



Social Care and Social Work Improvement Scotland,
known as the Care Inspectorate

ANNUAL REPORT AND ACCOUNTS 2015–16



Annual Report and Accounts of the Care Inspectorate

This report is laid before the Scottish Parliament under Schedule 11 Section 15(2) of the Public Services Reform (Scotland) Act 2010

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'Working through a period of change has remained a key priority for the organisation, for example ensuring that our new processes are innovate, effective and responsive to the introduction of integrated health and social care services across Scotland'.

Foreword

Almost everyone will use a care service at some point in their life. The Care Inspectorate, as Scotland's scrutiny and improvement body for social care and social work, exists to ensure those services are of the highest quality.

Working across early learning and childcare, integrated health and social care, social work and community justice, means we have a wealth of experience in how people, families and communities are affected by the provision and quality of such services.

Working through a period of change has remained a key priority for the organisation, for example, ensuring that our new processes are innovative, effective and responsive to the introduction of integrated health and social care services across Scotland. The organisation continues this ethos to drive change and improvement on its work which is aligned to a range of other legislation, such as the implementation of the Children and Young People (Scotland) Act 2014, which has had a significant impact on the nature of early learning and childcare provision in Scotland, as well as aspects of the Regulatory Reform (Scotland) Act 2014.

We published a triennial review, highlighting a range of information on the changing landscape and quality of social care over the first three years of the organisation. I am pleased to report that our regulatory work shows that most care services, over 85%, continue to perform well. However, we will continue to focus on those services not performing sufficiently well. This is particularly important as more of us live longer, healthier lives, impacting on where and how health and care services are delivered, and as there is growing demand and provision for early years services.

The Care Inspectorate continued its work on the review and development of the National Care Standards; it is important to ensure that every person continues to receive high quality, safe and compassionate care that meets their needs and promotes their rights. This organisation is committed to embedding a human rights-based approach across health and social care to ensure that dignity and respect are always at the forefront throughout the planning, delivery, inspection and improvement of care. I am delighted that this important review, which the Scottish Government tasked the Care Inspectorate and Healthcare Improvement Scotland to undertake, with the participation of a wide range of stakeholders, has progressed so well and is on track to inform the establishment of the new National Care Standards in 2017.

We continued our efforts to effectively engage and involve the public in many aspects of its work and the popular Involvement Conference brought together users of social services, carers and some of its young inspectors. Engagement and involvement of a broad range of providers also continued through an extended Quality Conversations programme of events, in addition to various professional best practice and knowledge exchange events.

During 2015/16, there remained a sharp focus on delivering the objectives of the corporate plan; this sets out high level strategic objectives to ensure that the organisation provides effective public protection and supports improvement in care and, furthermore, to help it fulfil its aims to ensure high quality, safe and compassionate care for people in Scotland.

The specialist teams continued to allow inspectors to primarily work in the subject discipline in which they have a practice background. This approach has helped to further support and drive improvement. It has enabled inspectors to maintain their professional knowledge and expertise and, more crucially, allowed them to use these core skills to help care services to improve where necessary.

The organisation's strategic intelligence work allowed it to continue to gather, analyse and report on a broad quantity of data from a wide range of sources. Intelligence gathering procedures were further refined to better support outcomes focused risk assessment that underpins scrutiny and improvement.

The Care Inspectorate also continued to play an important role in the integration agenda, as health and social care services work more closely together, following the establishment of Integration Joint Boards. Through our scrutiny and improvement work, we will help to support transformation and change in health and social care.

In Early Years, we continued to support the expansion of provision of additional hours and more support for eligible two year olds. We published a report showing how the expansion policy had taken effect and are now assessing its impact on individual children. We look forward to playing a major role in the further expansion.

We continued to work with other scrutiny bodies and partners to continue its programme of joint inspections of services in community planning partnership areas. The new 'Social Services in Scotland: A Shared Vision and Strategy 2015-2020' provides a helpful framework for our organisation to continue to work, collaborate and innovate with a range of stakeholders. I welcome the strategy, which represents a strong commitment to working in partnership across organisations and with government to deliver a vision for high quality and effective social services.

I would like to thank our new executive team, who have shown vision and strong leadership, and all of our staff for the vital and valuable work that they all continue to do. Hundreds of thousands of people across Scotland experience better quality care and enhanced lives as a result of their day-to-day efforts and professionalism. It is therefore important that we continually seek to improve the work that we do in order that we can provide assurance and protection to some of the most vulnerable people in our society.



Paul Edie, Chair

Section A: Performance Report





'Our review of the methodology for joint strategic inspections of health and social work services for adults and older people is strengthening the quality assurance process and aligning our activities to evolving national policy. This ensures that we continue to deliver our respective scrutiny and improvement responsibilities, as well as our new joint responsibilities for inspecting and supporting improvement in strategic commissioning'.

1. Performance Review

1.1 Statement by Chief Executive on performance in the period 2015/16

I am pleased to introduce our annual report for 2015/16. This was the fifth year of operation for the Care Inspectorate and this report highlights our performance on providing public protection and supporting improvement in care, across the almost 14,000 registered services that we regulate and inspect across Scotland.

We have continued to make an important contribution to improving care and social work in Scotland. My vision for the Care Inspectorate is underpinned by four strategic themes, which provide direction and focus to our work: consolidating excellence; cultural change; a competent and confident workforce; and collaborative working.

It is important that we support more proportionate scrutiny in highly performing services, whilst ensuring we offer robust approaches to ensuring quality and helping people make decisions about care.

We continued to undertake an extensive programme of inspecting regulated care services. Our inspections are risk-based, mostly unannounced and conducted against frequency criteria agreed by Scottish Ministers. If the standard of care is not what we expect it to be, we continue to use our powers to seek improvement where possible. We will continue to use our legal powers to protect vulnerable people from harm wherever and whenever necessary. We made significant strides in moving away from a traditional compliance model of inspection to one that is more collaborative, placing the person receiving the service at the heart of care, whilst supporting the needs of providers to improve.

Our review of the methodology for joint strategic inspections of health and social work services for adults and older people is strengthening the quality assurance process and aligning our activities to evolving national policy. This ensures that we continue to deliver our respective scrutiny and improvement responsibilities, as well as our new joint responsibilities for inspecting and supporting improvement in strategic commissioning.

Our scrutiny and improvement work would not be possible without the commitment of our staff to help ensure that vulnerable people receive the highest possible quality of care. We simply would not be able to provide assurance to people who use services and their families without the dedication and hard work of our staff, who are always willing to go that extra mile to ensure that we can protect those who rely on care services. Our Board has also demonstrated its rigour, commitment and constructive challenge to the multi-faceted work of the organisation. They perform an important corporate governance role in ensuring that our organisation strategy and activities are well aligned.

We made an investment in developing new career pathways and a new Professional Development Award for staff, to ensure they are at the forefront of best practice and their specialism. This included working in partnership with the SQA and the SSSC to develop the content of the award.

Partnership and collaboration is fundamental and essential to what we do, given the extensive reach of our work across early learning and childcare integrated health and social care, social work and community justice. We continued to develop good working relationships with various partners, including close working with the SSSC on supporting the professional development of the social care workforce, making appropriate fitness to practice referrals where necessary, and jointly supporting dementia knowledge and skills and preparing guidance on safer recruitment.

We worked closely with Education Scotland, in developing a shared commitment around high quality early learning and childcare and joint inspections of services for children. Working closely with HMICS, we also completed our national inspection of Multi-agency Public Protection Arrangements. We continued our work with Healthcare Improvement Scotland on the development of their Quality of Care Reviews and the development of the ihub as a consolidated addition to the improvement landscape in Scotland. We worked with NES on a range of interests, including infection prevention and control in care settings. We participated in five inspections led by HMIP; two inspections included prisons with family units. Our role included looking at wellbeing and how well transitions back into the community were managed.

We worked with partnerships to consider how we could further support innovation and to ensure that there are no barriers to achieving this.

The Care Inspectorate contributed to the Ministerial Working Group to prevent and tackle child sexual exploitation leading to national strategic framework for action, ensuring that work is taken forward within the wider child protection context.

We assisted the Regulation and Quality Improvement Authority (RQIA) with a review of health and social care trust's early years services in Northern Ireland, including a review of the registration and inspection processes for childminding and child daycare. A number of memoranda of understanding were agreed between us and partners, including NHS 24, Health and Safety Executive, HMRC National Savings and Investments and the National Records of Scotland.

Through our regulation of care services and strategic monitoring role with local authorities and their partners, we continued to play an increasingly important role in facilitating the expansion of early learning and childcare, assessing and reporting on the impact for children from the different ways that local authorities are implementing the expansion.

Following the 'Early Learning and Childcare Workforce Review', we were asked by the Scottish Government to lead a project to develop a framework for quality childminding in Scotland.

The Care Inspectorate worked with a number of community planning partnerships in relation to the challenges that they experienced in addressing delayed discharge in their areas. Our focus was to support improvement in care services, to ensure a proactive approach to sharing intelligence, to

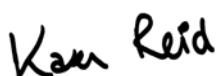
coordinate improvement activity, to respond to requests to vary registration or to fast-track new registrations and to explore opportunities for more effective joint working.

We also worked with Scottish Government and Healthcare Improvement Scotland to complete a successful consultation on the National Care Standards Review, which saw over 1,700 responses, with one third of responses from people using care services and their carers. With the overarching principles established, and agreed by the Cabinet Secretary for Health, Wellbeing and Sport, work continued on developing the general standards, guided by a broad range of stakeholders and people who experience care and their carers – a collaborative approach throughout, with a focus on human rights and wellbeing; I look forward to the introduction of the new National Care Standards in 2017.

We published our second [Serious Incidents Review](#), a national report to inform policy and practice and to support those working in social work services. We also started our retrospective review of Significant Case Reviews (SCRs) over the period 2012-2015 and, from 1 April 2015, we also became the central collation point for all Significant Case Reviews completed from this date. Significant case reviews are carried out where a child has died or been significantly harmed, or where they have been at risk of harm. Significant case reviews aim to find out if anything could have been done to prevent harm, and what could be done to stop a similar event happening in the future.

We supported cultural change across the sector and within the Care Inspectorate, to ensure that we can all work together to improve care and demonstrate collaborative working and collective leadership by all, for all, together with all.

I hope you find our annual report and accounts (2015/2016) will assist you in your area of interest; you have my pledge that we remain steadfast in our duty to help, serve and protect all those that rely on us.



Karen Reid
Chief Executive

1.2 Statement of purpose and activities of the organisation

The Care Inspectorate is the official statutory body responsible for inspecting standards and furthering improvement of social work and social care in Scotland. That means we regulate and inspect care services to make sure they are operating at the levels we expect. We also carry out joint inspections with other bodies to check how well local partnerships are working to support adults and children. We help ensure social work, including criminal justice social work, meets high standards.

It is our responsibility to provide assurance and protection for people who use services, their families and carers and the wider public. We play a key part in improving services for adults and children across Scotland, acting as a catalyst for change, improvement, innovation and promoting good practice.

We are an executive non-departmental public body. This means we operate independently from Scottish Ministers but are accountable to them and are publicly funded. Our functions, duties and powers are set out in the Public Services Reform (Scotland) Act 2010 and associated regulations.

Our Board sets our strategic direction and oversees governance, while taking account of legislation and Scottish Government policy guidance. You will find more about our Board in Appendix 2. Our staff team is led by our chief executive and three executive directors.

We regulate 13,929 care services. The bulk of these are childminders, care homes, care at home, daycare of children, and housing support. In addition, we also regulate adoption and fostering services, secure care, school accommodation, nurse agencies, and offender accommodation. You will find more information about the numbers and types of services we regulate on our website.



Our regulatory work includes registering and inspecting care services, dealing with complaints and carrying out enforcement action, where necessary. We also play a significant role in supporting improvement in care services and local partnerships.

Care Inspectorate vision

The Care Inspectorate believes 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.

Care Inspectorate purpose

The Care Inspectorate 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.

Care Inspectorate values

- Person-centred – we will put people at the heart of everything we do.
- Fairness – we will act fairly, be transparent and treat people equally.
- Respect – we will be respectful in all that we do.
- Integrity – we will be impartial and act to improve care for the people of Scotland.
- Efficiency – we will provide the best possible quality and public value from our work.

Care Inspectorate strategic objectives

1. To provide assurance and build confidence through robust regulations and inspection of the quality of care.
2. To contribute to building a rights-based world class care system in Scotland.
3. To support people's understanding of high quality, safe and compassionate care by promoting standards and quality of service they should expect and make sure their voices are heard.
4. To build capacity within care services to make sure there is high quality development and improvement of rights based care across Scotland.
5. To support and inform local and national policy development by providing high quality, evidence based advice and information on care.
6. To perform effectively and efficiently as an independent scrutiny and improvement body and work in partnership with others.

How we register services

It is an offence to operate a care service that is not registered with the Care Inspectorate. We register all new care services to ensure that they meet legal requirements, evidence their ability to provide good quality care and take into account the National Care Standards. We may make variations to any conditions of registration. When a service cancels its registration or is faced with sudden closure, our regulatory approach aims to safeguard the people who are using the service by working with the provider, local authority and others to ensure changes are planned and uncertainty is minimised.

How we inspect

Our annual scrutiny and improvement plan is agreed by Scottish Ministers. In 2015/16, the majority of inspections were unannounced. Using intelligence, our inspection plan focuses on poorer performing and high risk services. Inspectors use a variety of methods, depending on the type of service they are inspecting to examine the outcomes experienced by people as a result of using a care service

With regulated care services, we visit every service we inspect and talk to people who use care services, their carers and their families. We talk to staff and managers privately and in groups, examine what quality of care is being provided, look at the activities happening on the day, examine records and files, and ensure people have choices that reflect their needs and promote their rights. We may make recommendations and requirements, or take enforcement action if necessary.

We take account of self-evaluation from the service itself and assess the performance of the service against the National Care Standards. We grade care services using a six-point scale from unsatisfactory to excellent across four themes: their quality of care and support; their quality of environment; their quality of staffing; and their quality of management and leadership.

We also deal with complaints about regulated care services. Upheld complaints about a service may affect its grades and how frequently we inspect it.

During 2015/16 we continued with our joint inspections for children's services and adults' services. The inspections of services for children and young people are led by the Care Inspectorate, working alongside education, health and police scrutiny partners. We examine how well services are provided in community planning partnership areas, and how well those services are working together to improve the outcomes for children and young people. Working with Healthcare Improvement Scotland, we have continued our work on inspections of services for older people during 2015/16. Over coming months we will review our joint methodology to build a methodology that reflects the new integrated landscape and allows us to examine how well partners' strategic commissioning delivers high quality, safe and compassionate care for adults across Scotland.

These joint inspections allow us to undertake scrutiny of social work services in local authorities, including criminal justice social work. The year 2015/16 further developed the work of our link inspectors, who work with each local authority/community planning partnership area to help them evaluate their own practice, and promote constructive challenge to support improvement. If things go seriously wrong in criminal justice social work, we help make sure the right lessons are learned by providing scrutiny of serious incident reviews. Local authorities must also notify us about the death of a looked after child, and where necessary we review the circumstances surrounding the death. We have also begun to review significant case reviews to ensure the right learning has happened. We also review inter-country adoptions on behalf of Scottish Ministers.

1.3 Key issues and risks affecting the organisation

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. On an annual basis, the Board undertakes a strategic review of risk to examine the major risks facing the Care Inspectorate and maintains and receives the resulting risk register throughout the year. The board also undertakes an annual Strategic review of risk.

The risk register details each major risk that has been identified, the likelihood of it occurring and the scale of impact were it do to so. The register then identifies specific objectives deriving from the corporate plan that may help to mitigate the impact on the Care Inspectorate were any or all of the risks to materialise. Each risk is scored in its raw state and re-assessed after consideration of mitigating factors. This facilitates a clearer understanding of where executive and management level scrutiny and preventative measures need to be focused. Eight strategic risks are included on the risk register. These can be grouped into the following themes:

- Reputational risks which could lead to a loss of confidence in the Care Inspectorate as a national regulator and authoritative voice on the standard of care and social work services.
- Resource risks which could affect the Care Inspectorate's capacity to deliver its strategic objectives.
- External environment influences including political, legislative and partnership working influences.

