

**INTO WORK  
(Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**Charity Number: SC028327  
Company Registration Number: SC181737**

**INTO WORK**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 March 2020**

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## INTO WORK

### REPORT OF THE DIRECTORS

#### For the year ended 31 March 2020

The Directors are pleased to present their report and financial statements for the year ended 31 March 2020. The Directors of the Charitable Company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Directors.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **Chair person's report**

The end of this financial period is marked by the worldwide outbreak of the coronavirus pandemic. Into Work has continued to adapt and deliver our services during this period and we are continually reviewing and monitoring how the health and economic effect of this pandemic will impact on Into Work.

We have had one programme be reduced as a response to the pandemic (Project SEARCH) however we have been able to enhance another service to provide more in-depth support for people needing more health and wellbeing one-to-one support in one other area (Midlothian).

During the financial period our first direct organisational contact with the pandemic was in February 2020 in relation to personnel returning to Scotland from abroad that were already affected. Soon after this it became apparent that Into Work would need to prepare for delivering our services online and remotely and to prepare staff to be set up to work from home. We tested working from home on Thursday 19<sup>th</sup> March and closed our office on Friday 20<sup>th</sup> March, just a couple of days before the UK and Scottish Governments announced the UK lockdown.

Much of our subsequent response to the coronavirus pandemic relates to the period beyond the year ending March 2020.

From 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, Into Work focussed its framework of service provision across the City of Edinburgh, East Lothian and Midlothian. This framework incorporates: All in Edinburgh, Project SEARCH, and local authority specific initiatives in East and Mid Lothian, using the Five Stage Supported Employment model as promoted and supported by the Scottish Government and supported by our welfare rights service.

New funding income was also awarded this past year for three additional projects: Workplace Equality Fund (phase 2), Understanding Autism Fund and Agnes Hunter Fund.

Income for the 2019-20 period was £1.1m which was a significant increase to the previous year (£635,416 was the 2018-19 figure). The main income change during the 2019-20 period can be attributed to our exit from the Lothian Local Government Pension Scheme and the resulting release of the pension surplus that was released into Into Work's funds (£548,000). This work was conducted as part of Into Work's sustainability strategy alongside the restructure of our finance and administrative roles in 2019. The Board carried out an exercise to research and consider the investment of the pension surplus and decided to increase our existing investment in the CCLA Charities Ethical Investment Fund.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Chair person's report (continued)

This investment account has been designated by the board for long-term investment in order to grow capital, generate annual income as needed, protect against fluctuations in income, and pursue other projects in line with the objects of the Charity in the future.

The 2019-20 financial year was a further year of change within the background of the organisation.

In June 2019 the Directors approved a restructure which resulted in three finance and admin support staff leaving employment on 17<sup>th</sup> September 2019 on the grounds of redundancy. Two new roles were created for a part time Finance Manager and a full time Administrator. New personnel were appointed to these posts and they commenced employment on 20<sup>th</sup> August 2019 which allowed for a handover with the staff leaving. We want to take this opportunity to acknowledge the contribution that the exiting staff had made to supporting Into Work's activities over their combined many years of employment with the charity.

Into Work Directors asked the Lothian Pension Fund's actuaries to complete a valuation as the triannual valuation carried out on March 2017 data had indicated a significant surplus. The Directors considered the pension consultation feedback in June 2019, alongside Into Work's financial position, and decided that Into Work would exit the Local Government Pension Scheme on 30<sup>th</sup> September 2019.

This has been a significant change for Into Work and its personnel and the Board would like to acknowledge their appreciation of the efforts of the staff team to deliver and sustain all of Into Work's services during this period.

Alongside these changes there have been a number of Director changes. A skills audit was carried out and the Board advertised a Treasurer role to take on the role of Chair of the Finance Committee. David Wilson took on this role from June 2019. Kenneth Dinwoodie was co-opted on to the Board to take on the role of Chair of the HR Committee at this time as well. The Board agreed that these two appointments improved the overall breadth of skill and experience on the Board, and that both were a welcome addition, particularly during the financial and HR changes taking place last year.

A further skills analysis was completed during this financial period and it was agreed that the Board would recruit two new Directors with a particular experience in one or more of the following areas: business development, fundraising and marketing. An open recruitment process was used with adverts placed across Into Work's contacts, social media and networks including local third sector interface organisations. We had a lot of interest and 7 applications were submitted. In the July 2020 Board meeting two applicants were selected and invited to join the Board of Directors.

We thank and acknowledge the support, expertise and time that Directors have given to Into Work and very much welcome the interest, expertise and input of our new Directors.

Very sadly Iris McMillan who had been a Director with Into Work for many years passed away on 26<sup>th</sup> February 2019. Iris had been unwell in the months before her death and so had been on sick leave from the Board from July 2019.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Chair person's report (continued)**

To support the organisation through the transition the Board have continued to engage with Inspiring Scotland who are funded by Scottish Government to develop support for third sector organisations who support autistic people, 'helping essential charities to be extraordinary charities'. Directors and Managers held a strategic planning session in November 2019 that was facilitated by Inspiring Scotland. This led to the Board approving the proposal to create and appoint a Development Coordinator position in the 2020-21 period.

We continue to monitor the significant changes in the management and funding of employability services across Scotland that the national programme (Fair Start Scotland) has brought and how the impact of this could affect the organisation.

Despite the number of changes in the background the frontline services have continued to meet and exceed targets. Our front-line staff continue to be highly motivated and skilled in delivering a high quality, valued service to disabled people and people with long term health conditions in 2019/20.

#### **Objects and activities**

The objects of the Charity are the relief of poverty and distress of people in Scotland with a disability, by aiding them to advance into employment, and to pursue any other objects for the benefit of people with disabilities, which are now or hereafter deemed to be charitable in law.

2019-20 was a successful year in terms of delivering and supporting a range of jobs, sustained jobs and progression to employment outcomes for disabled people and people with long-term health issues. These outcomes were delivered across our core service catchment area of the City of Edinburgh, East Lothian and Midlothian.

The organisation uses the nationally accepted Five Stage Supported Employment model as the basis of all its service provision. By assisting people with disabilities into employment that is paid, sustained and meets their employment aspirations within a supportive employment environment, we ensure that there are financial, social and developmental benefits for the individual. Our approach is wholly person centred.

Given the range and scope of services we deliver and the financial support that underpins that delivery, we are acutely aware of not only providing a good service, but one that meets the needs of funders and provides good value for money. To that end, all our projects and services are measured and evaluated against our funding and contractual obligations in terms of agreed target outcomes and quality of service. To gather that quantitative and qualitative information we use a range of approaches including bespoke software management tools e.g. the Caselink online database, and on-going service user feedback. Across all our activities, Into Work is committed to a regime of continuous improvement.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Achievements and performance

Despite the 2019-20 organisational changes, this has been a successful and rewarding year for Into Work beneficiaries and services. We continued to deliver significantly on our agreed targets and outcomes. The staff team have been incredibly dedicated and committed to ensuring that a high quality of service is maintained to our service users.

#### ***All in Edinburgh (AiE)***

AiE is the City of Edinburgh Council supported employment service contract valued at c. £1.68 million per annum. It is managed by Capital City Partnerships (CCP) and delivered by a consortium of four local supported employment services: Into Work, Enable Scotland (lead partner), The Action Group and Forth Sector.

The AiE contract itself was initially awarded for four years, with an extension for two further years. Year Five was completed on 31<sup>st</sup> March 2020. Due to the degree of success, the two-year extension was confirmed until March 2021 with funding agreed at the 2018-19 level until the end of the contract.

Since its beginning in 2015, the delivery of this contract has developed to become more and more successful in terms of meeting and exceeding collective targets and outcomes. The team have developed an excellence in delivering the service and meeting the requirements of the contract (including European Social Fund (ESF) documentation requirements).

