

Social Care and Social Work Improvement Scotland, known as the

Care Inspectorate

Draft Annual Report and Accounts

2017/18

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

1 April 2017 to 31 March 2018

SI number SG/2018/88

The Accountable Officer authorised these financial statements for issue on 27 September 2018

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Foreword by Paul Edie, Chair

Almost everyone will use a care service at some stage in their life. The Care Inspectorate is Scotland's national scrutiny and improvement body for social care and social work. We exist to ensure that services for people who experience care are of the highest quality, tailored to their needs and wishes.

This is enshrined in Scotland's new [Health and Social Care Standards](#), which set out what people should experience from care. The standards came into effect in April 2018 and are amongst the most radical and progressive anywhere in the world. I am encouraged by the significant level of international interest in how Scotland has developed these standards, embedded with a human rights and wellbeing focus and through such an inclusive and collaborative approach. There has been interest from peers across three continents, and it is pleasing to know that others are so keen to learn from our approach, and that we have the opportunity to learn from others. Developing the new standards and building them into our scrutiny model exemplifies innovation and public sector transformation as, most importantly, the standards put what matters to the individual first and foremost.

During the year, the Care Inspectorate has continued to adapt to wider changes and to deliver our own transformation plan. As well as reviewing, revising and modernising internal processes, we have worked with a large number of partners and stakeholders across early learning and childcare, services for children and young people, integrated health and social care, social care that is not integrated, social work and community justice. This enabled the organisation to build its unique intelligence base of and breadth of data, information and experience of how people, families, carers and communities are affected by the provision of these services. The transformation plan highlights how the organisation continues to drive change and improvement in relation to work aligned to other legislation, such as the Regulatory Reform (Scotland) Act 2014. It also sets out the organisation's commitments for the final period of the previous corporate plan; considerable internal and external consultation was carried out in relation to the development of a new corporate plan, which will be published soon.

Our public engagement, outreach and involvement activity continued a pace and included participation with a broad range of events celebrating diversity, equality and social inclusion. There was also much interest in the range of work the Care Inspectorate does to support [improvement](#) in standards of care, often working in partnership with others, to ensure there is a common purpose to develop resources that will support improvement and excellence in care. I also learned a lot from attendance at events with our involved people, various cross party groups, including issues for carers, older people and those affected by mental health.

The Care Inspectorate contributes to each of the National Performance Outcomes as set out within the Scottish Government's National Performance Framework. We are committed to make Scotland the best place to grow up and to give all children the best possible start in life. We continued to support the Scottish Government's expansion of early learning and childcare. We have also worked with the Scottish Government on a range of other policy initiatives in adult social care, including around workforce, self-directed support, and support for carers. The Care

Inspectorate has played an important role in supporting the Scottish Government in developing the duty of candour, promoting transparency and learning when things go wrong. These are hallmarks of high quality care and we will work with a range of partners to embed the new duty in practice.

I am indebted to the Care Inspectorate's workforce, which is unequivocally dedicated and committed to improving care in Scotland. Strong vision and leadership is provided by the chief executive, the executive team and the Board, who ensure that the work of the organisation delivers public value and is able to provide assurance and protection to communities across Scotland. Two members retired from the Board and I am grateful to them, and existing Board members, for their valuable contribution in terms of governance and strategic planning. The organisation also became the first public sector body in Scotland – and the first regulatory body in the United Kingdom – to achieve the Excellence in Governance award from CIPFA. This was a major milestone for the organisation and I am immensely proud of this achievement. I would like to thank every member of the organisation for their contribution towards ensuring that hundreds of people across Scotland experience better quality care. I hope you will find this report insightful and helpful in understanding the important work and significant, far reaching impact of the organisation.

Paul Edie
Chair

Annual report

Section A: Performance report

1. Performance Overview

1.1 Statement by Chief Executive on performance in the period 2017/18

Foreword

I am pleased to introduce our annual report for 2017/18. This was the seventh year of operation for the Care Inspectorate and this report highlights our performance in providing public protection and supporting improvement in care across the 13,273 registered care services that we regulate and inspect across Scotland. The achievements of our staff and partners demonstrate the dedication of our workforce and of colleagues across the public, private, voluntary and third sectors.

The Care Inspectorate continued to make an important contribution to improving care and social work across Scotland and ensuring that our activities are intelligence-led, targeted, proportionate and risk based. Our vision is that people across the country receive high-quality, safe and compassionate care that meets their needs, rights and choices. We have demonstrated resilience, flexibility and adaptability and, at the same time, have delivered rigorous scrutiny work that is directed at supporting improvement in care. All of this is underpinned by four strategic themes; consolidating excellence in all that we do, cultural change, investment in a competent, confident workforce and collaborative working with partner agencies and others.

We continued to deliver against the Scottish Government's Health and Social Care Delivery Plan, which clearly sets out changes to the environment in which we operate and the ambition to move resources from institutional models of care provision towards services that support people to live longer, healthier lives at home or in a homely setting. We have also played a key role at a time of change for children's services and early learning and childcare.

Our scrutiny and improvement activities continued to provide public assurance and to build confidence that social care and social work in Scotland is rights-based, through robust and independent scrutiny and improvement processes. We played an active role in informing policy development and implementation to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based and evidence-based approaches to scrutiny and improvement.

This is a time of significant change in social care and social work, particularly around health and social care integration, the expansion of early learning and childcare, child and adult protection, education governance reform, changes with justice and broader public sector reform. This means that the Care Inspectorate's approaches need to be flexible and responsive to such changes so that we can continue to

provide robust scrutiny and assurance that supports improvement and innovation, with a focus on the rights, needs and choices of people who experience care and their carers, in line with the new health and social care standards.

Our broad range of activities, in collaboration and partnership with others at a local and national level enabled us to support people's understanding of high quality, safe and compassionate care. This included making them aware of the standards and quality of service they should expect and by helping to ensure their voices are heard.

Working in collaboration and supporting innovation and improvement

Over recent years, how we go about providing scrutiny and assurance about the quality of care has shifted focus from compliance to collaboration, enabling us to better support services to improve. The shift recognises that the majority of care and support providers are committed to providing high quality care - that delivers good outcomes - and we want to work with them to help achieve this. In the context of this more collaborative approach, we continued to work with providers, and others, to innovate new approaches. There are two particular levers for this change: a greater emphasis in our methodologies on evaluating the quality of people's experiences and outcomes; and Scotland's new Health and Social Care standards, that are focused on outcomes and based on human rights and wellbeing.

The new standards place Scotland at the cutting edge of practice and provide a radical, progressive and person-led approach to planning care and reviewing its quality. They bring constructive challenge to providers and commissioners about how they are improving people's experiences, as they apply across the planning, commissioning, assessment and delivery of care within both health and care settings. This strong focus on what matters most to people will help to further build the culture and understanding of improvement with both our organisation and across the social care sector. It will undoubtedly bring different opportunities for improvement activity and testing innovative models of care in line with the new standards. The new standards are driving change in our person-led scrutiny too.

