

Social Care and Social Work Improvement Scotland, known as the

Care Inspectorate annual report and accounts

2011-12



Annual Report and Accounts of the Care Inspectorate

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FOREWORD

by Professor Frank Clark CBE, Chair



As I reflect on this first year of operation for the Care Inspectorate, I am struck by how far we have come in 12 short months.

Without question, managing change and transition and getting a brand new, national organisation up and running smoothly and effectively are significant challenges, but I believe we have met these and met them well. We now have the solid foundation we need to build on our work in years two, three and beyond.

The Care Inspectorate began operating on 1 April 2011, having been formed under the Public Services Reform (Scotland) Act 2010, which was created to simplify the scrutiny landscape of care and health services in Scotland. The Act sets out how we must operate and places certain duties upon us. One of these is our Duty of User Focus. This duty means we are committed to making sure that people who use services are at the heart of everything we do. In our first year, we co-produced, with people who

use services and their carers, our Involvement Plan and Charter. The Act also places a Duty of Co-operation on us to work closely with our partners to make scrutiny more efficient and effective. I am glad to report that we are building productive and positive working relationships with a range of bodies including Healthcare Improvement Scotland, the Mental Welfare Commission, the Scottish Housing Regulator and NHS Scotland. In addition we are developing new ways of working with COSLA, SOLACE, ADSW as well as provider organisations like Scottish Care and CCPS. The work we are doing to meet these duties represents the first steps of a journey that will ultimately lead to improved services for people in Scotland.

One of our major tasks in this first year was to prepare our plan for carrying out inspections that are intelligence-led, risk-based, transparent, accountable, proportionate and consistent. Our plan reflects the statutory minimum level of one annual unannounced inspection (where relevant) and expands the role played by people who use services and their carers to ensure that their experiences lie at the heart of the inspection process.

Crucially, this plan represents a significant step in what are fundamentally new ways of working. It introduces a new scrutiny model for joint inspection of both children's and adult services; aligning with Government policies for the integration of health and social care and building on the work Ministers have asked us to do, to develop a whole-system, integrated approach to the inspection of children's services.

We have faced and dealt with some significant challenges this year. Not least of these was to meet a 7.6 per cent efficiency saving in operating costs from the combined predecessor bodies and I am pleased to report that we exceeded this target. I would like to record our appreciation of the Cabinet Secretary's subsequent decision to protect our budget for a three-year period providing a stable, sustainable platform from which to develop our work.

The financial collapse of Southern Cross affected 99 care homes with the capacity to serve 5,807 people across Scotland. We worked in partnership with Scottish and UK Government, Local authorities and service providers so that our newly formed National Registration Team was able to fast-track the registration of new owners. We successfully registered all but three of these new services within two months, to minimise the impact on people served by these care homes.

Although we are a new organisation, we are made up of staff who came to the Care Inspectorate with a wealth of knowledge, skills and experience in regulation and scrutiny. From day one led by Jacquie Roberts (interim Chief Executive) and latterly Annette Bruton (our first substantive Chief Executive) and our Executive Team the tremendous effort of staff at all levels has carried us through a period of uncertainty and change. We have been, and will continue to be, committed to driving improvement and innovation in Scotland's services and in our own work.

This first report would not be complete without paying tribute to the members of the Board of the Care Inspectorate who hit the ground running on 1st April 2011 (literally) and who have assimilated their understanding of our business and consolidated their position as a cohesive and effective governance body.

It is crucial that we use our unique knowledge of care and social services to ensure services improve both at individual and national levels to secure the best outcomes for those who use services and their carers and to inform strategic thinking.



Professor Frank Clark CBE
Chair



SECTION ONE:
MANAGEMENT COMMENTARY



1.1 Chief Executive's introduction

by Annette Bruton, Chief Executive



I am pleased to introduce our first annual report. It provides an overview of our progress and achievements in our first year of operation. Bringing together the Care Commission, SWIA and aspects of the work of HMIE we have achieved a great deal in our first year of operation. This included bringing together staff from three organisations and agreeing terms and conditions and working practices. Working with challenging timescales we have successfully delivered our targets and aspirations for our first year of operation. I would like to pay tribute and give special thanks to our staff, and to our Board for their commitment and continued hard work over this period.

Of particular note in our inspection programme was the increased frequency of inspection in care homes so that each care home will be inspected annually. We also carried out inspections of all regulated care services and strategic

inspections of public bodies in relation to social work, social care and child protection. Alongside delivering our core business of inspection and regulation we have made efficiencies and can demonstrate that we add public value.

We are striving to bring greater consistency to care regulation in Scotland, and continue to have a strong focus on putting people at the heart of everything that we do, so that those using care, social work and child protection services in Scotland get the best quality of care possible.

Since September 2011, we have been developing our new approach to the scrutiny of services for children. It looks at how well local authorities, health boards, police and others are working together to improve the lives of children and young people. Every agency or profession involved plays a vital role in making sure the child at the centre is safe, healthy, active, nurtured, achieving, respected, responsible and included. This 'whole system' approach will provide a clear picture of how well the lives of children and young people are improving and how well services are working together. We are applying these principles and our approach to joint inspection to the forthcoming programme of inspecting older people's services.

We need to get the balance right between regulation, inspection, assurance and improvement. Providing assurance to service users, the public and stakeholders about the quality and effectiveness of care services in Scotland is at the heart of what we do. This year we are developing new ways of working to ensure that we support improvement and raise standards through our inspection programme.

We face many opportunities and challenges during the next stage of our journey. Central to this is improving outcomes for people who use services and protecting our most vulnerable citizens. We will continue to drive forward improvements while providing good value for public money.

Annette Bruton

Annette Bruton,
Chief Executive



We need to get the balance right between regulation, inspection, assurance and improvement.

1.2 Overview of the Care Inspectorate

The Care Inspectorate is the independent scrutiny and improvement body for the whole range of care services for people of all ages. We were set up in April 2011 under the Public Services Reform (Scotland) Act 2010, subsequently referred to as 'the Act'. The Care Inspectorate brings together the scrutiny work previously undertaken by the Care Commission, the Social Work Inspection Agency and the child protection team of HMIE.

We agreed an operational budget of £32.8m for our first year of operation (2011/12). This is 8.6% less than the 2010/11 combined predecessor budgets of £35.9m. We anticipate that our budget will stay at approximately 2011/12 levels for the next three years. Within this reduced budget allocation we are developing and implementing new and innovative ways to provide integrated and effective scrutiny to benefit people who use care and social work services and their carers.

We are an executive non-departmental public body. This means we operate independently from Scottish Government but are accountable to it and are publicly funded. Our functions, duties and powers are set out in the Act and in the Management Statement and Financial Memorandum (MSFM) drawn up by the Scottish Government Directorate for Health and Social Care Integration.

The Management Statement sets out the broad framework within which the Care Inspectorate will operate, in particular:

- our overall aims, objectives and targets to support the Scottish Government's purpose and the targets and outcomes in the National Performance Framework
- the rules and guidelines relevant to our functions, duties and powers
- the conditions under which any public funds are paid to us
- how we are to be held to account for our performance.

We are governed by our Board which is responsible for setting our strategic direction and overseeing and managing performance while taking account of Scottish Government legislation and policy guidance.

Our Board

Professor Frank Clark is Chair of the Care Inspectorate. We have 11 more Board members, all appointed by Scottish Ministers through open competition. Those who sit on the Board have a keen interest in social care and support services and social work and include people from a wide variety of backgrounds and professions. It is a legal requirement to involve at least two people with experience of using a service or as a carer on our Board however, the individuals appointed are full and equal members. All Board members have responsibility for the governance of the Care Inspectorate and have a vital part to play in the running of the Care Inspectorate and in deciding our strategic objectives. We keep a register of our Board members' interests which is available on request.

How we became a new body

Following the Crerar Review in 2007, the Scottish Government set out its intention to deliver a clearer, simpler and more effective public sector. It introduced a simplification programme which aimed to review and simplify Scotland's landscape of public bodies and set a target to reduce the number of national public sector organisations by 25% by 2011.

In November 2008, Ministers announced the creation of the Care Inspectorate, and we began operating on 1 April 2011.

The Chair and Interim Chief Executive of the Care Inspectorate were appointed at the end of 2010, leaving little time to complete the required set-up tasks. Given the extremely challenging timescales that the Care Inspectorate Board and management were operating under, the successful start up of the Care Inspectorate should be viewed as a significant achievement.

Our vision

We believe that people in Scotland should experience a better quality of life as a result of accessible, excellent services that are designed and delivered to reflect their individual needs and promote their rights.

Our purpose

We will contribute to this vision by:

- providing assurance and protection for people who use services and their carers
- delivering efficient and effective regulation and inspection
- acting as a catalyst for change and innovation
- supporting improvement and signposting good practice.

How we work

We scrutinise the whole system of social care and social work. We regulate and inspect care services, and carry out social work (including criminal justice social work services) and child protection inspections. Because we scrutinise individual services as well as the organisations that provide them and purchase them, we are able to bring consistent, in-depth scrutiny to all aspects of the system that delivers care and social work services.

This enables us to provide assurance and protection on the quality of care and report publicly on our findings. People in Scotland should receive the highest quality of care and their rights should be promoted and protected - we strive to ensure this happens. Our role is to drive up standards of care, social work and child protection services through scrutiny of local authorities' social work services and care service providers.

Our scrutiny work includes assessing how well:

- local authorities develop and deliver their statutory responsibilities for the whole range of services for people of all ages within their communities
- care is managed and services are commissioned, set against quality indicators
- providers deliver services that meet, as a minimum requirement, the National Care Standards.

We have a wide range of powers to tackle unacceptable standards in the quality of care and will act quickly to protect and assure people using services and their carers.

Every adult and child has the right to expect good quality care based on their individual needs and we aim to promote and support these expectations.

All care services are regularly risk-assessed to inform our plans for inspection. Some services such as care homes and care at home services receive at least one unannounced inspection every year. We target poorly performing services to demand improvements where we find that standards are unacceptable or where rights are not being protected or promoted. Where services perform well we take a balanced approach to regulation and inspection. It is, of course, providers that are primarily responsible for improving their own services. However, we support and verify their self-evaluations and improvement plans as well as promote good practice.

We support this approach by building new relationships with key stakeholder groups, to understand each other's roles and responsibilities in scrutiny and improvement. These key stakeholder groups are:

- **People who use services**, carers, the public and their representatives, including third sector service user advocacy and/or representative bodies and elected representatives such as MPs, MSPs, and local councillors.
- **Those who are the focus of scrutiny** such as local authorities, regional NHS boards, police forces, service providers and service provider staff.

- **Those involved in conducting scrutiny** such as NHS Healthcare Improvement Scotland, the Scottish Social Services Council (SSSC), Education Scotland, Audit Scotland, the Scottish Children’s Reporter Administration (SCRA), The Scottish Housing Regulator, The Office of the Scottish Charity Regulator (OSCR), the Mental Welfare Commission (MWC) and Fire and Rescue Services.
- **Those with a policy or partnership interest** such as the Scottish Government, partner scrutiny bodies, local authorities, public sector professional and representative bodies including the Convention of Scottish Local Authorities (CoSLA), care sector professional and representative bodies including Scottish Care, the National Day Nursery Association (NDNA) and the Scottish Childminding Association (SCMA), and scrutiny bodies in the rest of the UK and internationally.

The Public Services Reform (Scotland) Act 2010 includes a duty of co-operation. This means we must collaborate closely with other scrutiny bodies and national policy makers. The regulation, audit and inspection activities of scrutiny bodies should be co-ordinated to be efficient, effective and economical for all those involved.

Putting people who use services and their carers at the heart of our work is critical to our success and the improvement agenda for social care and social work services in Scotland. The Public Services Reform (Scotland) Act 2010 places a duty of user focus on us that sets out a framework of what is expected of us. We ensure that we meet these expectations by involving people who use services, their carers and the wider general public in all aspects of our work. This ranges from the work of our Board through corporate policy making, development of key scrutiny methodologies and direct involvement in scrutiny and inspection processes. We spend time speaking directly with people who use services and their carers to get their experience of a service.

The legal background to our work

The Public Services Reform (Scotland) Act 2010 sets out how inspection, scrutiny and regulation should take place and defines our role. You can download copies of the Act and the regulations from: www.legislation.gov.uk
We take into account the Scottish Social Services Council (SSSC) Codes of Practice and Scotland’s National Care Standards.

The SSSC Codes of Practice are standards of conduct and practice which all social service workers and their employers must follow. You can find out more about the Codes of Practice on the SSSC website: www.sssc.uk.com
The National Care Standards were developed and published by Scottish Ministers and are written from the point of view of people who use care services. One purpose of these standards is to help people who use care services and their carers or relatives know what to expect from those looking after them and how to raise any concerns.

You can find out more about the National Care Standards at www.nationalcarestandards.org

Strategic inspections

We inspect all of the Scottish local authorities on their delivery of social work services. We check on how social work services:

- meet the needs and reflect the rights of vulnerable people
- improve the quality of life of vulnerable people
- protect adults and children who are at risk of harm
- work in partnership with other agencies, for example healthcare providers
- assess and manage offenders in the community
- comply with the law on equality
- manage and support their staff
- are overseen, led and managed
- carry out self-evaluation (how they assess and tell us about the quality of their services)
- work to improve their services
- undertake care assessment, planning and management.

We inspect social work services by:

- talking to people who use services and their carers
- talking to people who arrange or provide services
- surveying people who use services and carers
- surveying staff
- reading case records
- meeting people from a range of organisations and groups
- visiting places where social work services are provided.
- analysing a range of information about the service, such as national or local statistics about its performance, as well as written information provided by the service.

We publish an inspection report which says:

- how well the local authority delivers social work services
- what the social work services do particularly well – good practice
- what the social work services need to do better – areas for improvement.

We inspect services that have a responsibility to protect children. Local authorities work to protect children using a 'multi-agency' approach. This means they work together with other agencies such as:

- health
- education
- police
- social work
- children's reporters
- voluntary organisations.

We make sure they are doing everything they should to protect children and keep them safe.

When we inspect services to protect children we:

- read a sample of children's files, which are held by services
- talk to a number of children and their parents and carers to listen to their views about the services they receive
- speak to staff in these services who work with children, parents and carers and to senior managers who are responsible for these staff and the services they provide.

Our inspection findings answer these questions.

- How well are the needs of children and families met?
- How good is the delivery and management of services?
- How good is leadership and direction?
- How are services improving?

We will use new models of strategic inspection from 2012/13 onwards. The new scrutiny model for both adult and children's services will incorporate a sample of individual care service inspections as part of the scrutiny of the wider social work and care landscape. This will ensure we have evidence on all services' performance and outcomes for people that use them so that we can make informed judgements on the quality of care to provide public assurance and protection.

How we regulate services

Registering care services

We register all new care services to ensure that they meet all legal requirements, evidence their ability to provide good quality care and take into account the National Care Standards – the benchmark of what a good quality care service should be like.

Once we have registered a service we update any changes that may happen; these are called variations. When a service cancels its registration or is faced with a sudden closure through the financial collapse of the company, the

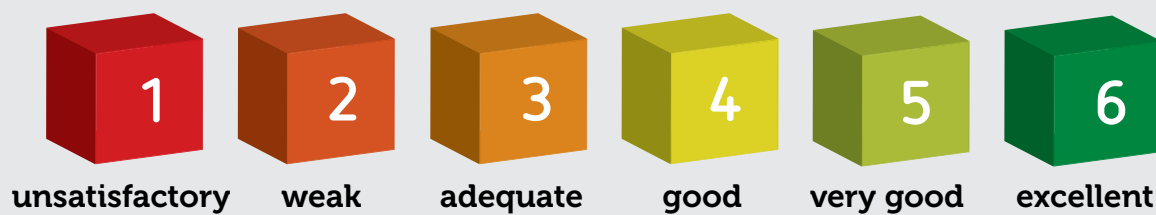
subsequent registration cancellation aims to safeguard the people who are using the service. We achieve this by working with the provider, local authority and other partners to ensure that any changes to the provider are planned and do not result in uncertainty on the part of people who use the service and their carers.

Inspecting care services

We inspect care services and award them grades so that people can see at a glance how well services are performing. We grade care services against up to four quality themes at each inspection. The themes are:

- Quality of care and support
- Quality of environment
- Quality of staffing
- Quality of management and leadership.

We grade each theme from 1 to 6:



Inspecting care services improves their quality by:

- monitoring the quality of care provided to people who use the service, and identifying how it can be improved
- confirming practices that work well and sharing these with other services
- providing public information about the quality of care services locally and nationally
- protecting people who use care services by identifying poor practice and demanding that service providers take appropriate action to improve the quality of care.

Investigating complaints

We investigate complaints about care services and about our own organisation.

Complaints help us to identify:

- areas where registered services need to improve
- registered services that do not consistently provide the quality of service we expect
- aspects of care we should examine further in our inspections
- very serious problems that we may need to act on
- areas where our own performance needs to improve.

After an extensive consultation process in 2011/12, we are introducing a new, standardised and simplified complaints procedure in 2012/13. This will make accessing and using our complaints process easier for people using registered services and their carers.

Taking enforcement action

If a care service does not provide a good enough quality of service we can tell it to change what it does or how it works. We do this to protect the people who use care services.

We can do this in several ways, for example by making requirements and recommendations in our inspection reports. These set out actions the service should take to improve. If it does not take action we can take enforcement action. This is a formal, legal process to make them improve. Where we have significant concerns about the quality of care, we can also apply to the court to close the service down.

Challenges and achievements in our first year

How we add public value

We have a significant role in providing assurance and protection for people who use care and support services, their families and carers and the wider public. Through carrying out our functions effectively we will play a key part in improving services for adults and children across Scotland as well as supporting and promoting innovation and signposting good practice.

To achieve this we are developing new approaches to the scrutiny of care, social work and children's services. This represents a shift away from routine planned inspections to a more flexible, proportionate, targeted and mainly unannounced approach informed by a more systematic analysis of risk relating to services or local authorities. This means that where services are performing well we will take a balanced approach to regulation and inspection and target our resources to demand improvements from poorly performing services when people are not receiving an acceptable standard of care or where their rights are not being protected or promoted.

Our new approach will be supported by new relationships with people who use services and their carers, local authorities, service providers, SSSC, NHS partners, commissioners, other scrutiny bodies and the public so that we each understand our role and responsibilities in scrutiny and improvement.

Efficiencies we have made

In 2011/12 we had to meet a 7.6 per cent efficiency saving in our operating costs from the combined predecessor bodies. We exceeded this first year efficiency target and set a budget 8.6% (£3.1m) below the combined predecessor bodies' budget position.

During 2011/12, the Care Inspectorate realised additional efficiency savings of 6% (c£2m) which we used to fund developments in the 2012/13 budget such as increased frequency of inspection for care home and care at home services and additional resources to promote dementia standards.

Encouraging good practice

Supporting improvement, and signposting and encouraging innovation and good practice is critical to our work.

Inspection reports

Our inspection reports clearly detail where we expect services, social work departments and multi-agency partners to improve. Within our child protection inspection reports we highlight examples of good practice which have been verified against national approaches. All our inspection staff are aware of their responsibility to signpost good practice – often during inspections. They suggest that providers seek support to improve from other service providers or umbrella groups.

Improvement

Where we find examples of good practice, we also promote this on our website and in Care News, our external magazine (which has an audience of around 18,000 including providers, people who use care services and their carers, and others that share an interest in care provision in Scotland).

During 2011/12 we developed a robust Public Reporting Strategy which identifies key developments for implementation in 2012/13 to strengthen how we identify and signpost good practice.

Similarly, during 2011/12, as part of our inspection planning for 2012/13 we will look to implement a number of inspection focus areas such as health and safer recruitment. After completed inspections, focus area reports will be produced to highlight our findings, evidence and signpost good practice, and identify areas for improvement.

Good practice guides

We produced two practice guides (started by the Social Work Inspection Agency (SWIA) that carried through to the Care Inspectorate:

Suicide prevention for looked after children and young people

Scottish Ministers have a legal duty to review and report on the deaths of all looked after children. This was delegated to the Social Work Inspection Agency (SWIA). In June 2009 SWIA held a joint seminar with Choose Life, NHS Scotland and the Children's Hospice Association Scotland for social work and health practitioners and managers to review practice issues raised in the SWIA annual report. This led to requests by practitioners, foster carers and managers to provide guidance on suicide prevention and ways in which they can help looked after children and young people.

We produced this guide to protect this small but significant group in Scotland. We involved young people with experience of secure care and asked them to give their views on the guide. They told us that adults who care for them should read it and that it would help adults protect them from suicide. The guide included practice examples provided by a number of practitioners bringing together a range of factors which illustrate the challenges experienced by many looked after children.

End of life care and planning for children and young people with life-limiting conditions

This handbook was developed in partnership with SWIA, Children's Hospice Association Scotland (CHAS) and Highland Council Social Work Services.

It was produced for people in the field of social care and social work who care professionally for children and young people with life-limiting conditions – including foster carers, social workers and healthcare staff. Parents also shared their experiences to benefit those who may be experiencing this tragic situation, and to provide them with any help and support they may need.



1.3 How we performed in 2011/12

This section details how we performed against:

- the three outcomes defined in the corporate plan for 2011 to 2014
- the key objectives under each outcome
- the Key Performance Indicators (KPIs) associated with the outcomes.

The **outcomes** and **key objectives** were stated in the corporate plan, a document which we must produce every year and which is approved by Scottish Ministers.

The **Key Performance Indicators** are measures used to judge how we performed. Our Audit Committee proposed these and our Board approved them for inclusion in the corporate plan. As a new organisation, these KPIs are our first and as such they will help us establish a baseline against which to compare future performance.