In addition, the consideration of risk is a standing item at each meeting of the Audit Committee and Board.

1.4 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 2016 shows net liabilities of £26.0m (2014/15: £30.8m). 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 Inspectorate employees up to 31 March 2016.

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.

1.5 Performance summary

Over the year, we have made significant progress against our strategic aims in a number of ways. The following is a summary of some of our main achievements, all of which are covered in more detail in Section 2 of this report.

<p>To provide assurance and build confidence through robust regulation and inspection of the quality of care</p>	<p>To contribute to building a rights-based world class care system in Scotland</p>	<p>To support peoples’ understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect and make sure their voices are heard</p>
<p>Developed and improved our inspection process through our ‘Excellence in Care’ programme of methodology developments to ensure our inspections are more risk-based, proportionate and outcomes-focused.</p>	<p>Jointly leading development of National Care Standards, to ensure these are relevant across health and social care and allow us to inspect how well people’s care needs are met on both a strategic and an individual service level.</p>	<p>Involved more people in our work, through our co-produced ‘Working together, Improving together’ strategy and action plan.</p>
<p>Provided public assurance and supported improvement through 7,413 inspections, plus additional improvement interventions.</p>	<p>Ensuring we have a flexible and responsive system of regulation, for example by developing new more proportionate regulatory approaches to intermediate care,</p>	<p>Ensured inspection volunteers are involved in our work, including inspection volunteers with a diagnosis of dementia and young inspectors.</p>
<p>Collaboration with a wide range of partners including Education Scotland, Healthcare Improvement Scotland, HM Inspectorate of Prisons, Audit Scotland, Mental Welfare Commission, HM Inspectorate of Constabulary in Scotland added value to our activity and supported sector-wide improvement activity.</p>	<p>Helping make Scotland the best place to grow up, by supporting implementation of legislation, eg parts 10 and 11 of Children and Young People’s Act, and developing our role as a corporate parent.</p>	<p>Built links between involved people across health and social care, by hosting our biggest ever involvement conference to share experiences and practice.</p>
<p>Identified areas of strength and areas for developed across local areas through completing six joint inspections of older people’s services and six joint inspections of children’s services, plus three progress reviews.</p>		

Supported improvement in care services by developing and strengthening our Health Improvement Team, to ensure our expertise is directed at improving outcomes for people.		
<p>★ 99.9% of statutory inspection completed (exceeded our 99% target).</p> <p>↑ 92% services had grades of good or better (increase from 88% last year).</p> <p>↑ 96% of high performing services maintained or continued to improve (increase from 95% last year).</p>		<p>↔ 8% of inspections involve an inspection volunteer (no change from last year).</p>

To provide assurance and build confidence through robust regulation and inspection of the quality of care	To support and inform local and national policy development by providing high quality, evidence-based advice and information on care	To perform effectively and efficiently as an independent scrutiny and improvement body and work in partnership with others
<p>Helped improve skills and knowledge around continence care, including holding a major conference on continence care and developing resource materials.</p> <p>Published resources to improve care for people with dementia, ensuring that carers and providers have more and readily available information.</p> <p>Started alcohol and drug self-evaluation project.</p> <p>Raised awareness about our activities and provided a forum for feedback through our Quality Conversations with care providers.</p>	<p>Improved shared knowledge and collaborative working around intelligence with others to be more risk-based and intelligence-led in our scrutiny.</p> <p>Supported learning and good practice by disseminating findings in major reports, including:</p> <ul style="list-style-type: none"> • a triennial review • Joint Thematic Review of MAPPA in Scotland • Early Years and Childcare Statistics, 2014 • Evaluation of 'Care... about physical activity'. <p>Continued to ensure people in the care sector can access a wide range of information and materials online through The Hub.</p>	<p>Commenced senior management restructure to reduce size and overall costs.</p> <p>Developed a well trained workforce that can meet our needs and those of the sector by planning a new professional award for our staff.</p> <p>The 2015/16 budget included efficiencies and cost savings to address a real terms reduction in funding. Further in-year savings were delivered.</p>

To provide assurance and build confidence through robust regulation and inspection of the quality of care	To support and inform local and national policy development by providing high quality, evidence-based advice and information on care	To perform effectively and efficiently as an independent scrutiny and improvement body and work in partnership with others
<p>↔ 12% of services had at least 1 grade of adequate, weak or unsatisfactory (no change from 2014/15).</p>	<p>135 FOI requests. 51 Parliamentary questions. 46 Consultation responses.</p>	<p>↑ 23,999 calls answered by our contact centre.</p> <p>↓ Received 4,086 complaints about care services.</p> <p>★ 98% complaints acknowledged in three days.</p> <p>↑ Registered 1,019 new services.</p> <p>★ 75% registrations completed in timescales.</p>
<p>Key ★ Met/exceeded KPI ↑ Increased since last year ↓ Decreased ↔ No change since last year</p> <p>★ Almost met KPI</p>		

Financial performance

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 Scottish Government sets the maximum fees the Care Inspectorate may charge. Changes to maximum fee rates require a public consultation exercise. The maximum fees charged to care service providers have not increased since the 2005/06 financial year.

Our budgeted funding for 2015/16 was as follows:



Our expenditure budget was set with the aim of using all of the available funding and to maximise the benefits the Care Inspectorate provides to people who use care and social work services and their carers.

During the financial year 2015/16 it was becoming apparent that the grant in aid funding available to the Care Inspectorate was at best to remain constant or potentially be reduced for future years. We had to prepare for this so we made strenuous efforts to reduce expenditure in 2015/16 to create an underspend to be used as transitional funding to invest in budget reduction measures such as a voluntary early retirement or voluntary severance scheme to assist with the implementation of a revised organisational structure, reduce our estates costs and invest in information and communication technology to create efficiencies. At the same time we were negotiating with the sponsor department to secure additional transitional funding for this same purpose of reducing our cost base.

We used £9k of our grant in aid to fund capital expenditure. The table below shows our revenue budget position.

	Budget £000	Actual £000	Variance £000	Transitional Funding £000
Revenue Expenditure	35,434	35,545	111	111
Fee Income	(11,850)	(11,942)	(92)	(92)
Other Revenue Income	(1,376)	(1,836)	(460)	(460)
Net Expenditure Before Grant Funding	22,208	21,767	(441)	(441)
Grant in Aid	(22,158)	(22,149)	9	9
Specific Grant Funded Projects	(50)	(312)	(262)	(262)
Additional Grant in Aid Agreed with Sponsor		(1,500)	(1,500)	(1,500)
Total Grant Funding	(22,208)	(23,961)	(2,194)	(2,194)
Net Expenditure	0	(2,194)	(2,194)	(2,194)
Total Transitional Funding				(2,194)

Reconciliation to Statement of Comprehensive Net Expenditure (SCNE)

We prepare our annual accounts in accordance with the Accounts Direction issued by Scottish Ministers. The Accounts Direction (reproduced at Appendix 1) requires compliance with the Government Financial Reporting Manual (FRM). Our funding and budgeting position is different from the accounting financial position as shown in the Statement of Comprehensive Net Expenditure (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 depreciation charge is £230k.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the surplus recognised for funding and budgeting purposes. This surplus is to be used for transitional funding as described above

	Ref	£000
Deficit per the SCNE	SCNE	19,195
Revenue funding from grants and grant-in-aid	Note 15	(23,961)
Reverse IAS 19 pension accounting adjustments	Note 5b	2,802
To fund depreciation and asset disposals	Note 6	(230)
(Surplus)/Deficit on funding and budgeting basis		(2,194)

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 98.49% (2014/15: 96.19%) of invoices within 10 days.

The Scottish Regulators' Strategic Code of Practice

The Care Inspectorate is subject to the Scottish Regulators' Strategic Code of Practice ('the Code'). The Code is made by the Scottish Ministers and laid before the Scottish Parliament in accordance with the provisions of the Regulatory Reform (Scotland) Act 2014 and sets out how regulators should exercise their functions in a way which is consistent with the principles of better regulation and promotes sustainable economic growth. The Care Inspectorate is committed to mainstreaming compliance with the Code in all of its regulatory work. It has identified core policies and procedures relevant to the Code and is reviewing and updating these having regard to the Code. During 2015/16 we have provided training across the organisation, with particular emphasis on inspectors and their managers, to ensure that the Code is taken account of appropriately in the exercise of our regulatory functions.

2. Performance Analysis

2.1 How do we measure performance

We monitor our performance against:

- the six strategic objectives in the corporate plan for 2014 to 2018
- the key performance indicators (KPIs) associated with our strategic objectives.

Regular monthly and quarterly reports on our performance, structured around our strategic objectives, priorities and KPIs, provide our Executive Team and managers with information to monitor progress and take action where necessary. Quarterly performance reports are discussed by the Board of the Care Inspectorate and are published on our website. The following section provides a summary of our performance over the year – fuller detail is available in our [quarterly reports](#) on our website.

2.2 Detailed analysis of development and performance

Our corporate plan set out six strategic objectives for 2015/16, with a number of priorities and performance measures under each. The following is a summary of key work and achievements under each strategic objective.

Strategic objective 1: To provide assurance and build confidence through robust regulation and inspection of the quality of care

Developing our approaches to scrutiny and improvement

From 1 April 2015 we implemented a number of changes to our regulated care services scrutiny under our Excellence in Care programme. These included:

- how we use requirements to focus services on making sustainable improvements in outcomes for people, with a clear focus on setting requirements where there are concerns about the health, safety and wellbeing of people who use care services
- how we use self assessments
- our approach to re-grading services
- our new follow-up inspection.

During 2015/16 we have continued to consult with our staff and stakeholders to identify new ways of working that will continue to offer public assurance and promote improvement across the sector.

You can find more information about [Excellence in Care](#) on our website.

Improvement focus

We have a significant, statutory role in supporting improvement across the care sector. A core part of our inspections include time spent with the service focusing on how it can develop and improve in a sustainable way. Our inspectors provide, arrange and signpost towards improvement as required. Our designated link inspectors for each local partnership area provide constructive challenge and help focus improvement. We have continued to develop The Hub: our online centre giving access to a wide range

of improvement resources, which is now used widely across the sector. And we worked with a number of partners over the year to develop a range of improvement resources. Our health improvement team helps to lead change in key areas such as rehabilitation, tissue viability, mental health, dementia, palliative care, pharmacy, and continence.

Registered care services

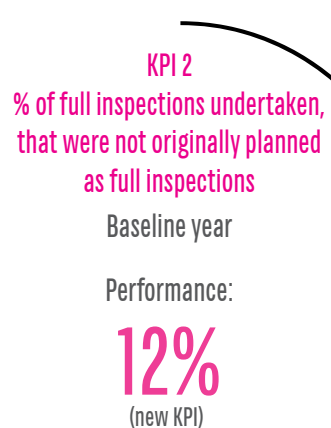
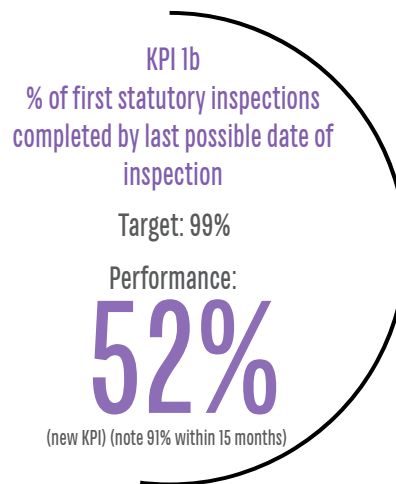
At 31 March 2016, there were 13,929 registered care services operating in Scotland. The majority of these services perform well: 92% (88% in 2014/15) of services that had been inspected and graded by the end of the year had grades of good or better for every theme. Over the year, 96% (95% in 2014/15) of those services that started the year with grades of good or better for every theme maintained or improved on those grades. You will find more information about numbers and types of services, and their grades, on our website.

Care service inspections

Every year we agree a scrutiny and improvement plan with Scottish Ministers, which sets out how we will undertake inspections during the year.

Our plan is dynamic and will change through the year responding to new registrations, cancellations, services becoming inactive, and risks increasing or decreasing through the year depending on the intelligence we collect about each service.

Over the year we inspected 99.9% of the statutory inspections on our plan, exceeding our 99% target. We aim to inspect these services within 12 months of their last inspection and achieved this in 52% of cases. However, in order to ensure that services do not have advance warning of our inspections, we can vary this by up to three months. We achieved this in 91% of statutory inspections – much closer to our 99% target. We also performed well against our more general scrutiny and improvement intervention target, completing 96% of our 7,762 target. Although this falls short of our 99% target, this can be explained in part by our proportionate and flexible approach which empowers our inspectors to be responsive to risk and bring forward unscheduled inspections, or more intensive inspections, where the need arises. For example KPI 2 shows that 12% of the full inspections we completed in the year were originally planned to be a more focused inspection – for example a follow up inspection – but our inspectors made the decision to expand these to full inspections, and spend more time in the service, because of their concerns about the quality of care or the risks to people using the service.



Enforcements

Where a service does not make improvements as required, we can use our legal powers and take enforcement action. If necessary we can take steps to close services as a last resort, subject to an appeal to a sheriff but this is a power we use rarely and with great care. We served a total of 190 non-technical enforcement notices in 2015/16. This includes 158 enforcement notices we issued for outstanding PVG checks in childminding services. The remaining 32 enforcement notices were issued to 21 different services. You can find further statistical information about enforcement on our website.

Scrutiny work with partners

We worked in collaboration with a number of other partners over the year to maximise the impact our collective scrutiny interests, while keeping the presence of scrutiny bodies in services to a minimum. This included:

- Continuing our annual programme of inspections of day care of children services that offer pre-school education with Education Scotland.
- Under the Duty of Cooperation, we supported Her Majesty's Inspectorate of Prisons with their inspections of prisons in Scotland.
- Contributing to the Audit Scotland-led annual shared risk assessment process, compiling our intelligence to highlight risks in each of the 32 local authority areas in Scotland.

Joint inspection of children's services

Our joint inspections of children's services are led by the Care Inspectorate and conducted jointly with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland.

In 2015/16, we published findings from our joint inspections of children's services in:



Joint inspection of adult services

Working jointly with Healthcare Improvement Scotland, we published findings from our joint inspections of services for older people in:



Strategic objective 2: To contribute to building a rights-based world class care system in Scotland

Setting standards of care

In conjunction with Health Improvement Scotland we are leading the development group tasked with co-producing the new National Care Standards, working alongside people who use services, providers and other organisations. This has included conducting an extensive consultation on the draft principles of the standards. Updates on the National Care Standards are available at: www.newcarestandards.scot.

Effective registration

We aim to be an efficient and effective regulator for entry to the care sector – permitting only those services fit to deliver high quality of care to operate. At the same time, the legislation can make it difficult for us to effectively register some of the more innovative and flexible models of care. This year we have worked with partners including SSSC, Social Work Scotland, Scottish Government, and care providers to consider the implications of Self Directed Support on how we register and regulate care services. And we have created a simpler process to support services that wish to offer intermediate care.

Informing policy development

We have continued our active involvement in the development of a number of key policies, and their implementation. This included:

- supporting the Scottish Government's consultation on the implementation of parts 10 and 11 of the Children and Young People (Scotland) Act 2014, concerning the throughcare and aftercare for young people leaving care, and the new category of continuing care. Considering the implications of this Act on our work, and how we can best support its implementation internally and externally.
- We provided evidence to a number of Scottish Parliamentary Committees, and responded to a wide range of relevant consultations over the year.
- We published our first major review of our findings from the first three years of the Care Inspectorate, called 'Inspecting and improving care and social work in Scotland'.
- We have continued to publish our 'Early Learning and Childcare' statistical publication, and we are working with Scottish Government and other agencies to develop this publication in line with the significant changes in the sector.