Supporting improvement in care

The Care Inspectorate launched its new Improvement Strategy, which sets out the direction and focus of our developing approach and contribution to supporting improvement in social care and social work for the next two years. This important strategy applies across the whole organisation and states what our improvement offer is, indicates what our improvement support is and we can do that well. The strategy also supports the cultural and strategic changes in our approach to scrutiny and improvement, with its increasing focus on outcomes for people and the impact of care; it will also reflect the component parts of our transformational plan.

Engaging in policy development

During the last year, we have engaged in a wide range of policy developments, bringing our scrutiny evidence to inform local and national policy. We have done this across a range of areas, including mental health, continuing care, expansion of early learning and childcare, workforce planning, professional registration, market competition in care homes and unaccompanied asylum seeking children.

The Care Inspectorate has jointly led the implementation phase of the Health and Social Care Standards. These have begun to impact across the sectors we work in, noting that the standards are not just for inspection but designed to impact more widely.

Most people in Scotland experience high quality care and that is down to the dedication, professionalism and commitment of the social care workforce. We worked with the Scottish Social Services Council (SSSC) to better share our data around workforce and care recruitment and I hope it will help local councils and health and social care partnerships understand where the challenges are most acute and where concerted action can have the greatest impact. In a broader context, it was helpful to follow the development of the different parts of the National Health and Social Care Workforce Plan and the integrated workplace plan will help move help move towards a better articulated joint vision for health and social care workforce planning. By working together across health, social care, social work, children's services and early learning and childcare, there is the potential to develop new models of care.

Developing world-class scrutiny

We started to develop new approaches to regulated care inspections and undertook tests of change around these. It was evident that health and social care partnerships started to move towards more joined-up working to deliver better outcomes for people who experience care. There was evidence of this in our new type of joint inspection, with Healthcare Improvement Scotland, reporting on the effectiveness of strategic plans prepared by health and social care authorities. The new joint inspections help integration authorities consider how well they plan and commission services to achieve better outcomes for people.

People want to be confident that they will experience high-quality care when they need it. Integration is the biggest change in health and social care for decades so it will take time to embed to evidence to people that the right building blocks are in place in their area. The Care Inspectorate wants the delivery of strategic planning to be as effective as possible and to involve people experiencing care in deciding how services will be planned and delivered. We also expect robust quality assurance systems to help prioritise areas for self-evaluation and, in turn, joint service improvements. In order to achieve better integrated care, health and social care partnerships should continue to plan and deliver well co-ordinated care that is timely and appropriate to people's needs. Integrating health and social care should ensure people get the right care, at the right time and in the right place and that they are supported to live well and as independently as possible. It is important to ensure people's care needs are better anticipated so that fewer people are inappropriately admitted to hospital or long-term care.

The Care Inspectorate started to refer to the new standards in all the decisions we make about care quality. This led to the development of, and changes to, how we inspect care and support, done in collaboration with stakeholders, to develop approaches to implementation in partnership with those who provide and experience care. We consulted widely on our new draft quality framework for care homes for older people and undertook a number of pilots with care providers. This was based on the new standards and designed to set out our expectations clearly. The quality

framework replaced our previous approach of using ‘inspecting against themes and statements’. Consultation responses allowed us to seek views on how we will inspect in the future and the evaluations of our tests informed new approaches for inspecting care homes for older people and other service types.

During 2017/18, our intention has been to take a phased approach to rolling out a revised methodology for inspecting care and support services. We also developed changes to our methodology, in order to reflect the focus of the new standards – being even more outcome-focused than before, with an emphasis on the experiences of and outcomes for people. The changes have been built on approaches we have introduced over the past three years, as part of our Excellence in Care programme – with an emphasis on experiences and outcomes for people, proportionate approaches in services that perform well, shorter inspection reports and a focus on supporting improvement in quality. In line with consultation on similar frameworks for other care and support service types, our plan is to implement the standards across all service types within a 9-12 month period.

The new standards aim to drive improvement, promote flexibility and to encourage innovation in how people are cared for and supported and I believe Scotland is a leader in developing and establishing standards on how to achieve high quality care, person-led care and support.

We continued to work with a wide range of other partners and stakeholders, such as the Scottish Human Rights Commission, who are working through standards regimes developed by the Care Inspectorate. We also continued to engage with the National Care Review, offering support by way of inspection findings to identify what is working well currently and where change is required. We also worked with the Scottish Government following the tragic fire at Grenfell House, London, to better understand where cladding may be used in care services in Scotland.

Public value and performance

To ensure we are equipped to support the changes and challenges across the health and social care sector, our organisation continued to adapt and evolve in line with our transformation plan. The result is a more agile, responsive and efficient organisation, which delivers innovation, public value and assurance. We continued to reduce our costs through a review of processes, reorganisation and restructuring and made a significant long-term cost saving by relocating a number of our offices. We will continue to make further efficiencies through our ambitious business transformation programme, staff training and the use of technology.

Looking ahead

The development and delivery of the new corporate plan, aligned to our transformation plan and workforce development strategy, is a significant outcome for the organisation. This will enable us to build on the success of 2017/18 and to continue to work with our partners and networks across Scotland, the rest of the UK and internationally. We will continue to focus on our public pledge, to deliver transformative change and improvement and to ensure that people have access to the best possible care and experience anywhere in the world. Our new intelligence model will also help us to use intelligence to prioritise our organisational activities and allow us to target resources to make improvements where they can have the

greatest impact and, in turn, increase our ability to improve the quality of care experienced by people and their carers.

I am very grateful to our staff and to our partner organisations for making the sum of the parts greater than the whole. We work in a unique, collaborative, multi-partnership ethos, but with a common purpose, to support, care for and protect people and to uphold and celebrate their human rights.

Gordon Weir
Interim Chief Executive

1.2 Purpose of overview section

The overview section provides information on the statement of purpose and activities of the Care Inspectorate and on key issues and risks affecting the organisation. This section also reports on any going concern and provides a performance summary against the organisation's strategic aims.

1.3 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 help ensure that people experience high quality care and support. We play a key part in improving care 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 13,273 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.

We work with a range of partners to apply strategic scrutiny in children's services, community justice, and health and social care. This involves us working with local authorities, community planning partnerships, and integration authorities.

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. We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.
2. We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.
3. We will support peoples' understanding of high quality, safe and compassionate care by promoting standards and quality of service they should expect and help make sure their voices are heard.
4. We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

How we register care services

Every care service falling within the definition in the Public Services Reform (Scotland) Act 2010 must be 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 care

Our scrutiny and improvement plan is agreed annually by Scottish Ministers. In 2017/18, 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 experiences of, and outcomes for 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 Health and Social Care Standards, which replaced the previous National Care Standards from 1 April 2018. 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 2017/18, we continued with our joint inspections for children's services and older people's 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, reduce health and social inequalities and raise attainment. Working with Healthcare Improvement Scotland, we have continued our work on inspections of services for older people during 2017/18. We also reviewed our joint methodology, to build a methodology that reflects the integrated landscape and to allow us to examine the quality of strategic commissioning in Scotland.

These joint inspections allow us to undertake scrutiny of social work services in local authorities, including criminal justice social work. 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 also review inter-country adoptions on behalf of Scottish Ministers. We review significant case reviews and have agreed new processes with the Scottish Government for doing this in respect of such reviews about children and young people.