In this final year of the contract the consortium will bid to continue to deliver these services beyond March 2021. Pre-COVID we were expecting the future contract award to be announced by the end of December 2020. The procurement process has been delayed due to COVID-19 demands, and as a result we have been notified of a four month extension to the current final year to allow services to continue. We await confirmation around this process and information about any further extension to the current year contract.

The current value to Into Work is £305,092 per annum inclusive of VAT with opportunity for extra income depending on additional performance. We were able to take advantage of this extra income in year 5 ending March 2020, receiving an extra £133,416 inclusive of VAT for additional performance.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Achievements and performance (continued)

##### AiE year 5, 2019-2020 results

Year 5, 2019-2020 results	Target	Achievement	Year 4 achievement
Engagements	125	115	124
Full time employment	36	37 (+1)	36
Part time employment	8	8	8
Retained employment	3	3	3
In work progression	4	5 (+1)	4

In 2019-20 the challenges with ESF compliance continued, which meant constant change and adaptation for the staff team. ESF compliance is challenging to manage when supporting disadvantaged service user groups including disability. Service users are expected to supply information which is not always easy to obtain.

An independent evaluation was commissioned by Capital City Partnership, and the resulting report was published half-way through this year and launched at the City Chambers in November 2019. This report was hugely positive in the main, and we all agreed that it should present a learning opportunity for continuous improvement. The recommendations from the evaluation were given priority. We wanted to ensure that we could develop and enhance our service offer and place the consortium in the best possible position for the forthcoming retender. This work included most staff across the consortium participating in topic working groups to increase skill and knowledge in the teams, plus more partnership working. They focused on: specific health conditions; engaging with employers; assessing the digital competency and connectivity of every client as part of on-going process; social media/marketing for the consortium and support and training around compliance.

It was a challenge to balance work with current and previous clients with engaging 115 new service users to Into Work's All in Edinburgh service year on year. Many people return for further help but cannot be counted again. This increases caseloads for staff to manage. However, the team did extremely well to make this happen whilst managing compliance at the same time. The staff team worked tirelessly to meet the new engagement numbers target.

The consortium partners meet within an Operations Group (staff and Managers) and Steering Group meetings (Senior Managers). The consortium use these meetings to manage the quality and performance of the consortium, focus on aligning All in Edinburgh practice with local & national strategy and practice, marketing and networking opportunities, development as well as partnership working.

The performance and quality of service has grown and improved over time and shows that longer-term funding of such projects bears fruit and offers value for money. It encourages staff and skill retention and so directs more funds to actual service delivery for clients. This point was highlighted in the evaluation.

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### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Achievements and performance (continued)

##### *Welfare Rights Service*

Our Welfare Rights Officer (WRO) continues to work across all our projects providing a vital part of the overall service. Good information and guidance around benefits and money makes a huge difference to disabled people considering work and we are very thankful for our knowledgeable WRO.

The figures show a marked increase from the WRO who has helped secure £155k for people in work.

Below are some results:

	2019-2020	2018-2019
Total engagements	145	111
Total client meetings	299	274
Total financial gains	£376,644	£343,500
<b>Financial gains breakdown</b>		
AiE	£234,321	£213,373
Midlothian	£11,709	£23,550
East Lothian	£114,023	£91,060
Project SEARCH	£16,591	£15,460
<b>Gains for non means-tested Disability Benefits e.g. PIP *</b>	£35,801	--
<b>Gains for in-work benefits*</b>	£155,106	--
<b>Gains for out of work benefits*</b>	£185,736	--
<b>Activity</b>		
Better-off in work calculations	92	70
Benefit checks	65	59
Benefit applications supported	83	59
Successful tribunal hearings	100%	90%

\*These data points were newly collected in the 2019-20 year; prior year comparatives are not readily available.

The WRO post continued as a 4 day a week role. One day was funded via East Lothian Council (£7k April 2019 to March 2020). We were also awarded £6,800 from the Agnes Hunter Trust to cover one day a week for the period from July 2019 to June 2020. A further year is being funded from Agnes Hunter Trust until July 2021.

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### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Achievements and performance (continued)

##### *East Lothian*

Our East Lothian service has been based in Haddington within East Lothian Works which is East Lothian Council's employability team. The East Lothian 'One Council Partnership Fund' awarded a grant for one Employment Adviser to work across East Lothian for 2019-20. Our Employment Advisor provided transition support to young people aged 15-19 years leaving full time education without a positive destination. At the end of this funding, the post holder transferred to working directly for the Council's employability team. We have been awarded grant funding again for 2020-2021 and intend to recruit to the post.

There were no specified targets given to Into Work for this member of staff and he was managed day-to-day in-house with the East Lothian Works team. Nonetheless, the outcomes achieved were:

<b>Year to 31 March 2020</b>	<b>Achievements</b>
Total number of clients supported	30
Employment outcome	7
Work Experience /volunteering	10
Further education outcome	4
Training course outcome	7

Note that two East Lothian clients were supported through Project SEARCH in 2018-2019 and went on to get jobs with City of Edinburgh Council during 2019-2020. Two more young people were due to complete the Project SEARCH programme for 2019-2020 in June 2020. This is added value for the Council as a result of their links with Into Work.

East Lothian Welfare Rights: We supported 63 people with financial gains of £114,023.

##### *Midlothian*

For the year 2019 – 2020 we secured funding via Midlothian Council Large Grant Scheme. We were awarded 50% of what we asked to recruit and employ one part-time Employment Adviser for 16 hours per week. This 50% award was granted for 3 years to March 2022. Many charities in the area were given no award at all due to Council budget cuts and we were one of very few applicants to get at least 50% of our requested amount.

Our new Employment Adviser started in July 2019. Despite being new to employability, she has a background in coaching and Mental Health and quickly made an impact. Working alone she managed to re-establish local links and networks and achieve the annual targets/outputs over the 9 months to March 2020. The Council were very pleased with the outcomes achieved and pre-COVID-19 were still supporting with local premises.

## INTO WORK

### REPORT OF THE DIRECTORS

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#### Achievements and performance (continued)

<b>Midlothian Council Large Grant 2019 – 2020</b>		
	<b>Target</b>	<b>Achievements</b>
Number referrals	none	24
Number receiving initial meeting	none	23
Clients who received a 1:1 service	15	17
Number who will achieve an outcome	12	13
<b>Breakdown of outcomes</b>		
Jobs	none	4
Retained employment	none	4
Work Placement or volunteering position	none	3
Employment-focused training	none	2

As a response to the COVID-19 pandemic we were invited to apply for a CORRA grant in the Midlothian area and were awarded £2,000 in May 2020. This is enabling our Midlothian Employment Advisor to work additional hours to provide more in-depth one to one coaching sessions with people requiring additional support.

#### ***Project SEARCH***

The Project SEARCH Programme supports young people with a disability to take up a one-year internship programme that includes 3 work placement rotations in either the City of Edinburgh Council (CEC) or NHS Lothian (NHSL). Half of the interns are based within the Western General Hospital and the other half are based within Edinburgh Council at the Project SEARCH lead premises, Waverley Court. The programme includes supported learning at the work premises, delivered by Edinburgh College.

The Project SEARCH contract for this period ran for 2 years from 1<sup>st</sup> August 2018 through to 31<sup>st</sup> July 2020. A further one year's contract is being implemented from 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021. This is for half of the previous year service level because of the effects of COVID-19 with reduced placements available within the NHSL and CEC in the forthcoming period.

Between April 2019 and July 2020 Into Work provided 2 full time Job Coaches at the NHS Lothian site to support the interns through their placements and 3 Job Coaches at the CEC Site – 1 full time (35.75 hours) and 2 part time (32 hours and 5 hours).

