,057</u></b>	<u>5,248,301</u>



**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1. General information**

The principal activity of the Company in the year under review was that of supporting Councils and their partners to improve and deliver high quality, efficient local services by providing improvement support and a range of products and services.

The Company is a United Kingdom private company limited by guarantee. It is both incorporated and domiciled in Scotland. The address of its registered office is I Hub, Quarrywood Court, Livingston Village, Livingston, Scotland, EH54 6AZ.

These financial statements are presented in Pound Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company drawn up for the year ended 31 March 2020.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

These financial statements are prepared under historical cost convention as modified by the valuation of pension assets and liabilities and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006. The principal accounting policies are summarised below and have been applied consistently through the current and preceding year, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied in the preparation of these financial statements. These policies have been consistently applied to the years presented, unless otherwise stated:

**2.2 Going concern**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

This assessment of going concern includes the expected impact of COVID-19 to the entity in the 12 months following the signing of these financial statements.

The financial statements are prepared on the going concern basis. The directors are of the opinion that the Company is a going concern from reviewing future cash flows and the ability to meet their short term commitments as they fall due.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Government grants**

Grants are accounted under the accruals model permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation of the assets to which the grant relates. The deferred element of the grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 3 - 10 years straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.5 Operating leases: Lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

## **2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## **2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**IMPROVEMENT SERVICE COMPANY**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**2.10 Pensions**

**Defined benefit pension plan**

The Company participates in a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Comprehensive Income. All costs related to the defined benefit scheme are recognised in the Statement of Comprehensive Income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

**2.11 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.12 Taxation**

The Company is exempt from taxation under section 984(2) of the Corporation Tax Act 2010.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The items in the financial statements where these judgements and estimates have been made include:

**Depreciation - accounting estimation applied to useful life of assets.**

The rates used are deemed to be appropriate for the individual class of assets.

**Defined benefit pension and other post-employment benefits**

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

**IMPROVEMENT SERVICE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2020</b>	2019
	£	£
Core management	1,673,498	1,634,176
Customer first	3,720,239	4,343,438
Commercial	290,076	227,990
Other specific grants	2,449,920	908,676
Partnership funding	1,548,616	1,435,025
	<u><b>9,682,349</b></u>	<u><b>8,549,859</b></u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2020</b>	2019
	£	£
Depreciation of tangible fixed assets	<b>24,590</b>	25,501
Auditor's remuneration - audit fee	<b>12,500</b>	10,000
Auditor's remuneration - fees for non-audit services	<b>13,750</b>	<u>2,500</u>

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2020</b>	2019
	£	£
Wages and salaries	<b>3,455,067</b>	2,976,510
Social security costs	<b>382,348</b>	325,326
Cost of defined benefit scheme	<b>1,272,779</b>	1,302,365
	<u><b>5,110,194</b></u>	<u>4,604,201</u>

The company consider key management personnel to be the senior management team, which include:

- Chief Executive
- Director of Shared Services and Customer First (Departed August 2019)
- Head of Business Development (Commenced September 2019)
- Head of Corporate & Business Services
- Head of Transformation, Performance and Improvement
- Head of Change and Partnership Delivery (interim)

Total remuneration paid to the key management personnel was £535,731 (2019: £525,524)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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The average monthly number of employees, including the directors, during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Corporate	<b>9</b>	12
Transformation Performance and Improvement	<b>50</b>	53
Digital strategy	<b>9</b>	9
Customer first	<b>8</b>	6
Shared services	<b>2</b>	2
	<u><b>78</b></u>	<u>82</u>

**7. Directors' remuneration**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>104,605</b>	99,351
Company contributions to pension scheme	<b>19,666</b>	17,020
	<u><b>124,271</b></u>	<u>116,371</u>

The Chief Executive is the only member of the Board to receive any remuneration.

**8. Other finance costs**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	<b>378,000</b>	319,000
Net interest on net defined benefit liability	<b>(443,000)</b>	(370,000)
	<u><b>(65,000)</b></u>	<u>(51,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**9. Tangible fixed assets**

	<b>Fixtures and fittings £</b>
<b>Cost or valuation</b>	
At 1 April 2019	163,638
Additions	1,442
Disposals	(6,483)
	<hr/>
At 31 March 2020	158,597
	<hr/>
<b>Depreciation</b>	
At 1 April 2019	102,065
Charge for the year on owned assets	24,590
Disposals	(6,483)
	<hr/>
At 31 March 2020	120,172
	<hr/>
<b>Net book value</b>	
At 31 March 2020	<u>38,425</u>
At 31 March 2019	<u>61,573</u>