1.4 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 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, or linked to, 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 scrutiny and improvement body 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 Board and Committees.

1.5 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 2018 shows net liabilities of £8.9m (2016/17 £45.7m). 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 2018.

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.

1.6 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.

Key

 Met/exceeded KPI
  Almost met KPI
 Increased since last year
  Decreased
  no change since last year

Strategic objective 1: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.

Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

Provided public assurance and supported improvement through 16,270 scrutiny interventions, plus additional improvement interventions.

Commenced a long term program to embed our new Intelligence Model into our work.

Developed and tested a new Quality Framework that will support scrutiny of regulated care services in future.

Supported learning and good practice through major reports, including:

Published our new Improvement strategy.

- Alcohol and drug partnerships – use and impact of the Quality Principles
- My life, my care home

Developed new approaches for our joint inspection programmes for both adults and children and young people, and published our findings from:

Improved The Hub, to ensure people in the care sector can access a wide range of information and materials online.

- 2 joint inspections of older people's services and a further joint inspection of adults strategic planning
- 4 joint inspections of children's services, and 2 progress reviews.

New resources launched to build capacity included:


Collaboration with a wide range of partners adding value to our activity and supporting sector-wide improvement activity.


- Space to Grow
- My Childminding Experience
- Your Childminding Journey

Generated significant international interest in our work.


Strategic objective 1: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.


Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

 99.3% of statutory inspection completed (exceeded our 99% target)

 16,270 (2016/17:15,807) scrutiny interventions including :

- 806 new registrations completed
- 7,034 care service inspections completed
- 4,696 complaints about care services received
- 19 enforcement letters issued
- 3,734 variations completed

 95% of high performing services maintained or continued to improve performance (96% in 2016/17)

 98% staff and 93% of people experiencing care thought scrutiny would improve their care (exceeded our 90% target)

66 Freedom of Information requests and 41 Data Protection requests received this year.

Strategic objective 3: We will support peoples' understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect, and help make sure their voices are heard.
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

Strategic objective 4: We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

Following the publication of the Health and Social Care Standards, which we had a lead role in developing, we actively promoted and raised awareness of them across Scotland over the year.

Expanded and developed how we involve all of our volunteers in our work, including involvement in inspections in how we develop our methodologies and polices.

7.2% of all inspections included an inspection volunteer.

Implemented a new complaints handling procedure for complaints about care services.

We became the first public body in Scotland to be recognised for excellence in good governance by CIPFA.

Implemented our transformational change programme with considerable progress in each of the four themes:

- Consolidating excellence in all that we do
- Cultural change
- Investing in our competent, confident workforce
- Collaboration

Pushed forward with our ambitious business and digital transformation programme.

We became an SQA accredited delivery centre.

↔ 7.2% of inspections involve an inspection volunteer (no change from last year)

↓ 72% of complaints about care services investigated within timescales (decrease from 76% last year)

↑ Received 4,696 complaints about care services

★ 80% registrations completed in timescales

↑ 73% of complaints about the Care Inspectorate investigated within timescales (increase from 64% last year)

Key
 ★ Met/exceeded KPI ★ Almost met KPI ↑ Increased since last year ↓ Decreased ↔ no change since last year

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 grant funding position for 2017/18 was as follows:

	Budgeted Position	Actual Funding
Grant in aid	£21.600m	£21.389m
Other government grant	£0.000m	£0.467m
Grant Funding 2017/18 (Note 13)	£21.600m	£21.856m

The cash grant-in-aid received from Scottish Government was £211k less than budget. This was due to a change in how estimated depreciation is funded.

Scottish Government also provided specific programme funding totalling £167k during 2017/18 and £300k towards the cost of implementing a business and digital transformation programme.

A combination of the Sponsor Department awarding additional grant in aid and an intentionally generated underspend in 2015/16 provided £2.194m of transitional funding for use in 2016/17. This funding was held in the general reserve and was used 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. £474k of transitional funding was carried forward to the 2017/18 financial year.

During 2016/17 we received grant of £918k from the Scottish Government to fund the 'Care About Physical Activity' (CAPA) programme. £4k of this funding was used for 2016/17 activity and £557k was used for 2017/18 activity. This leaves a balance of £357k for activity that will take place in 2018/19 and this funding is held in the general reserve.

Our expenditure budget was set with the aim of using all of the available 2017/18 funding and the transitional funding within the general reserve. The ultimate aim of our expenditure budget is to maximise the benefits the Care Inspectorate provides to people who use care and social work services and their carers.

The table below shows our revenue budget position.

	Budget £000	Actual £000	Variance £000
Revenue expenditure	34,854	34,225	(629)
Fee income	(11,850)	(11,911)	(61)
Other revenue income	(1,404)	(1,830)	(426)
Net expenditure before grant funding	21,600	20,484	(1,116)
Grant in Aid	(21,600)	(21,389)	211
Specific grant funded projects	0	(167)	(167)
Business & Digital Transformation	0	(300)	(300)
Total 2017/18 grant funding	(21,600)	(21,856)	(256)
Net expenditure after grant funding	0	(1,372)	(1,372)
Investment in budget reduction and efficiency measures (transitional expenditure)	474	453	(21)
CAPA programme spend	557	557	0
Business & Digital Transformation		143	143
Net Expenditure (budget basis)	1,031	(219)	(1,250)

The £1.250m of funding not used in 2017/18 is required to fund business and digital transformation programme spend in 2018/19.

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 (FRoM). 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.

- 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 £86k.

The table below reconciles the surplus shown on the Statement of Comprehensive Net Expenditure (SCNE) to the surplus recognised for funding and budgeting purposes. This surplus will be carried forward in the General Reserve and used to fund budget reduction and efficiency measures that will be incurred in 2018/19.

	Ref	£000	£000
Surplus per the SCNE	SCNE		(12,989)
Revenue funding from grants & grant-in-aid	Note 16		(21,856)
Reverse IAS 19 pension accounting adjustments	Note 5b		34,712
To fund depreciation and asset disposals	Note 7		(86)
(Surplus)/Deficit on budget basis			<u>(219)</u>
Movement of General Reserve Balance:			
Accumulated revenue reserve		1,062	
Capital reserve		322	
CAPA funding		914	
Transitional funding		<u>494</u>	
Opening General Reserve Balance	Note 16		2,792
2017/18 Revenue Budget Surplus		1,072	
2017/18 Business and Digital Transformation surplus		157	
Transitional expenditure		(453)	
CAPA Expenditure		<u>(557)</u>	
(Surplus)/Deficit on budget basis			219
Depreciation			(86)
Closing General Reserve Balance	Note 16		<u>2,925</u>

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 90.69% (2016/17: 96.63%) 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. The Code 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. The Care Inspectorate takes account of the Code in the development and review of its policies, procedures and methodologies. It complies fully with the Code in making its regulatory decisions, particularly in relation to registration and enforcement actions, which may impact significantly upon businesses.

2. Performance Analysis

2.1 How do we measure performance

We monitor our performance against:

- the four strategic objectives in the corporate plan for 2016 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.