During 2011/12, our Audit Committee agreed additional KPIs to be included in monitoring our performance in 2012/13 so that people who use services and their carers, and our stakeholders can easily see how we have performed and how the quality of care in Scotland is improving.

Regular monthly and quarterly reports on progress against our objectives, with a particular focus on our KPIs, provided our managers with the information they needed to monitor progress and take action where necessary.

The rest of this section is set out like this:

- We list our outcomes and the key objectives
- We list KPIs that help us measure how we performed in this area.

Outcome 1: The quality of services in Scotland is improving

Key objectives

The Care Inspectorate:

- identifies risks to the quality of care and builds robust, credible and challengeable data and information to produce intelligence on quality of the whole range of services for people of all ages
- takes a risk-based proportionate approach to regulation and inspection that targets poor performance
- takes effective enforcement action quickly to demand improvement and acts swiftly where this does not happen
- investigates complaints and takes action about the quality of the whole range of services for people of all ages or about us, and uses this information to build effective intelligence
- signposts good practice and promotes innovation and improvement to everyone involved in or who holds an interest in the quality of care.

KPI 1	Target	Performance 2011/12
% of regulated care services with grades of 3 or less for every quality theme	Baseline year	3.8%

KPI 1: We use the intelligence we have available to identify poor quality and focus on improving this. KPI 1 provides a baseline figure for the percentage of services that we regard as not being good enough: the grades they have for every theme are 3-adequate, or lower. At 31 March 2012, this was the case in 3.8% of registered services. We are working closely with each of these services to ensure that improvements are made to the quality of care. Where improvements are not made within the prescribed timescale, we will not hesitate to take formal action to protect and safeguard the health, safety and wellbeing of the people using the service.

Care service inspections

KPI 2	Target	Performance 2011/12
% of inspections completed against planned number of inspections	Baseline year	99.1%(%)

KPI 2: At the start of each year, we have a plan of all inspections that we will carry out over the year. This KPI shows the proportion of these planned inspections we carried out. Overall during the inspection year 2011/12 we completed 99.1% of our planned inspections (in services registered with the Care Inspectorate at 31 March 2012). We did not inspect services that were becoming inactive, proposing to cancel or returning to actively providing a care service during the last two months of the inspection year.

KPI 3	Target	Performance 2011/12
% of non-programmed additional inspections completed against planned number of inspections	Baseline year	6%

KPI 3: Our priority is to focus our inspections on the services that are the greatest risk, and this can mean inspecting some of the most risky services several times during the year to ensure that improvements are being made. This type of additional inspection cannot be planned for at the start of a year in our annual plan. Therefore this indicator shows the proportion of our inspection work that we have carried out over and above our annual inspection plan, and gives an indication of the extra resources that we focus on a very small number of poor quality services.

We carried out an additional 429 care service inspections (6% of all the inspections we carried out) which were unscheduled additional inspections based on risk and intelligence. This figure does not reflect any additional follow-up visits necessary as a result of enforcement or to evidence improvements being made following the setting of requirements to improve the quality of care.

KPI 4	Target	Performance 2011/12
% of unannounced inspections as % of inspections completed	Baseline year	68%

KPI 4: When we inspect, it is important that we see a service as it usually operates. Therefore we try to carry out as many inspections as possible on an unannounced basis. A total of 5,110 care service inspections (68%) were carried out as unannounced inspections. A further 1,924 inspections (26%) were made at short notice and 450 inspections (6%) were announced inspections. Reasons for short-notice and announced inspections include joint inspections with Education Scotland and the need to ensure that childminders or housing support staff were available on the planned inspection date.

One of our key ways of telling a service how it must improve is to make a requirement, which sets out clearly what must improve and by when. At each inspection, we consider all of the requirements and follow up any that have not yet been met. Our inspection reports include a note of all requirements we have made at or since the previous inspection (including those made following a complaint investigation) and we note whether or not these had been met. Our expectation is that each requirement met shows that we think that service has improved.

KPI 5	Target	Performance 2011/12
% of requirements in 2010/11 that were met in 2011/12	Monitor trend	77%

KPI 5 gives an indication of improvement of care services by measuring the percentage of the requirements made that had been met. In 2011/12, our baseline year, we found that 77% of requirements had been met. Where requirements are not met, we will not hesitate to take formal action to improve the quality of care including, where necessary, making an application to the courts to close down a service. At all times, the health, wellbeing and safety of people using the service is paramount.

KPI 6	Target	Performance 2011/12
% of LA receiving positive reports for Child Protection Inspections	Baseline year	83%

KPI 6: Services to protect children – child protection inspections

In April 2011, the Care Inspectorate took over the responsibility for leading and coordinating the final year of a three year programme of inspections of child protection across Scotland. This work had previously been led by Her Majesty’s Inspectorate of Education (HMIE). We successfully concluded this programme. During 2011/12 we completed the final 12 planned joint inspections of services to protect children and reported publicly on the findings of 10 of these inspections before the end of March 2012. The remaining two reports will be published, as scheduled, in the first quarter of 2012/13.

We also reported on the findings of two joint follow-through inspections of services to protect children. These reported on the progress made in relation to agreed areas for improvement by services in local authority areas which had not been performing well.

We will publish a report on the findings of the joint inspections of services to protect children carried out between 2009 and 2012. The report, due to be published in late 2012, will draw together the main findings and key messages from inspection and will support improvement by signposting to good practice.

KPI 7	Target	Performance 2011/12
% of local authorities receiving minimum number of scrutiny sessions following ISLA	Baseline year	24%

KPI 7: Proportionate and targeted inspections of local authority social work services

SWIA began a three year programme of proportionate and targeted inspections of local authority social work services. This programme, continued by the Care Inspectorate since April 2011, is due to conclude in 2012/13.

We completed initial assessments and follow-up scrutiny of 17 local authority social work services and published all 17 scrutiny reports on our website.

During 2011/12, we published reports within the prescribed timescales in all instances. We continue to involve people who use services and their carers in all our scrutiny sessions.

This means that 28 of the 32 local authorities in Scotland have been inspected as per the current year inspection plan. The remaining four local authorities will be completed in Spring/Summer 2012.

When we do our initial risk assessment, we consider the evidence we have against a number of key areas to see if we have any areas of concern in that local authority. Where we have enough evidence to assure us that there is no risk, then we do not conduct follow-up scrutiny in that area. Where we do not have enough evidence to assure us that there is no risk, then will do further scrutiny of that area in our inspection. KPI7 shows that 4 (24%) of the 17 Local Authorities we inspected in 2011/12 required a minimal amount of scrutiny, in other words indicated low levels of risk, following our initial risk assessment.

Themed inspections

Prison based social work inspections

In 2010 SWIA undertook an inspection of prison based social work services in all establishments in Scotland. In 2011 the Care Inspectorate published a summary version of findings for prisoners and the relevant host local authorities submitted to the Care Inspectorate reports on the progress they had made in implementing improvements.

Inspection of services for looked after children on Jersey

Originally, SWIA planned to complete this work in the financial year 2009/10. However, some requested changes to the focus and timing of the inspection on the part of the Jersey authorities resulted in the timetable extending beyond 1 April 2011 and the Care Inspectorate agreed to undertake the inspection.

The work involved followed a similar pattern to a SWIA performance inspection, comprising three stages:

- Stage 1: Analysis of written information and a self-evaluation questionnaire, surveys, and file reading. Apart from the reading of case files, this activity will mostly be carried out by staff in Scotland. By 31 March 2011, SWIA had completed much of this work, including all the file reading.
- Stage 2: Fieldwork - A core team of four inspectors and an inspection support manager spent approximately 10 working days at the beginning of May 2011, interviewing staff and others on Jersey. They also ran focus groups and observed practice.

- Stage 3: Evaluation and report writing - inspectors produced a report with findings and recommendations on behalf of Jersey authorities. They submitted a final report to the Jersey authorities in October 2011 and this was published in January 2012.

A follow up inspection has been requested by Jersey and we will consider this as part of our wider inspection planning for 2012/13.

Other scrutiny activity

Serious incident reviews

The Scottish Government has historically had an expectation that local authorities notify it when offenders subject to social work supervision become involved in serious incidents. This expectation was set out in Scottish Government circulars to alert Scottish Ministers and identify learning that could aid the future development of services.

The Scottish Government, Association of Directors of Social Work (ADSW) and SWIA increasingly recognised that the task of assessing the quality of social work practice when such serious incidents took place was one that should be carried out by the scrutiny body since it could more readily identify where there was a need for improvements to social work practice.

In January 2012 the Care Inspectorate took over responsibility for this task and implemented new procedures developed in conjunction with ADSW and the Scottish Government. The procedures were implemented at the start of 2012. Between the end of January 2012 to the end of March 2012, the Care Inspectorate has received notifications of 10 serious incidents.

The procedures ask that a local authority submits to the Care Inspectorate a notification of an incident within five working days of becoming aware that it has taken place and submits its review of the incident within 3 months. The Care Inspectorate responds its analysis to the local authority with comments within one month. The table below identifies the referring local authorities:

South Lanarkshire Council	4
Scottish Borders Council	2
North Lanarkshire Council/Glasgow*	1
Angus	1
West Dunbartonshire Council	1
Renfrewshire	1
Total	10

This represents an increase in the number of notifications submitted to the Scottish Government over the same period last year but may still represent under-reporting. We are liaising with ADSW's criminal justice standing committee on this issue.

* North Lanarkshire Council was supervising this order on behalf of Glasgow City.

The incidents have involved:

- Murder (3)
- Attempted murder (4)
- Sexual offences (2 – 1 committed by offender not managed under MAPPA)
- Suicide (1)

Local authorities have been submitting their reviews of incidents within the agreed timescales. We have received nine to date (six initial analyses and three comprehensive reviews).

We plan to publish an annual report of our work regarding serious incident reviews in 2012/13.

Enforcements

We issued 76 non-technical enforcement notices against 47 different services in 2011/12. This is 4 more than the number of non-technical enforcements that were issued last year by the Care Commission. The number of enforcements reflects implementation of the Care Inspectorate policy position on taking swifter action where improvements are not being made.

(Note: this number excludes 'technical' enforcements which are not related to the quality of the service.)

Outcome 2: People understand the quality of service they should expect and have a good experience of services centred on their needs, rights and risks

Key objectives

- People receive services that are designed, commissioned and delivered in a way that meets their needs, respects their rights and are appropriately risk assessed.
- People who use services and their carers are aware of the quality they can expect and express satisfaction with the service and support they receive.
- Agencies work effectively together to provide joined-up care and support services.
- The availability and quality of regulated care and support services, local authority and multi-agency child protection performance is publicly reported.
- National policy is influenced and informed by scrutiny, improvement and innovative practice.

Involving people who use care services and their carers

During 2011/12, a project group consisting of both Care Inspectorate staff and people who use care services and carers was put together to work in a co-productive way to produce a meaningful Involvement Plan - "Involving people, improving services". This plan will be finalised in 2012/13. Some members of the group also met the Director General (Health and Chief Executive of NHS Scotland) to discuss involvement and the benefits it could bring to organisations and individuals alike.

Establishing a National Enquiry Line (NEL)

We introduced a Care Inspectorate National Enquiry Line for the public on 1 April 2011 to replace the former five Care Commission Lo-call numbers. We did this to make the Care Inspectorate more accessible and efficient. Since its launch, we have dealt with a range of calls from information requests to serious complaints. Although initially staffed by members of the complaints and registration teams, the National Enquiry Line is now staffed by a dedicated team of administrative staff with back up from inspectors who deal with around 2500 calls per month. The majority of calls relate to new registration enquiries, complaints and concerns and staff and office details.

Developing a new scrutiny model for children and young people

In September 2011, the Minister for Children and Young People and the Minister for Public Health requested that the Care Inspectorate lead on the development of a new model for the scrutiny of services for children.

We set up a multi-agency Programme Board to oversee this important development and an external reference group to consult on our plans. We gathered the views of strategic leaders of public services about scrutiny approaches which they had found most helpful in supporting their improvement agenda. We used the results of this work to test out a proposed methodology in partnership with the Angus Community Partnership in April 2012. We will refine our scrutiny and improvement model taking account of the lessons learned from this experience.

The new model will look at how children’s services are designed and delivered by local authorities, health boards and police. It builds upon the highly successful inspections of social work departments and six years of inspection of child protection services, and aims to evidence how the lives of the most vulnerable children in Scotland are improving by focusing on how successful services are at working together.

The focus of the joint inspection of services for children will be on the impact being made on children’s lives. It looks at how services ensure that children and young people are safe, healthy, achieving, nurtured, respected, responsible, active and included. Previous child protection inspections focused on outcomes for children at risk of abuse or neglect, whereas this new model looks at outcomes for all children, particularly focusing on the most vulnerable children and young people. This includes children in certain circumstances such as those who have experienced neglect, substance abuse, homelessness, or are young carers.

This ‘whole system’ approach will give Scotland a clear picture of how well the lives of children and young people are improving and how well services are working together. We plan to carry out a series of pilots of joint inspections of services for children, young people and families in 2012/13. Inspections of individual care services will also continue and the Inspectorate will publish the grades each service achieves.

KPI 8	Target	Performance 2011/12
% services with greater than 90% of respondents happy or very happy with the overall quality of the service they receive	Monitor trend	96%

KPI 8: Satisfaction with care services

The Care Standards Questionnaires are completed by people who use services and their relatives and carers, and tell us about the quality of service people are receiving. We analysed questionnaires from 3,837 services in 2011/12. Over the whole year 2011/12, 94% of these care services had 90% or more respondents who were satisfied or very satisfied with the overall quality of service. We will review the use of this as a quality indicator in our KPIs for 2012/13 so that we further develop opportunities to listen and take action on what people who use care services and their carers tell us about the quality of care.

KPI 9	Target	Performance 2011/12
% of services with 5/6 grades for involving people quality statements	Monitor trend	50% (%)

KPI 9: Grading of Involving People quality statements

Half of all care services graded at 31 March 2012 had received a grade 5 or 6 for Involving People quality statements. This means that 50% of all care services inspected during 2011/12 demonstrated very good or excellent quality practices in involving people who use care services in the design and delivery of the service.

KPI 10	Target	Performance 2011/12
% of child protection and local authority reports that identify positive multi-agency working	Baseline year	No sufficient data

KPI 10: We identified this as a potential KPI for 2011/12 because positive multi-agency working between organisations involved in providing and commissioning social work services and child protection services are crucial to their success. However we do not yet have sufficient data to be able to report against this KPI.

KPI 11	Target	Performance 2011/12
% of final regulated care service and child protection inspection reports and ISLA scrutiny reports published within specific timescales	13 weeks for care services, 14 weeks for child protection inspections	<p>Draft care service inspection reports (20 days): 87%</p> <p>Final care service inspection reports (13 weeks): 95%</p> <p>Final child protection inspection reports (14 weeks): 100%</p> <p>social work services inspection reports: 100%</p>

KPI 11: Publication of inspection reports

We believe it is essential that our inspection reports are made public as quickly as possible.

Of the 6,496 draft care service inspection reports issued between 1 April and 31 March 2012, 87% were issued within 20 working days. The 13% of draft care service inspection reports not published within timescale were due to protracted discussion with providers and staff illness.

A total of 5,866 care service inspection reports were finalised between 1 April and 31 March 2012. 95% of final inspection reports were published within 13 weeks. The additional 5% were delays due to awaiting provider feedback and staff absence. This is compared to 83% of final reports published within the deadline in the same period of 2010/11.

All 12 finalised child protection inspection reports were published within the 14 week target.

Every local authority social work services inspection report was published within its planned, agreed timescale.

Outcome 3: The Care Inspectorate performs effectively and efficiently as an independent scrutiny and improvement body and works well in partnership with other bodies

Key Objectives

- The Care Inspectorate is recognised and respected by the general public as the independent, unified scrutiny and improvement body for care, social work and child protection services.
- The Care Inspectorate ensures that all partners and stakeholders have a positive experience of its activities.
- The Care Inspectorate involves people who use services and their carers in all its activities.
- The Care Inspectorate delivers value for money and efficiency through excellent management of its people, assets and finances.
- The Care Inspectorate demonstrates leadership, good governance and develops a culture of efficiency and high performance.

Intelligence and Risk Frameworks

The Corporate Plan 2011-14 identified a number of three-year change programmes. It included developing Intelligence and Risk Frameworks that would help us better use our intelligence to identify and act on risks and to become a more responsive organisation.

Over the next three years we plan to develop our information, staff, systems and culture to become a more intelligence based organisation, focussed on identifying, reducing and, where possible, eliminating risk.

This work will help us listen yet more closely to people who use services and their carers and act on what they tell us. It will address how we will make more use of the intelligence we hold, and that other bodies hold.

We began work to develop the frameworks in 2011/12 by holding two sets of consultation events with staff in October 2011 and January 2012. Our Board held a development day in February and the draft frameworks went to our Strategy and Performance Committee for comment. At 31 March 2012 the draft report was in place and we hope to have final sign off for the frameworks by June 2012. They will be accompanied by an improvement plan that will identify a series of actions to deliver tangible results.

The frameworks will benefit our various stakeholder groups in a number of ways.

For the people, carers and families who use, or may want to use care, social work or social services this means:

- they will have reliable reports on the performance of these services to help make informed choices
- they can be confident that what we report about a service is accurate and objective
- they can be confident that where we identify poorly performing services it is based on sound judgement and tangible evidence
- they are informed about areas for improvement which are required to enhance their safety and well being.

For the wider public this means:

- they can be confident that we are identifying how well services are protecting people in the community
- that we are identifying improvements that services need to make to better protect children and adults.

For service providers and local authorities this means:

- they can expect that our recommendations are carefully judged to lead to and secure improvement
- they can be confident our assessments and evaluations are fair and consistent.

For our staff this means they can be

- confident in identifying, analysing and mitigating risk
- respond well to challenge
- more efficient and effective in targeting areas of risk and poorly performing services.

Vision and Values events

During March 2012, we held four events for staff across Scotland on developing the new Care Inspectorate vision and values as well as providing staff with information about the joint inspections of services to children.

We inherited values from our three predecessor organisations so we wanted to capture views on how much importance people place on a potential value and to bring them together in a coherent statement around which there was a consensus. We aim to propose our new values to our Board by Autumn 2012 for approval so that they can be used to inform some of the critical work we have going forward in 2012/13.

Public reporting

- During 2011/12 we received 114 Freedom of Information (FOI) requests and we responded to all of these. This includes requests received by the Care Commission before 1 April 2011. Two requests were still in progress at 31 March 2012.
- We also received 47 Data Protection requests in 2011/12, and responded to all of these. Four requests were still in progress at 31 March 2012.
- We received 143 parliamentary questions in 2011/12 and we responded to 143. These include requests received by the Care Commission before 1 April 2011. One request was still in progress at 31 March 2012.

KPI 12	Target	Performance 2011/12
% of people who use services and their carers who are confident that scrutiny improves the service	Monitor trend	Staff 94% Service users 83%

KPI 12: People are confident that scrutiny improves the service

The Care Inspectorate asks people how satisfied they are with their quality of care service inspections. We measure the satisfaction of care service staff and people who use services with the inspection and we record the extent to which they believe the service quality will improve following inspection. In 2011/12 94% of staff and 83% of people who use services thought that the quality of their care service would improve following the inspection.

We are embarking on a number of actions aimed at further improving the feedback we get from our customers – the people who use services, their families, carers, providers, staff and the general public. We also intend to drive up the quality and consistency of our report writing by developing peer review systems and other quality control mechanisms.

KPI 13	Target	Performance 2011/12
% of inspections/scrutiny sessions that involve people who use services and their carers	Baseline year	<p>276 care service inspections (4%) involved Lay Assessors</p> <p>100% of social work services inspections involved people and their carers.</p>

KPI 13: Involving people who use services and carers

We believe that the key to making meaningful improvements to social work and social care is by involving people who have direct experience of using social work or social care services. This KPI shows the extent to which we have involved people in our inspections to tell us about what improvements are needed to the quality of care.

Of the 7,489 care service inspections undertaken, 276 inspections (4%) involved one or more lay assessors during the inspection year 2011/12. Lay assessors are volunteer inspectors who have experience of, or who look after someone receiving care.

All child protection inspections completed in 2011/12 involved children, parents, carers, foster carers, other support networks, focus groups with staff and individual meetings with staff.

During every inspection of social work services, people who use services and carers are consulted. They are also part of the inspection teams.

KPI 14	Target	Performance 2011/12
% of staff sickness absence	Baseline year	<p>Short term- 1.6%</p> <p>Long term- 2.6%</p> <p>Actual 4.2%</p>

KPI 14: Absence reporting

For the year 1 April 2011 to 31 March 2012 the overall percentage was 4.2%. 1.6% was short term sickness and 2.6% was long term sickness.

The Chartered Institute of Personnel and Development (CIPD) have reported the average absence rate for the public sector for 2011 was 4.0%. We actively manage short-term absences and address long term absence to facilitate return to work where possible.

KPI 15	Target	Performance 2011/12
% of efficiency savings achieved	7.6% at start up	8.6% achieved at start up additional 6% in year

KPI 15: Efficiency savings achieved

In June 2012, Audit Scotland published a report titled "Learning the Lessons of Public Body Mergers". The Care Inspectorate was one of four mergers that were examined in detail as part of the review. The Report highlighted the difficulties in reporting on costs and savings in public sector mergers. What is clear is the significant reduction in running costs of the Care Inspectorate when compared to its predecessor bodies.