Developing our methodology

We continue to hold regular forums with our stakeholders, including people who use services and service provider representatives through our Quality Conversations and other fora.

Working in partnership

During the year, we worked extensively with scrutiny partners in many ways:

- inspecting jointly at service, partnership and locality levels
- producing joint reports
- collaborating on new methodologies
- participating in cross scrutiny body coordination, planning and scheduling work to reduce the overall impact of scrutiny
- sharing information to reduce duplication and enhance intelligence about the sector.

We worked with a wide range of colleagues to share information and intelligence about health and social care services. This ensured that our decisions were based on the most up-to-date information and intelligence held by all the relevant scrutiny bodies.

We continued to inspect services that provide early education as part of an integrated inspection team along with Education Scotland. We worked with Education Scotland to carry out our joint inspections of services for children, and developed our joint inspection approaches for secure care, special school care and independent boarding schools.

We continue to work closely with a number of partners, including Healthcare Improvement Scotland, the Mental Welfare Commission and Her Majesty's Inspectorate of Constabulary in Scotland. We also worked closely with the Healthcare Improvement Scotland ihub, following the merger of the Joint Improvement Team, Quest, and Healthcare Improvement Scotland's improvement offering, to support local health and social care partnerships across Scotland.

We have memoranda of understanding in place with a range of other bodies including:



Strategic objective 3: To support people’s understanding of high quality, safe and compassionate care by promoting standards and quality of service they should expect and make sure their voices are heard

One of the key ways of 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. We expect services to involve people in their work, and we have made significant steps to ensure that we also involve people in our own work. This includes supporting people to know and understand what good care looks like through providing information on public inspection reports and thematic reports, through our website, The Hub and the media, as well as through public and community events.

Involving people in services and in our work

We published '[Working together, Improving together](#)' our involvement strategy and action plan.

This strategy will drive our culture of involvement and further embed our commitment to the Charter for Involvement.

'We believe that our work is improved by the involvement of people who use services and their carers and that they have a right to be involved in matters which affect their lives.'

We involve people who use services in our own work in many ways. Our Board includes members with experience of using care services, both as a relative and a carer. Our strategic inspections of children’s and adults’ services, which look at outcomes for people across a whole local authority area, include consultation with people who use services and carers.

Our inspections of regulated care services involve consulting with and speaking to people who use care services. This is done in a number of ways including face-to-face, by phone and through the use of questionnaires. In addition, we involve people with experience of using care services as part of an inspection team. Our inspection volunteers have experience of care, or looking after someone receiving care. They accompany inspectors to care services and speak to people using the care service – around 8% of all inspections in 2015/16 included an inspection volunteer.

By the end of 2015/16 the Care Inspectorate had 69 inspection volunteers. Over the year, inspection volunteers spoke with a total of 3,475 people who use services and 1,387 relatives, carers and friends.

Towards the end of the year, we started a pilot to include inspection volunteers with a diagnosis of dementia, and had recruited and held an induction event by the end of the year. The pilot inspections will take place in 2016/17.



The following are some of the developments in how we involve people that have taken place over the course of the year.

- We held our biggest ever involvement conference on 5 November 2015 with around 80 involved people attending.
- One of our involved people has supported us to develop the new professional development award for our inspectors.
- We have attended a large number of events and conferences over the year to promote our 'Inspection Volunteer' scheme.

Strategic objective 4: To build capacity within care services to make sure there is high quality development and improvement of rights-based care across Scotland

Improving links with partnerships

Our link inspectors have worked this year to engage with community planning partners in a number of areas to promote and support self-evaluation and improvement.

We worked with the Scottish Government's Chief Social Work Advisor and Healthcare Improvement Scotland to develop a strategy that will support improvement in the Western Isles, following joint inspections of services for adults and children which took place in 2015.

Building capacity

We organised a major conference on promoting continence in care services, with significant attendance and contributions from world-leading experts, the Chief Nursing Officer for Scotland, and people who use services and their carers. The event was webcast, and attracted a world-wide audience, including a number from remote parts of Scotland.

We have continued to develop extensive resources to support high quality care for people with a diagnosis of dementia, including those developed in partnership with SSSC and the Scottish Dementia Working Group.

We are represented on the Community Justice Re-design Project Board, working with a range of partners to develop a self-evaluation framework for community justice.

We are leading a project on the validated self-evaluation of Alcohol and Drug Partnerships across Scotland. Field work was well underway by the end of 2015/16 and we will complete and report on our work in 2016/17.

Engaging with providers

We continue to hold our Quality Conversations – a forum for providers and senior Care Inspectorate staff to share ideas and developments in the sector. We operate High Level Advisory Group on Care scrutiny as part of our development of new methodologies, and we hold director-level bilateral meetings with key provider umbrella bodies.

Good practice – The Hub

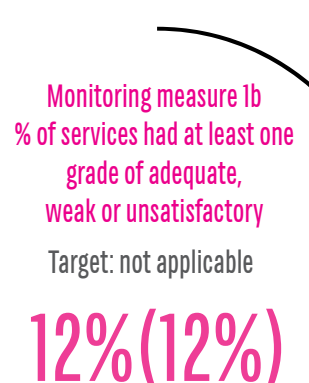
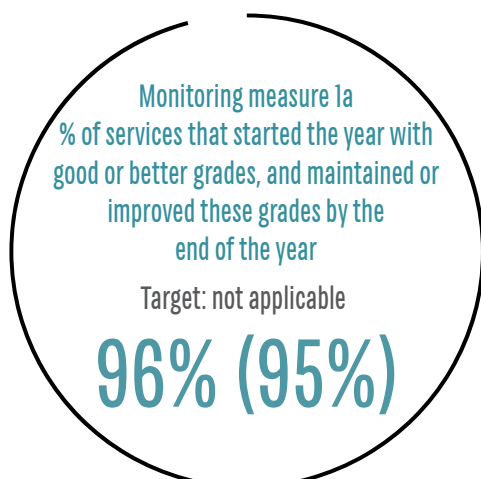
We have continued to develop The Hub, our ‘one-stop-shop’ access to a range of resources aimed at supporting improvement in the social care and social work sectors through the use and sharing of intelligence and research-led practice, including:

- a library of good practice guidance
- information on the latest developments in policy and legislation
- video-based examples of innovative practice
- guidance to help users carry out their own research
- toolkits and resources aimed at supporting improvement.

The Hub supports a number of the Care Inspectorate’s purposes, including by:

- acting as a catalyst for change and innovation
- supporting improvement and signposting good practice.

Inspectors regularly signpost managers and providers to our website and The Hub for guidance and examples of good practice. Inspections are more focused on good practice, outcomes for service users and the need for continuous reflection and improvement based on new best practice guidance and legislation. You can access The Hub at hub.careinspectorate.com



Strategic objective 5: To support and inform local and national policy development by providing high quality, evidence-based advice and information on care

We inform policy development in a number of ways. Some significant developments in this area over the course of 2015/16 are noted below.

We produce a range of publications each year, including factual statistics as well as analyses of emerging themes, trends and areas of concern across health and care. In 2015/16 we published the following reports, all of which are available in the publications section of our website.

- Inspecting and improving care and social work in Scotland, our first major review of our findings over our first three years of operation.
- Joint Thematic Review of MAPPA in Scotland – a joint report with HM Inspectorate of Constabulary in Scotland.
- Improving Care In Scotland: What the Care Inspectorate did in 2014/15
- Early Years and Childcare Statistics, 2014.
- Evaluation of 'Care... about physical activity'.

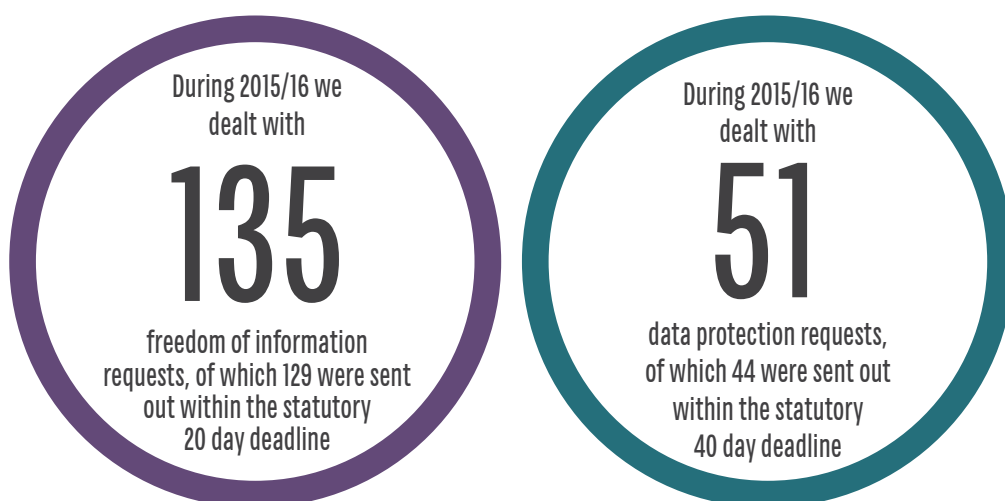
Sharing intelligence

We have continued to engage with NHS NES/Healthcare Improvement Scotland's Sharing Intelligence for Health and Social Care Group which brings together health and social care scrutiny bodies to share intelligence at NHS Board level. This year we have developed our link inspector role in sharing intelligence at this level. The inaugural report on the work of this group is available [here](#).

Sharing evidence-based practice, research and innovation

We are continuously expanding the range of content available on The Hub (see further details above) and our website to ensure that we are sharing evidence-based practice, research and innovation around the sector.

Sharing information



We make a great deal of information available on our website, including detailed information about every registered care service in Scotland such as their current and previous grades, any complaints or enforcements, and copies of all inspection reports we have finalised.

We have regular information sharing arrangements in place with an extensive range of other bodies, including public bodies such as Scottish Government, the Scottish Social Services Council, local authorities, Public Health & Intelligence Scotland, and Her Majesty's Revenue and Customs.

Strategic objective 6: To perform effectively and efficiently as an independent scrutiny and improvement body and work in partnership with others

This section provides further insight into how efficiently and effectively we have delivered our work, through developing our workforce, managing our finances, our scrutiny work, sharing and publishing information and our work with other scrutiny bodies and partners.

Developing our organisation

At our staff conference in September 2015, our new chief executive set out her vision for developing the Care Inspectorate into a world class scrutiny body that supports improvement. The conference played a pivotal role in our journey to develop our positive organisational culture, empowering staff to be confident in their work.

During the year, we began a significant re-structure of our organisation which will ensure we can continue to become more effective and efficient in anticipation of tighter budget constraints. We had begun to implement this new structure by the end of the year, and will continue to implement it over the course of 2016/17.

We involved a multi-disciplinary group of staff in a review of our approach to performance measurement and reporting, and will implement this in 2016/17.

Investing in our staff

We have continued to invest in our staff in a number of ways, including development of a new professional development award for inspectors; supporting NMC revalidation of nurses we employ; and piloting a career pathway project which we plan to extend during 2016/17.

We reviewed a number of our staff policies as part of a rolling review process, and delivered training sessions to ensure they are consistently and correctly deployed across our organisation.

Efficiency of our processes

We are continually exploring ways to make our processes more efficient. The following illustrate some examples of how we have built efficiencies into our key processes this year.

We further developed our contact centre to receive and record complaints at the first point of contact, before passing them on to our complaint team. In total, our contact centre dealt with 23,999 calls over the year, the majority of which were general enquiries, and which also included complaints, registration enquiries and information requests.

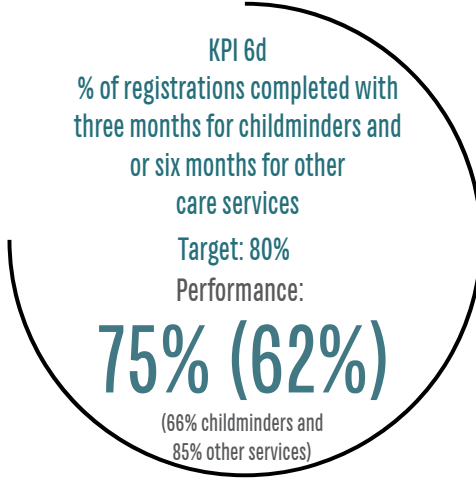
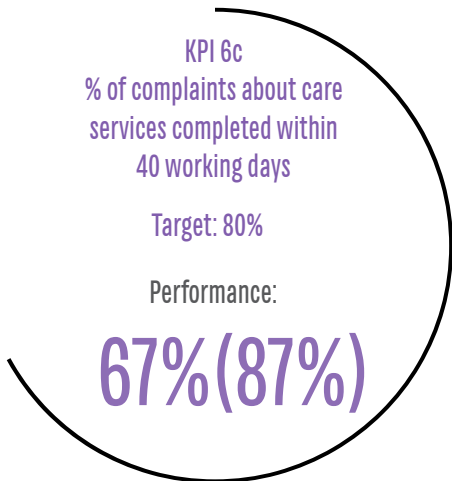
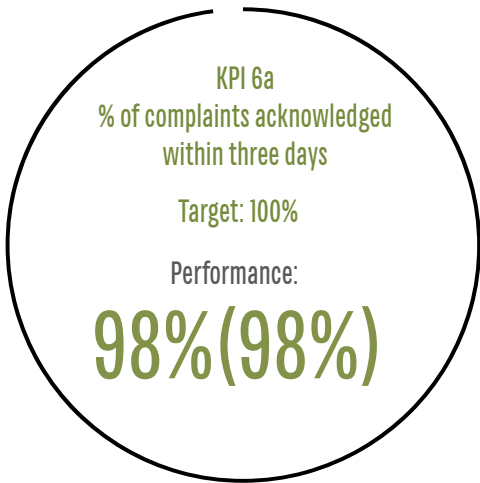
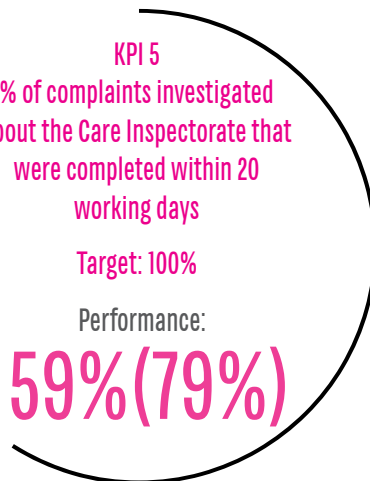
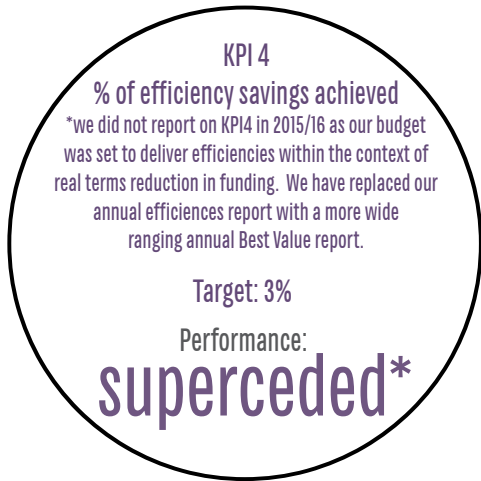
We developed our internal guidance for our joint inspections of children and young people's services to ensure greater consistency and more streamlined processes.

Complaints and registrations

We received 29 complaints about the Care Inspectorate, 59% of which we investigated within 20 days, and we are working to streamline our processes and improve on this further.

We received 4,086 complaints about care services, and managed to resolve 22% without having to conduct a formal investigation. Although this is short of our 60% target, this attempt at speedy, frontline resolution reflects a relatively new approach in practice, and an increase on the 5% resolved this way in 2014/2015.

We completed 1,019 new registrations and processed 2,670 variations during the year.