<http://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers>

2.2 Detailed analysis of development and performance

Our corporate plan sets out four strategic objectives for 2016-18, 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: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.

Delivering our scrutiny and improvement programme

Registered care services

At 31 March 2018, there were 13,273 registered care services operating in Scotland. The majority of these services perform well: 88% of services that had been inspected and graded by the end of the year were good or better for every theme. Over the year, 95% (96% in 2016/17) 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, at <http://www.careinspectorate.com/index.php/statistics-and-analysis>

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

Our plan is dynamic and will change, 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 99.3% of the statutory care service inspections on our plan, exceeding our 99% target. The very small number of services that were not inspected were either inactive, in the process of cancelling their registration with us, or had nobody currently using the service. In total, we undertook 16,270 care service scrutiny interventions this year (15,760 in 2016/17), including inspections, new registrations, complaints, enforcements and variations. At a sample of inspections, we asked people whether they think our inspection will help the service to improve: 93% of people experiencing care and 98% of staff who responded thought that it would.

Measure	Description	Target	Performance 2017/18 (2016/17)
KPI 1	% of first statutory inspections completed	99%	99.3% (99.2%)
KPI 2	% of people who tell us our scrutiny interventions help services to improve:		
	a) People experiencing care	90%	93% (96%)
	b) Staff in care services	90%	98% (98%)

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 19 (22 in 2016/17) non-technical enforcement notices about 18 different services in 2017/18. You can find further statistical information about enforcement on our website.

<http://www.careinspectorate.com/index.php/statistics-and-analysis>

Strategic scrutiny - children and young people

Our joint inspections of services for children and young people are led by the Care Inspectorate and conducted jointly with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland. We completed the final inspection of the current programme in December 2017, and have published all reports save the final one (for Perth and Kinross) which will be published in April 2018. In 2017/18, we published findings from our joint inspections of children's services in:

- Glasgow
- Outer Hebrides (progress review)
- West Lothian
- Inverclyde
- Moray (progress review)
- East Ayrshire

You can find copies of these reports here:

<http://www.careinspectorate.com/index.php/publications-statistics/28-inspection-reports-local-authority/inspection-reports-joint-inspections-of-children-s-services>

We received ministerial approval for our proposals for the next round of joint inspections of services for children and young people, and have been developing our methodologies for these inspections which will start during 2018/19.

Strategic scrutiny - adult services

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

- City of Edinburgh
- Scottish Borders

Following last year's review of our methodology for joint inspections of services for older people, this year we commenced the first three joint inspections of adults strategic planning. Towards the end of 2017/18 we published the first report of our inspection in North Lanarkshire. Our report for Renfrewshire will be published in April 2018, and, by the end of 2017/18, we had commenced our inspection of Clackmannanshire and Stirling. You can find copies of these reports here:

<http://www.careinspectorate.com/index.php/publications-statistics/46-inspection-reports-local-authority/joint-inspections-for-children-s-services>

Strategic Scrutiny – Adult support protection

In addition to our routine programmes of strategic inspection, this year, working with colleagues in Her Majesty's Inspectorate of Constabulary in Scotland, we undertook a thematic review of adult protection in six partnership areas: Aberdeenshire, Dundee, East Dunbartonshire, Highland, Midlothian and North Ayrshire. The report of our findings will be published in 2018/19.

Developing our scrutiny methodology

In June 2017, the Scottish Government published the new health and social care standards, which we had played a leading role in developing in previous years. From 1 April 2018, our inspections will take account of the new standards and we have promoted awareness of them across the sector in a number of ways throughout the year. You can find out more about the health and social care standards here:

<http://www.newcarestandards.scot/>

During 2017/18 we developed a draft Quality Framework to support our future scrutiny of regulated care services. The Quality Framework has been informed by the human rights and wellbeing-based approach of the new health and social care standards. We have focussed initially on developing and testing our new framework in inspections of care homes for older people. During the year we held consultation events with internal and external stakeholders and used evaluations from several tests to review and develop this approach further. We plan to undertake further testing and review before we implement this new framework in summer 2018 in care homes for older people.

We worked collaboratively with Education Scotland on the development of a shared inspection framework for early learning and childcare, and will continue this work into 2018/19.

During 2017/2018, we began development of a new model of inspection for child protection and children and young people, reflecting the Scottish Government's child protection improvement programme. Scottish Ministers asked the Care Inspectorate to lead work to develop a revised model of inspection that takes a more focused look at children and young people for whom there are corporate parenting responsibilities. We listened to and spoke with care experienced children and young people, many of whom also have been involved in the child protection system. We also established an advisory group representing a broad range of key stakeholders with responsibility for protecting children and improving the lives of looked after children and care leavers. We reviewed the findings from our inspections and those of our scrutiny partners to date, identifying what supports successful practice and leadership and where the barriers are and took into account the 'root and branch' review and recommendations of the child protection systems review.

International interest in the outcomes-focussed approach

The Health and Social Care Standards, and our approach to scrutiny and improvement, have been generating a significant level of interest from other countries and provided opportunities for collaborative working and impact internationally. This confirms the growing reputation of care scrutiny in Scotland as radical and ground-breaking with our focus on the human rights and wellbeing of people experiencing care. To date we have responded to requests to meet with government officials or sector regulators from China, Japan, Singapore, Malta, Slovenia, Ireland, Iceland, Holland, Norway, Canada, Hong Kong and Sweden and were invited to speak at the European Partnership for Supervisory Organisations, in Copenhagen, the International Forum on Quality and Safety in Healthcare, in Amsterdam, in May 2018, and this year's prestigious European Social Services Conference in Seville, also in May 2018.

Collaboration with partners

In addition to the specific examples above, we worked in collaboration with a number of partners over the year to maximise the impact our collective scrutiny interests, while keeping the presence of scrutiny bodies in services to a minimum. The following are examples of collaborations with other scrutiny and public bodies, government, providers and with academic and research institutions.

- We worked with Education Scotland to continue our annual programme of inspections of day care of children services that offer pre-school education.
- We reviewed and strengthened our approach to relationship management, with Local Authorities and Health and Social Care Partnerships across Scotland.
- Under the Duty of Cooperation, we collaborated with Her Majesty's Inspectorate of Prisons with their inspections of four prisons in Scotland: HMP Low Moss, HMP Shotts, HMP Inverness and HMP Greenock.
- We have continued to work in partnership and collaboration with community justice partners, including Community Justice Scotland.

- We have an agreed workplan with Healthcare Improvement Scotland around our improvement activities in care, and have undertaken joint work in a number of areas including dementia, pressure ulcers, out of hours care, anticipatory care planning and end of life care.
- We have worked with the Improvement Service to ensure we co-ordinate our activities to support self-evaluation and improvement in care.
- We have identified staff to link to each of the six regional improvement collaboratives that have been established across the country.