The 2011/12 budget for the Care Inspectorate reflected a required efficiency saving from the combined budgets of its predecessor bodies of 7.6 per cent of operating costs. The Care Inspectorate exceeded this first year efficiency target and set a budget 8.6% (£3.1m) below the combined predecessor bodies' budget position.

During 2011/12, the Care Inspectorate realised additional efficiency savings of 6% (c£2m) which were used to fund developments in the 2012/13 budget such as increased frequency of inspection for care home and care at home services and additional resources to promote dementia standards.

KPI 16	Target	Performance 2011/12
% of variance from planned budget	Baseline year	underspend of 4.29%

KPI 16: Variance from planned budget

The net budget variance for 2011/2012 is an underspend of 4.29%.

Please refer to Section 1.9 Financial Review – current and future.

The net budget variance is an underspend of 4.29% compared to the original budget. In response to this underspend we agreed with Scottish Government not to draw down £1.2m of grant-in-aid.

KPI 17	Target	Performance 2011/12
Composite measure: % of registration and complaints activities completed within specific timescales (complaints acknowledged within 3 days; complaints completed within 28 days; registrations completed within 3 months for childminders and 6 months for other care services)	Baseline year	<p>Childminders registered within 3 months: 87% (n=686)</p> <p>Other services registered within 6 months: 90% (n=479)</p> <p>Complaints acknowledged in 3 days: 97% (n=1202)</p> <p>Complaints completed within 28 days: 99% (n=1586)</p>

KPI 17: Efficiency of our processes

Registering care services

At 31 March 2012 there were 14,328 registered care services. This is 148 (1.0%) fewer than the 14,476 registered services at 31 March 2011.

By 31 March 2012 we had completed 1,165 new registrations, 686 (59%) of which were childminders and 479 (41%) were other service types.

We have dealt efficiently with registrations, exceeding our target of 80% as follows:

- 87% of childminding registrations completed within three months
- 90% of registrations of other service types completed within six months.

Over the year to 31 March 2012 we cancelled 1,313 registered services. The unexpected collapse of multiple providers of adult care homes, such as Southern Cross and Choices, placed significant additional demands on resources. Further increased registration activity arose towards the end of the year when 45 adult services previously run by Highland Council were transferred over to NHS Highland in March 2012.

In addition to registering and cancelling services, we make variations to their conditions of registration. The volume of work associated with variations depends on their nature and complexity. By 31 March 2012 we received 3,843 variations, 2,329 of which we had completed by 31 March 2012.

Complaints

We received 2,855 complaints against care services between 1 April 2011 and 31 March 2012. This is an increase of 14% on the 2,496 complaints the Care Commission received over the same period in 2010/11. We formally registered 1,704 complaints, and completed 1,587 complaints investigations between April 2011 and March 2012. This includes complaints which the Care Commission received in 2010/11 that were completed by the Care Inspectorate in 2011/12. We dealt efficiently with complaints: overall during 2011/12, 97% of complaints were acknowledged within three days and 99% of investigations were completed within 28 days or the complainant notified of an extension to the timescale. Reasons for delay include staff absence and delay in extension approval.

The top five specific reasons for complaints from April 2011 – March 2012 were:

1. General health and welfare.
2. Communication between staff and people using services/relatives/carers.
3. Staff levels.
4. Medication issues.
5. Staff training and qualifications.

The most common overall categories for complaints were:

- staff
- general health and welfare
- healthcare
- communication.

54 of the complaints we received in 2011/12 were against the Care Inspectorate. We completed 25 complaints investigations against the Care Inspectorate since 1 April 2011. Three complaints against the Care Inspectorate were upheld, 11 were partially upheld and 11 were not upheld. Of these 25 complaints completed, 10 were made against the Care Commission in 2010/11 and were completed in 2011/12.

We completed a consultation for revising our complaints procedures and these will be presented to our Board for agreement in June 2012 for implementation in 2012/13.

KPI 18	Target	Performance 2011/12
Memorandum of understanding agreements in place with relevant bodies and measures identified to review their efficiency in practice	Baseline year	11 MoUs completed as at 31 Mar 12

KPI 18: Memorandums of understanding (MOUs)

As the scrutiny body for social work and social care across Scotland, we must work productively with many other organisations in Scotland. Our predecessor bodies already had a range of memorandums of understanding (MOUs) which are written and signed agreements about how we will work with other bodies, and, if appropriate, what information we will share with them.

During 2011/12 we signed off 11 MOUs with:

- Dumfries and Galloway Fire and Rescue Service
- Strathclyde Fire and Rescue Service
- Fife Fire and Rescue Service
- Lothian and Borders Fire and Rescue Service
- Highlands and Islands Fire and Rescue Service
- Grampian Fire and Rescue Service
- Tayside Fire and Rescue Service
- Central Fire and Rescue Service
- SSSC information sharing protocol
- Scottish Housing Regulator
- Strathclyde Police information sharing protocol.

1.4 Principal risks and uncertainties

Every year, as part of our corporate planning process, we consider the major risks that might prevent us from achieving our objectives, and look at how we can reduce these risks. We compile a risk register, which details each risk we have identified, and refers to the corporate plan objectives that may help us to minimise their impact.

1.5 Stakeholder relationships

Our stakeholders are people and groups who are affected by, or have an interest in, what we do. This section sets out who our main stakeholders are and how we worked with them during the year.

The Scottish Government

We are accountable to Scottish Ministers through our sponsor (the Sponsorship and Social Services Improvement Team) in the Scottish Government's Directorate of Health and Social Care Integration. Our sponsor sets out, in a Management Statement and Financial Memorandum, the operating, planning and financial framework within which we work. Our corporate plan is approved by Scottish Ministers. We are accountable to Scottish Ministers for how we perform in relation to these two documents.

How we involve people in our work

The Care Inspectorate wants everyone to have the opportunity to get involved in its work. To do this, we offer a choice of ways as we know that everyone's needs are different.

Involving People Group

As well as involving people who use services and their carers in inspection of their services, there is a national group where people that use services and carers come together to discuss issues relating to care and support services. They also look at ways that the Care Inspectorate can improve its own activities.

We involve people in various ways through focus groups, one off events and project groups. As a result people who use services and their carers have:

- influenced the style of our inspection reports
- contributed to inspector training
- informed the development of questionnaires used at inspections, and
- supported our complaints procedure review.

Lay assessors

Lay assessors are people that have experience of using services, or carers who volunteer to take part in our care service inspections. They talk to people who use the service and their carers and make observations based on their own personal experience. This information is used by the inspector to report on the service and decide the service's grades. We have a dedicated team that coordinates, supports and provides training to the lay assessors.

Service user/carer inspectors

Service user/carer inspectors are people who have experience of social work services. They work with senior inspectors carrying out scrutiny of local authorities. The systems for support and training vary depending on the circumstance and experience of the inspector, but generally this is provided by external support agencies. Currently these functions are separately managed, with separate budgets. We will be bringing together these functions under the direction of one Involvement Team as part of the implementation of a new Involvement Plan from 2012/13.

1.6 Employees

The majority of our staff - around 85% - are directly concerned with scrutiny, inspection and regulation on a daily basis. The remainder provide business and support services, such as legal advice, finance and information technology.

We work closely with staff to develop the organisation and continue to improve our effectiveness as a regulator. We have a range of progressive policies, including flexible working arrangements and health and safety and dignity at work. All our policies are designed to provide a safe and positive working culture for our employees.

We have an equal opportunities-in-employment policy, which ensures equality of opportunity in recruitment, learning and career advancement. We use our policies and practices to guard against anyone suffering discrimination, directly or indirectly, because of their race, disability, gender, age, sexual orientation, gender reassignment, religion or belief. There are more details about equality and diversity in section 1.7.

We have a system of regular supervision to support staff in their work. We also have our Performance and Development Review System, which ensures staff:

- are clear about their objectives
- receive feedback on their performance
- are encouraged in their continuing learning and development.

We offer learning opportunities, including tailored events, to develop professional practice, personal skills and IT skills. All staff have access to Lifeworks, an independent, confidential advice and support service.

We monitor sickness absence at a national and local level. In 2011/12 we lost 4.2% of the total working days available due to sickness absence.

We encourage openness and participation in our organisation and place a high level of importance on informing and consulting staff. Some of the ways we do this include:

- regular team briefings
- one-to-one progress updates
- email announcements
- the intranet – which holds electronic information for internal staff
- the website
- weekly updates, which are emailed to all staff.

We have an established formal Partnership Forum, comprising representatives from all relevant trade unions. Through the forum, we inform and consult staff about all aspects of their employment, including health and safety at work.

1.7 Equality and diversity

We will be consistent, responsive, fair and accessible to everyone who comes into contact with us. Treating people fairly is fundamental to our approach as an employer and a scrutiny body.

We undertake equality impact assessments on our policies and procedures; involve a wide range of stakeholders through membership of our equality consultation panel and our Involving People Group; and we provide equality and diversity training to our staff and Board members.

1.8 Social, health and community involvement

Our work touches the lives of most people in Scotland. People who use care, support or social work services are of all ages and backgrounds and from urban, suburban and rural communities.

We know that greater public awareness and expectation will help us improve the care and social work services we inspect. We explain this further in our DVD: 'Who we are and what we do.' It is available in various languages and in British sign language.

We have one headquarters office and 17 offices spread across Scotland. This means key staff are accessible to their local communities and regularly work with and meet local groups and individuals. Inspectors and senior inspectors are out in the community every day, talking with people who use services, relatives, carers and staff.

The Public Services Reform (Scotland) Act 2010 ('the Act') requires that we 'secure continuous improvement in user focus in the exercise of our scrutiny functions and demonstrate that improvement.' It defines user focus for us as involving people who use care services and their carers in the design and delivery of our scrutiny and strategic governance.

We believe that involving people and their carers will make what we do more effective, more efficient and more relevant to people in Scotland.

In 2011, we conducted an involvement review to:

- review past and current activities
- inform our future Involvement Strategy; and
- make recommendations for any structural changes to take this work forward.

We set up a project group made up of people who use care services, carers and Care Inspectorate staff.

We undertook a range of consultations to inform this work, including:

- meeting with our operational staff and people involved with umbrella groups and support organisations and running workshops
- running an electronic survey (resulting in 250 responses); and
- engaging with lay assessors and service user and carer inspectors and the external organisations that support them.

From this work, the project group produced a proposed Involvement Plan. The group also set out our commitment to involving people in what we do and developed 10 principles – which form our own Involvement Charter. People told

us that they liked that we were committed to valuing people's personal contributions, that they were clear about the purpose of their involvement and that the Charter gave them flexibility to continue to develop our involvement culture and ethos.

The Plan will be consulted upon in spring 2012 and Board approval sought in June 2012.

In the meantime, we continue to make sure our work is open and accessible, ensuring that as many people as possible have a say in what we do. The following points are examples of how we are doing this:

- Our current Involving People Plan sets out how people are at the heart of everything we do. It explains how we are working to actively involve more people who use care services, their families and carers in regulation.
- Our Involving People Group which is made up of people who use care services, their families, carers and advocates, meets regularly to influence our work and our planning.
- Our lay assessors, service user inspectors and carer inspectors help Care Inspectorate staff on inspection
- We consult regularly with individuals and communities during our work.
- Our Board meetings are open to the public.
- All our reports are available on our website, and in other formats if requested.

We are building up the information available about services on our website.

1.9 Financial review – current and future

Funding

2011/12 was the Care Inspectorate's first year of operation. The Care Inspectorate was formed to take over, develop and improve on the services previously provided by the Care Commission, Social Work Inspection Agency (SWIA) and the child protection function of Her Majesty's Inspectorate of Education (HMIE). In November 2010, Scottish Ministers approved a Care Inspectorate business plan for the period 2011/12 to 2014/15. Over this period the Care Inspectorate's budget was planned to reduce by 25% in cash terms from the £35.9m combined budget of the predecessor bodies 2010/11 budgets to a budget of £27.4m in 2014/15. The Care Inspectorate's 2011/12 operating budget made a significant step towards the budget reduction target by setting the budget at £32.8m which represented a reduction of 8.6% on the combined predecessor bodies' budget position.

Prior to its commencement and for the first 6 months of 2011/12, the Care Inspectorate was preparing for a further reduction in budget for its second year (2012/13). However, in late August 2011 the Scottish Government entered into discussions with the Care Inspectorate about using the efficiencies and budget reductions we identified towards funding additional inspections and other work necessary to allow the Care Inspectorate to effectively provide assurance and protection to people who use care services and their carers. This additional work will include incorporating a statutory minimum frequency of one inspection per annum for care home and care at home services. As a result of this our budget has been broadly maintained at the 2011/12 level for the three years 2012/13 to 2014/15 whilst enabling increased inspections and better value. This change in plans and budget levels had a significant impact on the financial performance in 2011/12. This is described in more detail in the "Financial Position" section below.

Our budget is funded mainly by a mixture of grant in aid from the Scottish Government and fees paid by service providers. (Grant in aid means the Scottish Government provides funding but without imposing day-to-day control over how we spend it). In managing our finances, we are not allowed to use overdraft facilities or to borrow.

The Care Inspectorate has adopted the fee structure used by the Care Commission for 2011/12 and 2012/13. The Scottish Government sets the maximum fees the Care Inspectorate may charge. Scottish Ministers are to undertake a consultation exercise on Care Inspectorate fees during 2012/13 with a view to determining if changes to the fee structure are necessary or desirable and to consider the maximum fees that may be charged. The maximum fees charged to care service providers have not increased since the 2005/06 financial year.

Financial position

We prepare our annual accounts following guidance in the Government Financial Reporting Manual (FRoM). We are funded by grants and grant-in-aid received from the Scottish Government. Our funding and budgeting position is different from the accounting financial position (SCNE) for three reasons:

1. For budgeting purposes we consider grants and grant in aid to be income. The accounting position must present grants and grants in aid as sources of funds and are credited to the General Reserve on the Statement of Financial Position.
2. Post employment benefits (pensions) must be accounted for using International Accounting Standard 19 "Employee Benefits" (IAS 19). IAS 19 requires accounting entries for pensions to be based on actuarial pension expense calculations. Our funding position is based on the cash pension contributions we make as an employer to the pension scheme.
3. Grant in aid used for the purchase of non-current assets is credited to the general reserve and the balance is reduced by the amount of depreciation charged each year. The current year charge of £310k includes depreciation of £302k and an asset disposal of £8k.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the small surplus recognised for funding and budgeting purposes.

	Ref	£000
Deficit per the SCNE	SCNE	42,190
Reverse IAS 19 Pension accounting adjustments	Note 5b	(22,947)
Funding from grants and grant in aid	Note 15	(19,113)
To fund depreciation charge	Note 6	(310)
(Surplus)/Deficit on funding and budgeting basis		(180)

	Budget £000	Actual £000	Variance £000
Operating income			
Fee income	(12,151)	(12,424)	(273)
Other income	(1,048)	(1,231)	(183)
Total operating income	(13,199)	(13,655)	(456)
Operating expenditure			
Staff costs	25,340	23,969	(1,371)
Other operating expenditure	8,490	8,924	434
Total operating expenditure	33,830	32,893	(937)
Net Bank Charges/(Interest)	5	5	0
Net revenue expenditure	20,636	19,243	(1,393)
Funded by:			
Grants and grant-in-aid	(20,326)	(19,113)	1,213
Transfer from general reserve to fund depreciation	(310)	(310)	0
Total Revenue Funding	(20,636)	(19,423)	1,213
Funding deficit/(surplus)	0	(180)	(180)

The Care Inspectorate had a total of £23.178m grant-in-aid approved by the Scottish Government that it could access and draw down throughout the year. We drew down £19.5m in grant in aid. We received other grants totalling £0.3m and hold £0.3m in the General Reserve to fund depreciation. Therefore the total funding available for 2011/12 was £20.1m.

We needed £19.2m to fund net revenue expenditure and used £0.7m for capital purchases. This total expenditure of £19.9m is less than the available funding and therefore there was a surplus of £0.2m. The table below shows approved grant in aid and how this grant in aid was actually drawn down.

	Operational Running Costs Budget	Non- recurring Costs Budget	Contingency Funding	Total
	£000	£000	£000	£000
Approved grant-in-aid	20,676	2,230	272	23,178
Grant-in-aid drawn down	19,438	25	0	19,463
Grant-in-aid not required	1,238	2,205	272	3,715

The £1.238m grant-in-aid that was not required to fund operational running costs is a direct result of the Care Inspectorate's original aim of preparing for significant reduction in budget in 2012/13. Significant budget reductions require a lead-in time and the implications of the revised planning assumptions first discussed in August 2011 also have an implementation lead-in time. Therefore there was a significant budget underspend in 2011/12.

The grant in aid for non-recurring costs was intended to fund staff severance costs and changes to the Care Inspectorate's office accommodation associated with a reduced workforce. As the planning assumptions changed there was no requirement to run a staff severance scheme in 2011/12.

We set a budget that was below the original business plan savings target but it was decided to retain £0.272m contingency funding within the approved grant in aid figure as there were a number of uncertainties around the Care Inspectorate's expenditure in its first year of operation. The contingency funding was not needed.

During 2011/12 we supplied finance, information and communications technology (ICT), facilities management, procurement, and reception services to the Scottish Social Services Council (SSSC). We also supplied facilities management services to the Office of the Scottish Charities Regulator (OSCR). We received income of £0.8m for these services.

Going concern

The Care Inspectorate Board has no reason to believe the Scottish Government and Scottish Ministers have any intention to withdraw or reduce support to the Care Inspectorate. It is therefore appropriate to prepare the accounts on a going concern basis.

The Statement of Financial Position as at 31 March 2012 shows net liabilities of £36.5m. The net liabilities are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19.

IAS 19 requires the liabilities and assets of the pension scheme to be valued. The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Care Inspectorate. The liability relates to benefits earned by existing or previous Care Commission employees up to 31 March 2012.

The Care Inspectorate participates in a pension fund which is the subject of an actuarial valuation every three years. This actuarial valuation is different from the valuation required by the accounting standard IAS 19. The actuarial valuation determines employer contribution rates that are designed to bring fund assets and liabilities into balance for the fund as a whole over the longer term.

Therefore the liability will be reduced through the payment of employee and employer contributions each year. Any future increases in employer contributions will require to be reflected through the grant-in-aid agreed with the Sponsor Department.

Pensions

The Care Inspectorate is an admitted body to the Tayside Superannuation Fund. This is a local government pension scheme administered by Dundee City Council.

The local government pension scheme is a defined benefit scheme that provides pension benefits based on final pensionable remuneration. There were 505 employees who were active members of the Tayside Superannuation Fund as at 31 March 2012.

Employer contribution rates have been set following actuarial valuation as follows:

Year ended	Employer contribution rate
31 March 2012	18.5%
31 March 2013	18.0%
31 March 2014	18.0%
31 March 2015	18.0%

Employee contribution rates are in the range 5.5% to 12% based on earning bands. The rates and earning bands are subject to periodic review.

As at 31 March 2012, we continued to employ 13 people who chose to remain in the NHS pension scheme when they transferred to the Care Commission in 2002. This is also a defined benefit scheme.

The disclosures required by accounting standard IAS 19 "Employee Benefits" are contained in Note 5 of the accounts.

Auditors' remuneration

Under the Public Finance and Accountability (Scotland) Act 2000 the Auditor General for Scotland appoints the auditors of the Care Inspectorate and the Auditor General appointed Brian Howarth, Assistant Director, Audit Scotland for the financial years 2011/12 to 2015/16 to undertake the statutory audit of the Care Inspectorate.

The auditor's general duties, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

The cost of statutory audit for 2011/12 was £35.0k. Audit Scotland provided services solely relating to the statutory audit. No further assurance, tax or other services were provided.

Scott Moncrieff are appointed as the Care Inspectorate's internal auditors. The cost of internal audit for 2011/12 was £46.8k.

All reports by internal and external audit are considered by the Audit Committee.

Public Services Reform (Scotland) Act 2010

Section 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose a duty on the Care Inspectorate to publish information on expenditure, economic stability and efficiency as soon as is reasonably practicable after the end of each financial year. The information required to comply with these disclosure requirements is not an integral part of the annual accounts and is displayed on the Care Inspectorate website at www.careinspectorate.com

Supplier Payment Policy

The Care Inspectorate is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive.

It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within 10 days. We paid 97.64% of invoices within 10 days.

We aim for continuous improvement in payment performance.

Disclosure of information to auditors

So far as I, as the Accountable Officer, am aware, there is no relevant audit information of which our auditors are unaware.

I have taken all steps I ought to, to make myself aware of any relevant information and to establish that our auditors are aware of that information.

Events after the reporting period

A significant proportion of impaired receivables (note 9 of the Annual Accounts) was related to debt due by the Southern Cross Group. The Southern Cross Group has entered into liquidation arrangements and this impaired debt will not be collected. The impairment provision fully covers the loss. There were no other events after the end of the reporting period (31 March 2012) that require disclosure.

1.10 Sustainability report

This section reports on our environmental and sustainability performance in line with Scottish Government's Public Sector Sustainability Report guidance and HM Treasury guidance.

The table below shows our actual performance in 2011-2012 and our targets for 2015 as set out in our Carbon Management Plan, approved by the Carbon Trust.