26 Interns joined Project SEARCH in August 2018. The interns graduated at the end of June 2019. The 2018 intake continued to be supported by Into Work until at least 31 December 2019 under the Project SEARCH contract arrangements.

## INTO WORK

### REPORT OF THE DIRECTORS

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#### Achievements and performance (continued)

Below is a breakdown of the outcomes for each site:

Project SEARCH 1 <sup>st</sup> August 2019 to 31 <sup>st</sup> March 2020				
	Registrations	Graduations	Outcomes	Other
CEC	13	9	3 Job outcomes 1 Customer service 2 Manual work	At the end of the 2018-19 academic year: 6 interns required ongoing employment support
NHS	13	13	9 job outcomes 7 FT job outcomes 2 part time job outcomes  4 Porters 1 Cleaning 1 Catering 1 Post office 1 NHS pharmacy 1 Retail	At the end of the 2018-19 academic year: 4 interns required ongoing employment support

Because of COVID-19 lockdown the 2019-20 Project SEARCH interns were unable to complete their 3<sup>rd</sup> and final internship. The NHSL and CEC could not accommodate work-based internships during this period. Project SEARCH job coaches continued to engage remotely with the interns during this period. The programme ended with a celebration event for the interns in June 2020. At the time of writing, 5 of the interns from this cohort have gained employment outcomes. Project SEARCH will continue to support the interns who are in employment or still seeking employment up to the end of December 2020. Other interns will be supported with referrals to other agencies for college courses, volunteering or with other matters in their lives depending on their individual end of programme plans.

At the time of writing, 14 interns have been selected to join the 2020-21 programme which is being modified to adapt to the COVID-19 situation. As the funding has been reduced to respond to the COVID-19 situation we have had to undergo a period of redundancy consultation with the job coach team to reduce the team to 2 Full Time Equivalent posts. One job coach was already leaving to join employment with the NHS from the 1<sup>st</sup> August 2020. However, this activity resulted in one part time staff member being made redundant in June 2020 and one part time staff member moving to work with the All in Edinburgh team. We want to acknowledge the contribution that the two exiting staff members had made to supporting Into Work's activities over their years of employment.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Achievements and performance (continued)**

##### ***WEF – Workplace Equality Fund. ‘Equality Works’ project Scottish Government fund managed on their behalf by ‘Impact: Funding Partners’***

We received an award for the second time for the 2019-20 period to deliver further awareness training to private sector business partners. This training is to improve the recruitment and employment practices of disabled people and people with a health condition.

We hosted the launch of the 2019-20 Workplace Equality Fund alongside one of the participating finance companies who had taken part in last year’s delivery. This event was led and attended by the Minister of Business, Fair Work and Skills.

The value of our 2019-20 grant is £26,188, an increase to the 2018-19 award. Training sessions are being delivered online given the COVID-19 impact. We are delivering bespoke, online interactive workshops to two IT companies and one large Food & Drink company. We plan to capture feedback and legacy pledges for change in the form of video feedback. This evidence of impact will be added to our website and social media, thereby enhancing our overall profile.

This is being led by one Service Delivery Manager with the support of two frontline staff. The project timeline was 9 months to August 2020 but has been extended by one month due to COVID-19. The final report to demonstrate the full impact of this work is now due at the end October 2020.

##### ***Improving Understanding of Autism Fund Scottish Government Fund managed on their behalf by Inspiring Scotland***

We were awarded £49,887 to take part in a national campaign running from November 2019 to March 2021 to improve the public’s understanding of autism. The project is based on a co-production approach with autistic people. Up to March 2020 we had appointed an Autism Engagement Worker who set up an Autism Advisory Committee. The Autism Advisory Committee are working closely with the Autism Engagement Worker to develop a comprehensive training programme to be delivered to a range of businesses to improve their understanding of autism within employment policy and practice. The Autism Engagement Worker will deliver this training alongside autistic co-trainers who are in the process of being recruited and appointed. The training material is currently being adapted so it can be delivered online rather than face to face to respond to the COVID-19 pandemic. An evaluation and event will be delivered in the next period following delivery of the training sessions, and this project has also been asked to contribute to the National Autism Conference in October 2020.

##### ***Cyber Security***

During the last financial period, on the back of our experience of supporting autistic people in the digital sector (Code Clan and Autism Fund), we were approached by Edinburgh Napier University to deliver support for a short pilot Cyber Security course for autistic people. This work was completed in 2019 and is to be repeated and scaled up in other parts of Scotland in the next financial period. We have been approached and have confirmed we would be willing to continue being a partner with this work. Additionally, the Into Work Employment Adviser from 2019’s programme has been asked to co-chair the delivery panel and share their experience with other partners who will be delivering this work in the next period.

## INTO WORK

### REPORT OF THE DIRECTORS

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#### Achievements and Performance (continued)

##### ***Department of Work & Pensions Secondment***

We were pleased to report in 2017-18 the successful secondment arrangement that had been approved for our specialist Employment Adviser to work as a Community Engagement Officer, funded by the Scottish Government and based within Job Centre Plus, Department of Work and Pensions. Unfortunately, further funding for the Community Engagement Officers was not provided and the secondment came to an end in April 2019. This led to a consultation process with our Specialist Employment Adviser role as we had no other services with adequate funding for a Specialist role. The outcome of this was that the Specialist Employment Adviser left employment with Into Work in July 2019 on the grounds of redundancy. We want to acknowledge the contribution that this staff member had made to supporting Into Work's activities over their years of employment.

##### **Fundraising activities**

During the year, Into Work's two Service Delivery Managers and Senior Manager led on the fundraising activities of the charity. We have reported the successes here with the Agnes Hunter Trust, CORRA Foundation, Workplace Equality Fund, Understanding Autism Fund, Cyber Security training, and continued funding approved from East Lothian (1 year), Midlothian (3 years), and Project SEARCH (1 year). We also received a £1,000 Cyber Essentials Grant from Scottish Council for Voluntary Organisations (SCVO) in February 2020 to aid us in achieving cyber essentials accreditation. This work remains ongoing as of the year end. Some of the funding applied for was not successful and this included applications to Bank of Scotland Foundation, JP Morgan's Power Up Initiative, COVID-19 Pivotal Fund, and Edinburgh Health and Social Care Joint Integration Team Innovation Grant.

During December 2019 the whole of the organisation were involved in delivering a Christmas raffle which raised funds for IT equipment and also helped raise our profile with local businesses. We also were awarded a small grant of £500 from Scotmid for IT equipment.

This fundraising was very helpful to contribute to the provision of equipment for staff to work remotely in our COVID-19 response.

Fundraising activities continue and we are currently waiting to hear from Edinburgh University for the Data Driven Innovation programme, Bank of Scotland REACH Fund and Cyber Security Bid.

Following on from the Board and Managers strategic planning sessions a designated development position was approved. In August 2020 we have appointed a part time Development Coordinator to assist with strategic development and deliver a pipeline of funding applications to support Into Work going forward.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Achievements and performance (continued)**

##### **Summary**

Into Work has experienced a challenging year in 2019-20. The full impact of the COVID-19 pandemic is still unknown. And yet, despite this, we have continued to deliver a frontline service that is valued, respected, and achieves results. The organisation is continually adapting to a rapidly changing employability/disability landscape - striving to maintain and forge influential links to develop our business.

Our wide-ranging complement of services, initiatives and projects presents Into Work as a well-established support agency with an excellent reputation in whom a diverse range of funders have invested their money to good effect. As the organisation progresses towards its 27<sup>th</sup> year of operations in 2020-21, we anticipate a positive future for the organisation, its staff and its clients and partners – jobseekers with disabilities, employers and funders.