2.3 Sustainability report 2015/16

This report details the Care Inspectorate's sustainability performance for 2015/16. The format follows Scottish Government's guidance on public sector sustainability reporting to include key carbon management and other environmental sustainability aspects of how public bodies can demonstrate progress towards achieving the targets and actions set out in the Climate Change (Scotland) Act 2009 and other relevant legislation.

The Care Inspectorate produced its first Carbon Management Plan in 2011. The objectives of the plan are considered annually alongside the sustainability report. As a regulatory body, our core business is to inspect care and social work services throughout Scotland, leading to high travel-related CO2 emissions. At the start of 2015/16 we had a presence in 16 locations. This reduced to 15 locations by the end of the financial year. These locations range from as far north as Shetland to as far south as Dumfries. These properties are of varying sizes, from 30m² to 2,819m² on a variety of lease terms, making control of our stationary CO2 emissions difficult. We are planning to re-baseline using the 2015/16 data as the new baseline. We are also in the process of developing a new carbon management plan for 2016/19.

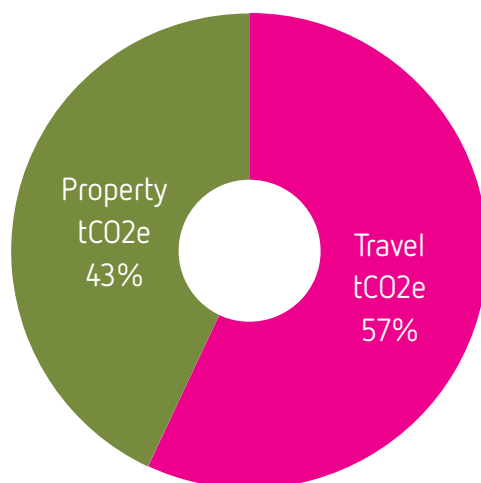
We do not have the direct energy consumption and costs from all of our landlords so the figures for electricity, gas, water rates are aggregated from offices for which we have accurate figures. This approach has been consistent for all years from 2011/12 onwards.

Summary of performance

Area	Performance 2015/16	Status
Total CO2e	Carbon emissions have increased by 10% from the 2011/12 target	●
Travel	Carbon emissions have increased by 37% from the 2011/12 target	●
Gas, water and electricity	Carbon emissions have decreased by 12% from the 2011/12 target	●
Waste and recycling	Carbon emissions have increased by 51% from the 2011/12 target	●

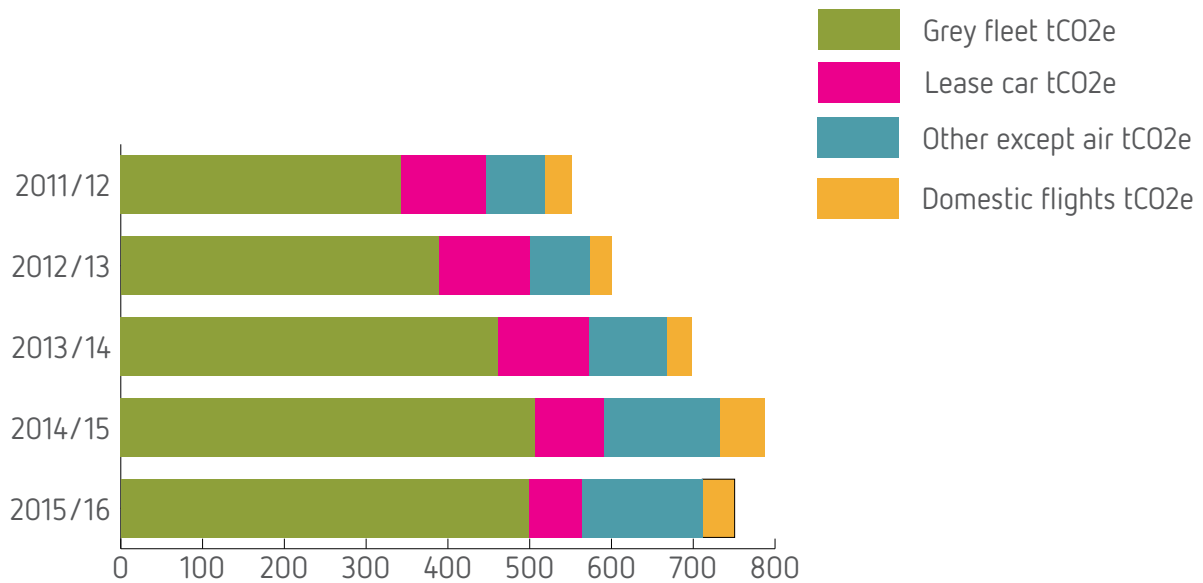
Area	2011/12 baseline	Actual performance	Target performance by 2016
Total CO2e emission	1,203 tCO2e	1,328 tCO2e	1,083 tCO2e
Travel related CO2e	551 tCO2e	756 tCO2e	496 tCO2e
Total travel cost	–	£960,873	–
Total energy CO2e	646 tCO2e	569 tCO2e	581 tCO2e
Energy consumption (gas and electricity)	–	1,680 MWh	–
Energy expenditure (gas and electricity)	–	£145,509	–
Total waste CO2e	1.1 tCO2e	1.6 tCO2e	0.99 tCO2e
Waste	–	79 tonnes	–
Waste expenditure	–	£21,279	–
Total Water CO2e	4.6 tCO2e	1.3 tCO2e	4.1 tCO2e
Water consumption	–	3,830m ³	–
Water expenditure	–	£36,267	–

2015-16 CO₂ split



Travel				
Year	Grey Fleet tCO2e	Lease Car tCO2e	Other except Air tCO2e	Flights tCO2e
2011-12	342.6	103.7	71.9	32.9
2012-13	388.5	112.0	72.2	27.4
2013-14	461.4	111.0	94.6	30.9
2014-15	506.7	83.3	142.3	55.7
2015-16	498.7	65.0	147.3	39.6

Travel year on year



Performance commentary

Grey Fleet is private car use and has been restated for 2014/15 to update for improved data capturing. The restated CO₂ emissions have increased by 9tCO₂e. The grey fleet has seen a marginal decrease in CO₂ emissions this year. There has also been a reduction on lease car CO₂. Overall, car travel has seen its first decrease to date, by 4.5% from the 2014/15 position. 'Other' includes trains, ferries, buses and taxis, with a small rise of 3.6% from last year. Overall there has been an increase of 37.1% from the baseline but has shown a reduction from last year of 5.3%. Travel is the largest obstacle the organization faced towards reducing our tCO₂e target of 1,083 tCO₂e by 2016.

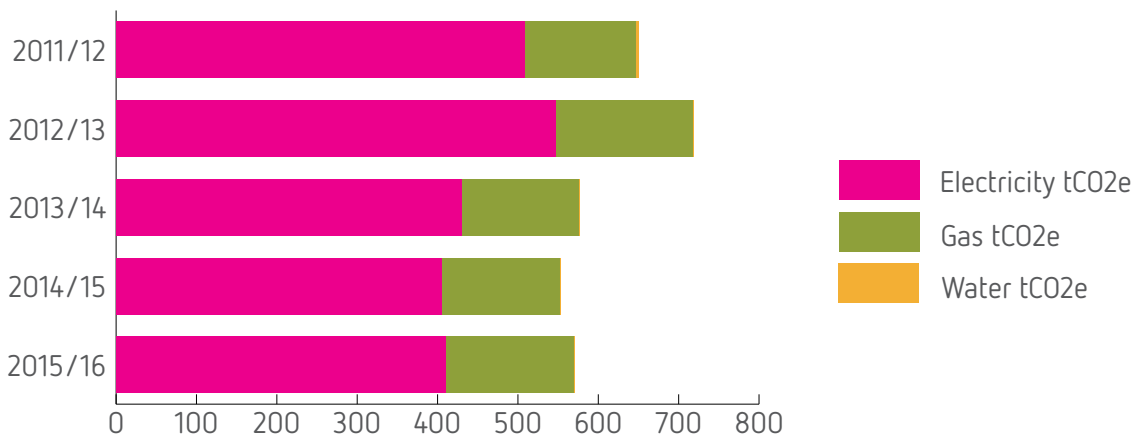
Direct impact commentary

The first reduction in car travel reflects a steadying of the impact of the change in inspection methodology which will give us a good baseline for the next Carbon Management Plan. Our published business travel and subsistence policy details our preferred methods of business travel. This states that employees must consider the most efficient and cost effective way of meeting objectives. We have encouraged this by actively encouraging alternative means of participating at meetings by using telephone and video conferencing facilities and the use of public transport and this year's figures demonstrate that the policy is working with year on year decreases with the exception of 'other except air'.

A contributory factor to the increase in 'other' travel last year was the improvements in our management information systems. This therefore allows us to take credit this year for the increase in alternative transport use. As mentioned last year, there was an increase in domestic flights due to training events being held on one of the Islands so this year, there is a reduction against last year but still an increase from 2013/14. With there being national teams, there is considerable travel between our Stornoway, Lerwick and Kirkwall locations and the mainland which is likely to continue.

Year	Electricity tCO2e	Gas tCO2e	Water tCO2e
2011-12	508.9	137.4	4.6
2012-13	547.3	170.4	1.4
2013-14	429.5	145.7	1.3
2014-15	404.6	147.6	1.3
2015-16	410.6	158.5	1.3

Gas, water and electricity year on year



Performance commentary

There has been a small increase in both electricity and gas consumption. Water usage remains consistent and is unlikely to change without either a significant change in the number of staff we have or a period of significant water wastage e.g. a long-term leak.

Direct impact commentary

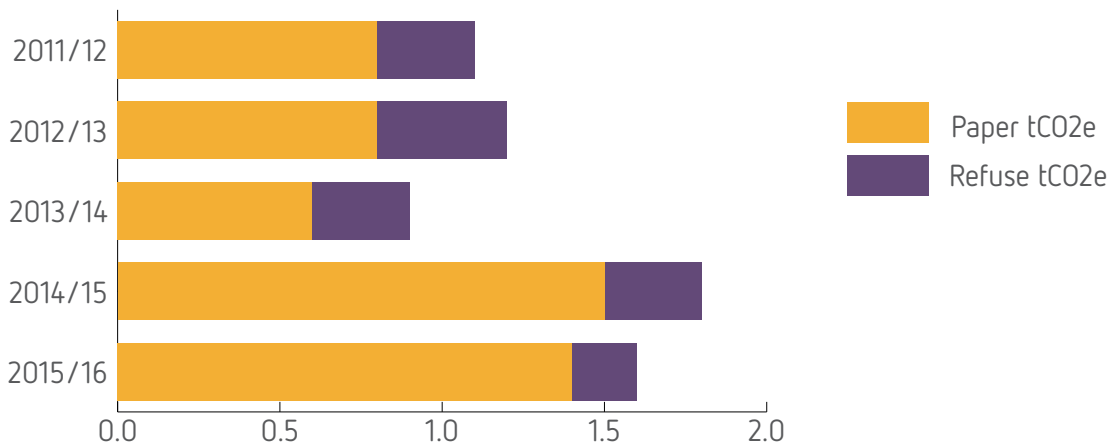
We are not able to measure all our energy consumption accurately as our property portfolio includes occupation of areas of buildings that are not separately metered. We therefore use an apportionment across the estate based on the actual direct energy consumption and costs.

There have been no projects this year which accounts for no significant changes in consumption with both gas and electricity plateauing, with minor changes that could be down to differing weather conditions between the years.

However, there is likely to be reductions in future years due to estates rationalization.

Waste and Recycling		
Year	Paper tCO2	Refuse tCO2
2011-12	0.8	0.3
2012-13	0.8	0.4
2013-14	0.6	0.3
2014-15	1.5	0.3
2015-16	1.4	0.2

Waste and recycling year on year



Performance commentary

There has been an 8.5% reduction in paper waste and a 28.9% reduction in waste tCO₂.

Direct impact commentary

Last year's dramatic increase in paper waste was as a result of the accuracy of the contractor's data. This year, we can demonstrate a reduction in both waste paper and refuse, showing the impact changing working practices and recycling has had.

There will be a new cleaning and confidential paper recycling contract put in place during the next year, as well as a rationalisation/reduction in size of offices. It is hoped that these changes allow us to continue to reduce carbon emissions in these areas.

Sustainable procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. The Care Inspectorate will, when preparing and evaluating tenders, consider sustainability in a way which is relevant and proportionate to the procurement process.

Karen Reid

Karen Reid
Chief Executive
30 September 2016

Section B: Accountability Report



3. Corporate Governance Report

3.1 Directors' report

Care Inspectorate Board

Members sitting on the Care Inspectorate Board during 2015/16 were:

- Paul Edie (Chair)
- Mike Cairns
- Denise Coia (Chair of Healthcare Improvement Scotland)
- Gavin Dayer (from 20 July 2015)
- Christine Dunlop
- James McGoldrick (Convener of the Scottish Social Services Council)
- Ian Doig
- Anne Haddow
- Anne Houston
- Cecil Meiklejohn
- Linda Pollock
- David Wiseman.

Board members are appointed by Scottish Ministers. Further detail on Board members' periods of appointment and remuneration is contained in the Remuneration Report (Section 4.1).

Executive Team

2015/16 was a transitional year for the Care Inspectorate Executive Team (ET). The Executive Team is employed by the Care Inspectorate and the following individuals served on the Executive Team during 2015/16:

Name	Post Title	ET Member	From	To
Annette Bruton	Chief Executive	Y	13/02/2012	17/05/2015
Karen Reid	Chief Executive	Y	18/05/2015	
	Director of Strategic Development and Deputy Chief Executive	Y	01/12/2012	17/05/2015
Kevin Mitchell	Executive Director of Scrutiny and Assurance	Y	22/02/2016	
	Acting Director of Inspection	Y	18/08/2015	21/02/2016
	Acting Depute Director – Children's Services and Criminal Justice	Y	08/01/2015	17/08/2015
Rami Okasha	Executive Director of Strategy and Improvement	Y	22/02/2016	
	Acting Director of Strategic Development	Y	21/05/2015	21/02/2016
	Head of Quality and Improvement	N	18/10/2014	20/05/2015
Gordon Weir	Director of Corporate Services	Y	01/12/2012	

Robert Peat	Executive Adviser to The Board	Y	01/07/2015
	Director of Inspection	Y	06/05/2013 30/06/2015
Sarah Blackmore	Depute Director – Children’s Services and Criminal Justice	Y	07/05/2013
Sue Neilson	Depute Director – Adult Services	Y	01/01/2013

Register of interests

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.

Personal data related incidents

There were no data protection breaches reported to the Information Commissioner’s Office for the year to 31 March 2016.

Disclosure of information to auditors

So far as I, the Accountable Officer, am aware, our auditors have all relevant information.

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.

Non audit fees

Audit Scotland provided services solely relating to the statutory audit. No further assurance, tax or other services were provided.

Pensions

The Care Inspectorate is an admitted body to the local government pension scheme and accounts for pensions under IAS 19 ‘Employee Benefits’ standard as adapted for the public sector. Further information on pensions can be found in the remuneration and staff report, accounting policy note 1.11 and the accounting disclosure note 5.

Property

As at 31 March 2016, the Care Inspectorate leased 15 properties. Of these, eight are shared with other public sector bodies. The Estate Management Plan for 2014-17 was approved by the Resources Committee in June 2014 and sets out our commitment to reduce our estate through shared opportunities where possible.

3.2 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 state of affairs of the Care Inspectorate and of its net resource outturn, application of resources, changes in taxpayers’ equity and cash flows for the financial 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
- 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 responsibilities of the Chief Executive as Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Care Inspectorate's assets, 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.

3.3 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 set out 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 set out 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 nine 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 and social work. 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, the code of conduct for members, the reservation of powers and scheme of delegation, and financial regulations. It must approve 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.

Policy Committee

The Policy Committee monitors and considers internal and external developments and events and identifies themes and trends in all scrutiny activity with a view to making recommendations to the Board to inform strategy formulation and strategic policy development.