Area	Actual performance 2011-2012	Target performance 2015
Carbon emissions	1,344 tonnes CO2 e	1,379 tonnes CO2 e
CRC related expenditure	£15,708	No target currently
Total energy consumption	1.89 million kWh	No target currently
Total energy expenditure	£238,577	No target currently
Total waste expenditure	£24,346	No target currently
Water consumption	3,916m ³	No target currently
Water expenditure	£41,775	No target currently

Summary

The Climate Change (Scotland) Act 2009 sets high targets for Scotland to reduce its carbon emissions by 80% by 2050 and public bodies are tasked to support this. We completed a Carbon Management Plan that has been approved by the Carbon Trust. We calculated our projected performance target for 2015 using our predecessor the Care Commission's baseline figures for 2010-2011. Now that we have actual figures for 2011-2012, we will review and revise

our target for 2015 to reflect these. We have not yet set targets for each of the areas noted above. In the last year, our projects included voltage optimisation and property reduction in our estate. The Care Inspectorate energy usage falls below the threshold that requires detailed commentary regarding the Carbon Reduction Commitment Energy Efficiency Scheme.

Our direct environmental impacts

Our main impacts come from electricity and gas consumption and business travel. Our five-year environmental plan has several projects including an environmental policy, guidance, staff awareness campaigns, metering improvements and replacement of lamps to more environmentally friendly options. We are reviewing our Business Travel Policy, taking account of our role as a national regulator. We have already reduced lease car usage due to a change in the qualifying criteria. This will contribute to our overall target to reduce carbon emissions by 10% by 2015. We will explore wider environmental management systems to encompass the carbon management plan, policies, procedures and staff awareness.

Carbon gas emissions and energy		2009/10	2010/11	2011/12
Non-financial indicators	Gross emissions Scope 1	–	887 tonnes CO2 e	780 tonnes CO2 e
	Gross emissions Scope 2 and 3 (indirect impacts business travel)	–	646 tonnes CO2 e	564 tonnes CO2 e
Related energy consumption (kWh)	Electricity non-renewable	–	1,311,411	1,185,081
	Gas	–	905,406	701,329
	Other (gas, oil)	–	15,221	15,000*
Financial indicators (£k)	Expenditure on energy	–	232	239
	Expenditure on business travel	–	480	651

* Estimate based on previous year - final figure for 2011-2012 not yet available.

Our performance

Our Carbon Management Plan sets out a target to reduce carbon emissions by 153 tonnes by 2015. We have implemented voltage optimisation and a metering programme and replaced lighting to reduce our emissions and energy consumption. The figures for 2011-2012 include estimates for offices where we do not have direct control. Although we have reduced energy consumption, the expenditure increase reflects the rise in energy costs.

Our direct impacts

Our main impacts come from our electricity and gas consumption and business travel. As a national regulator, our staff travel extensively throughout Scotland. We will review travel policies, implement an environmental policy, develop recycling provision and raise staff awareness with a 'green' campaign.

Our indirect Impacts

We will ask our external suppliers for their carbon emission data as part of our sustainable procurement process.

Our greenhouse gas emissions



Ferry travel

0.1
tonnes



Road travel

335
tonnes



Air travel

19
tonnes



Train travel

15
tonnes



Gas
consumption

129
tonnes



Electricity
consumption

646
tonnes

Reducing our waste

Waste		2009/10	2010/11	2011/12	
Non-financial indicators (tonnage)	Total volume of waste	–	–	48	
	Non hazardous waste	Landfill	–	19.2	
		Recycled	–	–	28.8
		Incinerated	–	–	–
Financial indicators (£k)	Total waste disposal cost	–	248	24.3	
	Hazardous special waste total disposal cost		–	N/A	N/A
	Non hazardous waste - total disposal cost	Landfill	–	10.6	9.5
		Recycled	–	14.2	14.8
	Incinerated	–	–	–	

Our targets

We are committed to reduce our overall carbon emissions by 10% by 2015. We will set targets for individual areas including waste in 2012-2013.

Our direct impacts

We have estimated total non-financial indicators (tonnage) from existing invoices, number of uplifts and cost per uplift. We will develop record management processes to provide specific information on tonnage weight uplifts for future reports.

Our indirect impacts

We will work with our staff and suppliers to reduce our waste uplift in tonnage and costs.

Our waste



Total volume
48
tonnes



Recycled
28.8
tonnes



Landfill
19.2
tonnes

Reducing our water consumption

Waste		2009/10	2010/11	2011/12
Non-financial indicators	Supplied	4,430m ³	3,374m ³	3,916m ³
	Disposed	–	–	–
Financial indicators (£k)	Water supply costs	£38.9	£48.7	£41.7

Our targets

A target will form part of an overall environment action plan and will be established in 2012-2013.

Our direct impacts

We will establish water consumption within each of our premises and consider options to improve data collection.

Our water consumption



2009-2010
4,430
cubic metres



2010-2011
3,374
cubic metres



2011-2012
3,916
cubic metres

Sustainable procurement and biodiversity

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. We will, when evaluating tenders, consider sustainability and it will be relevant and proportional to the procurement process. We will look at options we can implement to contribute to biodiversity and conservation. The nature of our activities limits what we can do, however as part of our environmental plan we will investigate options available to us.

1.11 Property

The Care Inspectorate inherited the leases for 19 properties, 17 from the Care Commission and 2 from Scottish Government. During 2011-12, we have rationalised one of the offices, bring the total number of locations throughout Scotland to 18. Of these 18, 8 are shared with other Scottish Government bodies.

The Estate Management Plan for 2012-15 was approved by our Resources Committee in March 2012. This Plan documents our property strategy for the next 3 years and our commitment working closely with our Scottish Government colleagues to continue to reduce our estate through shared opportunities where possible.

1.12 Working environment (health and safety)

We have a corporate health and safety policy in place, along with policies to promote the health, safety and welfare of our staff. These comprehensive policies cover smoking, display screen assessment, risk assessment and stress management. We will review these policies in 2012-2013.

We have systems in place for recording and reporting accidents and incidents. We monitor these and take action where necessary to ensure a safe working environment for all staff.

Guidance material is available and continually developed in response to legislation and good practice and to reflect our working practices. This covers areas such as:

- lone working
- driving
- first aid
- using laptops safely
- testing portable appliances
- the Smoking, Health and Social Care (Scotland) Act 2005
- manual handling
- risk assessments, including tailored assessments for individuals with identified health needs.

An internal audit process is in place to ensure health and safety policies and procedures are suitable to maintain the health, safety and welfare of staff. Each year, we produce an annual health and safety report which we will submit to our Board.



Annette Bruton
Chief Executive

25 October 2012

SECTION TWO:
REMUNERATION REPORT (UNAUDITED)



Introduction

This report provides information on the remuneration of Care Inspectorate Board members and senior managers. The senior managers are:

- Annette Bruton, Chief Executive (from 13 February 2012)
- Jackie Roberts, Interim Chief Executive (to 27 January 2012)
- Karen Anderson, Director of Operations: Planning, Assurance & Reporting
- David Cumming, Director of Operations: Programming, Cooperation & Registration
- Gill Ottley, Director of Operations: Intelligence & Complaints
- Gordon Weir, Director of Resources.

During the brief period between the Interim Chief Executive leaving and the Chief Executive taking up her new appointment Karen Anderson was acting Chief Executive.

This report contains both audited information and information which is not specifically subject to audit.

Remuneration Committee

The following Board members sit on the Remuneration Committee (the Committee):

- Frank Clark (Care Inspectorate Chair)
- Carol Paton (Convener Resources Committee to 15 March 2012)
- Theresa Allison (Convener Resources Committee from 16 March 2012)
- Mike Cairns (Convener Audit Committee).

The Committee determines the performance element of the pay of directors. The Committee also agrees the pay strategy for all staff excluding Board members and the Chief Executive.

During the year the Committee was advised by the following officers:

- Interim Chief Executive
- Chief Executive
- Director of Resources.
- Human Resources Manager.

Remuneration policy

Members

The remuneration (payment) of Board members is determined by Scottish Ministers. Increases in pay are subject to satisfactory performance.

Chief Executive

The Chief Executive's remuneration is determined by the Chair in accordance with Senior Public Pay Policy Guidelines. Performance is assessed through an annual appraisal performed by the Chair and this appraisal is submitted to the Scottish Government to allow the Chief Executive's remuneration to be agreed.

Directors

Directors are on a salary scale £64.4k to £74.0k and incremental progression to the top of the scale is determined by performance. Performance is assessed by the Care Inspectorate's 'Performance Development Review System' and is subject to agreement of the Remuneration Committee. The Care Inspectorate's pay strategy must be approved by the Scottish Government. Subject to that approval, a pay award package is negotiated with trade unions through the Partnership Forum. When the pay award package has been agreed, it is applied to the remuneration of directors and the main body of Care Inspectorate staff.

Notice periods

Members

Board members are appointed for a period determined by Scottish Ministers. Board members are eligible to be re-appointed following the end of a period of Board membership. Either party may terminate early by giving notice. Normally there is no payment available in the event of early termination of the contract. However, where special circumstances exist, Scottish Ministers may decide that compensation for early termination is appropriate and instruct the Care Inspectorate to make a payment. The amount of the payment would also be decided by Scottish Ministers.

Details of the service contracts for Board members serving during the year are detailed below:

Name	Current term	Date of initial appointment	Date of termination of appointment
Clark, Frank (Chair)	1st	22 Nov 2010	21 Nov 2014
Allison, Theresa	1st	1 March 2011	28 Feb 2014
Brown, Morag	1st	1 March 2011	28 Feb 2014
Cairns, Mike	1st	1 March 2011	28 Feb 2015
Coia, Denise	1st	1 March 2011	5 Sept 2014
Coutts, Garry	1st	1 March 2011	31 Aug 2013
Haddow, Anne	1st	1 March 2011	28 Feb 2014
Hutchens, Douglas	1st	1 March 2011	28 Feb 2014
Meiklejohn, Cecil	1st	1 March 2011	28 Feb 2015
Paton, Carol	1st	1 March 2011	15 Mar 2012
Wiseman, David	1st	1 March 2011	28 Feb 2015
Witcher, Sally	1st	1 March 2011	28 Feb 2015

Chief Executive

Annette Bruton was appointed as the Care Inspectorate's Chief Executive on 13 February 2012. The normal retirement age for this post is 65 and the current post holder will attain normal retirement age in 8.0 years.

Termination of the contract requires a notice period of 6 months by either party. There is no compensation payment specified in the contract in the event of early termination of the contract.

Interim Chief Executive

Jacque Roberts was appointed as the Interim Chief Executive of the Care Inspectorate on 8 December 2010 and subsequently retired on 27 January 2012.

Karen Anderson was the Acting Chief Executive of the Care Inspectorate for the period 28 January 2012 to 12 February 2012.

Directors

The Care Inspectorate had four directors during the year:

- Director of Operations: Planning, Assurance & Reporting
- Director of Operations: Programming, Cooperation & Registration
- Director of Operations: Intelligence & Complaints
- Director of Resources.

All directors have permanent contracts and are subject to the normal retirement age of 65. Termination of the contract requires a notice period of 3 months by either party.

There are no compensation payments specified in the contract in the event of early termination of the contract.

Name	Title	Date of appointment	Years to normal retirement age
Karen Anderson	Director of Operations: Planning, Assurance & Reporting	1 April 2011	22.6
David Cumming	Director of Operations: Programming, Cooperation & Registration	1 April 2011	3.7
Gill Ottley	Director of Operations: Intelligence & Complaints	1 April 2011	3.8
Gordon Weir	Director of Resources	1 April 2011	18.9

Retirement policy

The Chief Executive and Directors do not have any contractual rights to early termination compensation payments but the Care Inspectorate operates a retirement policy that is applicable to all staff (excluding Board members).

This policy allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than 5 years' pensionable service. The award of additional pensionable service is limited to a maximum of 6 $\frac{2}{3}$ years in a redundancy situation and 10 years if early termination is in the interests of the efficiency of the service.

Alternatively, pension scheme members with more than two years' pensionable service may be paid compensation of up to 104 weeks pay.

The number of years added or the amount of compensation paid, if any, is determined on the basis of individual circumstances and the employee's age and length of service. All awards of additional service and compensation for early termination are subject to a three year pay-back period and must be approved by the Resources Committee.

Audited Information

Care Inspectorate Board Members' Remuneration

Name	Salary 2012 £000
Clark, Frank (Chair)	40 – 45
Allison, Theresa	5 – 10
Brown, Morag	0 – 5
Cairns, Mike	5 – 10
Coia, Denise	0
Coutts, Garry	0
Haddow, Anne	0 – 5
Hutchens, Douglas	10 – 15
Meiklejohn, Cecil	5 – 10
Paton, Carol (to 15 March 2012)	0 – 5
Wiseman, David	5 – 10
Witcher, Sally	0 – 5

Board members are not eligible to join the pension scheme available to employees of the Care Inspectorate.

Denise Coia and Garry Coutts are Board members via reciprocal membership arrangements with Health Improvement Scotland and the Scottish Social Services Council and receive no remuneration from the Care Inspectorate.

Chief Executive and Directors Remuneration

The salaries and pension entitlements of the Chief Executive and Directors are disclosed in the table below. Comparative information for the previous year Cash Equivalent Transfer Values is available for Gordon Weir and Karen Anderson. David Cumming and Gill Ottley have decided not to join the pension scheme and Annette Bruton commenced during the year.

Name	Emoluments	Benefits in kind	Real increase in:		Value at 31 March 2012:		Cash equivalent transfer value:		Real increase in cash equivalent transfer value
			Pension	Lump sum	Accrued pension at age 60	Related lump sum at age 60	At 31/03/11	At 31/03/12	
	£000	£	£000	£000	£000	£000	£000	£000	£000
Annette Bruton Chief Executive (from 13/2/2012)	10-15	100	n/a	n/a	5-10	0	n/a	3	n/a
Jacque Roberts Interim Chief Executive (left 27/01/2012)	85-90	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gordon Weir Director of Resources	70-75	n/a	2.5-5.0	0-5	40-45	60-65	301	299	(10)
Karen Anderson Director of Operations: Planning, Assurance & Reporting	65-70	0	2.5-5.0	(5)-0	20-25	0-5	15	33	18
David Cumming Director of Operations: Programming, Cooperation & Registration	65-70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gill Ottley Director of Operations: Intelligence & Complaints	65-70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

We are required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of our workforce.

The Interim Chief Executive was the highest paid director in the financial year 2011/12. The Interim Chief Executive's pay was for a 10 month period but included is a £62k redundancy payment. The mid-point of the banded remuneration of the Interim Chief Executive was £152,500. This was 4.19 times the median remuneration of the workforce, which was £36,435.

The full time annual salary for the Chief Executive is in the salary band £105,000 to £110,000. The mid-point of this band is £107,500 which is 2.95 times greater than the median remuneration of the workforce.

In 2011/12, no employees received remuneration in excess of the Interim Chief Executive.

Total remuneration includes salary, overtime and other taxable allowances as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Payment of compensation on early retirement

Jacquie Roberts, the Interim Chief Executive, was paid compensatory payments for loss of office totalling £62k. This solely comprised a redundancy payment of £62k. The redundancy payment is not included in the emoluments figure in the table above.



Annette Bruton,
Chief Executive

25 October 2012

SECTION THREE:
STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES



Under paragraph 14(1) of Schedule 11 to the Public Services Reform (Scotland) Act 2010, the Care Inspectorate is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of the Care Inspectorate's affairs at the year end, and of its financial activities during the year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the Care Inspectorate will continue in operation.

Scottish Ministers designated the Chief Executive as the Accountable Officer for the Care Inspectorate. The Chief Executive's relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accountable Officer Memorandum issued by the Scottish Government and published in the Scottish Public Finance Manual.



Annette Bruton,
Chief Executive

25 October 2012

SECTION FOUR:
GOVERNANCE STATEMENT



Introduction

The Care Inspectorate is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Care Inspectorate also has a duty of Best Value as described in the Scottish Public Finance Manual. The duty of Best Value ensures there is a focus firstly on continuous improvement which will help ensure sustainable economic growth for the people of Scotland and secondly on the delivery of the outcomes required of all public services as articulated in the National Performance Framework.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of the Care Inspectorate's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the Care Inspectorate, effective operation of corporate systems, processes and internal controls, engaging with stakeholders, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

This annual governance statement explains the Care Inspectorate's governance and risk management framework.

The Governance Framework

Organisational Structure

The Board is made up of a Chair and 11 Members. The Chair and 9 of the members are appointed by Scottish Ministers through open competition. The Convener of the Scottish Social Services Council and the Chair of Healthcare Improvement Scotland also sit on the Board. The Board members provide a wealth of experience and wide-ranging skills, along with a passionate interest in care, social work and child protection. It is a statutory requirement that appointments to the Board must have at least one member who uses or has used a care service and at least one member who cares for or has cared for a person using care services. The Board remains ultimately responsible and accountable for all the decisions taken in its name, whether directly or through its Committees.

The Board has corporate responsibility for ensuring that the Care Inspectorate fulfils its aims and objectives, for promoting the efficient and effective use of staff and other resources and for identifying and managing risk.

The Board must approve the making, revision or revocation of Standing Orders, Code of Conduct for members, the Reservation of Powers and Scheme of Delegation, Financial Regulations and the approval of the Annual Report and Accounts, budget, corporate plan, risk register and risk management strategy for each financial year.

The Board is also responsible for the approval of the appointment of internal auditors to the Care Inspectorate. We currently have the following Committees all of which report to the Board.

Strategy and Performance Committee

This Committee was established to assist the Board in establishing the overall strategic direction of the Care Inspectorate within the policy, planning and resources framework determined by Scottish Ministers, in accordance with the principles of Better Regulation. The Committee is responsible for providing an oversight of performance and development throughout the organisation, identifying themes and trends arising from scrutiny activity and to examine the effectiveness of the Care Inspectorate's liaison with other regulatory bodies.

Audit Committee

This Committee was established to take an overview of the financial reporting arrangements of the Care Inspectorate, the external and internal audit arrangements and ensure that there is sufficient and systematic review of internal control arrangements of the organisation, including arrangements for risk management. The Committee is also responsible for advising the Board on the development of Key Performance Indicators to underpin the Corporate Plan.

Resources Committee

This Committee was established to take an overview of how the Care Inspectorate conducts its business, overseeing on behalf of the Board the preparation of business plans and budgets, consideration of resource requirements and the effective, efficient and economical use of the Care Inspectorate's resources. The Committee is also responsible for the development and implementation of the following key resourcing strategies: Estates; Finance; Human Resources; Administration; ICT; Procurement; Organisational Development; Employee Development and the development, evaluation and review of business processes to ensure that they operate in accordance with the principles of Better Regulation and Best Value.

Remuneration Committee

This Committee was established to approve the Care Inspectorate's pay remit for all employees in accordance with the public pay policy guidance and to receive reports on the monitoring of the performance of the Chief Executive, Directors and other senior employees.

Sub Committees

The Care Inspectorate has an Appeals Sub Committee and a Complaints Review Sub Committee. Board members may also be required to attend these sub committees.

Board Members

Board Members are subject to the Ethical Standards in Public Life (Scotland) Act 2000 and the Care Inspectorate Code of Conduct which has been approved by Scottish Ministers. The key principles which underpin the Code are based on the principles of public life set down by the Committee on Standards in Public Life (originally 'the Nolan Committee').

The key principles are:

- Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership and
- Respect.

Board members also work to the six core principles set out in the Good Governance Standard for Public Services, which are:

1. Focusing on the organisation's purpose and on outcomes for citizens and service users.
2. Performing effectively in clearly defined functions and roles.
3. Promoting values for the whole organisation and demonstrating the values of good governance through behaviour.
4. Taking informed transparent decisions and managing risk.
5. Developing the capacity and capability of the governing body to be effective.
6. Engaging stakeholders and making accountability real.

Board meetings are held in public and the minutes of each meeting are available on our website

www.careinspectorate.com

Attendance at Board and Committee meetings

Board member	Board	Strategy and performance		Audit		Resources		Remuneration		Complaints**		Appeals
	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Attended
Professor Frank Clark, Chair	6	Yes	6	No	5	No	6	Yes	2	No	0	0
Theresa Allison	5	Yes	6	Yes	5	Yes	5	Yes	2	No	5	2
Morag Brown	2	No	0	Yes	3	Yes	3	No	0	No	3	0
Mike Cairns	5	No	0	Yes	5	Yes	5	Yes	2	No	2	2
Dr Denise Coia	4	No	0	No	0	No	0	No	0	No	0	0
Garry Coultts	2	No	0	No	0	No	0	No	0	No	0	0
Anne Haddow	4	Yes	5	No	0	No	0	No	0	Yes	3	0
Douglas Hutchens	6	Yes	6	No	0	No	0	No	0	Yes	8	0
Cecil Meiklejohn	5	Yes	4	Yes	4	Yes	4	No	0	No	7	1
Carol Paton*	4	Yes	3	No	0	Yes	4	Yes	0	No	0	1
David Wiseman	4	Yes	6	Yes	5	Yes	5	No	0	No	4	1
Sally Witcher	6	No	0	Yes	4	Yes	5	No	0	Yes	0	0

*Carol Paton was a Board member up to 15 March 2012.

**The Complaints Committee has a Convenor and Vice Convenor; members are drawn as required from the remaining Board Members.

Accountable Officer

The Care Inspectorate's Chief Executive is the designated Accountable Officer. The Accountable Officer is personally responsible to Scottish Ministers, who are ultimately accountable to the Scottish Parliament, for securing propriety and regularity in the management of public funds and for the day-to-day operations and management of the Care Inspectorate.

The detailed responsibilities of the Accountable Officer for a public body are set out in a Memorandum from the Principal Accountable Officer of the Scottish Administration which is issued to the Chief Executive on appointment and updated from time to time.

Jacquie Roberts was the Care Inspectorate's interim chief executive until 27 January 2012 and Annette Bruton was appointed as chief executive on 13 February 2012. Karen Anderson (Director of operations: Planning, Assurance and Reporting) was acting chief executive for the intervening period (28 January 2012 to 12 February 2012).