##### **Financial review**

The accounts show net income of £413,546 in the year (2019: net expenditure of £157,959) after adjusting for the actuarial loss/gain on the pension scheme, as detailed in the Statement of Financial Activities (SOFA). The large surplus in the year includes income of £548,000 received in the year on exiting the Lothian Pension Fund; excluding this one-off income event, the results of the year would have been a net expenditure of £134,454 (2019: £216,959). The net income comprises a net increase of £426,351 in unrestricted funds (2019: net decrease of £78,955) and a net decrease of £12,805 in restricted funds (2019: £79,004). At the balance sheet date the unrestricted reserves were £641,465 (2019: £215,114), with £33,606 (2019: £46,411) in restricted funds.

The Charity had a net surplus of funds of £675,071 (2019: £261,525) as at the year end.

##### **Principal funding sources**

Our principal funding source in the year was the service level agreement for The City of Edinburgh “All in Edinburgh” contract. Further detail is available in the Notes to the Annual Accounts. The Directors are grateful to all the charity’s funders, whether big or small, named or anonymous, for their generosity and support.

##### **Investment policy and performance**

The investment policy and objective is to cautiously manage the assets of the Charity in order to provide long term capital growth and an appropriate level of income if needed in order to fulfil the Charity’s objectives. Our investments are governed by an Investment & Reserves Policy that is reviewed by the Directors on an annual basis.

## INTO WORK

### REPORT OF THE DIRECTORS

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#### **Financial performance (continued)**

Our investments experienced a large decline in value as a result of the COVID-19 pandemic in March and April 2020, dropping in value by up to 16.3% in comparison with its value prior to COVID-19. We considered our options including whether to pull all or a portion of our funds out of our investment for safekeeping, however following discussions with our investment manager and further monitoring of the marketplace, we determined to keep our investment position intact. We note that the value of our investments has since recovered, standing at a value 3.5% above its pre-COVID value as of 13<sup>th</sup> August 2020, and we continue to monitor investment performance in light of COVID-19. The Directors are satisfied with the investment performance and returns for the year and with our position going into the next financial year.

#### **Ethical investment policy**

The charity invests its funds ethically, in a way that reflects Into Work's values and ethos and does not run counter to its aims. Ethical investment is defined as any investment strategy which seeks to consider both financial return and social/ environmental good to bring about social change regarded as positive by proponents.

#### **Reserves policy**

The Directors have a policy of maintaining reserves to protect against unforeseen fluctuations in income and to allow for capital growth. Previously a designated reserve fund was maintained in the charity's unrestricted funds which would contribute to the company meeting its statutory obligations and pension liabilities in the event of a redundancy situation, or enable it to continue its provision of services, if any sources of income were to cease or be delayed significantly in their payment.

Towards the end of the current year our reserves balance greatly increased due to our exit from the Local Government Pension Scheme. This resulted in a one-off income event and the Directors took the decision to invest the funds received as a long term investment for the charity to be used to grow capital, generate annual income as needed, and pursue other projects in line with the objects of the Charity in the future. These funds could also be used to secure the Charity's ongoing existence in the short-term. The Directors are currently reviewing the ongoing strategy of the Charity in light of this one-off income event as well as the current COVID-19 pandemic. The Directors consider that it is prudent to hold between three and six month's expenditure's worth of reserve for these purposes. Three months expenditure's worth of our reserves have been kept liquid, with the remainder invested in an ethical and prudent manner and designated for long-term investment.

For the upcoming year, our projected monthly cash outflows are in excess of our monthly cash inflows. We have invested in a Development Coordinator who will endeavour to improve our funding position so that our inflows cover our outflows, though our reserve funds may be used to compensate for any remaining shortfall. The Directors continue to consider other methods to make strategic use of our reserves in keeping with our objectives as an organisation.

## INTO WORK

### REPORT OF THE DIRECTORS

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#### Financial performance (continued)

At 31 March 2020 the free reserves of the charity, comprising of the general fund, amounted to £168,830 (2019: £213,744). This is equivalent to about 3 months' expenditure at current levels, which is at the lower end of the target range outlined above. The Directors are currently reviewing the ongoing strategy of the Charity and considering the strategic use of these reserves in light of the one-off income event experienced in the current year.

#### **Risk assessment**

The principal risks and uncertainties faced by the charity through 2020-21 are:

- The disruption to public health, businesses, and economy from the COVID-19 pandemic. We adapted our service delivery and office working arrangements, however the full impact and potential for future spikes and lockdowns is concerning for everyone.
- The long-term viability of Into Work. We have been working on succession and transitional planning to ensure Into Work continues into the future to benefit disabled job seekers and alleviate the causes/impact of poverty. We have conducted a 3 stage re-structuring Programme as well as taking the decision to exit the competitive and generous, but unaffordable, membership of the Local Government Pension Scheme which has released significant funds into Into Work's finances. We have appointed a part time freelance Development Coordinator to assist in sourcing funding to continue our work.
- The All in Edinburgh contract is due to end in March 2021. The All in Edinburgh Steering Group are seeking a one-year extension from the Council because of the delay in the retender process and uncertainty for clients and employers as a consequence of COVID-19. Ultimately it is the Council's decision on what the plan will be for this contract post March 2021.
- The management team will work with staff and Into Work Directors to sustain Into Work's viability in the short, medium, and long term.
- Retaining talented staff in a competitive employment market and with the uncertainty of our funding position can be challenging. We have a historically very low rate of unplanned turnover and as such have been able to retain high levels of talent and experience in our highly skilled staff team. The management team will continue to work to develop and retain our talented staff to overcome the pressures of funding uncertainty.
- Given the projected size of future Scottish government contracts such as the Fair Start Scotland Programme, Into Work will need to build on its reputation for partnership working in order to bid for contracts as part of a consortium or indeed as a sub-contractor to a larger commercial entity.
- With the 2016 European Union Membership Referendum taking the UK on a course to leave the EU, there is still currently no firm assurance or plan as to the replacement funding (Shared Prosperity Fund). Into Work currently draws down significant ESF funding via the All in Edinburgh contract.
- Into Work is exposed to financial risk and market movements through its investment portfolio. Our investment and reserves policy ensures that we have sufficient liquid funds to continue operations in spite of any market movements, and also ensures that the fund which we invest in is sufficiently diversified. The Finance Manager, Senior Manager, Directors, and Investment Manager of the fund we invest in provide oversight of investment performance.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Financial performance (continued)**

These are all significant elements of risk but are by no means insurmountable. The organisation is able to operate and trade on a significant reputation and track record of quality service delivery that has delivered significant employment and progression outcomes for unemployed disabled people. Using that, we continue to raise the profile of the organisation and publicise its achievements to a wide range of audiences including the private sector, where we have generated interest on the part of IT and finance companies who have initially given us valuable pro bono practical support, which we would hope to convert into financial support or sponsorship in due course.

#### **Plans for future periods**

The Into Work organisation will continue to maintain its service delivery focus on working with and supporting people with disabilities and / or long term health conditions. Consequently, the Board of Into Work envisage opportunities for incremental growth in the organisation's services and capacity, both in its current core operational area and further afield in new areas.

Underpinning that desire for incremental growth in the short to medium term i.e. 2020 through 2023, a number of key elements have to come together – and we have worked with partners to try and ensure there is the best possible chance of that happening.

Local authorities, particularly City of Edinburgh Council, continue to invest in additional disability and employment services as the Fair Start Scotland programme will not be suitable for many jobseekers with higher support needs.

#### **Structure, governance and management**

##### ***Constitution***

Into Work was incorporated on 23 December 1997 and is a Charitable Company limited by guarantee with no share capital. The Charity's purposes and powers are prescribed by, and it is governed in accordance with, its Memorandum and Articles of Association. The Charity is recognised as a Scottish Charity.

##### ***Membership***

Membership of the Charity is open to any individual or organisation with an interest in disability and employment and whose application to membership in accordance with the Charity's Memorandum and Articles of Association is successful. The liability of each Member in the event of winding-up is limited to £5.