Audit Committee

This committee oversees the financial reporting arrangements of the Care Inspectorate, the external and internal audit arrangements, and ensures 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 the strategic performance management framework.

Resources Committee

This committee oversees how the Care Inspectorate conducts its business, including 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.

The **Appeals Sub-Committee** is a sub-committee of the Resources Committee. Its purpose is to determine appeals from members of staff in relation to any grievance concerning their terms and conditions or in relation to disciplinary matters.

Remuneration Committee

This committee approves the Care Inspectorate's pay remit for all employees in accordance with the public sector pay policy guidance.

Complaints committee

This committee monitors and contributes to the development of the Care Inspectorate's complaints procedure and complaints policy and practice, monitors performance and identifies themes and trends in respect of the Care Inspectorate's complaints procedure, and monitors the outcomes of any complaint relating to the Care Inspectorate which has been referred to the Scottish Public Services Ombudsman.

Board members and attendance

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') and have been expanded by the Scottish Executive.

The key principles are:

- duty
- selflessness
- integrity
- objectivity
- accountability and stewardship
- openness
- honesty
- leadership
- respect.

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

- focusing on the organisation's purpose and on outcomes for citizens and service users
- performing effectively in clearly defined functions and roles
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour
- taking informed transparent decisions and managing risk
- developing the capacity and capability of the governing body to be effective
- 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

Board Member Attendance at Meetings 1 April 2015 to 31 March 2016

Board Member	Board	Policy Committee	Audit	Resources			
	Attended	Member	Attended	Member	Attended	Member	Attended
Paul Edie, Chair	4	Yes	4	No	5*	No	3*
Mike Cairns	4	Yes	3	Yes	4	No	-
Denise Coia	2	No	-	No	-	No	-
Christine Dunlop	4	No	-	Yes	5	Yes	5
Gavin Dayer	3	No	-	No	-	Yes	4
Ian Doig	3	No	-	Yes	5	Yes	5
Anne Haddow	4	Yes	4	No	-	No	-
Anne Houston	3	Yes	3	No	-	No	-
James McGoldrick	2	No	-	No	-	No	-
Cecil Meiklejohn	1	No	-	Yes	3	No	-
Linda Pollock	4	No	-	Yes	5	Yes	5
David Wiseman	4	Yes	3	No		Yes	5

	Remuneration		Complaints		Appeals Sub Committee	Total
	Member	Attended	Member	Attended	Attended	Attendances
Paul Edie, Chair	Yes	1	No	-	-	17
Mike Cairns	Yes	1	Yes	4		16
Denise Coia	No	-	No	-		2
Christine Dunlop	No	-	No	-	1	15
Gavin Dayer	No	-	Yes	3		10
Ian Doig	No	-	No	-	1	14
Anne Haddow	No	-	Yes	3		11
Anne Houston	No	-	Yes	3		9
James McGoldrick	No	-	No	-		2
Cecil Meiklejohn	No	-	Yes	4		8
Linda Pollock	No	-	No	-	1	15
David Wiseman	Yes	1	No	-		13

* Paul Edie, as Chair, often attends Audit and Resources Committees but is not a member of these Committees.

Accountable Officer

The Care Inspectorate's Chief Executive, Karen Reid, is the designated Accountable Officer taking up this responsibility with effect from 18 May 2015. The Accountable Officer is personally responsible 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.

Executive Team

The Executive Team supports the Chief Executive in her Accountable Officer role through the formal scheme of delegation. In addition to the Chief Executive, the Executive Team for the financial year 2015/16 comprised:

- Karen Reid, Director of Strategic Development and Depute Chief Executive (until 17 May 2015; appointed Chief Executive from 18 May 2015)
- Robert Peat, Director of Inspection (to 30 June 2015); Executive Adviser to the Board (from 1 July 2015)
- Gordon Weir, Director of Corporate Services
- Sue Neilson, Deputy Director – Adult Services
- Sarah Blackmore, Deputy Director – Children’s Services and Criminal Justice.
- Kevin Mitchell, Acting Deputy Director – Children’s Services and Criminal Justice (maternity leave cover to 17 August 2015); Acting Director of Inspection (from 18 August 2015 to 21 February 2016); Executive Director Scrutiny and Assurance (from 22 February 2016)
- Rami Okasha, Acting Director of Strategic Development (from 21 May 2015 to 21 February 2016); Executive Director Strategy & Improvement (from 22 February 2016)

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 public sector 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.

Code of Corporate Governance

The Care Inspectorate has a Code of Corporate Governance which is reviewed each year.

The Code of Corporate Governance includes a register of key governance policies. The annual review of this register helps to ensure that policies remain current and relevant.

Whistleblowing

Our employee Staff Code of Conduct Policy and associated Whistleblowing Guidance informs and encourages staff to raise serious concerns about wrongdoing or alleged impropriety. The policy is consistent with, and makes explicit references to the Public Interest Disclosure Act 1998.

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. Directorate, department and team plans are being developed to more clearly link operational risks with strategic objectives and strategic risk. As a result, there will be an improvement in embedding risk management throughout the organisation.

The strategic risk register is available on the Care Inspectorate website (www.careinspectorate.com).

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 forecasts
- 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.

Information security

The Care Inspectorate has a duty to ensure that the personal information entrusted to it is safeguarded properly.

Training on data protection and information security is included in the induction process for new staff.

However, there is concern that existing staff have not received data protection training updates for a significant period of time. In addition, with the exception of Information and Communications Technology (ICT) staff, our staff have not received specific training on cyber security threats. Appropriate training is planned for 2016/17.

There are other areas of information governance that we believe could be strengthened and as a result we will commission a review of our Information Governance in 2016/17.

There have been no incidents of personal data loss which required to be notified to the Information Commissioner.

Business Continuity Planning

Disaster recovery and business continuity planning tools have been developed and appropriate staff have received training in their use. During 2015/16 a desktop training exercise featuring a crisis scenario was used to test the tools and further train managers in their use. The Resources Committee received a report on progress made on Disaster Recovery and Business Continuity Planning together with a note of further actions that are still required. The identified actions will be progressed in 2016/17.

Review

The effectiveness of our governance framework is reviewed annually as part of the preparation of this Governance Statement. 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 the 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
- the work of the member/officer Corporate Governance Review Group
- 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
- integrated formal reviews of the effectiveness of the Board and its committees.
- periodic staff surveys.

This review process has identified the areas detailed in the section below where the governance framework can be developed.

Developing the governance framework

The following developments have been identified for 2016/17:

- The Board will make a decision in 2016/17 as to whether or not to commission an external review of the Care Inspectorate's corporate governance.
- The Audit Committee will oversee progress on linking strategic and operational risks and the anticipated improvement in embedding risk management throughout the organisation.
- Commission an Information Governance Review to report in 2016/17.

Significant issues

There were no significant issues to report during the financial year.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2016 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 laws, regulations, guidance and generally accepted best practice in all significant respects.

4. Remuneration and Staff Report

4.1 Remuneration report

Unaudited information

This section provides information on the remuneration of Care Inspectorate Board members and senior managers. The senior managers in 2015/16 were:

- Annette Bruton, Chief Executive (to 17 May 2015)
- Karen Reid, Chief Executive (from 18 May 2015, formerly Depute Chief Executive and Director of Strategic Development)
- Robert Peat, Executive Adviser to the Board (from 1 July 2015, formerly Director of Inspection)
- Gordon Weir, Director of Corporate Services
- Sue Neilson, Depute Director – Adult Services
- Sarah Blackmore, Depute Director – Children’s Services and Criminal Justice (Maternity leave from 7 January 2015 to 4 October 2015)
- Kevin Mitchell, Executive Director of Scrutiny and Assurance (from 22 February 2016), Acting Director of Inspection (from 18 August 2015 to 21 February 2016), Acting Depute Director – Children’s Services and Criminal Justice (to 17 August 2015)
- Rami Okasha, Executive Director Strategy & Improvement (from 22 February 2016), Acting Director of Strategic Development (from 21 May 2015 to 21 February 2016).

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:

- Paul Edie (Chair)
- David Wiseman (Convener, Resources Committee)
- Mike Cairns (Convener, Audit Committee).

The committee agrees the pay strategy for all staff excluding Board members and the Chief Executive.

The pay strategy for staff is decided within the framework provided by the Scottish Government’s Public Sector Pay Policy for Staff Pay Remits.

The pay strategy for the Chair, Board Members and the Chief Executive is decided within the framework provided by the Scottish Government’s Public Sector Pay Policy for Senior Appointments.

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

- Chief Executive
- Director of Corporate Services.

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 were on fixed salary points of £84k and depute directors were on fixed salary points of £75k throughout the year.

There is no incremental progression or performance related pay adjustments applied to director and depute directors' pay.

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
Edie, Paul (Chair)	2nd	15 April 2013	14 April 2017
Cairns, Mike	2nd	1 March 2011	28 February 2019
Coia, Denise	2nd	1 March 2011	5 September 2018
Dayer, Gavin	1st	20 July 2015	28 February 2019
Dunlop, Christine	1st	10 March 2014	9 March 2018
McGoldrick, James	1st	1 September 2013	31 August 2016
Doig, Ian	2nd	1 August 2012	28 February 2019
Haddow, Anne	2nd	1 March 2011	28 February 2018
Houston, Anne	1st	10 March 2014	9 March 2018
Meiklejohn, Cecil	2nd	1 March 2011	28 February 2019
Pollock, Linda	1st	10 March 2014	9 March 2018
Wiseman, David	2nd	1 March 2011	28 February 2019

Chief Executive

Karen Reid was appointed as the Care Inspectorate's Chief Executive on 18 May 2015. The normal retirement age for this post is 65 and the current post holder will attain normal retirement age in 18.6 years.

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

Directors

The Care Inspectorate is in the process of reviewing its directorate structure. The revised director posts were agreed in the final quarter of 2015/16. The revised Director posts are shown below:

- Executive Director of Scrutiny and Assurance (appointment made 22 February 2016)
- Executive Director of Strategy and Improvement (appointment made 22 February 2016)
- Executive Director Corporate and Customer Service (appointment made after 31 March 2016).

Previously the structure was as follows:

- Depute Chief Executive and Director of Strategic Development
- Director of Inspection
- Director of Corporate Services
- Executive Adviser to the Board
- Depute Director – Adult Services
- Depute Director – Children's Services and Criminal Justice.

All directors, depute directors have permanent contracts and are subject to the normal retirement age of 65. Termination of the contract requires a notice period of three months by either party. The Executive Adviser to the Board had a temporary contract until 30 June 2016.

There are no compensation payments specified in the contract in the event of early termination of the contract. The Executive Management Team as at 31 March 2016 was as detailed in the table below:

Name	Title	Date of Appointment	Years to Normal Retirement Age
Kevin Mitchell	Executive Director of Scrutiny & Assurance	22 Feb 2016	9.7
Rami Okasha	Executive Director of Strategy & Improvement	22 Feb 2016	28.5
Gordon Weir	Director of Corporate Services	1 Dec 2012	14.9
Sue Neilson	Depute Director – Adult Services	1 Jan 2013	8.9
Sarah Blackmore	Depute Director – Children’s Services and Criminal Justice	7 May 2013	23.9
Robert Peat	Executive Adviser to the Board	1 July 2015	4.8

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 which remained effective up to 31 March 2016 allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than five 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 two year pay-back period and must be approved by the Resources Committee.

This policy will change in accordance with the change in the Local Government Pension Scheme to a Career Average Revalued Earnings basis with effect from 1 April 2015.

Audited information

Care Inspectorate Board members' remuneration

	Salary 2015/16	Salary 2014/15
	£000	£000
Edie, Paul (Chair)	40–45	40–45
Cairns, Mike	5–10	5–10
Coia, Denise	-	-
Dayer, Gavin (from 20 July 2015)	5–10	-
Doig, Ian	0–5	0–5
Dunlop, Christine	0–5	5–10
Haddow, Anne	0–5	0–5
Houston, Anne	5–10	0–5
McGoldrick, James	-	-
Meiklejohn, Cecil	0–5	0–5
Pollock, Linda	5–10	5–10
Wiseman, David	5–10	5–10
Witcher, Sally (to 28 February 2015)	-	0–5

Board members are not eligible to join the pension scheme available to employees of the Care Inspectorate. Denise Coia and James McGoldrick are Board members through reciprocal membership arrangements with Healthcare Improvement Scotland and the Scottish Social Services Council respectively 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.

Single Total Figure of Remuneration								
	Salary		Benefits in Kind (to nearest £100)		Pension Benefits*		Total	
	2015/16 £000	2014/15 £000	2015/16 £	2014/15 £	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Annette Bruton Chief Executive (to 17 May 2015)	15-20	110-115	0	200	n/a	7	15-20	115-120
Karen Reid** Chief Executive (from 18 May 2015)	105-110	90-95	0	0	73	18	180-185	105-110
Kevin Mitchell** Executive Director of Scrutiny & Assurance (from 22 February 2016)	85-90	15-20	0	0	37	n/a	120-125	15-20
Rami Okasha** Executive Director of Strategy & Improvement (from 22 February 2016)	80-85	n/a	0	n/a	n/a	n/a	80-85	n/a
Gordon Weir*** Director of Corporate Services	80-85	80-85	0	0	17	11	100-105	90-95
Sarah Blackmore Depute Director Children's Services & Criminal Justice	30-35	70-75	0	1,900	24	15	60-65	85-90
Sue Neilson Depute Director Adult Services	75-80	70-75	0	0	15	10	90-95	80-85
Robert Peat** Executive Adviser to the Board (from 1 July 2015)	55-60	80-85	0	0	18	19	75-80	100-105

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to transfer of pension rights.

** Karen Reid, Kevin Mitchell, Rami Okasha and Robert Peat were all employed by the Care Inspectorate for the full year but changed post during this time. The figures shown are for the full year of employment and do not just relate to their current post. The pension benefit figures of Karen Reid and Kevin Mitchell are of a higher value than would normally be expected this financial year due to changing role and associated increase in salary.

*** Gordon Weir, the Director of Corporate Services, provided professional services to the Scottish Social Services Council (SSSC) during the year through a Service Level Agreement (SLA). The charge to the SSSC for this service was £21.4k (exc VAT).

**** Sarah Blackmore was on maternity leave during the year and returned to work on a part-time basis.

Salary

Salary includes gross salary, overtime, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Care Inspectorate as recorded in the annual accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Care Inspectorate and treated by HM Revenue and Customs as a taxable emolument. All benefits in kind are associated with leased cars.

Fair pay disclosure

We are required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of our workforce. The Chief Executive was the highest paid director in the financial year 2015/16. The full-time annual salary for the chief executive is in the salary band £110,000 to £115,000. The mid-point of this band is £112,500 which is 3.00 times greater than the median remuneration of the workforce. In 2015/16, no employees received remuneration in excess of the chief executive.

	2015/16	2014/15
Band of Highest Paid employee	£110,000 - £115,000	£110,000 - £115,000
Staff Median Remuneration	£37,542	£37,170
Remuneration Ratio	3.00	3.03
Staff Minimum Full-Time Equivalent Remuneration	£15,906	£16,047
Staff Maximum Full-Time Equivalent Remuneration	£88,584	£90,741

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.

Local Government Pension Scheme (LGPS)

Details of the LGPS and the Care Inspectorate's status as an admitted body to Tayside Superannuation Fund are contained in note 5 of the annual accounts. The chief executive, directors, depute directors and the Executive Adviser to the Board are all members of the LGPS.