**10. Debtors**

	<b>2020 £</b>	<b>2019 £</b>
Other debtors	326,152	448,750
	<hr/>	<hr/>
	<u>326,152</u>	<u>448,750</u>

**11. Cash and cash equivalents**

	<b>2020 £</b>	<b>2019 £</b>
Cash at bank and in hand	3,549,057	5,248,301
	<hr/>	<hr/>
	<u>3,549,057</u>	<u>5,248,301</u>

**12. Investments**

Fixed term interest deposit with Dundee City Council	<u>1,500,000</u>	-
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**IMPROVEMENT SERVICE COMPANY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**13. Creditors: Amounts falling due within one year**

	<b>2020</b>	2019
	£	£
Amounts owed to West Lothian Council	<b>1,024,536</b>	194,809
Trade creditors	<b>791,190</b>	1,594,694
Other taxation and social security	<b>63,869</b>	118,138
Other creditors	<b>1,970</b>	4,590
Accruals and deferred income	<b>2,855,066</b>	3,180,948
	<u><b>4,736,631</b></u>	<u>5,093,179</u>

**14. Financial instruments**

	<b>2020</b>	2019
	£	£
<b>Financial assets</b>		
Financial assets measured at amortised cost	<b><u>5,300,398</u></b>	<u>5,610,987</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b><u>(1,817,696)</u></b>	<u>(1,794,093)</u>

Financial assets measured at amortised cost comprise debtors (excluding taxation and prepayments) and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise creditors (excluding tax and social security and deferred income).

**15. Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

A designated reserve of £200,000 has been created to provide a reserve to meet the Company's unanticipated needs over future years. This will cover the need to meet unforeseen contingencies, the wish to invest in future developments and the risks associated with a potential pension scheme deficit.

Designated reserves also include £477,003 as a change fund.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Profit and Loss Account</b>		
	<b>Designated reserve</b>	<b>Undesignated reserve</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2019	<b>665,445</b>	<b>(2,251,000)</b>	<b>(1,585,555)</b>
<b>Comprehensive income/(expenditure) for the year</b>			
Loss for the year	11,558	(709,000)	(697,442)
<b>Other comprehensive income for the year</b>			
Actuarial losses on pension scheme	-	2,389,000	2,389,000
<b>Total comprehensive income/(expenditure) for the year</b>	<b>11,558</b>	<b>1,680,000</b>	<b>1,691,558</b>
<b>At 31 March 2020</b>	<b>677,003</b>	<b>(571,000)</b>	<b>106,003</b>
<b>Prior year</b>			
	<b>Profit and Loss Account</b>		
	<b>Designated reserve</b>	<b>Undesignated reserve</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	<b>822,044</b>	<b>(1,165,000)</b>	<b>(342,956)</b>
<b>Comprehensive income/(expenditure) for the year</b>			
Loss for the year	(156,599)	(792,000)	(948,599)
<b>Other comprehensive income for the year</b>			
Actuarial losses on pension scheme	-	(294,000)	(294,000)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(156,599)</b>	<b>(1,086,000)</b>	<b>(1,242,599)</b>
<b>At 31 March 2019</b>	<b>665,445</b>	<b>(2,251,000)</b>	<b>(1,585,555)</b>

**16. Pension commitments**

The company is an admitted body of Lothian Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2017. Following this valuation, minimum employer's contribution rates were set at 17.2% plus £27,200 for the years ending 31 March 2019, 2020 and 2021 respectively.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

The movement in the defined benefit obligation over the year is as follows:

	31 March 2020 £'000	31 March 2019 £'000
Opening defined benefit obligation	17,042	14,069
Current Service Cost	1,243	1,037
Past Service Cost	-	252
Interest Cost	443	398
Contributions by Members	250	221
Actuarial losses/(gains)	(3,400)	1,185
Estimated Benefits Paid	(156)	(120)
	<u>15,422</u>	<u>17,042</u>
Closing defined benefit obligation	<u>15,422</u>	<u>17,042</u>

The movement in the fair value of plan assets in the year is as follows:

	31 March 2020 £'000	31 March 2019 £'000
Opening fair value of scheme assets	14,791	12,904
Interest income	378	357
Contribution by members	250	221
Contributions by the employer	599	538
Actuarial (losses)/ gains	(1,011)	891
Estimated Benefits paid	(156)	(120)
	<u>14,851</u>	<u>14,791</u>
Closing fair value of plan assets	<u>14,851</u>	<u>14,791</u>

Amounts recognised in Statement of comprehensive income:

	31 March 2020 £'000	31 March 2019 £'000
Current service cost	(1,243)	(1,037)
Past service cost	-	(252)
<b>Total service cost</b>	<u>(1,243)</u>	<u>(1,289)</u>
<b>Net interest</b>		
Interest income on plan assets	378	357
Interest cost on defined benefit obligation	(443)	(398)
<b>Total net interest</b>	<u>(65)</u>	<u>(41)</u>
<b>Total defined benefit cost recognised in Statement of comprehensive income</b>	<u>(1,308)</u>	<u>(1,330)</u>

**IMPROVEMENT SERVICE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

The major categories of plan assets as a % of the total plan assets are as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	%	%
Equities	75	74
Bonds	11	12
Property	8	7
Cash	6	7

The estimated employer contributions for the year to 31 March 2021 are £573,000.

The principal actuarial assumptions used in the calculations are:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	% per annum	% per annum
Pension Increase Rate	1.80	2.40
Salary Increase Rate	2.00	4.10
Discount Rate	2.45	2.50

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2016 model with an allowance for smoothing of recent mortality experience and long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.7 years	24.3 years
Future Pensioners	24.7 years	27.5 years

**17. Commitments under operating leases**

At 31 March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	£	£
Not later than 1 year	<b>28,189</b>	67,655
Later than 1 year and not later than 5 years	-	28,189
	<b><u>28,189</u></b>	<u>95,844</u>

During the year the company recognised an expense of £68,027 (2019: £68,209) in relation to operating leases.

**18. Related party transactions**

Due to the nature of the Company's operations and the composition of its board of directors, being from public sector organisations, it is inevitable that transactions will take place with companies and organisations in which a director of Improvement Service Company has an interest. The Company works with many public funded bodies with whom transactions have been undertaken during the year. The following directors held official positions in these organisations:

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

<b>Director</b>	<b>Public Body</b>	<b>Position held</b>
Sarah Gadsden	Improvement Service Company	Chief Executive
Aubrey Fawcett	Inverclyde Council	Chief Executive
Steven Grimmond	Fife Council	Chief Executive
Angela Scott	Aberdeen City Council	Chief Executive
Joyce White	West Dunbartonshire Council	Chief Executive
Angela Leitch	East Lothian Council	Chief Executive
Keith Winter	Fife Council	Executive Director
Cllr Alison Evison	Aberdeenshire Council/The Convention of Scottish Local Authorities	Councillor/President
Cllr Malcolm Bell	Shetland Islands Council	Councillor
Cllr Neil Benny	Stirling Council	Councillor
Cllr Graham Houston	Stirling Council	Councillor

None of the directors have significant control over the company or the related organisations. On this basis the details and amounts of the transactions have not been disclosed.

The appointment for each director was made by the following nominating bodies:

<b>Director</b>	<b>Nominating body</b>
Sarah Gadsden	
Aubrey Fawcett	Society of Local Authority Chief Executives (SOLACE)
Steven Grimmond	Society of Local Authority Chief Executives (SOLACE)
Angela Scott	Society of Local Authority Chief Executives (SOLACE)
Joyce White	Society of Local Authority Chief Executives (SOLACE)
Angela Leitch	Society of Local Authority Chief Executives (SOLACE)
Keith Winter	Society of Local Authority Chief Executives (SOLACE)
Cllr Alison Evison	The Convention of Scottish Local Authorities (COSLA)
Cllr Graham Houston	The Convention of Scottish Local Authorities (COSLA)
Cllr Malcolm Bell	The Convention of Scottish Local Authorities (COSLA)
Cllr Neil Benny	The Convention of Scottish Local Authorities (COSLA)

Funding is received from the Scottish Government. For the year under review total funding receivable was £7,575,412 (2019: £7,030,043). Payments totalling £196,325 (2019: £580,042) were made to the Scottish Government.

Included within the total funding receivable figure is £1,667,179 (2019: £1,663,333) which relates to core income receivable from the Scottish Government.

During the year £105,660 (2019: £127,699) was payable to West Lothian Council in relation to transaction processing and income received of £31,697 (2019: £7,901). £1,024,536 was owed to West Lothian Council (2019: £194,809) at the balance sheet date.