##### ***Directors, recruitment and appointment of new directors***

The Board of Directors is responsible for the management of the Charity and the safeguarding of its assets. Directors are recruited to the Board with a view to cultivating a mix of skills and experiences across a broad range of relevant disciplines.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Structure, governance and management (continued)**

At each AGM, one third of the appointed Directors retire and are eligible for re-appointment. The Board may also co-opt additional Directors to serve until the next AGM, following which they may be re-appointed.

#### ***Induction and training of new directors***

New Directors are often already familiar with the practical work of Into Work. New Directors are provided with an induction pack and are offered training on the roles and responsibilities of Board Members, run by a number of voluntary sector providers. Refresher and other training opportunities are also offered.

#### ***Organisational structure***

The Board meets regularly to direct the business of the Charity, has set up an HR sub-committee, a Finance & Audit sub-committee and a Strategic Development sub-committee each to comprise of three Directors and a manager from the management team. Induction and training are given as required. Responsibility for routine operational matters is delegated to the management team.

#### ***Policies and procedures***

Into Work appoints professional contractors to provide employment law advice and insurance cover. Policies and procedures are reviewed on a rolling basis.

#### ***Health and safety***

At each AGM in previous years a named director was appointed to take overall responsibility for Health and Safety. A named Health and Safety officer ensured that changes to Health and Safety law were reflected in Charity policies and monitored activity at Into Work projects/sites to ensure that they were implemented. Due to the changes in Directors, future Health and Safety functions will be reported to the HR Committee of the Board by the management team.

#### ***Standards***

Into Work has held the Investors in People (IIP) standard since January 2000. We were successfully reviewed in December 2018 and awarded with the continuation of the standard in early 2019.

Into Work was awarded the Disability Confident Employer Standard in July 2017. The new standard continues to promote equal opportunities for disabled jobseekers and employees in all aspects of recruitment, employment, development, and retention practices.

Into Work was awarded with the Joined Up for Jobs Charter Award, another one of our Service Delivery Managers completed her professional development programme with Inspiring Scotland, and two staff completed their supported employment PDA training.

**INTO WORK**

**REPORT OF THE DIRECTORS**

**For the year ended 31 March 2020**

**Structure, governance and management (continued)**

***Remuneration policy & payments to senior management***

The Directors consider the management team to be the key management personnel of the Charity. The Into Work Board review the remuneration of management and all other staff annually and increases are considered in light of the Consumer Price Index (CPI) & Retail Price Index (RPI) and the prevailing economic circumstances in which the Company is operating.

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### Reference and administrative information

**Charity name** Into Work

**Charity registration number** SC028327

**Company registration number** SC181737

#### **Directors**

Valerie Bell

Alan David Wilson Treasurer (appointed 6 June 2019)

Andrew Smith

Iris McMillan (deceased 26 February 2020)

Jamie Szymkowiak (appointed 28 July 2020)

Jean Maclellan

Kenneth Dinwoodie (appointed 6 June 2019)

Norma Whannell

Scott Mackintosh (appointed 28 July 2020)

**Company secretary** Kathryn Bailer (appointed 12 September 2019)

#### **Key management personnel**

Senior Manager Rebecca Allen

Service Delivery Manager Tanya Knight

Service Delivery Manager Lynda McLeod

Finance Manager Kathryn Bailer (from 20 August 2019)

#### **Principal office and registered office**

Norton Park  
57 Albion Road  
Edinburgh, EH7 5QY

#### **Senior Statutory Auditor Independent Auditors**

Kevin Cattanach  
Whitelaw Wells  
Statutory Auditor  
9 Ainslie Place  
Edinburgh, EH3 6AT

#### **Bankers**

Bank of Scotland  
6 Picardy Place  
Edinburgh EH1 3JT

#### **Investment manager**

CCLA Investment Management Limited  
Senator House, 85 Queen Victoria Street  
London, EC4V 4ET

## INTO WORK

### REPORT OF THE DIRECTORS

For the year ended 31 March 2020

#### **Statement of directors' responsibilities**

The Directors are responsible for preparing the Directors' Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the Charitable Company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charitable Company will continue on that basis.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Directors are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

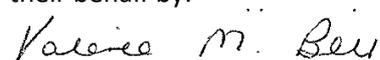
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Charity's auditors are unaware, and each director has taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by and authorised for issue by the Board of Directors on 29 October 2020 and signed on their behalf by:-



**Valerie Bell**  
**Director**

## INTO WORK

### INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

For the year ended 31 March 2020

#### Opinion

We have audited the financial statements of Into Work (the 'charitable company') for the year ended 31 March 2020, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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 (who are also the directors of the company for the purposes of company law) 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 charitable 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.

#### Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

## INTO WORK

### INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

For the year ended 31 March 2020

#### **Other information (continued)**

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.

#### **Opinions 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 Directors' report, prepared for the purposes of company law and included within the Directors' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirements to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## INTO WORK

### INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

For the year ended 31 March 2020

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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). This description forms part of our Report of the Auditors.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cattanach (Senior Statutory Auditor)  
for and on behalf of Whitelaw Wells  
Statutory Auditor  
9 Ainslie Place  
Edinburgh  
Midlothian  
EH3 6AT

29 October 2020

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**INTO WORK**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(Including Income & Expenditure Account)  
For the year ended 31 March 2020

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Income and endowments from:</b>					
Donations	2	2,494	-	2,494	309
Charitable activities					
<i>Grants and service level agreements</i>	3	369,784	222,014	591,798	581,541
<i>Consultancy income</i>	3	1,769	-	1,769	44,028
Investment income					
<i>Bank interest</i>		73	-	73	96
<i>Interest on pension scheme</i>		-	-	-	9,000
Other income		-	-	-	442
<b>Total income before pension income</b>		374,120	222,014	596,134	635,416
Pension income		548,000	-	548,000	-
<b>Total</b>		922,120	222,014	1,144,134	635,416
<b>Expenditure on:</b>					
Raising funds		5,949	-	5,949	7,425
Charitable activities		433,878	234,819	668,697	850,582
<b>Total</b>	4	439,827	234,819	674,646	858,007
Net (loss)/gain on investments	8	(55,942)	-	(55,942)	5,632
<b>Net (expenditure)/income before transfers and pension income</b>		(121,649)	(12,805)	(134,454)	(216,959)
<b>Net income/(expenditure) before transfers</b>		426,351	(12,805)	413,546	(216,959)
<b>Transfers between funds</b>	12	-	-	-	-
<b>Net income/(expenditure) before other recognised gains and losses</b>		426,351	(12,805)	413,546	(216,959)
<b>Other recognised (losses)/gains:</b>					
Actuarial gain on defined benefit pension scheme	14	-	-	-	59,000
<b>Net movement in funds</b>		426,351	(12,805)	413,546	(157,959)
<b>Funds brought forward</b>		215,114	46,411	261,525	419,484
<b>Funds carried forward</b>	12	641,465	33,606	675,071	261,525

The results for the year derive from continuing activities. The Charity has no recognised gains or losses other than those included in the Statement of Financial Activities above. The notes on pages 27 to 43 form part of these financial statements.