	As at 31 March 2016		As at 31 March 2016		Cash Equivalent Transfer Values (CETV)		
	Accrued Pension at Age 65 £000	Related Lump Sum at Age 65 £000	Real Increase in Pension at Age 65 £000	Real Increase in Related Lump Sum at Age 65 £000	As at 31 March 2016 £000	As at 31 March 2015 £000	Real increase £000
Karen Reid Chief Executive	50-55	0-5	7.5-10.0	0-2.5	138	91	46
Kevin Mitchell Executive Director of Scrutiny & Assurance*	20-25	0	2.5-5.0	0	94	62	30
Rami Okasha Executive Director of Strategy & Improvement**	50-55	0	n/a	0	36	n/a	n/a
Gordon Weir Director of Corporate Services	55-60	65-70	(0-2.5)	(0-2.5)	524	487	25
Sarah Blackmore Depute Director Children's Services and Criminal Justice	30-35	0	(5.0-7.5)	0	33	21	12
Sue Neilson Depute Director Adult Services	40-45	55-60	(0-2.5)	(0-2.5)	599	537	49
Robert Peat Executive Adviser to the Board	5-10	0	(2.5-5.0)	0	60	41	18

* The Executive Director Scrutiny and Assurance is in the process of transferring pension rights from the Civil Service Pension Scheme. When this transfer is completed the pension entitlements disclosed above will increase accordingly.

** The Executive Director Strategy and Improvement was not a member of the Executive Team in 2014/15 therefore CETV information for this year is not available.

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the LGPS. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Payment of compensation for loss of office

No Board members or senior management received any payment or other compensation for loss of office.

4.2 Staff report

4.2.1 Staff numbers by permanent and other

The table below details provides analysis of permanent and non-permanent staff engaged to work for the Care Inspectorate during 2015/16. Staff numbers are expressed as the average Full Time Equivalents (FTE) employed during the year.

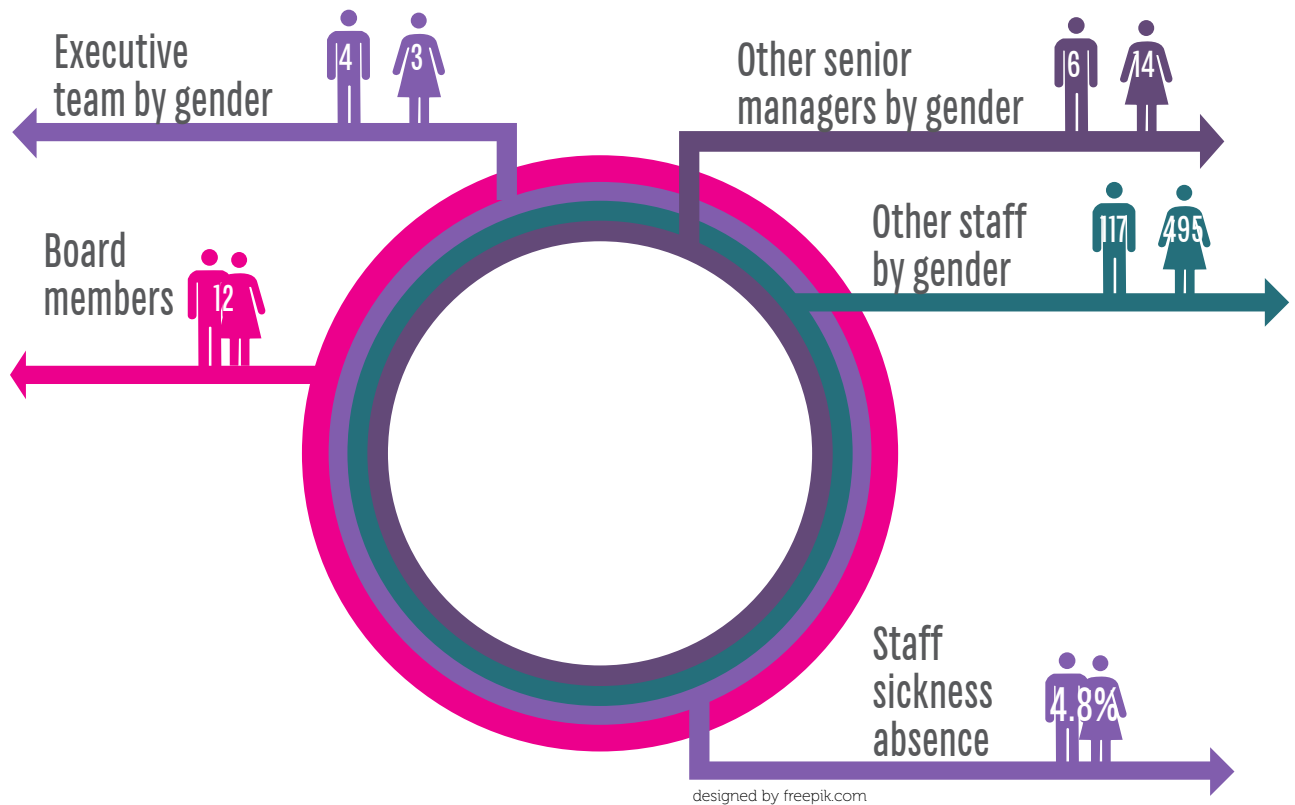
2015/16			
	Permanently Employed	Others	Total
Senior managers	21		21
Other employees	543	14	557
Agency workers		16	16
Secondments inward		4	4
Total staff engaged	564	34	598
Secondments outwards		(3)	(3)
Net staff engaged on Care Inspectorate activity	564	31	595
	£000	£000	£000
Salaries	20,403	433	20,836
Social security costs	1,669	33	1,702
Pension service costs	6,120	45	6,165
Total cost directly employed staff	28,192	511	28,703
Board members ¹		93	93
Agency workers		724	724
Secondments inward		287	287
Total cost of staff engaged	28,192	1,615	29,807
Voluntary early severance/retirement costs	29	100	129
Other staff costs	445		445
Staff costs (SCNE)	28,666	1,715	30,381
Secondments outwards	(118)		(118)
Net Staff Costs	28,548	1,715	30,263

¹ There were 11 Board members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the Care Inspectorate. The Chair and nine remunerated Board members are office holders and are not included in the staff numbers.

2014/15			
	Permanently Employed	Others	Total
Senior managers	22		22
Other employees	541	15	556
Agency workers		15	15
Secondments inward		5	5
Total staff engaged	563	35	598
Secondments outwards		(3)	(3)
Net staff engaged on Care Inspectorate activity	563	32	595
	£000	£000	£000
Salaries	20,266	517	20,783
Social security costs	1,656	55	1,711
Pension service costs	5,666	39	5,705
Total cost directly employed staff	27,588	611	28,199
Board members ²		86	86
Agency workers		681	681
Secondments inward		285	285
Total cost of staff engaged	27,588	1,663	29,251
Voluntary early severance/retirement costs	36		36
Other staff costs	441		441
Staff costs (SCNE)	28,065	1,663	29,728
Secondments outwards	(144)		(144)
Net staff costs	27,921	1,663	29,584

Details of the pension arrangements for Care Inspectorate are contained in note 5 to the Accounts. It should be noted that the pension service costs in the table above include adjustments for International Accounting Standard 19 (IAS19) 'Employee Benefits' pension valuations. The difference between the employer contributions actually paid and the pension cost figure adjusted for IAS19 is detailed in note 3 to the Accounts

² There were 11 Board members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the Care Inspectorate. The Chair and nine remunerated Board members are office holders and are not included in the staff numbers.



4.2.2 Staff breakdown by gender

The table below provides a gender breakdown of directly employed staff as at 31 March 2016. Staff numbers are provided on a head count basis.

Role	Permanent		Other Staff		Total	
	Male	Female	Male	Female	Male	Female
Executive Team	4	3			4	3
Other Senior Managers	6	14			6	14
Other Staff	116	489	1	6	117	495
Total	126	506	1	6	127	512

4.2.3 Sickness absence

In 2015/16, we lost 4.8% (2014/15: 3.6%) of the total working days available due to sickness absence.

4.2.4 Policies in relation to disabled persons

The Equality Act 2010 introduced a positive general duty on public authorities in Scotland, in the exercise of their functions to give due regard to the need to:

- eliminate discrimination, harassment victimisation or any other prohibited conduct
- advance equality of opportunity
- foster good relations, by tackling prejudice and promoting understanding.

To support better performance of the general duty, Scottish Ministers published the specific duties. Details of how we are meeting these obligations and of the six equality outcomes we are working towards can be found in our [Equality Outcomes and Mainstreaming Report 2015-17](#).

Our commitment to equality takes into consideration all nine protected characteristics in the Equality Act and it is our aim that everyone who comes into contact with the Care Inspectorate is treated equitably regardless of age, disability, gender, gender reassignment, marital status, maternity and pregnancy, race, religion or belief and sexual orientation.

We are required to monitor our workforce by protected characteristic and publicly report on this every two years. This allows us to ensure that we know the demographics of our workforce and can address any imbalances that are highlighted by the data.

In terms of our recruitment, selection and training processes, our policies ensure we are giving full and fair regard to our employees or potential employees with disabilities as well as the other protected characteristics. We are a forward thinking employer keen to explore different ways of working and supporting employees to have a good work/life balance. To ensure that we do this in practice we have developed a number of policies as detailed below.

Equality and Diversity Policy

This policy covers all protected characteristics. We have also developed specific guidance for managers and offer training.

This policy sets out how we will manage and advance equality and diversity within our organisation. We are committed to creating an inclusive and respectful workforce by preventing and eliminating unlawful and unfair discrimination, harassment and victimisation. We will prevent these in every way possible. This policy aims to provide clear advice on how to promote equality and diversity within our organisation and employee responsibility when using our key employment processes (for example, disciplinary, learning and development, managing sickness absence, maternity, paternity and adoption leave, our Performance and Development Review System (PDRS), requests for flexible working and recruitment and selection).

We will treat all workers and job applicants with dignity and respect recognising the value of each individual and embracing the values of diversity. Equality and diversity is not about treating everyone the same. It's about acknowledging and respecting differences and changing the way we work if necessary. We will ensure all our people management policies follow the guiding principles set out in this policy.

The aim of this policy is to create a working environment where:

- all people have the opportunity and support to give their best
- there is no discrimination (direct or indirect), harassment or victimisation
- all decisions are merit-based.

In addition to the Equality & Diversity policy, we also have a range of other policies that cover certain protected characteristics. These include the following:

- Carers Leave – disability by association.
- Adoption, fostering, maternity, paternity and parental leave- family friendly policies – so that regardless of gender/sexual orientation there is a leave option available.
- Flexible working/flexi time to help people balance their personal life with their working life.
- Capability, Maximising Attendance, Recruitment and Special Leave also have provisions to help disabled applicants/employees.
- Guaranteed Job Interview Scheme.

4.2.5 Expenditure on consultancy and off payroll arrangements

Consultancy expenditure of £125k was incurred in 2015/16 as follows:

- Care Inspectorate organisation and structure review (£57k)
- Job evaluation services (£50k)
- review our recruitment process (£7k)
- develop our Health and Safety policy and procedures (£5k)
- tax advisory services (£6k).

In 2014/15 there was consultancy expenditure of £121k as follows:

- assessment centre process training and design (84k)
- job evaluation services (£12k)
- employee survey (£12k)
- tax advisory services (£7k)
- develop our Health and Safety policy and procedures (£6k).

4.2.6 Exit packages

The Care Inspectorate granted compensatory payments to 13 individuals during the year.

In 2014/15, the Care Inspectorate granted voluntary early retirement to one employee during the year.

The tables below show the number of departures and associated costs of operating the scheme.

Year to 31 March 2016		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
<£10,000	7	45
£10,000 to £25,000	6	84
TOTALS	13	129

Year to 31 March 2015

Exit Package Cost Band	Number of Departures Agreed	Total cost £000
£25,000 to £50,000	1	36
TOTALS	1	36

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 when the decision to grant compensation cannot be withdrawn. 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. Parliamentary Accountability Report

5.1 Losses and special payments

There were no losses and special payments incurred by the Care Inspectorate in the year to 31 March 2016 (nil for the year to 31 March 2015).

5.2 Fees and charges

Fees

The Care Inspectorate charges fees to care service providers applying to register a service and once registered an annual continuation of registration fee is charged.

The Scottish Government sets the maximum fees the Care Inspectorate may charge. Changes to maximum fee rates require a public consultation exercise. The maximum fees chargeable to care service providers have not increased since the 2005/06 financial year.

The Care Inspectorate has authority to charge care service providers for new certificates, variations to conditions of service and for the cancellation of a service. Currently no charge is made for these activities.

Our budget is funded mainly by a mixture of grant in aid from the Scottish Government and fees paid by service providers. The 2015/16 budget was based on funding of 65% from grant in aid and 35% from fees charged to service providers (2014/15 65% grant in aid; 35% fees).

Income collected from fees charged to service providers is as follows:

	2015/16			2014/15		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000	£000	£000	£000	£000	£000
Application to Register	505	607	102	494	587	93
Continuation of Registration	11,345	11,335	(10)	11,382	11,295	(87)
Total	11,850	11,942	92	11,876	11,882	6

Charges

The Care Inspectorate provides shared services to the Scottish Social Services Council (SSSC) and the Office of the Scottish Charity Regulator. We also share several of our properties with other public sector organisations and a charge is made for this occupancy. Charges are intended to recover the cost to the Care Inspectorate.

Income from shared services and property sharing charges was £1.5m in 2015/16 (2014/15; £1.3m).

5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2016 which require disclosure under IAS 37 or the Scottish Public Finance Manual (nil as at 31 March 2015).

Karen Reid

Karen Reid
Chief Executive
30 September 2016

6. Independent 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 2016 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and 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 2015/16 Government Financial Reporting Manual (the 2015/16 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 in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures 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. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, 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 Act (Scotland) 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2016 and of its net expenditure 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 2015/16 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 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:

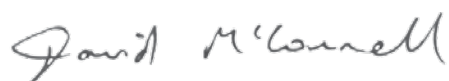
- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Performance Report for the financial year for which the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



David McConnell, MA, CPFA
Assistant Director, Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

October 2016

Social Care and Social Work Improvement
Scotland (Care Inspectorate)

Financial Accounts
1 April 2015 to 31 March 2016

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**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2016**

		2015/16	2014/15
	Notes	£000	£000
Income			
Fees charged to service providers	2a	(11,942)	(11,882)
Other operating income	2b	(1,836)	(1,510)
		(13,778)	(13,392)
Expenditure			
Staff costs	3a	30,381	29,728
Operating expenditure	6	8,207	8,295
		38,588	38,023
Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities			
		24,810	24,631
Bank charges (net of interest)		7	6
Net interest on defined pension liability/(asset)	5b	1,020	2,255
Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities		25,837	26,892
Total actuarial re-measurements on defined pensions liability	5b	(6,642)	(23,742)
Total comprehensive net expenditure before Scottish Government funding*		19,195	3,150

* Please refer to the table on page 19 for further explanation.

All operations are continuing.