**IMPROVEMENT SERVICE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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Other related party transactions include:

<b>Public Body</b>	<b>Payable to</b>		<b>Receivable from</b>	
	<b>£</b>		<b>£</b>	
	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>
Aberdeen City Council	8,530	-	35,292	33,681
Aberdeenshire Council	16,515	280	14,152	59,050
East Lothian Council	4,577	-	104,699	120,591
Fife Council	21,110	210	49,446	14,631
Inverclyde Council	45,229	29,144	22,649	7,353
Shetland Islands Council	-	-	14,747	14,211
Stirling Council	198	358	22,926	7,731
West Dunbartonshire Council	-	-	23,712	7,796

Other transactions with related parties include £687 (2018: £378) of income receivable from, and £31,442 (2019: £19,054) of expenses payable to the Convention of Scottish Local Authorities (COSLA). £Nil (2019: £13,200) is included in creditors at the balance sheet date.

**19. Post balance sheet events**

The Company's lease with West Lothian Council for the office premises ended on 27<sup>th</sup> August 2020. The lease agreement with West Lothian Council has been extended for one year.

**IMPROVEMENT SERVICE COMPANY**  
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**DETAILED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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	2020 £	2019 £
Turnover	<b>9,682,349</b>	8,549,859
	<u><b>9,682,349</b></u>	<u>8,549,859</u>
<b>Deduct: expenses</b>		
Administration	<b>(10,180,996)</b>	(9,354,490)
Establishment	<b>(145,353)</b>	(126,369)
	<u><b>(644,000)</b></u>	<u>(931,000)</u>
<b>Operating profit/(loss)</b>	<b>(644,000)</b>	(931,000)
Interest receivable	<b>11,558</b>	23,401
Other finance expenses	<b>(65,000)</b>	(41,000)
	<u><b>(697,442)</b></u>	<u>(948,599)</u>
<b>Profit/(Loss) for the year</b>	<b>(697,442)</b>	(948,599)

**IMPROVEMENT SERVICE COMPANY**  
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**SCHEDULE TO THE DETAILED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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	<b>2020</b>	2019
	£	£
<b>Turnover</b>		
Core Management	<b>1,673,498</b>	1,634,730
Customer First	<b>3,720,239</b>	4,343,438
Commercial	<b>290,076</b>	227,990
Other specific grants	<b>2,449,920</b>	1,088,676
Use of designated change reserves	-	(180,000)
Partnership funding	<b>1,548,616</b>	1,435,025
	<b>9,682,349</b>	8,549,859

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**SCHEDULE TO THE DETAILED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
<b>Administration</b>		
Emoluments for services as directors	104,605	99,059
Company contributions to defined benefit pension schemes for directors	19,666	18,604
Office salaries	3,350,462	2,877,451
Employer's NI	382,348	325,326
Employer's pension costs	609,113	532,761
Lothian Pension Fund adjustment	644,000	751,000
Other staff costs	70,276	63,887
Management training (non employee)	27,674	44,013
Staff training	43,593	28,871
Telephone	13,497	13,444
Printing, postage and stationery	4,628	6,522
Advertising	7,368	3,586
Subscriptions	29,270	9,756
Computer consumables	199,131	96,863
Sundry expenses	31,000	12,763
Catering	33,749	23,288
Travelling	8,788	5,810
Bad debt provision	-	(3,243)
Bad debt written off	-	2,989
Amounts paid to other Public Sector organisations	200,732	229,557
Sponsorship	11,000	12,000
Audit fees	12,500	17,425
Other fees paid to auditor	13,750	3,095
Customer First Programme costs	1,552,448	2,146,850
Customer First grant payments	1,210,000	1,169,495
Legal fees	15,792	39,840
Consultancy fees	98,897	5,036
External room hire	8,561	13,094
Secondees	454,191	312,390
Corporate events	77,427	49,810
Recruitment costs	50,376	11,781
Irrecoverable VAT	204,899	142,361
Private contractors	687,783	286,618
Release of deferred government grant	(24,590)	(25,501)
Bank charges	3,472	2,388
Depreciation	24,590	25,501
	<b>10,180,996</b>	<b>9,354,490</b>
<b>Establishment</b>		
Rent	68,027	68,209
Rates	32,310	32,305
Light and heat	12,097	5,146
Insurance	14,552	4,736
Cleaning	15,561	14,201
Repairs and maintenance	2,806	1,772
	<b>145,353</b>	<b>126,369</b>



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**SCHEDULE TO THE DETAILED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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	<b>2020</b>	2019
	<b>£</b>	£
<b>Interest receivable</b>		
Bank interest receivable	<b>11,558</b>	23,401
	<b>11,558</b>	23,401

	<b>2020</b>	2019
	<b>£</b>	£
<b>Other finance income</b>		
Interest income on pension scheme assets	<b>378,000</b>	357,000
Interest on pension scheme liabilities	<b>(443,000)</b>	(398,000)
	<b>(65,000)</b>	(41,000)