Multi-agency intelligence sharing

- We contributed 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.
- We shared intelligence we hold about care and the care systems within NHS Board areas as part of the Sharing Intelligence for Health and Care multi-agency group, which includes Healthcare Improvement Scotland, NHS Education Scotland, the Mental Welfare Commission, Audit Scotland and Public Health Intelligence Scotland.
- The Care Inspectorate is part of the United Kingdom's National Preventive Mechanism (NPM), which is responsible for the independent monitoring of all places of detention throughout the UK. It comprises the 20 bodies which have powers to enter places of detention for the purpose of providing oversight and scrutiny of the treatment of detainees and the conditions in which they are held. Such scrutiny is designed both to prevent harm occurring to people in detention and to encourage good practice in the care of detainees.

Improvement focus

We have a significant statutory role in supporting improvement across the care sector. A core part of our work includes time spent with services focusing on how they 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 support, constructive challenge and help focus improvement through self-evaluation.

Towards the end of 2017, our Board approved a new Improvement Strategy which is available on our website:

<http://hub.careinspectorate.com/media/643020/improvement-strategy-2017-19-online.pdf>

To support our strategy we have delivered an on-going series of improvement workshops designed to improve knowledge and understanding of improvement support for our own staff as well as for providers, partnerships and others.

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.

<http://hub.careinspectorate.com/>

Building capacity

The Care About Physical Activity (CAPA) programme is funded by the Scottish Government through Active Scotland, and aims to increase physical activity amongst

older people. The mid-term evaluation showed many positive outcomes for both people and services as a result of participation in the programme. The CAPA team has been invited to speak at over 20 conferences and events, and has showcased these positive results both nationally and internationally.

We worked with a number of partners over the year to develop, or support the development of, a range of resources including:

- In partnership with Scottish Government and Scottish Futures Trust, we published “Space to Grow”, which provides new design guidance for early learning and out of school care settings.
- In September 2017 we launched “My Childminding Experience” a resource showcasing good practice in childminding, produced in collaboration with the Scottish Childminding Association.
- At the same time, we published “Your Childminding Journey”, a learning and development resource for childminders which we developed on behalf of Scottish Government.

Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

Developing our Intelligence-led approaches

As part of our overall transformation plan, we developed a new intelligence model for the Care Inspectorate during 2016/17 and this was approved by our Board in 2017/18. We have now begun to embed this model - progress this year included setting up a new decision making group which commissions and considers intelligence products, and makes decisions about allocating resources based on the intelligence presented to it. In addition all members of our Intelligence Team commenced a Professional Development Award in Intelligence Analysis. This is a longer term development, and will be closely aligned to our business and digital transformation plans.

We continue to support and develop intelligence-led working in our frontline scrutiny activities, including through the use of a suite of intelligence tools that assimilate key information to inform inspections and the work of our relationship managers and link inspectors. This year, in collaboration with Inclusion Scotland, we recruited to a short term post to evaluate these tools, and have made several improvements as a result.

Informing policy development and implementation

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

- Following the publication of the Health and Social Care Standards in June 2017, the Scottish Government asked us to jointly lead the implementation of the Standards along with Healthcare Improvement Scotland. Alongside delivery of an extensive programme of engagement with external organisations and at

numerous conferences, we jointly delivered a toolkit to allow stakeholders to deliver their own awareness raising activities.

- We have continued to support the Scottish Government's commitment to increasing the early learning and childcare provision from 600 hours to 1140 hours for all three and four year olds and eligible two year olds, by 2020. This year, this has included working with Education Scotland to review the models adopted by the small number of trial sites across Scotland. Our joint findings will be presented to the Scottish Government to inform the next stages of the expansion.
- To support local authorities to plan for and deliver the additional early learning and childcare hours by 2020, we used our extensive information about services to develop profiles for each local authority area. The Improvement Service supported the testing of these profiles in several areas, and we will launch them on our website in 2018/19.
- We have worked closely with HMRC, sharing the information we hold about registered services to assist them in the roll-out of the tax free childcare scheme.
- The Care About Physical Activity (CAPA) programme has led to opportunities to share our findings at national and international conferences, and we have supported research into promoting being active by a number of Scottish universities.
- Through membership of working groups, and other contributions, we informed the development of national policy and legislation in a number of areas including: child protection; early learning and childcare expansion; Duty of Candour; child sexual exploitation; secure care; safe and effective staffing; reform of adult social care; national workforce plan for health and social care.
- We have continued to engage with the Scottish Child Abuse Inquiry, making our opening statement to the inquiry and providing detailed information and records as required.
- We provided evidence to a number of Scottish Parliamentary Committees, and responded to a wide range of relevant consultations over the year.

Publishing our findings

- Following our fieldwork with Alcohol and Drug Partnerships across Scotland in 2016/17, we published 'Alcohol and Drug Partnerships – use and impact of the Quality Principles' in June 2017.
- Jointly with HM Inspectorate of Constabulary, we published a progress review which considered the recommendations from our Joint Thematic Review of Multi-Agency Public Protection Arrangements (MAPPA) in Scotland.
- During 2016/17, we undertook a series of inspections focussed on the experiences of people living with dementia in care homes in Scotland. In 2017/18 we published a report on our findings called 'My Life, my care home'.
- We published an updated report on the 'Expansion of Early Learning and Childcare'.
- We published our latest 'Early Learning and Childcare Statistics' publication in November 2016, and have shared the extensive data we hold on this sector with Scottish Government to help inform the planned expansion of the sector to deliver the additional hours of early learning and childcare.

- We published our latest set of complaints statistics in ‘Complaints Statistics 2014/15-2016/17’.
- This year we added two new statistical publications: ‘Fostering and Adoption Statistics 2016-2017’ and ‘Staff Vacancies in Care Services, 2016’.

All of these reports are available in the publications section of our website.

<http://www.careinspectorate.com/index.php/publications-statistics>

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.

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, with a new improvement support section developed this year.

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.

You can access The Hub at hub.careinspectorate.com

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.

Over the summer of 2017, we began to provide public access to our datastore, which contains a collation of key information about individual care services, along with a number of interactive summary tables. This data is available in several formats, including open data formats. We also began to publish regular quarterly statistical

summaries on our website. Together, we believe these initiatives have resulted in a reduction in information requests over the year.

During 2017/18, we received:

- 66 freedom of information requests, of which 57 were sent out within the statutory 20 day deadline
- 41 data protection requests, of which 41 were sent out within the statutory 40 day deadline

We have regular information sharing arrangements in place with a wide range of other bodies, including public bodies such as Scottish Government, the Scottish Social Services Council, Education Scotland and the Scottish Public Services Ombudsman. Copies of our formal agreements are available on our website.

<http://www.careinspectorate.com/index.php/publications-statistics/79-corporate-annual-reports-accounts/data-sharing-memorandums-of-understanding?limitstart=0>

Strategic objective 3: We will support peoples' understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect, and help make sure their voices are heard.

Involving people in our work

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 who experience care in their work, and we have made significant steps to ensure that we involve people in our own work. This includes supporting people to know and understand what good care looks like through providing information in public inspection reports and thematic reports, through our website, The Hub and the media, as well as through public and community events. We continue to hold regular forums with our stakeholders, including people who experience care and service provider representatives through our Quality Conversations and other fora.

We hold Investors in Volunteers status, reflecting our commitment in this area, and the wide range of ways we involve people who experience care in our work, some of which are outlined below.