The notes on pages 74 to 93 form an integral part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

		2015/16	2014/15
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	7	407	552
Intangible assets	8	55	131
Total non-current assets		462	683
Current assets			
Trade and other receivables	9	3,488	3,083
Cash and cash equivalents	10	3,097	1,732
Total current assets		6,585	4,815
Total assets		7,047	5,498
Current liabilities			
Trade and other payables	11	(3,215)	(3,611)
Total current liabilities		(3,215)	(3,611)
Non-current assets plus/less net current assets/liabilities		3,832	1,887
Non-current liabilities			
Other payables greater than one year	11	(94)	(122)
Pension assets/(liabilities)	SOCTE	(29,751)	(32,553)
Total non-current liabilities		(29,845)	(32,675)
Assets less liabilities		(26,013)	(30,788)
Taxpayers' equity			
Pensions reserve	SOCTE	(29,751)	(32,553)
General reserve	15	3,738	1,765
		(26,013)	(30,788)

Karen Reid
Chief Executive
30 September 2016

The notes on pages 74 to 93 form an integral part of these accounts.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2015/16	2014/15
		£000	£000
Cash flows from operating activities			
Total comprehensive net expenditure before Scottish Government funding	SCNE	(19,195)	(3,150)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	(2,802)	(19,254)
Depreciation and amortisation	7,8	230	241
(Increase)/decrease in trade and other receivables	9	(405)	(147)
Increase/(decrease) in trade payables	11	(396)	101
Increase/(decrease) in non-current liabilities	11	(28)	(27)
Net cash outflow from operating activities		(22,596)	(22,236)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(9)	(165)
Purchase of intangible assets	8	0	(66)
Net cash outflow from investing activities		(9)	(231)
Cash flows from financing activities			
Grants from Scottish Government	12	23,970	22,432
Net financing		23,970	22,432
Net increase/(decrease) in cash and cash equivalents in the period	10	1,365	(35)
Cash and cash equivalents at the beginning of the period	10	1,732	1,767
Cash and cash equivalents at the end of the period	10	3,097	1,732

The notes on pages 74 to 93 form an integral part of these accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

		Pension Reserve £000	General Reserve £000	Total Reserves £000
Balance at 31 March 2014		(51,807)	1,737	(50,070)
Changes in taxpayers' equity for 2014/15				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b	19,254	(19,254)	0
Total comprehensive net expenditure			(3,150)	(3,150)
Total recognised income and expense for 2014/15		19,254	(22,404)	(3,150)
Grants from Scottish Government	12		22,432	22,432
Balance at 31 March 2015		(32,553)	1,765	(30,788)
Changes in taxpayers' equity for 2015/16				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	2,802	(2,802)	0
Total comprehensive net expenditure			(19,195)	(19,195)
Total recognised income and expense for 2015/16		2,802	(21,997)	(19,195)
Grants from Scottish Government	12		23,970	23,970
Balance at 31 March 2016		(29,751)	3,738	(26,013)

The notes on pages 74 to 93 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 standards issued not yet effective

In accordance with IAS8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application. No significant impact on future periods' financial statements is anticipated. The following standards have been considered:

- IFRS 9 Financial instruments (from January 2018)
- IFRS 14 Regulatory deferral accounts (from January 2016)
- IFRS15 Revenue from contracts with customers (from January 2018)
- IFRS 16 Leases (from January 2016).

1.3 Accounting convention

The accounts 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.

1.4 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. Further explanation of the going concern basis is contained in the Financial Performance section (pages 18 to 20).

1.5 Property, plant and equipment

1.5.1 Capitalisation

The capitalisation threshold for individual assets is £5,000. This applies to all asset categories.

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. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses this is recognised as income immediately.

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.

1.9.1 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.

Income from operating leases to the value of £1.389m has been recognised in the SCNE.

1.9.2 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.

Costs for operating leases to the value of £1.618m have been recognised in the SCNE.

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 (SCNE). 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 require 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 reverse the impact of the IAS 19 entries included in the statement of comprehensive net expenditure to ensure the general reserve balance is charged with the amount payable by the Care Inspectorate.

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 and ICT costs 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 SCNE.

1.15 Revenue and capital transactions

Revenue and capital transactions are recorded in the accounts on an income and expenditure basis, that is, they are 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 2016 have been brought into account.

1.16 Financial instruments

The Care Inspectorate does not hold any complex 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.

1.16.1 Trade receivables

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

1.16.2 Trade payables

Trade payables are non-interest bearing and are stated at fair value.

1.17 Change in accounting policy

There have been no changes in accounting policy during the year.

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.

1.19 Contingent Liabilities

In the event that the Care Inspectorate had contingent liabilities, these would be disclosed in accordance with IAS 37.

2. Operating income

	2015/16	2014/15
2a. Fees charged to service providers	£000	£000
Continuation of registration	11,335	11,295
Application to register	607	587
	11,942	11,882

	2015/16	2014/15
2b. Other operating income	£000	£000
Recharges for services provided to other organisations	1,306	1,091
Secundee recharges	118	144
Lease income	240	219
Other income	172	56
	1,836	1,510

3. Staff numbers and costs

3a. Analysis of staff costs

An analysis of staff numbers and costs is disclosed in Section 4.2.1 (staff numbers by permanent and other) of this report. A summary of cost is provided in the table below:

Staff cost summary	2015/16	2014/15
	£000	£000
Directly employed staff	29,812	29,251
Severance costs	129	36
Other staff costs	440	441
Total staff costs	30,381	29,728

3b. Analysis of impact of actuarial pension valuation adjustments (see note 5)

The table below provides details of the difference between the employers contributions we actually paid to the pension scheme administrator and the service cost disclosed in the Annual Report and Accounts. Our budget is based on employer contributions payable. Service cost is a figure derived from actuarial analysis in accordance with IAS19.

	2015/16			2014/15		
	Local Government Scheme	NHS Scheme	Total	Local Government Scheme	NHS Scheme	Total
	£000	£000	£000	£000	£000	£000
Employer pension contributions actually paid	3,302	57	3,359	3,450	66	3,516
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	6,108	57	6,165	5,639	66	5,705
Pension costs included in staff costs (SCNE)	6,108	57	6,165	5,639	66	5,705
Variance between actual cost and accounting basis	2,806	0	2,806	2,189	0	2,189

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

The total cost of exit packages in 2015/16 was £129k (2014/15: £36k). Details of exit packages are disclosed in Section 4.2.6 (exit packages) of this report.

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 2016 the Care Inspectorate employed 11 people who were members of the NHS Superannuation Scheme (Scotland). The scheme is an unfunded multi-employer defined benefit scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019. The Care Inspectorate is unable to identify its share of underlying assets and liabilities, therefore is treated for accounting purposes as a defined contribution scheme.

- The Care Inspectorate has no liability for other employer's obligations to the multi-employer scheme.
- As the scheme is unfunded there can be no deficit or surplus to distribute the wind-up of the scheme or the withdrawal from the scheme.

During the year ended 31 March 2016, the Care Inspectorate paid an employer's contribution of £57k (2014/15 £66k) into the NHS scheme at a rate of 14.9% of pensionable pay (2014/15 13.5%). The employer contribution rate for the year to 31 March 2017 will remain at 14.9%.

Tayside Superannuation Fund

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

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.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2017. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The contributions paid by the Care Inspectorate for the year to 31 March 2016 were £3,302k (2014/15 £3,450k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2017 will remain at 17.0%. Employee contribution rates for the LGPS were in the range 5.5% to 11.2% based on earnings bands.

Participation in the defined benefit scheme exposes the Care Inspectorate to the following risks:

- Investment Risk. The fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the fund holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed, a deficit will emerge in the fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Care Inspectorate, for example higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

5a. Employee benefits – statement of financial position recognition

	Year to 31 March 2016	Year to 31 March 2015
	£000	£000
Present value of funded obligation	(156,758)	(159,240)
Fair value of scheme assets (bid value)	127,007	126,687
Net liability	(29,751)	(32,553)

5b. Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2016

Table 1 - The amounts recognised in the SCNE are as follows:

	Year to 31 March 2016		Year to 31 March 2015	
	£000	£000	£000	£000
Service cost		6,108		5,639
Administration expenses		14		44
Net interest on the defined liability/(asset)		1,020		2,255
Difference between actual employer's contributions and actuarial employer's contributions	7		12	
Return on plan assets in excess of interest	5,398		(11,704)	
Other actuarial losses on assets	-		12,531	
Change in financial assumptions	(12,047)		15,425	
Change in demographic assumptions	-		(8,181)	
Experience loss/(gain) on defined benefit obligation	-		(31,825)	
Total re-measurements		(6,642)		(23,742)
Total		500		(15,804)
Actual return on scheme assets		(1,192)		17,143

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:

Table 2

Actuarial adjustments for:	Note	2015/16 £000	2014/15 £000
Staff costs	3c	2,806	2,189
Administration expenses	5b Table 1	14	44
Net interest on defined liability/(asset)	5b Table 1	1,020	2,255
Total re-measurements	5b Table 1	(6,642)	(23,742)
Total actuarial adjustment		(2,802)	(19,254)

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate (note 5g).

5c. Benefit obligation reconciliation for the year to 31 March 2016

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

	Year to 31 March 2016		Year to 31 March 2015	
	£000	£000	£000	£000
Opening defined benefit obligation		159,240		171,446
Service cost	6,108		5,639	
Losses/(gains) on curtailments	-		-	
Total service cost		6,108		5,639
Interest cost		5,226		7,694
Estimated benefits paid net of transfers in	(3,233)		(2,308)	
Contributions by scheme participants	1,464		1,350	
Total scheme transactions		(1,769)		(958)
Changes in financial assumptions	(12,047)		15,425	
Changes in demographic assumptions	-		(8,181)	
Experience loss/(gain) on defined benefit obligation	-		(31,825)	
Total actuarial (gains)/losses		(12,047)		(24,581)
Closing defined benefit obligation		156,758		159,240

5d. Fair value of scheme assets reconciliation for the year to 31 March 2016

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

	Year to 31 March 2016		Year to 31 March 2015	
	£000	£000	£000	£000
Opening fair value of scheme assets		126,687		119,639
Interest on assets		4,206		5,439
Estimated benefits paid net of transfers in	(3,233)		(2,308)	
Employer contributions	3,295		3,438	
Contributions by scheme participants	1,464		1,350	
Total scheme transactions		1,526		2,480
Return on assets less interest		(5,398)		11,704
Other actuarial gains/(losses)		-		(12,531)
Administration expenses		(14)		(44)
Closing defined benefit obligation		127,007		126,687

5e. Projected pension expense for the year to 31 March 2017

	Year to 31 March 2017
	£000
Service cost	5,531
Net interest on the defined liability	1,037
Administration expenses	14
Total	6,582
Employer contributions	3,507

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2016.

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 2016		Assets as at 31 March 2015	
	£000	%	£000	%
Equities	87,069	69	89,712	71
Gilts	6,648	5	6,942	5
Other bonds	16,400	13	16,010	13
Property	15,496	12	12,629	10
Cash	1,394	1	1,394	1
Total	127,007	100	126,687	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 2016

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2016. The estimated duration of the Care Inspectorate's liabilities is 19 years. The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Care Inspectorate's liabilities.

The Retail Prices Index (RPI) increase assumption is set 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, specifically the 19 year point on the Bank of England market implied inflation curve. The RPI assumption used by the actuary is 3.3%. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.9% below RPI ie 2.4% per annum. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts.

Salary increases are then assumed to be 1.8% above CPI in addition to a promotional scale.

Assumptions as at	31 March 2016		31 March 2015		31 March 2014	
	real rate % p.a.	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.	% p.a.
RPI increases	-	3.3	-	3.2	-	3.7
CPI increases	(0.9)	2.4	(0.8)	2.4	(0.8)	2.9
Salary increases	0.9	4.2	1.0	4.2	1.4	5.1
Pensions increases	(0.9)	2.4	(0.8)	2.4	(0.8)	2.9
Discount rate	0.4	3.7	0.1	3.3	0.8	4.5

5h. Demographic/statistical assumptions

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2014 have been adopted. The post retirement mortality tables used were the S2PA tables with a multiplier of 120%. These base tables are then projected using the CMI 2013 Model, allowing for a long-term improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

Life Expectancy from Age 65 (years)		31 March 2016	31 March 2015
Retiring today	Males	21.3	21.2
	Females	23.3	23.2
Retiring in 20 years	Males	23.5	23.4
	Females	25.6	25.5

The actuary has also made the following assumptions.

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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 +/- one 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	153,856	156,758	159,717
Projected service cost	5,419	5,531	5,645
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	157,310	156,758	156,209
Projected service cost	5,534	5,531	5,528
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	159,200	156,758	154,366
Projected service cost	5,644	5,531	5,420
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	161,240	156,758	152,404
Projected service cost	5,672	5,531	5,393

6. Analysis of operating costs

Operating expenditure

	2015/16 £000	2014/15 £000
Property costs	3,534	3,368
Administration costs	1,727	1,714
Supplies & services	1,122	1,260
Transport costs	1,593	1,650
Pension administration costs (IAS 19)	14	44
Depreciation & amortisation of assets	230	241
Changes in debt impairment allowance	(13)	18
	8,207	8,295

The above total includes £31.2k for external auditor's remuneration (2014/15 £31.2k) and £29.2k (2013/14 £42.4k) for internal auditor's remuneration. External audit received no fees in relation to non-audit work.

7. Property, plant and equipment

2015/16				
	Information technology	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000
Cost or Valuation:				
At 1 April 2015	540	143	709	1,392
Additions	0	0	9	9
Disposals	0	0	0	0
At 31 March 2016	540	143	718	1,401
Depreciation:				
At 1 April 2015	(437)	(106)	(297)	(840)
Charged in year	(68)	(22)	(64)	(154)
Disposals	0	0	0	0
At 31 March 2016	(505)	(128)	(361)	(994)
Net book value:				
At 31 March 2016	35	15	357	407
At 31 March 2015	103	37	412	552

Asset Financing: All assets are owned

2014/15				
	Information technology	Plant and Equipment	Furniture and Fittings	Total
	£000	£000	£000	£000
Cost or Valuation:				
At 1 April 2014	485	143	617	1,245
Additions	55	0	110	165
Disposals	0	0	(18)	(18)
At 31 March 2015	540	143	709	1,392
Depreciation:				
At 1 April 2014	(357)	(84)	(252)	(693)
Charged in year	(80)	(22)	(63)	(165)
Disposals	0	0	18	18
At 31 March 2015	(437)	(106)	(297)	(840)
Net book value:				
At 31 March 2015	103	37	412	552
At 31 March 2014	128	59	365	552

8. Intangible assets

2015/16			
	Information technology	Computer software licences	Total intangible assets
	£000	£000	£000
Cost or valuation:			
At 1 April 2015	385	21	406
Additions	0	0	0
Disposals	0	0	0
At 31 March 2016	385	21	406
Amortisation:			
At 1 April 2015	(254)	(21)	(275)
Charged in year	(76)	0	(76)
Disposals	0	0	0
At 31 March 2016	(330)	(21)	(351)
Net book value:	55	0	55
At 31 March 2016			
At 31 March 2015	131	0	131
2014/15			
	Information technology	Computer software licences	Total intangible assets
	£000	£000	£000
Cost or valuation:			
At 1 April 2014	319	21	340
Additions	66	0	66
Disposals	0	0	0
At 31 March 2015	385	21	406
Amortisation:			
At 1 April 2014	(178)	(21)	(199)
Charged in year	(76)	0	(76)
Disposals	0	0	0
At 31 March 2015	(254)	(21)	(275)
Net book value:	131	0	131
At 31 March 2015			
At 31 March 2014	141	0	141

9. Trade and other receivables

	2015/16		2014/15	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		1,381		1,143
Trade receivables	1,670		1,265	
Other receivables	437		675	
		2,107		1,940
		3,488		3,083

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.

Provision for impairment of receivables:

	2015/16	2014/15
	£000	£000
As at 1 April	(33)	(15)
Charge for the year	(31)	(49)
Unused amounts reversed	12	3
Uncollectable amounts written off	32	28
As at 31 March	(20)	(33)

As at 31 March 2016, trade and other receivables of £20k (2014/15 £33k) were past due and impaired. The amount of the provision was £20k (2014/15 £33k). The aging analysis of these receivables is as follows:

	2015/16	2014/15
	£000	£000
Up to 3 months past due	3	6
3 to 6 months past due	8	4
Over 6 months past due	1	7
Over 12 months past due	8	16
	20	33

As at 31 March 2016, trade and other receivables of £2,107k (2014/15 £1,940k) were due but not impaired. The aging analysis of these receivables is as follows:

	2015/16	2014/15
	£000	£000
Not yet due	1,789	1,583
Up to 3 months past due	71	123
3 to 6 months past due	9	32
Over 6 months past due	163	103
Over 12 months past due	75	99
	2,107	1,940

Analysis of trade and other receivables:

	2015/16	2014/15
	£000	£000
Bodies external to government	2,894	2,328
Other central government bodies	330	677
Local authorities	264	78
NHS bodies	0	0
	3,488	3,083

10. Cash and cash equivalents

	2015/16	2014/15
	£000	£000
Balance as at 1 April	1,732	1,767
Net change in cash and cash equivalent balances	1,365	(35)
Balance as at 31 March	3,097	1,732

The following balances as at 31 March were held at:

Government Banking Service	2,837	1,538
Commercial banks and cash in hand	260	194
Balance as at 31 March	3,097	1,732

11. Trade and other payables

	2015/16	2014/15
	£000	£000
Amounts falling due within one year:		
Trade payables	1,422	1,754
Accruals and deferred income	759	792
Other taxation and social security	545	574
Other payables	489	491
	3,215	3,611
Amounts falling due after more than one year:		
Early departure cost liability transferred from SWIA	81	109
Future property dilapidations	13	13
	94	122
Analysis of trade and other payables:		
	2015/16	2014/15
	£000	£000
Due within one year:		
Bodies external to government	2,060	2,394
Other central government bodies	709	687
Local authorities	395	479
NHS bodies	51	51
	3,215	3,611
Falling due after more than one year:		
	2015/16	2014/15
	£000	£000
Bodies external to government	13	13
Other central government bodies	81	109
	94	122

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

Our Hamilton office sub tenant prepaid an appropriate share of dilapidation costs at the end of their lease period. The amount prepaid by the sub tenant will be offset against the dilapidations that will become payable at the end of our lease period in 2017/18.