Executive Team

The Executive Team (ET) supports the Chief Executive in her Accountable officer role through the formal scheme of delegation. The ET comprises:

- Gordon Weir, Director of Resources
- Karen Anderson, Director of Operations: Planning, Assurance and Reporting
- David Cumming, Director of Operations: Programming, Cooperation and Registration
- Gill Ottley, Director of Operations: Intelligence and Complaints.

Each of these officers has responsibility for the development and maintenance of the governance environment within their own areas of control.

Internal Audit

The Care Inspectorate's internal audit function has been contracted out. Internal audit forms an integral part of the Care Inspectorate's internal control and governance arrangements. The internal audit service operates in accordance with Government Internal Audit Standards and undertakes an annual programme of work approved by the Audit

Committee. This annual programme is based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes.

Key Elements of the Care Inspectorate's Governance Arrangements

The key elements of the Care Inspectorate's governance arrangements include:

- The Care Inspectorate's vision is incorporated within the Corporate Plan which has been published and is available on the Care Inspectorate's website.
- The Care Inspectorate seeks stakeholder views on a wide range of issues and undertakes regular consultation.
- The roles and responsibilities of members and officers are defined in our standing orders, scheme of delegation and financial regulations.
- Our standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- We have tested business continuity plans in place which set out the arrangements with which we aim to continue to deliver services in the event of an emergency.
- Our performance management arrangements enable progress against the Care Inspectorate's priorities to be monitored.
- We publicly report on our performance.
- We respond to findings and recommendations of our external auditors (Audit Scotland) and our internal auditors (Scott-Moncrieff). The Audit Committee receives regular reports from management on the implementation of audit recommendations. The internal auditors formally report on the implementation of agreed audit recommendations to the Audit Committee annually.
- The Audit Committee reports annually to the Board on their own performance as a Committee, the Committee's opinion on the performance of internal and external audit and provide an opinion on the reliability and appropriateness of the Annual Governance Statement.
- We are committed to the efficient government programme and on an annual basis identify efficiency savings achieved by implementing this initiative.
- Codes of conduct are in place for, and define the standards of behaviour expected from, members and officers.
- We foster relationships and partnerships with other public, private and voluntary organisations where there is a clear alignment with our corporate objectives.
- A register of members' interests is maintained and is available for inspection by members of the public. Declarations of conflicts of interest are standing agenda items at each Board and Committee meeting.
- The performance and training needs of Board members is assessed by the Chair. The Chair is similarly assessed by senior officials within the Sponsor Department. Through this process all Board members have personal development plans which are periodically supplemented by additional training for members.
- Board members are appointed by Scottish Ministers. The scheme of members' remuneration and expenses is similarly determined by Scottish Ministers. Details of all members' expenses are published on an annual basis.
- The chief executive is responsible and accountable for all aspects of executive management.
- The roles of all officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal development and review scheme (PDRS).
- Our procurement capability is assessed annually by the Scottish Procurement Directorate and we strive to continually improve our procurement capability.
- We hold regular performance review meetings with the Sponsor Department.
- We have a fraud response plan that clearly sets out the process to be followed if fraud is suspected.
- A whistle blowing policy provides for the direct reporting of problems to senior managers without fear of recrimination.

Risk Management

The Care Inspectorate has a risk management policy. The main priorities of this policy are the identification, evaluation and control of risks which threaten our ability to deliver our objectives. The policy provides direction on a consistent, organised and systematic approach to identifying risks, the control measures that are already in place, the residual risk, the risk appetite and action that is necessary to further mitigate against risks.

Risks identified are maintained on a strategic risk register and addressed in the preparation of the corporate plan. The Corporate Plan is being developed to show clear links between risks identified on the risk register and the Care Inspectorate's corporate objectives. As a result, the risks identified will become embedded in managers' work plans for the year.

System of Internal Financial Control

Within the Care Inspectorate's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The Care Inspectorate's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is the responsibility of managers within the Care Inspectorate. In particular, the system includes:

- financial regulations
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against forecast
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against the forecasts
- clearly defined capital expenditure guidelines.

Compliance with Guidance and Best Practice

The following are all key documents that have underpinned the development of our governance framework.

- Scottish Public Finance Manual.
- Management Statement and Financial Memorandum of the Care Inspectorate.
- On Board: A Guide for Board Members of Public Bodies in Scotland.
- The Model Code of Conduct for Members of Devolved Public Bodies.
- Best Value in Public Services: Guidance for Accountable Officers.

Review

The effectiveness of our governance framework is reviewed annually as part of the preparation of this Governance Statement (formerly Statement on Internal Control). Individual policies and procedures that contribute towards the overall governance framework are also subject to periodic review.

This review is informed by:

- The views of Audit Committee on the assurance arrangements
- The opinions of internal and external audit on the quality of the systems of governance, management and risk control.
- "Certificates of Assurance" supplied by Executive Team members following a review of the governance arrangements within their specific areas of responsibility.
- Regular formal monitoring of progress against corporate plan, business plan and budget.
- Feedback from managers and staff within the Care Inspectorate on our performance, use of resources, responses to risks, and the extent to which in-year budgets and other performance targets have been met.

In addition to the above, a specific review was carried out by our internal auditors over the governance arrangements of additional information and communications technology (ICT) expenditure incurred during the year.

Significant issues and areas where the governance framework can be developed identified as a result of this review process are detailed in the sections below.

Significant Issues

Significant Change in Budget Assumptions

The Care Inspectorate in the first half of 2011/12 was planning for and working towards significant budget reductions identified in the Care Inspectorate's first business plan approved by Ministers in November 2010. In the second half of 2011/12 the Scottish Government decided to maintain Care Inspectorate budget at 2011/12 levels. This change provided the opportunity to re-direct our planned budget reductions into activities the Board believes are necessary to provide assurance and protection to people who use services and their carers and to support improvement. As the planned budget reductions were mainly centred on staff costs and the fact there is a significant recruitment lead time to appoint staff of the quality required by the Care Inspectorate savings continued to accrue throughout 2011/12 and we did not require our full authorised grant in aid allocation.

Recruiting the required number of staff to effectively match our skills mix and geographical requirements is a challenge. The majority of new recruits commenced employment in April 2012 and there is a significant induction and training period. The number of new recruits, accommodating their training requirements and a recruitment shortfall makes inspection planning difficult and there is a risk of delay and consequently a risk to the achievement of the 2012/13 scrutiny objectives. Further recruitment exercises are planned for 2012/13.

Additional ICT Expenditure

The budget savings accruing from preparing for future years' budget reductions provided an opportunity to utilize this non-recurring funding within 2011/12. The Care Inspectorate decided that this funding could most effectively be used by investing in our ICT infrastructure and bringing forward elements of the ICT strategy. In order to contain this expenditure within 2011/12 decisions had to be made quickly.

To provide assurance to our Sponsor Department, we asked our internal auditors to review the governance arrangements associated with the additional ICT expenditure. Our internal auditors concluded that "the Care Inspectorate adopted an appropriate and proportionate process in reviewing and providing governance over its recent ICT investment decision".

Data Handling and Protection

There are no data losses to report for the year to 31 March 2012.

Developing the Governance Framework

Organisational Structure Review

The Care Inspectorate adopted an interim organisational structure for its first year of operation with an intention to review this. It is anticipated that the results of an organisation structure review will be reported to the Board in July 2012. Implementation of a revised structure will follow shortly after this. The structure review is intended to clarify roles, responsibilities and accountability and make the Care Inspectorate a more efficient and effective organisation.

New Payroll/Human Resource Management Information System

A European Union tender exercise is currently underway to replace the current payroll & human resource service. The new system will incorporate electronic "self-serve" and manager authorisation functionality that is more conducive to the geographically dispersed line management responsibilities that are in place. It is an objective of the procurement exercise that access to user friendly management information will be significantly enhanced.

Development of a Care Inspectorate Code of Corporate Governance

Although we believe the governance framework in place is working effectively there is no overarching document that brings all the different elements together to provide an overview of how the Care Inspectorate delivers effective governance. In 2012/13 we intend to develop and agree a code of Corporate Governance for the Care Inspectorate.

This code would detail:

- describe the principles of good governance and how we aim to achieve these
- identifies the policies and procedures that are essential to demonstrate compliance with these principles.

The existence of a code that brings all the different strands of corporate governance together will facilitate more effective and systematic governance reviews. For example, an officer working group could be established to annually assess compliance with the code.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2012 and up to the date of signing of the accounts.

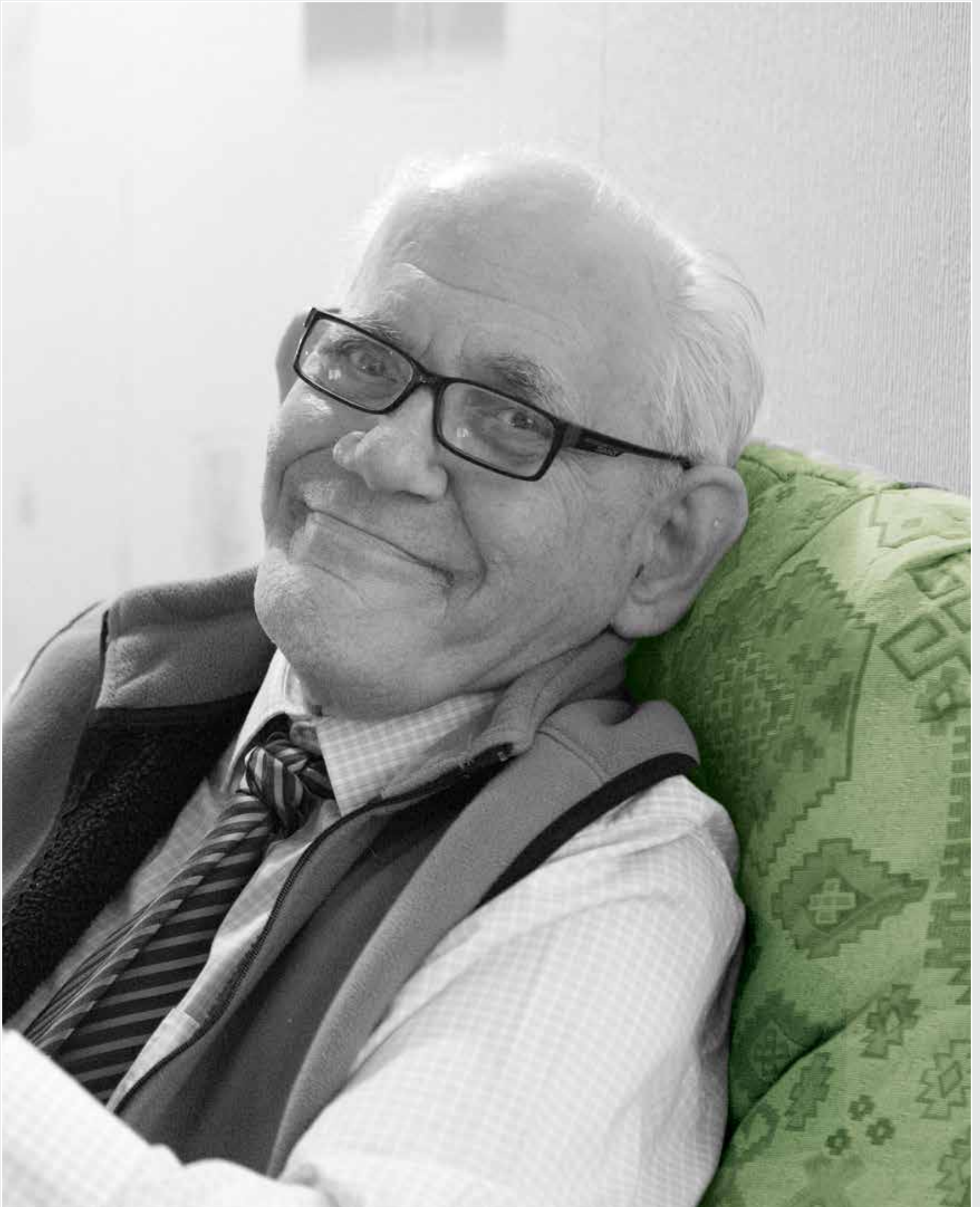
It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Care Inspectorate's systems of governance. Although areas for further improvement have been identified the annual review has provided sufficient evidence that the Care Inspectorate's governance arrangements have operated effectively and that the Care Inspectorate complies with all relevant guidance and generally accepted best practice in all significant respects.



Annette Bruton
Chief Executive

25 October 2012

SECTION FIVE:
AUDITOR'S REPORT



Independent auditor's report to the members of the Care Inspectorate, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Care Inspectorate for the year ended 31 March 2012 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2011/12 Government Financial Reporting Manual (the 2011/12 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and income in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2012 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2011/12 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

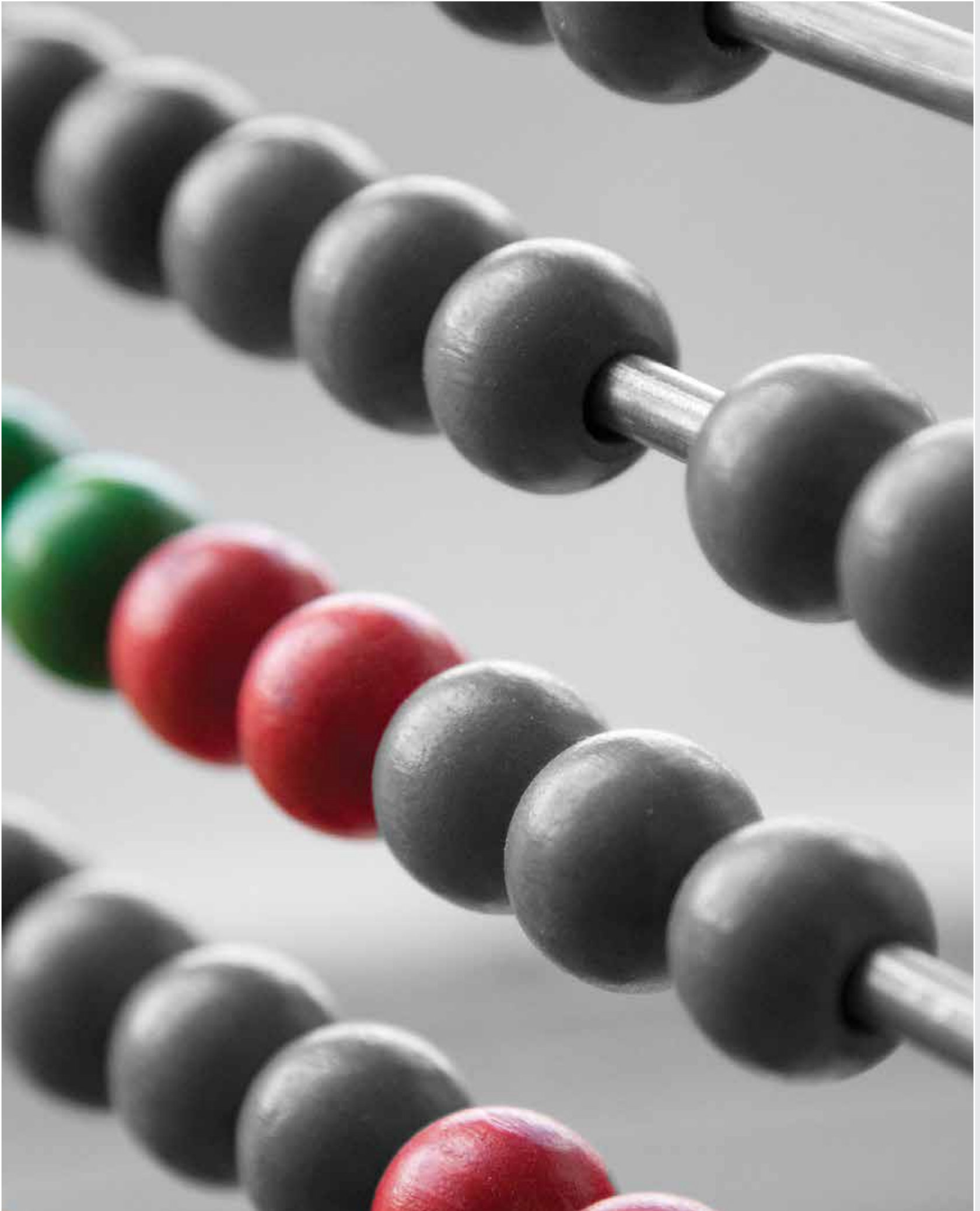
I have nothing to report in respect of these matters.



Brian Howarth ACMA, CGMA
Audit Scotland
7th Floor, Plaza Tower
East Kilbride
G74 1LW

Date: 25 October 2012

SECTION SIX:
FINANCIAL ACCOUNTS



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Statement of comprehensive net expenditure for the year ended 31 March 2012

	Notes	2011/12 £000	2010/11 £000
Income			
Fees charged to service providers	2a	(12,424)	(12,477)
Other operating income	2b	(1,231)	(1,594)
		(13,655)	(14,071)
Expenditure			
Staff costs	3b	24,404	20,592
Operating expenditure	6	8,924	8,374
		33,328	28,966
Net Operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities		19,673	14,895
Bank charges (net of interest)		5	4
(Return)/cost on pension assets & liabilities	5b	(768)	377
Net Operating cost on ordinary activities after interest and (return)/cost on pension scheme assets and liabilities		18,910	15,276
Actuarial (gains)/losses on pensions assets/liabilities	5b	23,280	(14,515)
Total Comprehensive Net Expenditure before Scottish Government Funding*		42,190	761

* Please refer to the table on page 32 for further explanation. All operations are continuing. The notes on pages 66-83 form an integral part of these accounts.

Statement of financial position as at 31 March 2012

	Notes	2011/12 £000	2010/11 £000
Non-current assets			
Property, plant and equipment	7	605	428
Intangible assets	8	218	44
Total non-current assets		823	472
Current assets			
Trade and other receivables	9	2,417	1,812
Cash and cash equivalents	10	1,217	2,230
Total current assets		3,634	4,042
Total assets		4,457	4,514
Current liabilities			
Trade and other payables	11	(2,591)	(3,151)
Total current liabilities		(2,591)	(3,151)
Non-current assets plus/less net current assets/liabilities		1,866	1,363
Non-current liabilities			
Other payables greater than 1 year	11	(191)	(219)
Pension assets/(liabilities)	5a	(38,187)	(15,240)
Total non-current liabilities		(38,378)	(15,459)
Assets less liabilities		(36,512)	(14,096)
Taxpayers Equity			
Pensions reserve	5a	(38,187)	(15,240)
General reserve	15	1,675	1,144
		(36,512)	(14,096)

Annette Bruton

Annette Bruton
Chief Executive

Date: 25 October 2012

Statement of cash flows for the year ended 31 March 2012

	Note	2011/12 £000	2010/11 £000
Cash flows from operating activities			
Total Comprehensive Net Expenditure before Scottish Government funding	SCNE	(42,190)	(761)
Adjustments for non cash items:			
Pension Actuarial Adjustments	5b	22,947	(23,314)
Notional external audit charge		0	29
Depreciation & amortisation	7,8	302	414
Disposal of Property Plant & Equipment	7	8	0
(Increase)/Decrease in trade and other receivables	9	(605)	(150)
Increase/(Decrease) in trade payables	11	(560)	254
Increase/(Decrease) in non current liabilities	11	(28)	214
Net cash outflow from operating activities		(20,126)	(23,314)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(388)	(42)
Purchase of intangible assets	8	(273)	0
Net cash outflow from investing activities		(661)	(42)
Cash flows from financing activities			
Grants from Scottish Government	12	19,774	24,315
Net financing		19,774	24,315
Net increase/(decrease) in cash and cash equivalents in the period	10	(1,013)	959
Cash and cash equivalents at the beginning of the period	10	2,230	1,271
Cash and cash equivalents at the end of the period	10	1,217	2,230

The notes on pages 66-83 form an integral part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2012

	Note	Pension reserve £000	General reserve £000	Total reserves £000
Balance at 31 March 2010		(38,554)	875	(37,679)
Changes in taxpayers equity 2010/2011				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments		23,314	(23,314)	0
Total Comprehensive Net Expenditure			(761)	(761)
Total recognised income and expense for 2010/11		23,314	(24,075)	(761)
Grant from Scottish Government			24,344	24,344
Balance at 31 March 2011		(15,240)	1,144	1,144
Changes in taxpayers equity for 2011/12				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b	(22,947)	22,947	0
Total Comprehensive Net Expenditure			(42,190)	(42,190)
Total recognised income and expense for 2011/12		(22,947)	(19,243)	(42,190)
Grants from Scottish Government			19,774	19,774
Balance at 31 March 2012		(38,187)	1,675	(36,512)

The notes on pages 66-83 form an integral part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of accounts

The accounts have been prepared in accordance with the Accounts Direction issued by the Scottish Ministers. The Accounts Direction (reproduced at Appendix 1) requires compliance with the Government's Financial Reporting Manual (FReM) which follows International Financial Reporting Standards as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by the Care Inspectorate are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors.

1.2 Accounting convention

They have been prepared under the historical cost convention except for certain financial instruments and pensions that have been measured at fair value as determined by the relevant accounting standard.

1.3 Going concern

The accounts have been prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

1.4 Merger Accounting

The Care Inspectorate is a new NDPB which brought together the scrutiny functions of what was previously the Care Commission, Social Work Inspection Agency (SWIA) and the child protection scrutiny function of Her Majesty's Inspectorate of Education (HMIE) on 1 April 2011. The 2010/11 balances are the aggregation of the closing balances of the Care Commission and SWIA as at 31 March 2011, excluding any inter-company balances, and are summarised in note 20. There were no assets or liabilities transferred for the child protection scrutiny function formerly undertaken by HMIE. The merger of HMIE involved the transfer of 6 staff with an annual cost of £471k.