We involve people who experience care in our own work in many ways. Our Board includes members who experience care. Our strategic inspections of children's and adult's services, which look at outcomes for people across a whole local authority area, include consultation with people who experience care.

Our inspection volunteer programme involves people with personal experience of care in our inspections. Inspection volunteers, including young people and people diagnosed with dementia, are matched to inspections of service types relevant to their own experiences of care. They accompany our inspectors during inspections and talk with the people who use the service to obtain their views. The insight they gather meaningfully contributes to the overall inspection and to the inspection report.

Empowering people through knowledge about the new health and social care standards

As noted earlier in this report, we have undertaken a great deal of work this year to raise awareness of the new health and social care standards. For example, we worked with carers' organisations to understand how the standards will impact on them and carers and jointly produced a film and booklet about the standards.

Listening to people who experience care

Our inspections of regulated care services involve consulting with and speaking to people who experience care. This is done in a number of ways including face-to-face, by phone and through the use of questionnaires. Through these questionnaires, 94% of respondents told us they were happy or very happy with the quality of care they received in 2017/18.

During inspections, our inspectors have used different ways to engage with people who experience care, for example using the Short Observational Framework Inspection (SOFI) tool. This tool is routinely used in our inspections of services for adults, in particular where people cannot verbally tell us their views, and we have ensured that staff are trained in its use. During the year we commenced a pilot project using the SOFI tool to capture the experiences and outcomes of very young children in early learning and childcare settings. We are evaluating this project, and early findings are positive. Our early years inspectors also use talking mats on their computer tablets and have found children enjoy engaging with them in this way. We involve people with experience of using care as part of our inspection teams as inspection volunteers. They accompany inspectors to care services and speak to people using the care service – 7.2% of all inspections in 2017/18 included an inspection volunteer.

Measure	Description	Target	Performance 2017/18 (2016/17)
KPI 4	% of inspections involving an inspection volunteer	Not applicable	7.2% (7.2%)

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

- We have continued to develop and expand our involvement of young inspection volunteers, who have been involved in both care service inspections and in joint inspections. They were influential in the development of our future joint inspection methodology which was reviewed this year, and their involvement will ensure that the views of young people are at the heart of these inspections.
- Our young volunteers lent their expertise to Scotland Excel, which was reviewing the contract framework for children's residential services. Scotland Excel has reported that this involvement has led to material changes in their approach.
- When we hosted visitors from Malta and Sweden, young volunteers gave presentations about their own experiences of care services and their work with us.

- Our adult inspection volunteers have contributed to the development of a new methodology for joint inspections of adult services, again ensuring that people experiencing care are central in all aspects of our work.
- Our involved people group gave feedback of the Duty of Candour materials, with suggestions about how to make them more appealing and relevant for people experiencing care.
- Our business transformation team met with the involved people group to discuss plans and progress, and get feedback on developments.

Concerns and complaints

We have a statutory duty to deal with complaints made to us about registered care services and our new complaints handling procedure sets out how we do this. This revised procedure was implemented in November 2017 and is designed to be open, transparent, risk-based and focussed on people's experience. There is more information about how we handle concerns and complaints on our website.

<http://www.careinspectorate.com/index.php/complaints>

We investigated 72% of complaints about care services within the relevant timescales, below our target of 80%, and a slight decrease from 76% last year.

Measure	Description	Target	Performance 2017/18 (2016/17)
KPI 5	% of complaints about Care Services that are investigated within the relevant timescales	80%	72% (76%)

Strategic objective 4: We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

Cultural change

We continued to develop an open, transparent and enabling organisational culture. We have established a Culture Leads Group, which has worked on developing a culture strategy for the organisation over the course of the year.

Over the year, we delivered coaching conversations training to all managers and we provided shorter briefing sessions on coaching conversations for all of our staff. In addition we have supported a number of staff to undertake a coaching diploma. This will support our move to a culture with direct and supportive communication, and encourage positive change behaviours.

We have developed a new performance development and review system, which will support professional development while linking to learning and development at a team, organisational and personal level. This will be implemented in 2018/19.

Our staff continued to help make improvements across the organisation by actively suggesting ideas and proposals through the chief executive's Bright Ideas scheme.

Our Innovation Fund went live this year and supported a number of innovative projects including: learning logs for young inspectors, space for a religious observation group and a publication on the therapeutic benefits of animals in care.

Measure	Description	Target	Performance 2017/18 (2016/17)
KPI 7	Staff absence rate	To be agreed	4.5% (4.4%)
KPI 8	Staff vacancy levels	To be agreed	Inspectors 2.7% (2.3%) Non-inspectors 3.7% (0.8%)

Delivering best value

We have agreed a Best Value programme for 2019/20 which will support continuous improvement across our work.

Efficient and effective working

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

- Over the course of 2017/18 a number of our staff were trained in Lean Six Sigma which will help us to continue to find ways to increase efficiencies and create value from all of our work.
- We created a centralised enforcement support team, to ensure that our enforcement work is coordinated, and we delivered training to our staff on our new enforcement guidance.
- We migrated to the Scottish Wide Area Network (SWAN), which is a single public services network for the use of all public services in Scotland. Advantages will include reduced costs, improved service and better support for sharing data.
- We awarded a contract for a new Payroll and HR information system and will migrate to that by October 2018.
- We continued to invest in our contact centre, which is the first point of call for most people who get in touch with us. They dealt with over 34,000 calls over the course of last year.

We continue to deal efficiently with key processes:

- We completed 80% of new registrations within the agreed timescales, meeting our target of 80%.
- At the start of 2017/18 we rolled out our new approach to investigating complaints about the Care Inspectorate. Our focus is on speedily addressing issues that arise, and resolving problems quickly. We completed 73% of investigations within the specified timescales.
- Our Internal Auditors reported progress against the majority of their recommendations, with 86% of those due for completion by the end of the year now closed.

Measure	Description	Target	Performance 2017/18 (2016/17)
KPI 6	% registrations completed within timescales	80%	80% (86%)
KPI 9	% of complaints investigated about the Care Inspectorate that were completed within SPSO-recommended timescales	Baseline year	73% (64%)
KPI 10	Audit recommendations met within timescale	not applicable	86% complete (There were 21 audit actions requiring action in by 31 March 2018. Of these, 18 were complete. The remaining three actions were partially complete, while a further 14 actions are not yet due for completion)

Business and digital transformation

We established new business and digital transformation workstreams, which will see the way we do business, and the way our stakeholders interact with us, change radically over the coming years. Over the course of the year, significant milestones have included agreeing project funding with the Scottish Government and appointing contractors to commence the development of digital systems that will introduce more effective and efficient digital systems to support our work.

We are using agile development methodologies which will be characterised by extensive user involvement and consultation, and ongoing incremental developments to systems in response to user needs.

Confident, competent workforce

We have drafted and consulted on a new workforce development strategy, which is a three year plan that supports our wider transformation agenda and ensures that the Care Inspectorate is an innovative and challenging place to work, and is seen as an employer of choice.