**INTO WORK**

**BALANCE SHEET**

**AT 31 MARCH 2020**

	Notes	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Tangible fixed assets	7		8,393		1,370
Investments	8		464,242		53,184
			472,635		54,554
<b>Current assets</b>					
Debtors	9	71,896		86,550	
Cash at bank and on hand		193,498		161,535	
			265,394		248,085
<b>Creditors:</b> amounts falling due within one year	10	(62,958)		(41,114)	
			202,436		206,971
<b>Net current assets</b>			202,436		206,971
<b>Net assets excluding pension asset/(deficit)</b>			675,071		261,525
Pension asset/(deficit)	14		-		-
			675,071		261,525
<b>Net assets</b>	13		675,071		261,525
<b>Funds</b>					
<b>Unrestricted funds</b>					
Unrestricted general fund	12		168,830		213,744
Designated funds	12		472,635		1,370
<b>Restricted funds</b>	12		33,606		46,411
			675,071		261,525
			675,071		261,525

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These financial statements were approved by the Directors on 29 October 2020 and signed on their behalf by:

*Valerie M. Bell*

**Valerie Bell**

**Director**

**Company Registration No:** SC181737

The notes on pages 27 to 43 form part of these financial statements.

## INTO WORK

### CASH FLOW STATEMENT

For the year ended 31 March 2020

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net cash provided by/(used in) by operating activities	507,293	(111,315)
	<hr/>	<hr/>
<b>Cash flows from investing activities:</b>		
Interest	73	96
Purchase of property, plant and equipment	(8,403)	-
Purchase of investments	(467,000)	-
	<hr/>	<hr/>
<b>Net cash (used in)/provided by investing activities</b>	<b>(475,330)</b>	<b>96</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>31,963</b>	<b>(111,219)</b>
Cash and cash equivalents at the beginning of the year	161,535	272,754
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>193,498</b>	<b>161,535</b>
	<hr/>	<hr/>
<b>Reconciliation of net expenditure to net cash flow from operating activities</b>		
<b>Net income/(expenditure) for the year (as per the Statement of Financial Activities)</b>	<b>413,546</b>	<b>(157,959)</b>
<b>Adjustments for:</b>		
Depreciation charge	1,380	1,711
Loss/(gain) on investments	55,942	(5,632)
Interest from investments	(73)	(96)
Decrease in debtors	14,654	79,640
Increase/(decrease) in creditors	21,844	(28,979)
	<hr/>	<hr/>
<b>Net cash provided by/(used in) operating activities</b>	<b>507,293</b>	<b>(111,315)</b>
	<hr/>	<hr/>
<b>Analysis of cash and cash equivalents</b>		
Instant access bank deposits	193,498	161,535
	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<b>193,498</b>	<b>161,535</b>
	<hr/>	<hr/>

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### ***Basis of preparation***

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Into Work Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Directors consider there are no material uncertainties about the charitable company's ability to continue as a going concern. The Directors' going concern assessment includes the expected impact of COVID-19 to the charity for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

##### ***Income recognition***

Donations including grants that provide core funding or are of general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant must only be used in future accounting periods, or when the donor has imposed conditions which must be met before the Charity has unconditional entitlement.

Income from investments, namely bank interest, is included in the year in which it is receivable.

Income from charitable activities includes income received under contract, or where entitlement to grant funding is subject to specific performance conditions, is recognised as earned (as the related services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 1. Accounting policies (continued)

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The Charity is registered for VAT and, accordingly, expenditure is shown gross of irrecoverable VAT.

- Costs of raising funds comprise the costs associated with attracting donations and investment management cost.
- Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include governance costs which support the Charity's programmes and activities. These costs include the expenses of Directors meetings, the statutory audit and legal and professional fees. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 4.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.
- Grants payable are recognised when the beneficiary earns the right to consideration by its performance.

##### **Operating leasing**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

##### **Taxation**

As a recognised charitable body, the Charity is exempt from corporation tax on its charitable activity.

##### **Tangible fixed assets and depreciation**

All fixed assets are initially recorded at cost with assets costing in excess of £500 capitalised. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Office equipment	20%-33% on cost
Computer equipment	33% on cost

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 1. Accounting policies (continued)

##### ***Investments***

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or subsectors.

The Charity anticipates a long-term future and accepts the reality that financial markets are such that capital values of investments will fluctuate during a long time-scale.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

##### ***Pension costs***

The charity operates a Defined Contributions Pension Scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the Scheme.

Until October 2019 qualifying staff were members of the Lothian Pension Fund, a multi-employer Defined Benefit Scheme. This Scheme is now closed to new members and the Scheme was exited in the year which resulted in the liability being crystallised and a refund of the surplus being received. Deficits under the scheme are recognised in the accounts in accordance with the requirements of Financial Reporting Standard 102, based on the company's share of the scheme assets and liabilities, as reported by the scheme actuary. The scheme assets are valued at market value. In accordance with FRS 102 "retirement benefits" the company's share of a scheme deficit is recognised in full on the balance sheet and its share of a surplus is recognised to the extent that the surplus can be recovered.

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

1. **Accounting policies (continued)**

***Fund accounting***

- Unrestricted funds are available for use at the discretion of the Directors to further the general objectives of the Charity.
- The Pension reserve represents the difference between the market value of the pension scheme assets and the present value of the scheme liabilities, as determined by the actuarial valuation.
- Designated funds are unrestricted funds earmarked by the Directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the funder or donor or through the terms of an agreement.

2. **Income from donations**

	2020	2020	2020	2019
	Unrestricted	Restricted	£	£
	£	£		
Other donations	2,494	-	2,494	309
	2,494	-	2,494	309
	2,494	-	2,494	309

Income from donations was £2,494 (2019: £309) all of which was unrestricted.

3. **Income from charitable activities (grants)**

	2020	2020	2020	2019
	Unrestricted	Restricted	£	£
	£	£		
<b>Supported employment services:</b>				
All in Edinburgh (SLA)	369,784	-	369,784	363,244
Inspiring Scotland – Understanding Autism	-	16,629	16,629	-
City of Edinburgh Council – Project SEARCH	-	125,611	125,611	99,377
East Lothian Council – Core & Fairer				
Scotland Fund (FSF)	-	34,000	34,000	48,000
Midlothian Council	-	16,667	16,667	30,314
Midlothian Council – ESF	-	4,213	4,213	8,239
JP Morgan Chase Foundation and				
City of Edinburgh Council – Get Digit-ALL				
for CodeClan	-	-	-	9,867
Edinburgh Napier University	-	5,000	5,000	-
Agnes Hunter Trust	-	6,800	6,800	-
Impact Funding – Workplace Equality Fund	-	13,094	13,094	22,500
	369,784	222,014	591,798	581,541
<b>Total supported employment services</b>	369,784	222,014	591,798	581,541

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 3. Income from charitable activities (grants)

	2020 Unrestricted £	2020 Restricted £	2020 £	2019 £
<b>Other projects &amp; services</b>				
Consultancy	1,769	-	1,769	44,028
	1,769	-	1,769	44,028
<b>Total income from charitable activities</b>	371,553	222,014	593,567	625,569

Income from charitable activities was £593,567 (2019: £625,569) of which £371,553 (2019: £407,272) was unrestricted and £222,014 (2019: £218,297) was restricted.

#### 4. Expenditure

	Fundraising Costs £	All in Edinburgh £	Employment Support £	Total 2020 £	Total 2019 £
<b>Direct operating costs:</b>					
Staff travel, training & events	-	1,847	3,505	5,352	9,193
Beneficiary expenses & events	-	168	-	168	1,737
Subscriptions and publications	-	1,510	1,409	2,919	3,250
<b>Support costs:</b>					
Staff costs (see below)	5,949	319,956	268,966	594,871	742,546
Premises costs	-	19,360	10,925	30,285	32,328
IT & website costs	-	4,055	1,782	5,837	11,704
Office administration costs	-	7,417	6,083	13,500	12,254
Other costs & professional fees	-	3,967	6,115	10,082	34,990
Depreciation	-	-	1,380	1,380	1,711
Irrecoverable VAT	-	-	5,988	5,988	3,707
Bad debts	-	-	224	224	87
<b>Governance costs:</b>					
Audit & accountancy fees	-	2,058	1,982	4,040	4,500
<b>Total</b>	5,949	360,338	308,359	674,646	858,007

Overheads and support costs are allocated on the basis of staff time.