1.5 Property plant & equipment

1.5.1 Capitalisation

The capitalisation threshold for all asset categories is £5,000.

1.5.2 Valuation

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment value. The Care Inspectorate does not have any assets held under finance leases.

Depreciated historic cost has been used as a proxy for the current value. All property, plant and equipment have low values and short useful economic lives which realistically reflect the life of the asset, and a depreciation charge which provides a realistic reflection of consumption.

1.5.3 Depreciation

Depreciation is provided on property, plant and equipment on a straight line basis using the expected economic life of the asset. A full year's depreciation is charged in the year the asset is first brought into use and no depreciation is charged in the year of disposal. The economic life of an asset is determined on an individual asset basis.

1.6 Intangible assets

Acquired intangible assets are measured initially at cost and are amortised on a straight line basis over their estimated useful lives. Acquired intangible assets tend to be software. The economic life of an asset is determined on an individual basis.

1.7 Impairment of tangible and intangible assets

All tangible and intangible non-current assets are reviewed for impairment in accordance with IAS 36 "Impairment of Assets" when there are indications that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Whenever there is an indication that an asset may be impaired, any losses/gains arising on the disposal of the asset are posted to the Statement of Comprehensive Net Expenditure.

1.8 Government grants receivable

Grants and grant in aid in respect of revenue and capital expenditure are treated as a source of financing and are credited to the general reserve.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Care Inspectorate currently only holds operating leases.

The Care Inspectorate as a lessor

The Care Inspectorate provides ICT and property services to the Scottish Social Services Council and this arrangement is disclosed as an operating lease. The Care Inspectorate also sub-lets offices to other public bodies.

Rental income from operating leases to the value of £1,003.8k has been recognised in the operating cost statement.

The Care Inspectorate as a Lessee

Costs in respect of operating leases are charged to the operating cost statement on a straight line basis over the term of the lease.

1.10 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consist of cash at bank and cash in hand.

1.11 Pensions

The Care Inspectorate accounts for pensions under IAS 19 "Employee Benefits" as adapted to the public sector.

The Care Inspectorate is an admitted body to the local government pension scheme and this is a defined benefit scheme. Obligations are measured at discounted present value whilst scheme assets are recorded at fair value. The operating and financing costs of such schemes are recognised separately in the statement of comprehensive net expenditure. Service costs are spread systematically over the expected service lives of employees. Financing costs and actuarial gains and losses are recognised in the period in which they arise.

The Care Inspectorate's funding rules requires the General Reserve balance to be charged with the amount payable by the Care Inspectorate to the pension scheme and not the amount calculated according to the

application of IAS 19. Therefore there are appropriations to/from the Pensions Reserve shown in the Statement of Changes in Taxpayers' Equity to revise the impact of the IAS 19 entries included in the Statement of Comprehensive Net Expenditure to ensure the General Reserve balance is charged with amount payable by the Care Inspectorate.

Four-hundred and seventy Care Commission staff that were members of the Tayside Superannuation Scheme transferred to the Care Inspectorate and there was no change to pension provision for these staff. Twenty six Care Inspectorate staff transferred from either SWIA or HMIE and were required to transfer from the Civil Service Pension Scheme to the Tayside Superannuation Scheme. Due to the relatively small number of staff transferring into the Tayside Superannuation Scheme, the previous year's comparative figures for the Care Commission are shown on the financial statements and are considered to be meaningful.

1.12 Short term employee benefits

The Care Inspectorate permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used.

1.13 Shared services

The Care Inspectorate shares its headquarters and some services with the Scottish Social Services Council (SSSC). There is a Service Level Agreement (SLA) between the SSSC and Care Inspectorate and the Care Inspectorate charges the SSSC for property costs, ICT costs, and professional services based on this SLA. The SLA contains arrangements akin to a lease for accommodation and ICT equipment.

1.14 Value Added Tax (VAT)

The Care Inspectorate can recover only a nominal value of VAT incurred on purchases, with irrecoverable VAT being charged to the operating cost statement.

1.15 Revenue and capital transactions

Revenue and capital transactions are recorded in the accounts on an income and expenditure basis i.e. recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the Care Inspectorate as at 31 March 2012 have been brought into account.

1.16 Financial instruments

As the cash requirements of the Care Inspectorate are met through grant-in-aid provided by the Health and Social Care Integration Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and the Care Inspectorate is therefore exposed to little credit, liquidity or market risk.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Care Inspectorate becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are non-interest bearing and are recognised at fair value, reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are non-interest bearing and are stated at amortised cost.

1.17 Change in accounting policy

There are no changes in accounting policy under IAS 8 to report.

1.18 Operating segments

Financial reporting to senior decision makers is at an organisation wide level and therefore segmental reporting under IFRS 8 is not required.

2. Operating income

	2011/12	2010/11
2a Fees charged to service providers	£000	£000
Continuation of registration	11,564	11,899
Application to register	860	578
	12,424	12,477

	2011/12	2010/11
2b Other operating income	£000	£000
Recharges for services provided to other organisations	849	863
Secundee recharges	18	183
Lease income	278	274
Care Inspectorate/Health Improvement Scotland set up costs recovery		220
Other income	86	54
	1,231	1,594

3. Staff numbers and costs

	2011/12
3a Average number of staff employed (full time equivalent)	FTE
Board members	10
Senior management (Executive Team)	5
Registration	46
Complaints investigation	57
Inspection & other scrutiny staff	320
Support staff	100
Agency & other workers	19
	557

	Care Commission	SWIA	HMIE	Total
Predecessor Bodies (2010/11)	FTE	FTE	FTE	FTE
Board members	10			10
Senior management	5	6		11
Other staff	579	58	6	643
	594	64	6	664

	2011/12	2010/11
	£000	£000
3b Analysis of Staff Costs		
Salaries	17,993	20,284
Social security costs	1,497	1,628
Pension current service costs	3,385	5,250
Pension past service costs	0	(10,983)
Total directly employed staff	22,875	16,179
Secondment Inwards	343	503
Agency Workers	716	827
Sub Total	23,934	17,509
Voluntary early severance/retirement costs	156	2,748
Other staff costs	314	335
Staff Costs	24,404	20,592
Secondment outwards	(17)	(182)
Net staff costs after secondment income	24,387	20,410

Analysis of Impact of Actuarial Pension Valuation Adjustments (See Note 5)

	2011/12			2010/11		
	Local Government Scheme £000	NHS Scheme £000	Total £000	Local Government Scheme £000	PCSPS & NHS Schemes £000	Total £000
Employer Pension Contributions actually paid	2,886	64	2,950	3,058	385	3,443
Accounting Entries (IAS19 Note 5)						
Current service cost (actuarial basis)	3,321	64	3,385	4,865	385	5,250
Past service gain (actuarial basis)			0	(10,983)		(10,983)
Pension costs included in staff costs (SCNE)	3,321	64	3,385	(6,118)	385	(5,733)
Variance between actual cost and accounting basis	435	0	435	(9,176)	0	(9,176)

For the financial year 2010/11, the change in up-rating public service pensions from Consumer Price Index to Retail Price Index had the effect of reducing the Care Commission's liabilities in the Tayside Superannuation Fund by £10,983k. This non-recurring actuarial adjustment significantly reduced the 2010/11 staff costs.

4. Reporting of voluntary early severance/voluntary early retirement scheme

The Care Inspectorate offered voluntary early severance/voluntary early retirement to help meet the planned reduced staffing requirements of the new regulatory body. The table below shows the number of departures and associated costs of operating the scheme.

Year to 31 March 2012		
Exit package cost band	Number of departures agreed	Total cost £000
£10,000 to £25,000	2	26
£50,000 to £100,000	2	130
TOTALS	4	156

Care Commission Year to 31 March 2011		
Exit package cost band	Number of departures agreed	Total cost £000
<£10,000	5	31
£10,000 to £25,000	6	111
£25,000 to £50,000	25	1,022
£50,000 to £100,000	17	1,083
£100,000 to £150,000	2	202
TOTALS	55	2,449

SWIA Year to 31 March 2011		
Exit package cost band	Number of departures agreed	Total cost £000
£10,000 to £25,000	2	23
£100,000 to £150,000	1	111
£150,000 to £200,000	1	165
TOTAL COST (£000)	4	299

Exit package costs include:

- Redundancy payments
- Payments to the pension fund where early retirement has been agreed
- Pay in lieu of notice.

Exit costs are accounted for in full in the year of departure. Redundancy and other departure costs have been paid in accordance with the Care Inspectorate's Retirement Policy and the Local Government Pension Scheme Regulations for Scotland. Where the Care Inspectorate has agreed early retirements, the additional costs are met by the Care Inspectorate and not the Local Government Pension Scheme.

5. Post employment benefits: pension

International Accounting Standard 19 (IAS 19) "Employee Benefits" sets out the accounting treatment to be followed when accounting for the costs of providing a pension scheme.

NHS pension scheme

As at 31 March 2012 the Care Inspectorate continued to employ 13 people who chose to remain in the NHS pension scheme when they transferred to a predecessor body, the Care Commission, in 2002. The NHS pension

scheme provides benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities.

The NHS scheme is an unfunded multi-employer defined benefit scheme, however the Care Inspectorate is unable to identify its share of the underlying assets and liabilities. The last full actuarial valuation was carried out at 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

During the year ended 31 March 2012, the Care Inspectorate paid an employer's contribution of £64k (2010/11 £76k) into the NHS scheme at a rate of 13.5% of pensionable pay (2010/11 13.5%). The employer contribution rate for the year to 31 March 2013 will remain at 13.5%.

Employer contribution rates are reviewed every 5 years following a scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

Tayside superannuation fund

The Fund is administered by Dundee City Council and the pension scheme is part of the Local Government Pension Scheme. It is a defined benefit scheme, which means that the benefits to which members and their spouses are entitled are determined by final pensionable pay and length of service.

The contributions paid by the Care Inspectorate for the year to 31 March 2012 were £2,885k (2010/11 £3,058k) representing 18.5% of pensionable pay. The employer contribution rate for the year to 31 March 2013 will reduce to 18.0%. Employee contribution rates were in the range 5.5% to 12% based on earnings bands.

The Tayside Superannuation Fund is a multi-employer scheme which includes local authorities and admitted bodies.

As there was no significant change to the pension fund, other than admitting a small number of new entrants for staff who transferred from SWIA and HMIE, the comparative figures are considered to be meaningful.

The Care Inspectorate's share of the underlying assets and liabilities include those that transferred from the Care Commission at 1 April 2011 and have been separately identified on the following basis:

5a. Employee benefits – statement of financial position recognition

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Present value of funded obligation	(128,038)	(120,228)
Fair value of Scheme assets (bid value)	89,851	104,988
Net Liability	(38,187)	(15,240)

5b. Costs recognised in the Statement of Comprehensive Net Expenditure (SCNE) for the year to 31 March 2012

The amounts recognised in the SCNE are as follows:

	Year to 31 March 2012		Year to 31 March 2011	
	£000	£000	£000	£000
Current service cost		3,321		4,865
Interest on obligation	5,772		7,436	
Expected return on Scheme assets	(6,540)		(7,059)	
(Return)/cost on pension assets & liabilities		(768)		377
Past service gain		–		(10,983)
Difference between actual employer's contributions and actuarial employer's contributions	(152)		(22)	
Actuarial (gains)/losses	23,432		(14,493)	
Total Actuarial (gains)/losses		23,280		(14,515)
Total		25,833		(20,256)
Actual return on Scheme Assets		362		7,638

The Care Inspectorate recognises the cost of retirement benefits in the reported operating cost when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made under the Care Inspectorate's funding rules is based on the cash payable in the year. This requires the real cost of post employment/retirement benefits to be reversed out of the General Reserve via the Statement of Changes in Taxpayers' Equity. The following transactions have been made in the SCNE and the General Reserve balance via the Statement of Changes in Taxpayers' Equity during the year:

Actuarial Adjustments for:	Note	2011/12	2010/11
		£000	£000
Staff Costs	3b	435	(9,176)
Return or cost on pension assets & liabilities		(768)	377
Total Actuarial gains & losses		23,280	(14,515)
		22,947	(23,314)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2011 for the year ended 31 March 2012). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

We have adopted the following expected returns:

Asset class	Expected return at:		
	1 April 2012 % p.a.	1 April 2011 % p.a.	1 April 2010 % p.a.
Equities	7.1	8.2	8.3
Gilts	3.3	4.4	4.5
Other Bonds	4.6	5.5	5.5
Property	4.3	5.4	5.5
Cash	3.0	3.0	3.0
Total Expected Return	6.1	7.3	7.4

5c. Benefit obligation reconciliation for the year to 31 March 2012

Changes in the present value of the defined benefit obligations are as follows:

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Opening defined benefit obligation	120,228	132,788
Service cost	3,321	4,865
Interest cost	5,772	7,436
Actuarial losses/(gains)	1,763	(13,912)
Estimated benefits paid net of transfers in	(4,181)	(1,161)
Past service gain	0	(10,983)
Contributions by Scheme participants	1,135	1,195
Closing defined benefit obligation	128,038	120,228

5d. Fair value of scheme assets reconciliation for the year to 31 March 2012

Changes in the fair value of scheme assets are as follows:

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Opening fair value of Scheme assets	104,988	94,234
Expected return on Scheme assets	6,540	7,059
Actuarial gains/(losses)	(21,669)	581
Employer contributions (including unfunded pensions)	3,038	3,080
Contributions by Scheme participants	1,135	1,195
Estimated benefits paid net of transfers in (including unfunded pensions)	(4,181)	(1,161)
Closing fair value of Scheme assets	89,851	104,988

5e. Projected pension expense for the year to 31 March 2013

	Year to 31 March 2012 £000
Service cost	4,083
Interest cost	5,913
Return on assets	(5,509)
Total	4,487
Employer contributions	2,881

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2012.

5f. Care Inspectorate fund assets

The table below provides details of the estimated asset allocation of the fund for the Care Inspectorate.

Asset class	Assets as at 31 March 2012		Assets as at 31 March 2011	
	£000	%	£000	%
Equities	61,098	68	75,591	72
Gilts	7,188	8	7,349	7
Other Bonds	9,884	11	10,499	10
Property	9,884	11	9,449	9
Cash	1,797	2	2,100	2
Total	89,851	100	104,988	100

Based on the above, the Care Inspectorate's share of the assets of the Fund is approximately 5%.

5g. Financial assumptions as at 31 March 2012

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2012. The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index as at this date which has been chosen to meet the requirements of IAS 19. The RPI increase assumption is based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, deducted by 0.25% to get the RPI assumption of 3.3%. As future pension increases are expected to be based on CPI rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% below RPI ie 2.5%.

Salary increases are then assumed to be 1.5% above RPI in addition to a promotional scale. However, in anticipation of Government policy we have completed calculations assuming pay increases will only be half the long term average assumption for the period until 31 March 2013.

Assumptions as at	31 March 2012		31 March 2011		31 March 2010	
	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.
RPI increases	3.3	–	3.5	–	3.9	–
CPI increases	2.5	(0.8)	2.7	(0.8)	n/a	–
Salary increases	4.8	1.5	5.0	1.5	5.4	1.5
Pensions increases	2.5	(0.8)	2.7	(0.8)	3.9	–
Discount rate	4.6	1.3	5.5	1.9	5.5	1.5

5h. Demographic/statistical assumptions

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2011 have been adopted. The post retirement mortality tables used were the S1PA tables with a 120% multiplier, making allowance for future improvement factors in line with the CMI 2011 projections, with a long term rate of 1%. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 March 2012	31 March 2011
Retiring today	Males	20.6	21.4
	Females	22.8	24.4
Retiring in 20 years	Males	21.8	22.3
	Females	24.4	25.3

We have also made the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement.
- Active members will retire one year later than they are first able to do so without reduction.

5i. Sensitivity analysis

The following table sets out the impact of a change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	124,979	128,038	131,177
Projected service cost	3,945	4,083	4,225
Adjustment to mortality age rating assumption	+ 1yr	None	- 1 yr
Present value of total obligation	123,227	128,038	132,906
Projected service cost	3,888	4,083	4,280

5j. Amounts for the current and previous periods

The amounts for the current and previous four periods are detailed below:

Year to:	March 2012 £000	March 2011 £000	March 2010 £000	March 2009 £000	March 2008 £000
Defined benefit obligation	(128,038)	(120,228)	(132,788)	(74,628)	(83,165)
Scheme assets	89,851	104,988	94,234	66,418	84,878
Surplus/(deficit)	(38,187)	(15,240)	(38,554)	(8,210)	1,713
Experience adjustments on Scheme liabilities	15,912			2,330	
Percentage of Liabilities	12.4%			3.1%	
Experience adjustments on Scheme assets	(21,669)	581	19,327	(28,224)	(10,219)
Percentage of assets	(24.1%)	0.6%	20.5%	(42.5%)	(12.0%)
Cumulative actuarial gain/(loss)	(35,074)	(11,642)	(26,135)	4,308	15,517

6. Analysis of operating costs

Operating expenditure

	2011/12 £000	2010/11 £000
Property costs	3,618	3,746
Administration costs	2,180	2,023
Supplies & services	1,742	1,208
Transport costs	1,074	983
Depreciation & amortisation of assets	302	414
Asset Disposals	8	0
	8,924	8,374

The above total includes £32,920 for external auditor's remuneration (2010/11 £56,205) and £46,756 (2010/11 £31,999) for internal auditor's remuneration. External audit received no fees in relation to non-audit work.

7. Property, plant & equipment

	Information Technology £000	Plant & Equipment £000	Furniture & Fittings £000	Total £000
Cost or Valuation:				
At 1 April 2011	725	169	1,522	2,416
Additions	287	101		388
Disposals	(134)	(51)	(1,044)	(1,229)
At 31 March 2012	878	219	478	1,575
Depreciation:				
At 1 April 2011	(624)	(118)	(1,246)	(1,988)
Charged in year	(126)	(38)	(39)	(203)
Disposals	132	45	1,044	1,221
At 31 March 2012	(618)	(111)	(241)	(970)
Net book value:				
At 31 March 2012	260	108	237	605
At 31 March 2011	101	51	276	428

Asset Financing: All assets are owned

	Information Technology £000	Plant & Equipment £000	Furniture & Fittings £000	Total £000
Cost or Valuation:				
At 1 April 2010	757	169	1,521	2,447
Additions		35	7	42
Disposals	(32)	(35)	(6)	(73)
At 31 March 2011	725	169	1,522	2,416
Depreciation:				
At 1 April 2010	(502)	(126)	(1,086)	(1,714)
Charged in year	(154)	(27)	(166)	(347)
Disposals	32	35	6	73
At 31 March 2011	(624)	(118)	(1,246)	(1,988)
Net book value:				
At 31 March 2011	101	51	276	428
At 31 March 2010	255	43	435	733

Asset Financing: All assets are owned

8. Intangible assets

	Information Technology £000	Computer Software Licences £000	Total Intangible Assets £000
Cost or Valuation:			
At 1 April 2011	201	72	273
Additions	273		273
Disposals	(9)	(10)	(19)
At 31 March 2012	465	62	527
Amortisation:			
At 1 April 2011	(157)	(72)	(229)
Charged in year	(99)		(99)
Disposals	9	10	19
At 31 March 2012	(247)	(62)	(309)
Net book value:			
At 31 March 2012	218	0	218
At 31 March 2011	44	0	44

	Information Technology £000	Computer Software Licences £000	Total Intangible Assets £000
Cost or Valuation:			
At 1 April 2010	201	91	292
Additions			
Disposals		(19)	(19)
At 31 March 2011	201	72	273
Amortisation:			
At 1 April 2010	(106)	(75)	(181)
Charged in year	(51)	(16)	(67)
Disposals		19	19
At 31 March 2011	(157)	(72)	(229)
Net book value:			
At 31 March 2011	44	0	44
At 31 March 2010	95	16	111

9. Trade and other receivables

	2011/12		2010/11	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		1,160		755
Trade receivables	1,066		741	
Other receivables	191		316	
		1,257		1,057
		2,417		1,812

Trade and other receivables are non-interest bearing. Credit terms are generally 30 days. Trade and other receivables are recorded at fair value, reduced by appropriate allowances for estimated irrecoverable amounts. There are no amounts receivable after more than one year.