12. Grants from Scottish Government

Scottish Government grants	2015/16	2014/15
	£000	£000
Grant in aid operating costs	22,158	22,158
Grant in aid development criminal justice self-evaluation	50	0
Grant in aid transitional funding	1,500	0
Total grant in aid funding	23,708	22,158
Other Scottish Government grant	262	274
Total grants from Scottish Government	23,970	22,432

13. Capital commitments

Contracted capital commitments not otherwise included in these financial statements.

	2015/16	2014/15
	£000	£000
Property, plant and equipment	0	9

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.

	2015/16	2014/15
	£000	£000
Obligations under operating leases comprise:		
Buildings:		
Within 1 year	1,168	1,238
Within 2 to 5 years	2,359	2,914
Beyond 5 years	912	1,429
	4,439	5,581
Other:		
Within 1 year	138	136
Within 2 to 5 years	112	119
	250	255

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, information and communications technology (ICT) and administration services are disclosed as lease arrangements. Sub lease arrangements are also in place with the Scottish Government.

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

Commitments under operating leases comprise:	2015/16 £000	2014/15 £000
Buildings:		
Within 1 year	886	838
Within 2 to 5 years	2,643	2,511
Beyond 5 years	1,357	1,917
	4,886	5,266
Other:		
Within 1 year	410	376
Within 2 to 5 years	1,641	1,506
Beyond 5 years	843	1,150
	2,894	3,032

In Dundee, our buildings are shared with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. The anticipated rental commitments are based on these lease arrangements continuing until the end of the lease terms.

14c. Finance leases

There are no obligations or commitments under finance leases.

15. Sources of financing

General Reserves 2014/15 £000		Revenue Transactions 2015/16 £000	Capital Transactions 2015/16 £000	General Reserve 2015/16 £000
1,737	Opening balance	1,082	683	1,765
(3,150)	Surplus/(deficit) for the year	(18,965)	(230)	(19,195)
(19,254)	Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	(2,802)	0	(2,802)
(20,667)	Total before grants	(20,685)	453	(20,232)
22,158	Grant in aid funding	23,699	9	23,708
274	Other government grants	262	0	262
22,432	Total grants	23,961	9	23,970
1,765	Total reserves	3,276	462	3,738

16. Contingent liabilities

There were no contingent liabilities identified as at 31 March 2016.

17. Related-party transactions

The Care Inspectorate is a non-departmental public body sponsored by the Scottish Government Health and Social Care Integration Directorate. 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 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 have undertaken material transactions with the Care Inspectorate during the year.

Related party	2015/16 £000	2014/15 £000
Scottish Social Services Council	1,150	961
Office of the Scottish Charities Regulator	151	130
Scottish Government	240	219
Total	1,541	1,310

We also received procurement services from the Scottish Government's Central Government Procurement Shared Service to the value of £15k (2014/15: £15k).

18. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2015/16 financial year.

Appendices



Appendix One: 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 Higgins

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

Appendix 2: Board and Committees

The Care Inspectorate Board is made up of a chair and 11 members. The Board and chair were appointed by Scottish Ministers through open competition.

The following members served on the Board during 2015/16.



Paul Edie, Chair

Paul Edie has served as a Liberal Democrat Councillor in Edinburgh since 1994. From 2007 he served as Convener of Health, Social Care and Housing Committee and as a Non-Executive Director of NHS Lothian for that time. He was also a Member of the Lothian and Border Community Justice Partnership. Prior to becoming a full-time councillor, Paul worked with the Scottish National Blood Transfusion Service, mainly in quality assurance.



Anne Haddow

Anne looks after her daughter who has profound physical and intellectual disabilities. She was Vice Chair of the Princess Royal Trust Fife Carers Centre and is currently a family member of PAMIS, an organisation that provides support for people with profound and multiple learning disabilities, their family and paid carers. Dr Haddow was a member of the Scottish Social Services Council. She is involved in health and social work groups, which aim to deliver high quality services to people with disabilities and their families.



Cecil Meiklejohn

Cecil 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 for her partner who had complex needs and as user and 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. After a period as Acting Chief Executive of the Care Commission he retired in 2011.

Mr Wiseman is a Trustee/Director of the UK-wide Residential Forum, a charity 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 another charity, the Institute for Research and Innovation in Social Services (IRISS). Mr Wiseman brings strong skills in analysis and challenging constructively, strategic business planning, community development and a good understanding of developing new risk-based approaches to scrutiny.



Dr Denise Coia

Dr Denise Coia is Chair of Healthcare Improvement Scotland and a board member of The Care Inspectorate in Scotland. She is also Chair of General Medical Council Quality Scrutiny Group in London.

A psychiatrist by background she was previously Senior Principal Medical Officer Mental Health (2006-2011) to Scottish Government, Mental Health Advisor to Greater Glasgow Health Board (1998- 2006). She has a long-standing interest in professional and service regulation and was Vice President of the Royal College of Psychiatrists (UK), Chair of the Royal College of Psychiatrists Scotland, Secretary of the Academy of Royal Medical Colleges in Scotland and board member of the Allied Health Professions Council UK.

Her research interests have been in supporting individuals and families of those with schizophrenia and she was Medical Advisor to the National Schizophrenia Fellowship in Scotland. She has supported the work of young researchers through her position as a former board member of Medical Research Scotland.



Michael Cairns

Michael has extensive experience as a social work practitioner and manager in local authorities in Scotland and England. 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. 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.



Ian Doig

Ian Doig is an experienced non-executive Board member. He is committed to developing the effectiveness and accountability of public bodies and to the modernisation of public services. His practical experience includes strategy development, financial management, audit committees and risk management. He is experienced in building partnership working between public services, partnerships at the interface between the public, private and charity sectors and with professional bodies.

Ian has served as a non-executive director on a range of Scottish Government bodies, including the Scottish Environment Protection Agency, the National Records of Scotland, the Scottish Court Service and the Scottish Social Services Council. He is a Chartered Public Finance Accountant and admitted member of the Chartered Institute of Public Finance and Accountancy and the Association of Chartered Certified Accountants. Previously he held executive posts as CIPFA Director for Scotland and senior finance directorate posts with a range of local authorities.



Professor James McGoldrick

Professor James McGoldrick was appointed as Convener of the Scottish Social Services Council in August 2013. He was Chairman of the Fife NHS Board and Vice Chair of the Fife Community Planning Partnership Board until the end of April 2013. He has also served as a member on the NHS National Services Scotland Board and Scottish Higher Education Funding Council. He was the Vice Principal of the University of Abertay and Professor of Human Resource Management at Nottingham Business School. He is a Chartered Companion of the Chartered Institute of Personnel and Development (previously serving as Vice President) and retains an active academic interest in strategic human resource development. He is a leadership and management consultant in health and higher education and a key associate of the Leadership Foundation for Higher Education.



Anne Houston

Anne brings to the Board over 39 years of experience in social care organisations. Anne was formerly Chief Executive of Children 1st, a leading Scottish child welfare charity. Her particular area of expertise is in work with children and young people, including child protection and early years/early intervention, and she was a member of the Scottish Government Early Years Task Force from its inception until she retired from Children 1st in June 2014.

A qualified social worker, Anne has worked in the voluntary and statutory sectors in Scotland and England, managing young offenders, children and families and mental health teams. She brings extensive experience of boards from 'both sides' – as a chief executive and as a board member – having served on a variety of boards and trusts. Anne also brings a passion for ensuring that feedback from those who rely on social care

services is listened to and acted upon. She is currently Independent Chair of North Ayrshire's Child Protection Committee, Chair of the Child Protection Committees Scotland and Vice Chair of the Cattanach Charitable Trust.



Christine Dunlop

Christine is a registered mental health nurse and has worked in various hospital-based mental health and learning disability services. After leaving the NHS, Christine gained experience both in nursing homes and supported living services and is currently employed in a senior management role with a private health and social care provider organisation. She has 20 years of experience of devising, implementing and delivering innovative solutions to meet the identified needs of individuals with complex needs in community-based settings.

Christine brings to the Board a proven record and a positive reputation in the management of care services and workforce ensuing positive outcomes for individuals with complex and multiple support needs. Christine has completed advanced studies in medical law and ethics and has an active interest in ensuring the rights of vulnerable adults are promoted and respected. Christine also brings to the Board a wealth of experience in engaging with health and social care professionals and multi-disciplinary primary care teams.



Linda Pollock

Linda brings to the Board experience in the public sector in clinical, research, teaching and management roles, and from high profile leadership roles as an NHS Executive Nurse Director and a Mental Welfare Commissioner where she influenced national policy direction. Since retiring, Linda has continued with governance and scrutiny work with the Accounts Commission, the Nursing and Midwifery Council and Scottish Legal Complaints Commission.

Linda is passionate about improving the delivery and provision of high quality and joined-up services in the community and primary care to vulnerable people. This underpinned the work that she did with Enable and underlies the work she currently does with Pain Concern (setting up two weekly radio programmes, and evaluative research), NHS Education, and as an Associate with the Dementia Services Development Centre. Linda is also a Trustee with the Queen's Nursing Institute of Scotland. Linda has also been an informal carer for a mother with dementia, and worked with the local advocacy services, and the Office of the Public Guardian to enhance her care.



Gavin believes strongly in a person-centred approach to all care provision and has more than 10 years experience of working in the voluntary sector in a mixture of voluntary and paid positions. In the last 15 years, Gavin has been involved in the employment sector working in partnership with individuals with disabilities to assist them gain employment. Gavin also has experience of counselling individuals in the field of addiction. Gavin has a disability and receives individual support from a care provider on a daily basis which allows him to live independently. He believes that this mix of experience both professionally and personally will enable him to make a valuable contribution to the Board of the Care Inspectorate. Gavin holds a BA (Hons) in Politics and Social Policy and a Post-Graduate Diploma in Careers Guidance from the University of the West of Scotland. He will be graduating shortly from the University of Strathclyde with a Post-Graduate Diploma in Person-Centred Counselling.

Board subcommittees

There are five Board sub-committees.

Policy Committee*

Convener: Paul Edie
Members: Mike Cairns
Anne Haddow
Anne Houston
David Wiseman

Resources Committee

Convener: David Wiseman
Members: Gavin Dayer
Ian Doig
Christine Dunlop
Linda Pollock

Audit Committee

Convener: Mike Cairns
Members: Ian Doig
Christine Dunlop
Cecil Meiklejohn
Linda Pollock

Remuneration Committee

Convener: Paul Edie
Members: Mike Cairns
David Wiseman

Complaints Committee

Convener: Anne Haddow
Members: Mike Cairns
Gavin Dayer
Anne Houston
Cecil Meiklejohn

Appendix 3: Key Performance Indicators 2015/2016

Key performance indicator (KPI)	Purpose	Reporting frequency	Source
KPI1a: % statutory inspection completed.	Demonstrates the Care Inspectorate's performance against our inspection targets. Note, KPI1a is the headline measure reported in this annual report.	Annually	Inspection reports (IRT) and Inspection Plan (WMT)
KPI1b: % statutory inspection completed by last date of inspection.		Monthly	
KPI1c: % total scrutiny and improvement interventions as set out in approved inspection plan, that were undertaken.		Monthly	
KPI 2: % of full inspections undertaken, that were not originally planned as full inspections.	To demonstrate the effectiveness of our intelligence-based risk assessments.	Quarterly	Inspection reports (IRT)
KPI 4: % of efficiency savings achieved.	To demonstrate sound financial management and value for money.	Annually	Financial records
KPI 5: % of complaints investigated about the Care Inspectorate that were completed within 20 working days.	To demonstrate the Care Inspectorate's prompt response to complaints about its work.	Quarterly	PMS
KPI 6: % of key processes completed within specified timescales: a) % Complaints about care services and the Care Inspectorate acknowledged within three working days b) % Complaints closed before they were formally registered that were resolved at frontline resolution stage c) % Complaints about care services completed within 40 working days d) % Registrations completed within three months for childminders and six 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

Quality indicator (QI)	Focus
QI 1: Improvements to the quality of care	The quality and effectiveness of the Care Inspectorate’s work in supporting improvement in the quality of quality of care, support and protection provided to children and adults throughout Scotland who use services, their families and carers and the wider public.
QI 2: Involving people who use services and their carers	Involving children and adults throughout Scotland who use services, their families and carers and the wider public in the design and delivery of our scrutiny functions (Duty of User focus – S. 112 PSR Act 2010).
QI 3: Partnership working	Partnership working and how we work together in an atmosphere of mutual trust and respect to improve the quality of care, support and protection provided to children and adults throughout Scotland who use services, their families and carers and the wider public (Duty of Cooperation S 114 PSR Act 2010).
QI 4: Best value	Best value – developing, implementing and reviewing our strategies and policies, and managing our resources effectively.
QI 5: Staff experience	Staff experience – developing and deploying our staff in line with corporate aims and objectives.
QI 6: Leadership and direction	Leadership and direction – developing our vision, values and principles and acting as role models.
QI 7: Quality assurance and improvement	Our quality assurance and improvement processes.

Glossary

CETV	Cash equivalent transfer value
CIPFA	Chartered Institute of Public Finance and Accountancy
CMI	The continuous mortality investigation
COSLA	Convention of Scottish Local Authorities
CPI	Consumer price index
FOI	Freedom of Information
FReM	Government financial reporting manual
FTE	Full time equivalent
HIS	Healthcare Improvement Scotland
HMICS	Her Majesty's Inspectorate of Constabulary in Scotland
HMIP	Her Majesty's Inspectorate of Prisons
HMRC	Her Majesty's Revenue and Customs
IAS	Internal Accounting Standard
ICT	Information and communications technology
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IRISS	The Institute for Research and Innovation in Social Services
IRT	Inspection Report Template
KPI	Key performance indicator
LGPS	Local Government Pension Scheme
MAPPA	Multi Agency Public Protection Arrangements
NES	NHS Education for Scotland
NMC	Nursing and Midwifery Council
OSCR	Office of the Scottish Charity Regulator
PCSPS	Principal Civil Service Pension Scheme
PDRS	Performance Development Review System
PMS	Practice Management System
PSR Act 2010	Public Services Reform Act (2010)
PVG	Protecting vulnerable groups
RNIB	Royal National Institute of Blind People
RPI	Retail price index
RQIA	Regulation and Quality Improvement Authority
SCNE	Statement of comprehensive net expenditure
SLA	Service level agreement
SOCTE	Statement of changes in taxpayers equity
SQA	Scottish Qualifications Authority
SSSC	Scottish Social Services Council
SWIA	Social Work Inspection Agency
VAT	Value added tax
WMT	Workload Management Tool

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অনুরোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

یہ اشاعت درخواست کرنے پر دیگر شکلوں اور دیگر زبانوں میں فراہم کی جاسکتی ہے۔

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

هذه الوثيقة متوفرة بلغات ونماذج أخرى عند الطلب

本出版品有其他格式和其他語言備索。

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