Expenditure was £674,646 (2019: £858,007) of which £439,827 (2019: £561,384) was unrestricted and £234,819 (2019: £296,623) was restricted.

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 4. Expenditure (continued)

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Staff salaries	479,892	552,697
Social security costs	32,321	37,801
Pension costs – normal contributions	31,804	27,085
Pension costs – FRS 102 adjustment	-	68,000
External consultants	1,823	2,403
Redundancy payments	49,031	54,560
	<hr/>	<hr/>
Total	594,871	742,546
	<hr/> <hr/>	<hr/> <hr/>

The policy for redundancy follows the statutory redundancy provisions unless covered by a legal binding settlement agreement.

The average monthly number of employees during the year was:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Management staff	4	4
Project staff	16	18
Administrative staff	2	3
	<hr/>	<hr/>
Total	22	25
	<hr/> <hr/>	<hr/> <hr/>

No emoluments were paid to Directors and £Nil (2019: £41) expenses were reimbursed in the current year to Directors (2019: one Director).

At the year end the Charity considers its key management personnel comprise the Senior Manager, Service Delivery Managers and the Finance Manager. The total employment benefits including employer pension contributions of the key management personnel was £131,757 (2019: £172,522). No employee had emoluments of more than £60,000 during either the current or previous year.

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**5. Summary analysis of expenditure and related income for activities**

This table shows the cost of the main activities and the sources of income that support those activities.

	<b>Fundraising costs £</b>	<b>All in Edinburgh £</b>	<b>Employment support £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Costs	(5,949)	(360,338)	(308,359)	(674,646)	(858,007)
Donations	2,494	-	-	2,494	309
Grants and service level agreements	-	369,784	222,014	591,798	581,541
Consultancy	-	-	1,769	1,769	44,028
Investment income	73	-	-	73	9,096
Other income	-	-	-	-	442
Pension income	-	-	548,000	548,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,382)	9,446	463,424	469,488	(222,591)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**6. Net income/(expenditure) for the year**

	<b>2020 £</b>	<b>2019 £</b>
This is stated after charging:		
Depreciation	1,380	1,711
Auditors' remuneration – audit fee	4,040	4,000
Operating lease	22,384	20,692
	<hr/> <hr/>	<hr/> <hr/>

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

7. <b>Tangible fixed assets</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2019	4,418	21,644	26,062
Additions	120	8,283	8,403
Disposals	-	(487)	(487)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	4,538	29,440	33,978
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>			
At 1 April 2019	4,418	20,274	24,692
Charge for year	10	1,370	1,380
Eliminated on disposals	-	(487)	(487)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	4,428	21,157	25,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
At 31 March 2020	110	8,283	8,393
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2019	-	1,370	1,370
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

<b>8.</b>	<b>Investments</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Market value at 1 April 2019	53,184	47,552
	Additions	467,000	-
	Unrealised (loss)/gain on investments	(55,942)	5,632
		<hr/>	<hr/>
	Market value at 31 March 2020	464,242	53,184
		<hr/> <hr/>	<hr/> <hr/>
	<b>Historic cost</b>		
	At 31 March 2020 (excluding cash)	517,000	50,000
		<hr/> <hr/>	<hr/> <hr/>
	The portfolio consists of:		
		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	UK securities and unit trusts	464,242	53,184
		<hr/> <hr/>	<hr/> <hr/>

The UK securities invested in are themselves invested in a diverse portfolio including overseas equities, UK equities, property, other assets and cash. All investments are carried at their fair value. Investments are all traded in quoted public markets, primarily the London Stock Exchange. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

<b>9.</b>	<b>Debtors</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Grants receivable	63,391	77,648
	Other debtors	8,505	8,902
		<hr/>	<hr/>
	Total	71,896	86,550
		<hr/> <hr/>	<hr/> <hr/>
<b>10.</b>	<b>Creditors: amounts falling due within one year:</b>		
		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Other taxation and social security	59	11,017
	Pension contributions	4,524	3,513
	Accruals	19,569	9,757
	Other creditors	-	243
	VAT	32,889	16,584
	Deferred income	5,917	-
		<hr/>	<hr/>
	Total	62,958	41,114
		<hr/> <hr/>	<hr/> <hr/>

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**11. Commitments under operating leases**

At 31 March 2020 the Charity had annual commitments under non-cancellable operating leases as set out below:

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Land &amp;</b>	<b>Other</b>	<b>Land &amp;</b>	<b>Other</b>
	<b>buildings</b>		<b>buildings</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within one year	10,451	2,939	22,066	2,939
One to two years	10,451	683	9,383	2,730
Two to five years	2,793	-	10,311	683
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**12. Movement on funds**

	At 1 April 2019	Income	Expenditure	Gains & (losses)	Transfers	At 31 March 2020
Note	£	£	£	£	£	£
<b>Restricted funds:</b>						
Midlothian	a	-	20,880	(17,630)	-	3,250
East Lothian (FSF)	b	8,587	34,000	(41,000)	-	1,587
Understanding Autism Fund	c	-	16,629	(5,381)	-	11,248
CEC – Project SEARCH	d	14,347	125,611	(132,296)	-	7,662
Digital Inclusion Project	e	8,681	-	(8,681)	-	-
Workplace Equality Fund	f	14,796	13,094	(18,266)	-	9,624
Cyber Security Project	g	-	5,000	(5,000)	-	-
Welfare Works	h	-	6,800	(6,565)	-	235
		-----	-----	-----	-----	-----
<b>Total restricted funds</b>		46,411	222,014	(234,819)	-	33,606
		-----	-----	-----	-----	-----
<b>Unrestricted funds:</b>						
<b>Designated funds:</b>						
CEC – All in Edinburgh	i	-	369,784	(360,338)	(9,446)	-
Investment fund	j	-	-	-	464,242	464,242
Fixed asset fund	k	1,370	-	(1,380)	8,403	8,393
		-----	-----	-----	-----	-----
<b>Total designated</b>		1,370	369,784	(361,718)	- 463,199	472,635
General fund		213,744	552,336	(78,109)	(55,942)(463,199)	168,830
		-----	-----	-----	-----	-----
<b>Total unrestricted</b>		215,114	922,120	(439,827)	(55,942)	- 641,465
		-----	-----	-----	-----	-----
<b>Total funds</b>		261,525	1,144,134	(674,646)	(55,942)	- 675,071
		=====	=====	=====	=====	=====

**Notes on funds:**

- a. The “Into Work Midlothian” project is funded by Midlothian Council through their Employability Learning and Training Standard grant fund to support disabled job seekers into employment, Further Education (FE) training, placement, volunteering or employment focused training. From 1st August 2016 to 31st December 2018 it was matched into the Midlothian ESF Programme, which drew down additional ESF funds to add capacity and additional resources to that service.