	2011/12	2010/11
	£000	£000
Provision for impairment of receivables		
As at 1 April	(91)	(108)
Charge for the year	(629)	(127)
Unused amounts reversed	44	16
Uncollectable amounts written off	75	128
As at 31 March	(601)	(91)

As at 31 March 2012, trade and other receivables of £601k (2010/11 £91k) were past due and impaired. The amount of the provision was £601k (2010/11 £91k). The aging analysis of these receivables is as follows:

	2011/12	2010/11
	£000	£000
Up to 3 months past due	65	2
3 to 6 months past due	417	6
Over 6 months past due	85	7
Over 12 months past due	34	76
	601	91

As at 31 March 2012, trade and other receivables of £1,257k (2010/11 £1,057k) were due but not impaired. The ageing analysis of these receivables is as follows:

	2011/12	2010/11
	£000	£000
Not yet due	879	651
Up to 3 months past due	111	179
3 to 6 months past due	72	50
Over 6 months past due	94	94
Over 12 months past due	101	83
	1,257	1,057

	2011/12	2010/11
	£000	£000
Analysis of trade and other receivables		
Bodies external to government	2,102	1,399
Other central government bodies	175	292
Local authorities	115	81
NHS bodies	25	40
	2,417	1,812

10. Cash and cash equivalents

	2011/12	2010/11
	£000	£000
Balance as at 1 April	2,230	1,271
Net change in cash & cash equivalent balances	(1,013)	959
Balance as at 31 March	1,217	2,230

The following balances as at 31 March were held at:

Government Banking Service	877	0
Commercial banks and cash in hand	340	2,230
Balance as at 31 March	1,217	2,230

11. Trade and other payables

	2011/12 £000	2010/11 £000
Amounts falling due within one year:		
Trade payables	986	745
Accruals and deferred income	1,107	1,662
VAT	9	18
Other taxation and social security	462	604
Other payables	27	122
	2,591	3,151
Amounts falling due after more than one year:		
Early departure cost liability transferred from SWIA	191	219
	2011/12 £000	2010/11 £000
Analysis of trade and other payables		
Due within one year:		
Bodies external to government	1,397	1,065
Other central government bodies	835	1,041
Local authorities	340	1,017
NHS bodies	19	28
	2,591	3,151
Falling due after more than one year:		
Other central government bodies	191	219
	2,782	3,370

SWIA met the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retired early by paying the required amounts to the PCSPS over the period between early departure and normal retirement date. SWIA provided for this in full when the early retirement programme became binding by establishing a liability for the estimated payments.

12. Grants from Scottish Government

	2011/12 £000	2010/11 £000
Scottish Government grants		
Grant in aid funding	19,463	20,378
SWIA Scottish Government funding		3,665
Other Scottish Government grant	311	301
Total grants from Scottish Government	19,774	24,344

13. Capital commitments

Contracted capital commitments not otherwise included in these financial statements.

	2011/12 £000	2010/11 £000
Property, plant & equipment	25	0

14. Commitments under leases

14a. Operating leases

The total future minimum lease payments under operating leases are shown below. The commitments are shown net of VAT.

	2011/12 £000	2010/11 £000
Obligations under operating leases comprise:		
Buildings:		
Within 1 year	1,348	1,589
Within 2 to 5 years	4,991	5,718
Beyond 5 years	1,683	2,893
	8,022	10,200
Other:		
Within 1 year	177	220
Within 2 to 5 years	98	195
Beyond 5 years	0	0
	275	415

14b. Operating Lease Receivables

The Care Inspectorate provides shared services to the Scottish Social Services Council (SSSC) and the Office of the Scottish Charities Regulator (OSCR). Shared services relating to the provision of facilities and information and communications technology (ICT) are disclosed as lease arrangements. Sub lease arrangements are in also in place with the National Health Service and Scottish Government.

Anticipated rental commitments under operating leases are shown in the table below. The rental commitments are shown net of VAT.

	2011/12 £000	2010/11 £000
Commitments under operating leases comprise:		
Buildings:		
Within 1 year	852	813
Within 2 to 5 years	2,323	599
Beyond 5 years	1,630	186
	4,805	1,598
Other:		
Within 1 year	156	157
Within 2 to 5 years	623	0
Beyond 5 years	305	0
	1,084	157

14c. Finance leases

There are no obligations or commitments under finance leases

15. Sources of financing

General Reserves 2010/11 £000		Revenue Transactions 2011/12 £000	Capital Transactions 2011/12 £000	General Reserve 2011/12 £000
875	Opening balance	672	472	1,144
(761)	Surplus/(deficit) for the year	(41,880)	(310)	(42,190)
(23,314)	Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	22,947	0	22,947
24,043	Grant in aid funding	18,802		19,463
301	Other government grants	311	661	311
1,144		852	823	1,675

16. Contingent liabilities

There were no contingent liabilities as at 31 March 2012.

17. Related-party transactions

The Care Inspectorate is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government Health Department. The Care Inspectorate has shared services arrangements with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. In addition, the Care Inspectorate sub-lets accommodation to the National Health Service and Scottish Government. There are no other bodies or organisations that are regarded as related parties with which the Care Inspectorate has had material transactions during the year.

A register of interests is maintained and updated annually. None of the Board Members or key managerial staff has undertaken material transactions with the Care Inspectorate during the year.

Related Party	2011/12 £000	2010/11 £000
Scottish Social Services Council	729	736
Office of the Scottish Charities Regulator	120	127
National Health Service	103	102
Scottish Government	175	172
Total	1,127	1,137

18. Post statement of financial position events

A significant proportion of impaired receivables (note 9 of the Annual Accounts) was related to debt due by the Southern Cross Group. The Southern Cross Group has entered into liquidation arrangements and this impaired debt will not be collected. The impairment provision fully covers the loss. There were no other events after the statement of financial position date relating to the 2011/12 financial year.

19. Losses statement

There were no losses or special payments made in the year.

20. Prior Year Comparators

The following provides a summary breakdown of the 2010/11 comparators for the Care Inspectorate. These have been taken from the annual reports and accounts of the Care Commission and SWIA as at 31 March 2011. The child protection scrutiny function formerly undertaken by HMIE involved the transfer of 6 staff with an annual

cost of £471k. No assets or liabilities were transferred to the Care Inspectorate from HMIE as consequence of this change in responsibility and therefore the comparative figures are based solely on Care Commission and SWIA information.

Statement of Comprehensive Net Expenditure 2010/11	Care Commission £000	SWIA £000	Care Inspectorate Total £000
Income	(14,071)	0	(14,071)
Expenditure – staff costs	17,572	3,020	20,592
Expenditure – operating costs	7,597	777	8,374
Bank charges	4	0	4
Cost on pension assets & liabilities	377	0	377
Actuarial (gains)/losses on pension assets/liabilities	(14,515)	0	(14,515)
Total comprehensive net expenditure before Scottish Government funding.	(3,036)	3,797	761

Statement of Financial Position 2010/11	Care Commission £000	SWIA £000	Opening Balance Adjustment £000	Care Inspectorate Total £000
Non current assets	466	6	0	472
Current assets	4,038	4	0	4,042
Total assets	4,504	10	0	4,514
Current Trade & other payables	(2,989)	(134)	(28)	(3,151)
Non current liabilities	0	0	(219)	(219)
Pension assets/(liabilities)	(15,240)	0	0	(15,240)
Provisions		(247)	247	0
Total assets less liabilities	(13,725)	(371)	0	(14,096)
Taxpayers equity				
Pensions reserve	(15,240)	0	0	(15,240)
General reserve	1,515	(371)	0	1,144
Total Reserves	(13,725)	(371)	0	(14,096)

SWIA provided for early departure costs to the value of £247k as at 31 March 2011. This was transferred to the Care Inspectorate as a liability 1 April 2012.

APPENDIX 1:
ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS





SCOTTISH CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 14(1) of Schedule 11 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Geoff Huggins

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

APPENDIX 2: CARE INSPECTORATE BOARD AND COMMITTEES



The Care Inspectorate Board is made up of a Chair and 10 members – all of whom were appointed by Scottish Ministers through open competition.

The following members served on the Board during 2011/12.

Frank Clark, CBE (Chair)



Professor Clark entered the NHS in Scotland in 1965 as an administrative trainee in the field of Mental Health and his career has progressed through a number of senior administrative appointments including Administrator of Glasgow Royal Infirmary and Secretary of Lanarkshire Health Board. In 1985 he became Chief Executive the first of the new general management positions in Scotland.

Professor Clark has undertaken numerous roles across health and social care including secondment to NHS Lothian in 1990 to assist in the resolution of a significant overspend. In 1996 he became Director of Strathcarron Hospice and in 2000 he was appointed by Ministers to head the Task Force which was set up to assist NHS bodies in Tayside in the resolution of financial and other challenges.

In 2001 he was appointed as Chairman of the newly formed Forth Valley NHS Board, a position which he vacated in 2002 when he was invited to serve on a Ministerial Advisory Panel set up to look at Management and Decision making in NHS Scotland. In 2003 he was elected Chairman of the Scottish Partnership for Palliative Care.

Following his retirement from the Hospice in 2006 he was appointed as Convener of the Care Commission and a member of the Scottish Social Services Council. In 2009 he led the independent scrutiny Panel set up by the Cabinet Secretary for Health and Wellbeing to review the NHS Dumfries and Galloway Clinical Services Strategy. In 2010 he was one of a group of three set up by the permanent Secretary to look at the effectiveness of Scottish Government.

He was appointed in 1990 a Commander of the Order of the British Empire, in 1991 Visiting Professor to Glasgow Caledonian University and in 1996 an Honorary Professor at the University of Stirling.

Anne Haddow



Anne looks after her daughter who has profound physical and intellectual disabilities. She is Vice Chair of the Princess Royal Trust Fife Carers Centre and a family member of PAMIS, an organisation who provide support for people with profound and multiple learning disabilities, their family and paid carers. Dr Haddow is involved in health and social work groups which aim to deliver high quality services to people with disabilities and their families and is a member of the Scottish Social Services Council (SSSC). Dr Haddow brings strong skills to this role in relation to team working and constructive challenge along with skills in engagement, listening and analysis. She will bring intellectual rigour coupled with first hand experience and knowledge on behalf of users and carers.

Cecil Meiklejohn



Cecil has been the main carer for her partner who has a chronic health condition that has affected his mobility and is wheelchair dependent. She has worked voluntarily with disabled people to design and develop their own enabling services. In her working life, Mrs Meiklejohn has worked in a local authority as a services provider, assessing people with particular needs and delivering appropriate interventions, mainly housing assessments, advice, information and adaptations. As a current elected member with Falkirk Council, she also has experience of working with committees, scrutiny and governance. Mrs Meiklejohn brings strong skills in analysis, engagement and listening, along with extensive experience both as a carer/user and as a provider of services.

David Wiseman



David started his social care career as a care officer in a home for older people before going on to work for Strathclyde Region in a variety of positions. He then joined South Lanarkshire Council, as Head of Strategic Services in the Social Work Department, where he also had responsibility for the Registration and Inspection Unit. Following a period of secondment to COSLA, he returned to South Lanarkshire as Head of Older People's Services before joining the Care Commission as Director of Operations in February 2002, becoming the Director of Strategic Development and Depute Chief Executive of the Care Commission in 2005. Mr Wiseman is a member of the UK wide Residential Forum, whose purpose is to promote the achievement of high standards of care for children and adults in care homes and schools, and to contribute to improving the quality of service to the public. He is a Board member of a charity, the Institute for Research and Innovation in Social Services (IRISS). Mr Wiseman brings strong skills in analysis and challenging constructively, strategic business planning and a good understanding of developing new risk based approaches to scrutiny.

Denise Coia



Dr Coia is a Consultant Psychiatrist. She is currently Principal Medical Advisor (Mental Health) within the Scottish Government and was appointed as Chair of Healthcare Improvement Scotland (HIS) in September 2010. Previously she was Vice President of the Royal College of Psychiatrists (London) and Chair of the College in Scotland. She was a Board member of the Clinical Standards Board and latterly Quality Improvement Scotland for 7 years. As Honorary Senior Lecturer at Glasgow University she has a long standing research interest in health care service redesign and public involvement in health care provision and was a Board member of Medical Research Scotland. She has worked in an advisory capacity with a range of voluntary organisations.

Douglas Hutchens



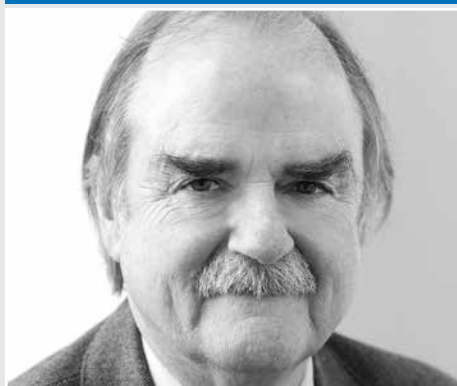
Douglas is a director of a consultancy organisation working mainly with public sector and third sector organisations, having retired from the Scottish Health Service where he was Director of Planning and Corporate Affairs of a national NHS Board. Mr Hutchens is a non-executive of the Scottish Government, Vice Chair of the Scottish Association for Mental Health, a Disability Qualified member of the UK Judiciary Appeals Tribunal and a member of the Children's Hearing System in South Lanarkshire. He cares for two service users and is a strong supporter of disability rights and enhancing the lives of people with disabilities in Scotland. Mr Hutchens brings strong skills particularly in listening, influencing and challenging constructively with a good understanding of equality issues. He has the ability and experience to bring a carer perspective to the Care Inspectorate Board along with a good understanding of the bigger picture.

Garry Coutts



Garry is Convener of the Scottish Social Services Council and chair of NHS Highland. He has previously been an elected councillor in both Edinburgh and Highland where he chaired the Housing and Social Work Committee. Garry has worked in the voluntary sector and has also worked as a self employed consultant. He runs a small training company specialising in media and communication training for clients in the voluntary, private and public sectors.

Michael Cairns



Michael has extensive experience as a social work practitioner and manager in local authorities in England and Scotland. He has also worked in the voluntary sector as Director for Age Concern and Director of RNIB Scotland. He was seconded from RNIB to Scottish Government from 2004 to 2007 to help coordinate the review of community eye care services. For the past three years he has been a member of the Scottish Social Services Council. Mr Cairns has broad experience of managing and developing services in the statutory and voluntary sectors and brings strong financial and risk management knowledge to this role. He has strong experience of change management and possesses strong skills in influencing, engagement, persuasion and analysis.

Morag Brown MA



Morag has over 30 years experience in public service, demonstrating skills at operational, development and strategic levels. She has practiced as a qualified social worker, community worker, senior training officer and senior manager of social work, social care and health services. Ms Brown has demonstrated the capacity to increase and improve on the range of services and quality of care, improve partnership approaches and lead service change. She has been a member of the Mental Health and Wellbeing Support Group and is soon to take up appointment as a non-executive member with Greater Glasgow and Clyde NHS Board. Ms Brown brings her extensive experience of social work delivery along with strong skills in engagement, influencing, analysis and constructive challenge.

Sally Witcher OBE



Sally has wide-ranging experience in the fields of equality and social inclusion, child poverty, disability and independent living. She has senior-level management and leadership experience gained in both public and voluntary sectors and as an advisory body Chair, with the Disability Employment Advisory Committee - Westminster Government. Dr Witcher currently works as a freelance consultant in Edinburgh and her previous roles include Deputy Director in the Office for Disability Issues with the Department of Work and Pensions, Director of the Child Poverty Action Group and Campaign Worker for Disability Alliance. She has a doctorate on social inclusion and diversity and has been a member of many research advisory bodies, including the Centre for Analysis of Social Exclusion at the London School of Economics. As a disabled person she is a user of social care services. She was awarded an OBE in 2006 for services to disabled people. Dr Witcher brings to this role high level skills in communication, team working and challenging constructively along with a strong ability to deal with complexity, a strong user focus and a commitment to reflect the social needs of disabled people in the business of the Care Inspectorate.

Theresa Allison



Theresa has worked with children and their families in a variety of settings within different local authorities over the last 10 years. She is currently the General Manager of the largest voluntary sector childcare organisation in Edinburgh. As an Associate of the Chartered Management Institute she has a proven track record of effective leadership at both strategic and operational levels and extensive experience of influencing organisational development to bring about transformational change and positive learning cultures. Mrs Allison brings strong skills of analysis, engagement, listening, negotiation and influencing to this role. She also has a strong understanding of the relevance and importance of team working and will bring a provider perspective to bear.

Carol Paton



Carol was a self-employed, independent consultant specialising in governance and leadership. A Scottish Mediation Registered Mediator she had over 20 years' experience in social housing. Her previous experience included positions as a housing association executive director, non-executive board member, and as a regulation and inspection manager with Communities Scotland.

Board Subcommittees

There are five Board sub-committees.

Strategy and Performance Committee

Convener: Professor Frank Clark
Members: Theresa Allison
Anne Haddow
Douglas Hutchens
Cecil Meiklejohn
Carol Paton
David Wiseman

Resources Committee

Convener: Carol Paton
Interim Convener: Theresa Allison
Members: Theresa Allison
Morag Brown
Mike Cairns
Cecil Meiklejohn
David Wiseman
Sally Witcher

Audit Committee

Convener: Mike Cairns
Members: Theresa Allison
Morag Brown
Cecil Meiklejohn
David Wiseman
Sally Witcher
Ian Doig (Co-opted member with Finance background)

Remuneration Committee

Convener: Frank Clark
Members: Mike Cairns
Carol Paton/Theresa Allison

Complaints Sub Committee

Convener: Douglas Hutchens
Vice Conveners: Anne Haddow
Sally Witcher
Members: All other Board members

APPENDIX 3:

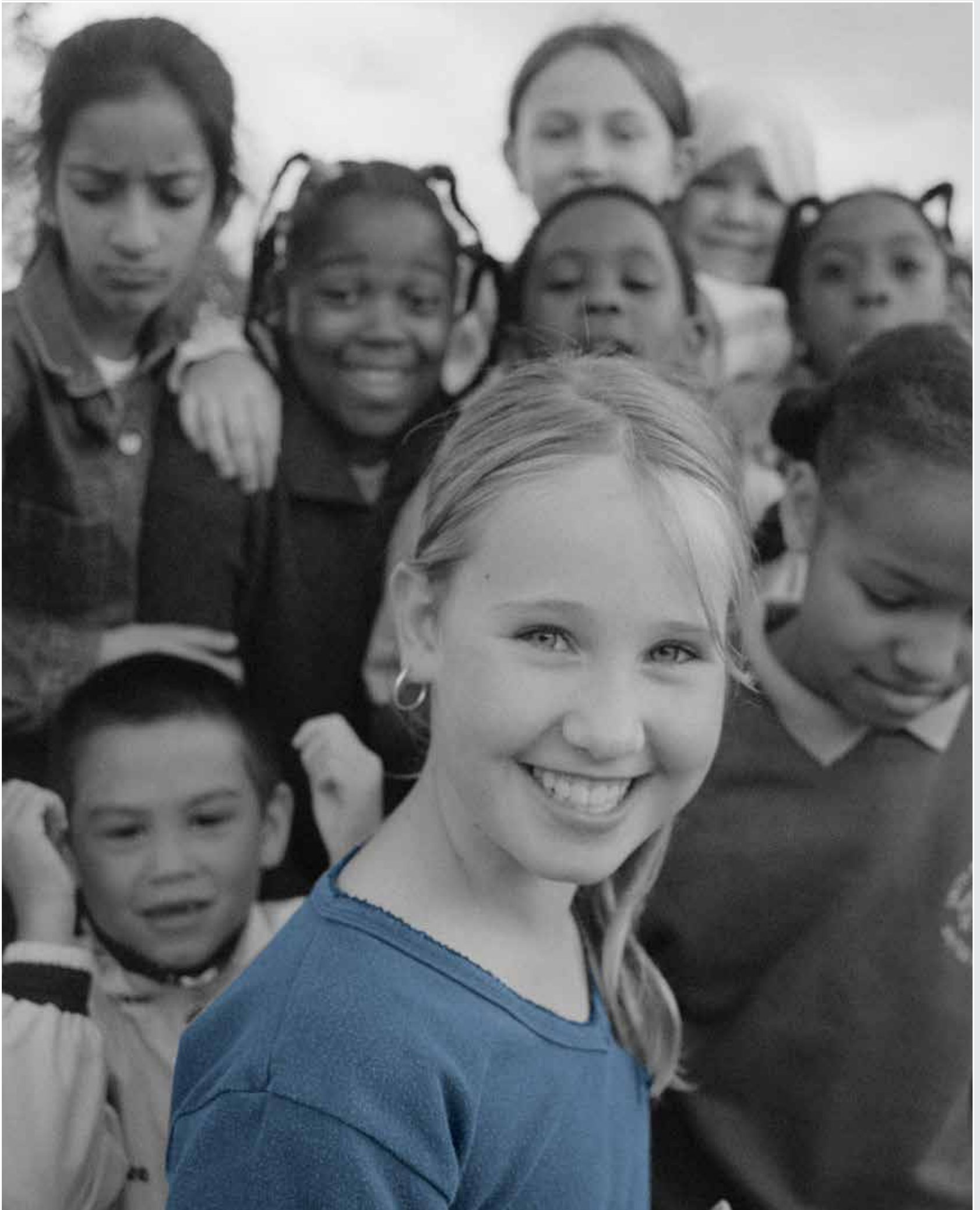
KEY PERFORMANCE INDICATORS 2011/12



Inspectorate	Purpose	Reporting frequency	Source
KPI 1: % of regulated care services with grades of 3 or less for every quality theme	To show the quality of regulated care services, and look for improvements over time	Quarterly	Inspection reports (IRT)
KPI 2: % of inspections completed against planned number of inspections	This indicator demonstrates the Care Inspectorate's performance with respect to its inspection target	Monthly	PMS
KPI 3: % of non-programmed additional inspections completed against planned number of inspections	To demonstrate the additional focus the CI has on poorer services	Quarterly	Inspection reports (IRT)
KPI 4: % of unannounced inspections as % of inspections completed	To demonstrate the CI commitment to undertaking the majority of inspections as unannounced	Quarterly	Inspection reports (IRT)
KPI 5: % of requirements in 2010/11 that were met in 2011/12	To measure improvements in quality of service and impact of Care Inspectorate. This will demonstrate how successful requirements and enforcements are in influencing providers to improve the quality of their service	Annual	Inspection reports (IRT)
KPI 6: % of LA receiving positive reports for Child Protection Inspections	To establish levels of positive Child Protection	Quarterly	Inspection reports
KPI 7: % of local authorities receiving minimum number of scrutiny sessions following ISLA	To establish levels of positive Social Work services	Quarterly	Inspection reports
KPI 8: % services with greater than 90% of respondents happy or very happy with the overall quality of the service they receive	This will provide an indication, especially over time, of how people who use care services feel about the quality of the service they receive. They will enable the Care Inspectorate to demonstrate how the quality of services, as defined by those using the services, is changing over time	Quarterly	Care Standard Questionnaires
KPI 9: % of services with 5/6 grades for involving people quality statements	This shows initially how well services are doing at involving people, and then how they are improving over time	Quarterly	grading data from inspections with reports finalised in 2009/10
KPI 10: % of child protection and local authority reports that identify positive multi-agency working	To demonstrate the extent of positive multi-agency working in LAs	Annual	Inspection reports

Inspectorate	Purpose	Reporting frequency	Source
KPI 11: % of final regulated care service and child protection inspection reports and ISLA scrutiny reports published within specific timescales	Efficiency in getting information about services, which is contained in inspection reports, available to the public	Quarterly	Inspection reports and inspection plans
KPI 12: % of people who use services and their carers who are confident that scrutiny improves the service	This indicator will demonstrate how people who have been involved in or present at an inspection have found the process, and whether or not they believe it will result in an improved service	Bi-Annual (Twice Per Year)	Inspection Satisfaction Questionnaire (ISQ) datasets collated from a sample of inspections
KPI 13: % of inspections/scrutiny sessions that involve people who use services and their carers	Demonstrates the extent to which the Care Inspectorate listens to people who use care services and their carers in its work	Quarterly	Inspection reports
KPI 14: % of staff sickness absence	To monitor staff sickness/ absence trends over time	Quarterly	HR records
KPI 15: % of efficiency savings achieved	to demonstrate sound financial management and value for money	Annually	Financial records
KPI 16: % of variance from planned budget	to demonstrate sound financial management	Quarterly	Financial records
KPI 17: Composite measure: % of registration and complaints activities completed within specific timescales (complaints acknowledged within 3 days; complaints completed within 28 days; registrations completed within 3 months for childminders and 6 months for other care services)	These measures demonstrate the efficiency of the Care Inspectorate in dealing with two of its key processes – complaints and registrations	Monthly	PMS
KPI 18: Memorandum of Understanding agreements in place with relevant bodies and measures identified to review their efficiency in practice	To demonstrate the extent to which the Care Inspectorate has formalised its working relationships with other organisations	Quarterly	CI records

APPENDIX 4:
STATISTICAL INFORMATION



1. Registration

The following table shows the number of services, and places in, registered care services at the end of the annual report period. Some categories of service, such as agencies, housing support and care at home (domiciliary care), are registered to provide a service rather than a specific number of places.