We became a Scottish Qualifications Agency (SQA) accredited delivery centre and from early 2018/19 started to deliver the Professional Development Award that we developed for scrutiny staff, which was approved by SSSC and SQA.

We have developed and introduced a new induction programme for inspection staff, and our evaluation of this programme has indicated that staff are equipped to undertake inspection within a shorter time after joining the organisation.

We have created a number of career pathways to provide career development opportunities for our staff, and will evaluate these over the coming year.

Strengthened governance and accountability

Our commitment to good governance was recognised when, in November 2017, we became the first public sector body in Scotland to achieve and be recognised for excellence in good governance by the Chartered Institute of Public Finance and Accountancy, and the first regulator anywhere in the UK to do so.





2.3 Sustainability report 2017/18

This report details the Care Inspectorate's sustainability performance for 2017/18. 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. We also have a presence in 14 locations from as far north as Shetland to as far south as Dumfries. These properties are of varying sizes, from 30m² to 2819m² on a variety of lease terms, making control of our stationary CO₂ emissions difficult. We have re-baselined using the 2015/16 data and have a draft Carbon Management Plan for 2018-2021.

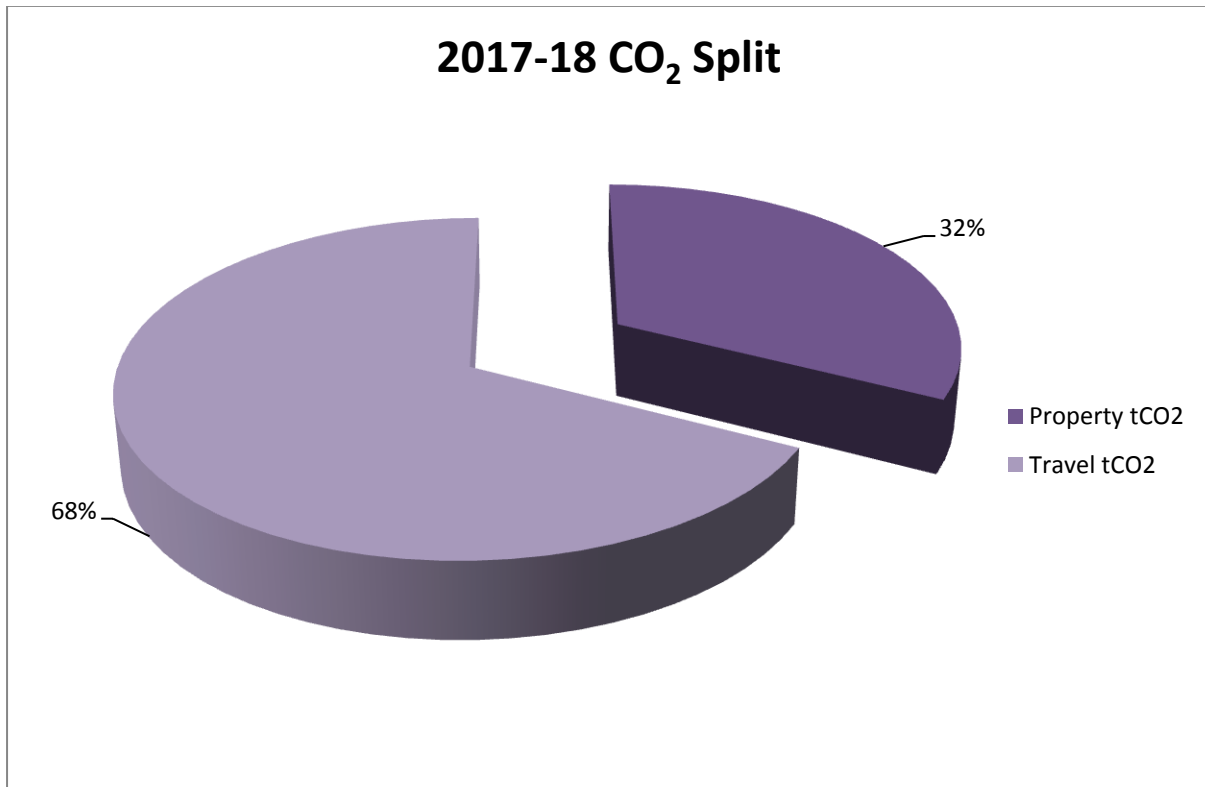
We do not have the direct energy consumption and costs from all of our landlords so the figures for electricity, gas, water and rates are aggregated from offices for which we have accurate figures and proportioned across the estate. This approach has been consistent for all years from 2011-12 onwards.

Summary of Performance

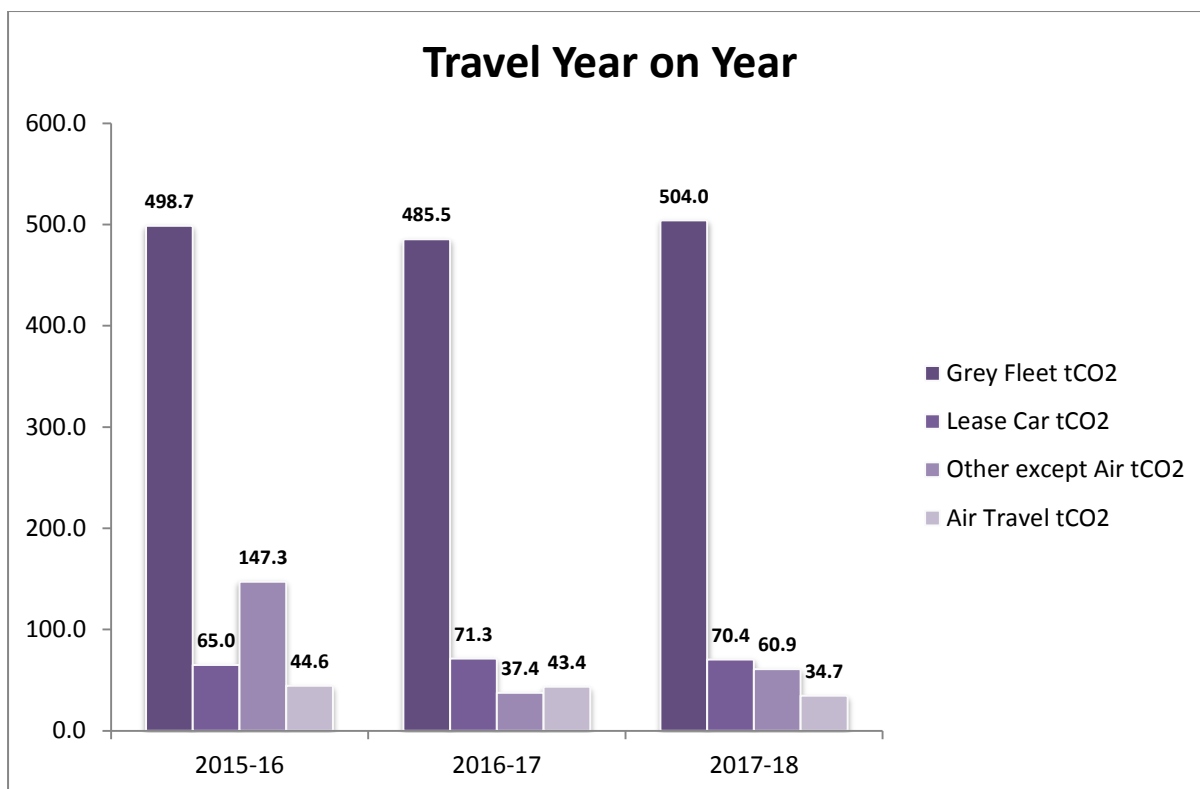
Area	Performance 2017-18	Status
Total CO ₂ e	Carbon emissions have decreased by 12% from the 2016/17 performance	
Travel	Carbon emissions have increased by 5% from the 2016/17 performance.	
Gas, Water and Electricity	Carbon emissions have decreased by 34% from the 2016/17 performance.	
Waste and Recycling	Carbon emissions have decreased by 32% from the 2016/17 performance	