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 12. Movement on funds (continued)

##### Notes on funds (continued):

- b. The “Into Work East Lothian” project is funded by East Lothian Council’s Partnership Fund to provide peer support to young people at risk of leaving education without a positive destination. This service is based at East Lothian Works in Haddington. Into Work also supplies part-time welfare rights expertise which is funded by and delivered at East Lothian Works.
- c. The Understanding Autism Fund, managed by Inspiring Scotland on behalf of the Scottish Government, is a project in co-production and co-presentation with autistic people to develop and deliver a comprehensive training programme to a range of businesses to improve their understanding of autism within employment policy and practice.
- d. Project SEARCH is funded by the City of Edinburgh Council. It provides a supported internship programme for people with a disability. The programme is a partnership between two host employers (City of Edinburgh Council and the Western General Hospital), a training provider (Edinburgh College) and a supported employment agency (Into Work). The funding pays for Into Work’s job coaching element of the programme.
- e. Digital Inclusion project supporting clients to engage with the CodeClan programme was concluded during the year.
- f. The Workplace Equality Fund, managed by Impact: Funding Partners on behalf of the Scottish Government, enabled Into Work to develop relationships and deliver awareness training to private sector employers around improving equality in employment for people with disabilities.
- g. The Cyber Security Project raising awareness of cyber security careers for neuro-atypical/autistic participants concluded during the year.
- h. Welfare Works is funding from the Agnes Hunter Trust to provide finance and benefits advice and support to people with disabilities transitioning to paid employment.
- i. The All in Edinburgh project is funded by City of Edinburgh Council via Capital City Partnership’s Improving Employability Challenge Fund to provide a specialist employment service to Edinburgh residents with a disability or health condition. Into Work delivers the project in partnership with three other agencies.
- j. The investment fund corresponds to the value of investments. This has been designated during the year as these assets are intended to be used as a long term investment for the charity and will be used to grow capital, generate annual income as needed, and pursue other projects in line with the objects of the Charity in the future. These funds could also be used to secure the Charity’s ongoing existence in the short-term.
- k. The fixed asset fund corresponds to the net book value of fixed assets. Annual depreciation is charged to the fund and the cost of fixed assets purchased is transferred in to it.

**INTO WORK**  
**REPORT OF THE DIRECTORS**  
for the year ended 31 March 2020

**12. Movement on funds (continued)**

	At 1 April 2018 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	At 31 March 2019 £
<b>Restricted funds:</b>						
Midlothian	11,313	38,553	(49,866)	-	-	-
East Lothian (FSF)	2,463	48,000	(41,876)	-	-	8,587
Autism Project	678	-	-	-	(678)	-
CEC – Project SEARCH	36,798	99,377	(121,828)	-	-	14,347
BLF – Into Work Lothian	75,253	-	(75,253)	-	-	-
Digital Inclusion Project	(1,090)	9,867	(96)	-	-	8,681
Workplace Equality Fund	-	22,500	(7,704)	-	-	14,796
	-----	-----	-----	-----	-----	-----
<b>Total restricted funds</b>	125,415	218,297	(296,623)	-	(678)	46,411
	-----	-----	-----	-----	-----	-----
<b>Unrestricted funds:</b>						
<b>Designated funds:</b>						
Development fund	89	-	(89)	-	-	-
CEC – All in Edinburgh	68,869	363,244	(372,115)	-	(59,998)	-
Fixed asset fund	3,081	-	(1,711)	-	-	1,370
	-----	-----	-----	-----	-----	-----
<b>Total designated</b>	72,039	363,244	(373,915)	-	(59,998)	1,370
Pension deficit fund	-	9,000	(68,000)	59,000	-	-
General fund	222,030	44,875	(119,469)	5,632	60,676	213,744
	-----	-----	-----	-----	-----	-----
<b>Total unrestricted</b>	294,069	417,119	(561,384)	64,632	678	215,114
	-----	-----	-----	-----	-----	-----
<b>Total funds</b>	419,484	635,416	(858,007)	64,632	-	261,525
	=====	=====	=====	=====	=====	=====

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**13. Analysis of net assets between funds**

	<b>General fund £</b>	<b>Designated funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Tangible fixed assets	-	8,393	-	8,393
Fixed assets investments	-	464,242	-	464,242
Net current assets	168,830	-	33,606	202,436
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net assets at 31 March 2020</b>	<b>168,830</b>	<b>472,635</b>	<b>33,606</b>	<b>675,071</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>General fund £</b>	<b>Designated funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Tangible fixed assets	-	1,370	-	1,370
Fixed assets investments	53,184	-	-	53,184
Net current assets	160,560	-	46,411	206,971
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net assets at 31 March 2019</b>	<b>213,744</b>	<b>1,370</b>	<b>46,411</b>	<b>261,525</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**14. Pension and other post-retirement benefit commitments**

**Defined contribution pension scheme**

The Charity participates in a defined contribution pension scheme run by NEST. The Charity's contribution to this scheme is 7.5% of participants' salaries which is charged to the Statement of Financial Activities in the year to which the payments relate. This scheme is open to all qualifying employees.

<b>Defined contribution</b>	<b>2020 £</b>	<b>2019 £</b>
Contributions payable by the Charity for the year	31,804	27,085
Amounts outstanding at the year end	4,524	2,834
	<hr/>	<hr/>

## INTO WORK

### NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

#### 14. Pension and other post-retirement benefit commitments (continued)

##### Final salary pension scheme

The Charity was a participating employer in the Lothian Pension Fund (“the Scheme”) until 30th September 2019 when the Charity exited the Scheme. The scheme provides benefits based on final pensionable pay (i.e. defined benefit scheme). The assets of the Scheme are held separately from those of the Charity. Contributions are charged to the Income and Expenditure account so as to spread the cost of pensions over the employees’ working lives with the Charity. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

An actuarial valuation was carried out at 31 March 2019 by a qualified independent actuary for FRS 102 purposes.

##### The major assumptions used by the actuary were:

	31 March 2020	31 March 2019
	% per annum	% per annum
Pension increase rate	-	2.5
Salary increases rate	-	4.2
Discount rate	-	2.4

##### The employer’s share of the assets in the scheme and the expected rate of return were:

	Long term return at 31/03/20 (%p.a)	Value at 31/03/20 £(000)	Long term return at 31/03/19 (%p.a)	Value at 31/03/19 £(000)
Equities	-	-	9.4	2,491
Bonds	-	-	9.4	366
Property	-	-	9.4	232
Cash	-	-	9.4	232
	-----	-----	-----	-----
Total market value of assets		-		3,321
Present value of scheme liabilities		-		(3,041)
		-----		-----
Surplus/(deficit) in the scheme		-		280
		=====		=====

Given the Charity exited the Scheme during the year, a valuation as at 31 March 2020 would show that the market value of the scheme’s assets was £Nil (2019: £3,321,000) and that the actuarial value of these assets represented 100% (2019: 100%) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Charity were 36.7% from 1 April 2018. However, during the year the Charity took an agreed repayment holiday.

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**14. Pension and other post-retirement benefit commitments (continued)**

**Analysis of the amount charged to the income and expenditure account:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current service cost	-	54,000
Past service costs	-	14,000
	-	68,000
	-	68,000

**Analysis of the amount charged to the income and expenditure account as interest:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	-	83,000
Interest on pension scheme liabilities	-	(74,000)
	-	9,000
Net interest charge	-	9,000

**Actuarial gain recognised in the Statement of Financial Activities:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Changes in financial assumptions	-	(212,000)
Experience gains arising on the scheme assets	-	207,000
Restricting the surplus	-	64,000
	-	59,000
Actuarial gain/ (loss) recognised	-	59,000

**INTO WORK**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2020**

**14. Pension and other post-retirement benefit commitments (continued)**

<b>Movement during the year:</b>	<b>Year to 31/03/20 £</b>	<b>Year to 31/03/19 £</b>
<b>Surplus/(deficit) at beginning of year</b>	-	-
Movement in year:		
Current service cost	-	(54,000)
Past service cost	-	(14,000)
Revaluation on crystallisation	(548,000)	-
Net interest charge	-	9,000
Actuarial gain/(loss)	-	59,000
Crystallisation event	548,000	-
	<hr/>	<hr/>
<b>Surplus/(deficit) at end of year</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

The actuarial valuation at 31 October 2019 showed a movement in the year from a surplus of £280,000 to a surplus of £548,000, which was crystallised in the year.

**15. Related party transactions**

No one individual had control of the Charity during the year.

There were no related party transactions during the year as required to be disclosed by Financial Reporting Statement 102.

**16. Company limited by guarantee**

The Charitable Company has no share capital as it is a Company limited by guarantee.