31 March 2012: number of registered care services and places offered by service type

Type of care service	Number of services	% of all services	Number of registered places	% of all places	Average places per service	Highest places per service
Adoption service*	39	0.3%				
Adult placement service*	37	0.3%				
Care home service	1,540	10.7%	44,108	18.2%	28.6	225
Childcare agency*	37	0.3%				
Childminding	6,174	43.1%	37,383	15.4%	6.1	16
Daycare of children	3,889	27.1%	155,542	64.1%	40.0	425
Fostering service*	63	0.4%				
Housing support service*	1,067	7.4%				
Nurse agency*	51	0.4%				
Offender accommodation service	9	0.1%	193	0.1%	21.4	60
School care accommodation service	67	0.5%	5,388	2.2%	80.4	535
Secure accommodation service	6	0.0%	105	0.0%	17.5	29
Support service*	1,349	9.4%				
Total	14,328	100.0%		100.0%	20.8	535

(Source: PMS 2 April 2012)

Notes:

We use a computer system called the Practice Management System (PMS), to hold the data we collect about care services. Much of the information we use in this report is taken from the PMS.

* These services are registered to provide the service and no limits are placed on the volume of service users or places they have, therefore this information is not applicable.

** Independent healthcare shows inpatient beds only, however these services may also provide outpatient services.

31 March 2012: number of care providers by sector

Type of care service	Data	Health Board	Local Authority	Private	Voluntary or Not for Profit	Grand Total
Adoption service	Services (%)	0 (0.0%)	32 (1.2%)	0 (0.0%)	7 (0.3%)	39 (0.3%)
Adult placement service	Services (%)	0 (0.0%)	26 (1.0%)	1 (0.0%)	10 (0.4%)	37 (0.3%)
Care home service	Services (%)	19 (34.5%)	301 (11.0%)	797 (9.1%)	423 (15.4%)	1,540 (10.7%)
Childcare agency	Services (%)	0 (0.0%)	1 (0.0%)	20 (0.2%)	16 (0.6%)	37 (0.3%)
Childminding	Services (%)	0 (0.0%)	0 (0.0%)	6,174 (70.2%)	0 (0.0%)	6,174 (43.1%)
Daycare of children	Services (%)	3 (5.5%)	1,736 (63.5%)	1,115 (12.7%)	1,035 (37.6%)	3,889 (27.1%)
Fostering service	Services (%)	0 (0.0%)	33 (1.2%)	5 (0.1%)	25 (0.9%)	63 (0.4%)
Housing support service	Services (%)	6 (10.9%)	189 (6.9%)	240 (2.7%)	632 (23.0%)	1,067 (7.4%)
Nurse agency	Services (%)	0 (0.0%)	0 (0.0%)	49 (0.6%)	2 (0.1%)	51 (0.4%)
Offender accommodation service	Services (%)	0 (0.0%)	2 (0.1%)	0 (0.0%)	7 (0.3%)	9 (0.1%)
School care accommodation service	Services (%)	0 (0.0%)	9 (0.3%)	39 (0.4%)	19 (0.7%)	67 (0.5%)
Secure accommodation service	Services (%)	0 (0.0%)	2 (0.1%)	0 (0.0%)	4 (0.1%)	6 (0.0%)
Support service	Services (%)	27 (49.1%)	401 (14.7%)	350 (4.0%)	571 (20.8%)	1,349 (9.4%)
Total services (%)		55 (100.0%)	2,732 (100.0%)	8,790 (100.0%)	2,751 (100.0%)	14,328 (100.0%)

(Source: PMS 2 April 2012)

31 March 2012: number of care providers by category of care service

Type of care service	Number of providers of services	Max number of services per provider	Total number of services
Adoption service	39	1	39
Adult placement service	27	2	37
Care home service	556	42	1,540
Childcare agency	30	4	37
Childminding	6,173	2	6,174
Daycare of children	1,634	164	3,889
Fostering service	56	4	63
Housing support service	474	26	1,067
Nurse agency	42	4	51
Offender accommodation service	6	3	9
School care accommodation service	54	8	67
Secure accommodation service	6	1	6
Support service	505	31	1,349
Total services (%)	8,898**	226*	14,328

(Source: PMS 2 April 2012)

Notes

* While many providers may run only one service (usually the case with childminders) others run many services and categories of service. This figure means that one provider was operating 228 services across several categories of service at the end of the year.

** Because some providers operate services in more than one category, the total number of providers is less than the sum of the number of providers within each category.

Changes to registered services from 31 March 2011 to 31 March 2012

Type of care service	Services at 31 March 2011 (revised)	Registrations	Cancellations	Services at 31 March 2012	% change
Adoption service	39			39	0.0%
Adult placement service	35	2		37	5.7%
Care home service	1,559	170	180	1,540	-1.2%
of which:					
Care homes for older people	915	140	142	913	-0.2%
Childcare agency	34	5	2	37	8.8%
Childminding	6,147	686	659	6174	0.4%
Daycare of children	3,988	123	222	3,889	-2.5%
Fostering service	63	2	2	63	0.0%
Housing support service	1111	55	99	1,067	-4.0%
Nurse agency	51	6	6	51	0.0%
Offender accommodation service	10		1	9	-10.0%
School care accommodation service	66	1		67	1.5%
Secure accommodation service	7	1	2	6	-14.3%
Support service	1,366	114	131	1,349	-1.2%
All types of care service	14,476	1,165	1,313	14,328	-1.0%

(Source: PMS 2 April 2012)

2. Complaints

Complaints we received, registered and completed in 2011/12.

	Received	Registered	Completed
Registered service	2,801	1,675	1,562
Care Inspectorate	54	29	25
All complaints	2,855	1,704	1,587

(Source: PMS 4 April 2012)

Complaints against registered services 2011/12

Type of care service	Complaints completed	% of all complaints completed	Number upheld or partially upheld	Upheld or partially upheld as % of all complaints ⁽¹⁾	Upheld or partially upheld per 1,000 services ⁽¹⁾	Upheld or partially upheld per 1,000 places ^(1,2)
Adoption service	1	0.1%	1			
Adult placement service						
Care home service	717	45.9%	530	73.9%	34.4%	1.2%
Childcare agency	1	0.1%	1			
Childminding	163	10.4%	92	56.4%	1.5%	0.2%
Daycare of children	299	19.1%	175	58.5%	4.5%	0.1%
Fostering service	7	0.4%	5	71.4%	7.9%	
Housing support service	110	7.0%	71	64.5%	6.7%	
Nurse agency	2	0.1%	2			
Offender accommodation service						
School care accommodation service	16	1.0%	11	68.8%	16.4%	0.2%
Secure accommodation service	1	0.1%	1			
Support service	245	15.7%	205	83.7%	15.2%	
Total	1,562	100.0%	1,094	70.0%	7.6%	0.3%

(Source: PMS 4 April 2012)

Notes:

- (1) Figures based on fewer than ten upheld complaints are represented in italics and should be interpreted with caution. Figures based on fewer than 5 cases are excluded from the table.
- (2) The total rate per 1,000 places does not include complaints made against independent healthcare, adult placement services childcare agencies, fostering services, adoption services, nurse agencies, housing support services, support services or service providers as these types of services are not all based on places available.

Services that had complaints upheld against them in 2011/12

	Number of different services	% of registered services
Number of services with at least one complaint upheld	756	5.3%
Number of services with more than one complaint upheld	198	1.4%
Number of services with more than two complaints upheld	71	0.5%
Maximum number of complaints upheld against a service	12	

(Source: PMS 4 April 2012)

2011/12 – area of complaint (based on complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
General health and welfare	548	18.8%
Communication - between staff and service users/relatives/carers	247	8.5%
Staff - levels	229	7.8%
Healthcare - Medication Issues	137	4.7%
Staff - training/qualifications	131	4.5%
Staff - other	125	4.3%
Policies and procedures - complaints procedure	109	3.7%
Record keeping - personal plans/ agreements	72	2.5%
Healthcare - Infection Control Issues	71	2.4%
Communication - other	69	2.4%
Healthcare - Nutrition	65	2.2%
Policies and procedures - other	64	2.2%
Record keeping - other	63	2.2%
Environment - fitness of premises/environment	52	1.8%
Environment - other	52	1.8%
Communication - information about the service	50	1.7%
Healthcare - Inadequate Healthcare or Healthcare Treatment	49	1.7%
Healthcare - Continence Care	48	1.6%
Privacy and Dignity	47	1.6%
Choice - activities	44	1.5%
Healthcare - Hydration	44	1.5%
Staff - recruitment procedures (including Disclosure Checks)	44	1.5%
Choice - dignity and privacy	43	1.5%
Healthcare - Tissue Viability	43	1.5%
Choice - care and treatment	42	1.4%
Staff - other fitness issues	33	1.1%
Choice - other	31	1.1%
Protection of people - adults	31	1.1%
Conditions of registration - exceeding capacity	27	0.9%
Property - loss of/missing	27	0.9%
Environment - security	22	0.8%
Property - care of	21	0.7%
Conditions of registration - other	19	0.7%
Environment - inadequate facilities	19	0.7%
Protection of people - other	17	0.6%
Food - choice	16	0.5%
Food - other	15	0.5%
Protection of people - children	15	0.5%
Protection of people - restraint	14	0.5%
Financial Issues	12	0.4%
Property - other	12	0.4%
Food - availability	11	0.4%
Access - other	10	0.3%
Food - quality	10	0.3%
Protection of people - policies and procedures	9	0.3%
Access - to other services e.g. Advocacy/Health	6	0.2%

Area of Complaint	Number	Percentage %
Healthcare - Oral health	6	0.2%
Healthcare - Palliative Care	6	0.2%
Communication - language difficulties	5	0.2%
Death and dying	5	0.2%
Equality Issues	5	0.2%
Healthcare - Mental Health Care	5	0.2%
User participation - other	5	0.2%
Staff - registration with professional bodies	4	0.1%
Staff - unfit to work with vulnerable people	4	0.1%
Choice - Service not meeting religious/cultural/faith/social needs	2	0.1%
Conditions of registration - type of service provided	2	0.1%
Staff - unfit to be in the proximity of children	2	0.1%
Healthcare - Clinical Governance	1	0.0%
User participation - in managing/developing the service	1	0.0%
Total Number of areas (each complaint can have up to 17 areas recorded against it)	2,918	100.0%

(Source: PMS 4 April 2012)

2011/12 – Summary of areas of complaint (based on complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
Staff	572	19.6%
General health and welfare	548	18.8%
Healthcare	475	16.3%
Communication	371	12.7%
Environment	145	5.0%
Policies and procedures	173	5.9%
Choice	162	5.6%
Record keeping	135	4.6%
Protection of people	86	2.9%
Food	52	1.8%
Privacy and Dignity	47	1.6%
Property	60	2.1%
Conditions of registration	48	1.6%
Financial Issues	12	0.4%
Death and dying	5	0.2%
User Participation	6	0.2%
Access	16	0.5%
Equality Issues	5	0.2%
Total number of areas (each complaint can have up to 17 areas recorded against it)	2,918	100.0%

(Source: PMS 1 April 2012)

3. Enforcements

Number of enforcement notices issued 2011/12

Type of care service	S62 Improvement Notice	S64 Proposal to cancel	S73 Decision to cancel	S66 Proposal to impose/ vary/ remove conditions	S73 (Decision to impose/ vary/ remove conditions)	S67 Emergency condition notice	S65 Emergency cancellation	Total
Care home service	16	3		6	4	1		30
Childminding	7	1		9	6	2		25
Daycare of children	7	2	1	1	1			12
Housing support service	3			1				4
School care accommodation service	1							1
Support service	3			1				4
Total	37	6	1	18	11	3	0	76

Number of services* that had enforcement notices issued against them 2011/12

Type of care service	S62 Improvement Notice	S64 Proposal to cancel	S73 Decision to cancel	S66 Proposal to impose/ vary/ remove conditions	S73 (Decision to impose/ vary/ remove conditions)	S67 Emergency condition notice	S65 Emergency cancellation	Total
Care home service	15	2		6	4	1		17
Childminding	7	1		9	6	2		16
Daycare of children	7	2	1	1	1			7
Housing support service	3			1				3
School care accommodation service	1							1
Support service	3			1				3
Total	36	5	1	18	11	3	0	47

(Source: enforcement dataset 23/07/2012)

Notes:

These tables do not include enforcement procedures we use to cancel services if we cannot contact them any longer or procedures relating to inactive services.

The section numbers 62, 64, 73, 66, 67 and 65 in the table refer to sections of the Public Services Reform (Scotland) Act 2010.

* Some services will have had more than one notice issued, for example 30 notices were issued against 17 different Care Homes.

Number of services* that had enforcement notices issued against them 2011/12, by sector

Type of care service	Local Authority	Private	Voluntary or Not for Profit	Total number of services that received a notice
Care Home Service		14	3	17
Child Minding		16		16
Day Care of Children	1	4	2	7
Housing Support Service		1	2	3
School Care Accommodation Service		1		1
Support Service		2	1	3
Total	1	38	8	47

(Source: enforcement dataset 23/07/2012)

Notes:

These tables do not include enforcement procedures we use to cancel services if we cannot contact them any longer or procedures relating to inactive services.

The section numbers 62, 64, 73, 66, 67 and 65 in the table refer to sections of the Public Services Reform (Scotland) Act 2010.

* Some services will have had more than one notice issued, for example 30 notices were issued against 17 different Care Homes.

4. Grades at 31 March 2012

Summary of grades by service type at 31 March 2012

Theme 1: quality of care and support

% of inspections where each grade was awarded

	1	2	3	4	5	6
Adoption Service	0.0%	0.0%	0.0%	35.9%	61.5%	2.6%
Adult Placement Service	0.0%	0.0%	5.7%	22.9%	57.1%	14.3%
Care Home Service	0.8%	4.8%	12.9%	31.5%	44.0%	6.1%
Childcare Agency	0.0%	0.0%	9.4%	34.4%	37.5%	18.8%
Childminding	0.0%	0.3%	4.8%	24.5%	59.9%	10.4%
Daycare of Children	0.3%	1.6%	5.2%	26.4%	57.3%	9.1%
Fostering Service	0.0%	0.0%	6.6%	26.2%	63.9%	3.3%
Housing Support Service	0.2%	1.3%	6.1%	28.6%	53.0%	10.7%
Nurse Agency	0.0%	0.0%	7.5%	50.0%	40.0%	2.5%
Offender Accommodation Service	0.0%	0.0%	11.1%	11.1%	66.7%	11.1%
School Care Accommodation Service	0.0%	4.6%	9.2%	23.1%	41.5%	21.5%
Secure Accommodation Service	0.0%	0.0%	0.0%	33.3%	33.3%	33.3%
Support Service	0.2%	1.5%	6.9%	28.1%	52.0%	11.2%
Grand Total	0.2%	1.4%	6.2%	26.6%	55.9%	9.7%

(Source: CI grades at 31 March 2012 extract 17 July 2012)

Theme 2: quality of environment

% of inspections where each grade was awarded

	1	2	3	4	5	6
Care Home Service	0.5%	3.3%	12.5%	39.0%	41.2%	3.5%
Childminding	0.1%	0.3%	4.9%	39.4%	50.0%	5.3%
Daycare of Children	0.5%	1.0%	5.0%	42.7%	46.9%	3.9%
Offender Accommodation Service	0.0%	0.0%	14.3%	28.6%	57.1%	0.0%
School Care Accommodation Service	0.0%	1.5%	12.3%	27.7%	46.2%	12.3%
Secure Accommodation Service	0.0%	0.0%	0.0%	40.0%	60.0%	0.0%
Support Service	0.0%	1.4%	3.8%	47.5%	42.9%	4.4%
Grand Total	0.3%	1.0%	5.9%	40.7%	47.5%	4.6%

(Source: CI grades at 31 March 2012 extract 17 July 2012)

Theme 3: quality of staffing

% of inspections where each grade was awarded

	1	2	3	4	5	6
Adoption Service	0.0%	0.0%	2.6%	61.5%	33.3%	2.6%
Adult Placement Service	0.0%	0.0%	2.9%	44.1%	52.9%	0.0%
Care Home Service	0.5%	2.3%	12.1%	44.0%	37.9%	3.3%
Childcare Agency	0.0%	0.0%	9.4%	43.8%	43.8%	3.1%
Childminding	5.0%	0.7%	6.3%	29.7%	52.0%	6.2%
Daycare of Children	0.2%	1.3%	5.3%	47.8%	42.8%	2.7%
Fostering Service	0.0%	0.0%	0.0%	45.9%	52.5%	1.6%
Housing Support Service	0.1%	1.5%	5.6%	44.4%	44.1%	4.3%
Nurse Agency	0.0%	2.4%	7.3%	43.9%	41.5%	4.9%
Offender Accommodation Service	0.0%	0.0%	11.1%	55.6%	33.3%	0.0%
School Care Accommodation Service	0.0%	0.0%	9.2%	24.6%	58.5%	7.7%
Secure Accommodation Service	0.0%	0.0%	0.0%	33.3%	50.0%	16.7%
Support Service	0.1%	0.9%	5.5%	44.6%	45.6%	3.4%
Grand Total	2.2%	1.1%	6.5%	39.2%	46.5%	4.4%

(Source: CI grades at 31 March 2012 extract 17 July 2012)

Theme 4: quality of management and leadership

% of inspections where each grade was awarded

	1	2	3	4	5	6
Adoption Service	0.0%	0.0%	5.1%	53.8%	38.5%	2.6%
Adult Placement Service	0.0%	0.0%	11.4%	48.6%	40.0%	0.0%
Care Home Service	1.0%	2.8%	14.2%	45.1%	33.9%	3.0%
Childcare Agency	3.1%	0.0%	9.4%	50.0%	31.3%	6.3%
Daycare of Children	2.0%	2.0%	6.9%	45.6%	40.2%	3.3%
Fostering Service	3.3%	0.0%	6.6%	42.6%	41.0%	6.6%
Housing Support Service	0.6%	1.6%	6.7%	46.0%	41.4%	3.7%
Nurse Agency	5.3%	0.0%	13.2%	47.4%	31.6%	2.6%
Offender Accommodation Service	0.0%	0.0%	11.1%	55.6%	33.3%	0.0%
School Care Accommodation Service	1.5%	4.6%	10.8%	29.2%	47.7%	6.2%
Secure Accommodation Service	0.0%	0.0%	40.0%	0.0%	40.0%	20.0%
Support Service	0.8%	1.3%	7.7%	48.4%	38.6%	3.1%
Grand Total	1.4%	2.0%	8.5%	45.9%	38.8%	3.3%

(Source: CI grades at 31 March 2012 extract 17 July 2012)



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Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànan eile ma nithear iarrtas.

অনুরোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

یہ اشاعت گزارش پر دیگر شکلوں اور دیگر زبانوں میں دستیاب ہے۔

ਬੇਨਤੀ 'ਤੇ ਇਹ ਪ੍ਰਕਾਸ਼ਨ ਹੋਰ ਰੂਪਾਂ ਅਤੇ ਹੋਰਨਾਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਉਪਲਬਧ ਹੈ।

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