Area	Actual Performance	16/17 Performance
Total CO ₂ Emissions	992.3 tCO ₂ e	1126.7 tCO ₂ e
Travel Related CO ₂	670.0 tCO ₂ e	638.0 tCO ₂ e
Total Travel Cost	£996,848	£918,864
Total Energy CO ₂	319.8 tCO ₂ e	486.0 tCO ₂ e
Energy Consumption (gas & electricity)	1,014 MWh	1,582 MWh
Energy Expenditure (gas & electricity)	£98,598	£135,002
Total Waste CO ₂	1.3 tCO ₂ e	1.9 tCO ₂ e
Waste	60.9 tonnes	91.4 tonnes

Area	Actual Performance	16/17 Performance
Waste Expenditure	£12,722	£24,448
Total Water CO ²	1.2 tCO ₂ e	1.5 tCO ₂ e
Water consumption	3,418 m ³	4,423 m ³
Water expenditure	£29,586	£39,416



Travel					
Year	Grey Fleet tCO ₂ e	Lease Car tCO ₂ e	Other except Air tCO ₂ e	Air Travel tCO ₂	Total Travel tCO ₂ e
2015-16	498.7	65.0	147.3	44.6	755.6
2016-17	485.5	71.3	37.4	43.4	637.6
2017-18	504.0	70.4	60.9	34.7	670.0



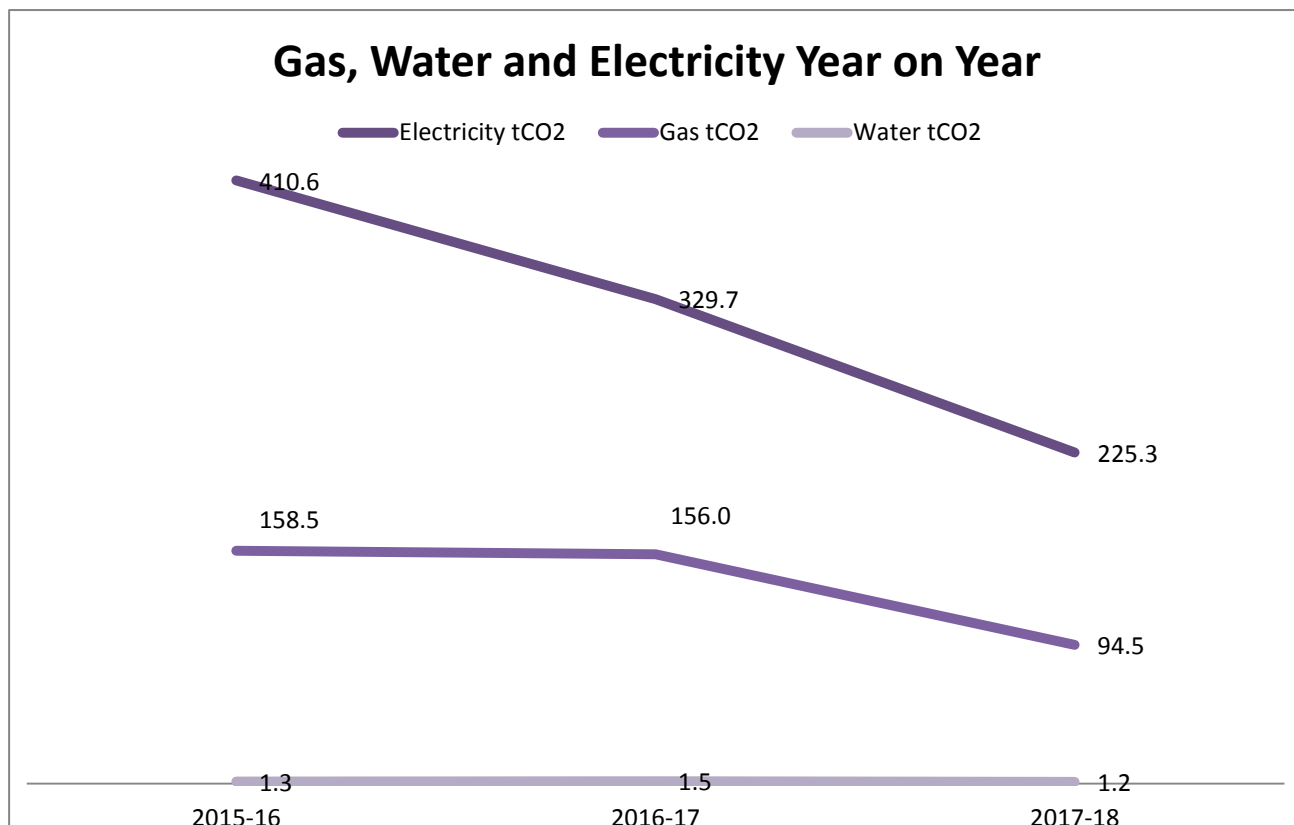
Performance Commentary

Grey Fleet is private car use and has marginally increased this year, and may continue to rise as the popularity of lease cars reduces due to higher rental costs and taxation. Car travel has risen slightly this year, but it is difficult to be consistent with car travel due to the nature of our regulatory activity. 'Other' includes trains, ferries, buses and taxis and has also seen an increase this year. Overall there is an increase of 5% from 2016/17 but significantly less than the 2015/16 carbon emissions. As the work of the Care Inspectorate involves the need to travel to care service providers for scrutiny and assurance purposes, a reduction of emissions in the area is challenging. We have, however, made good progress in the geographical alignment of Inspectors to services to support a reduction in carbon emissions.

Direct Impact Commentary

This virtual standstill in car travel reflects the impact of the change in inspection methodology which realigns Inspectors to the services they regulate. Our published business travel and subsistence policy details our preferred methods of business travel being that employees must consider the most efficient and cost effective way of meeting objectives. We have achieved this by actively encouraging alternative means of participating at meetings by using telephone and video conferencing facilities and the use of public transport. We are investing in our information and communication technology and it is hoped this investment will contribute to a reduction in travel for internal meetings.

Utilities			
Year	Electricity tCO2e	Gas tCO2e	Water tCO2e
2015-16	410.6	158.5	1.3
2016-17	329.7	156.0	1.5
2017-18	225.3	94.5	1.2



Performance Commentary

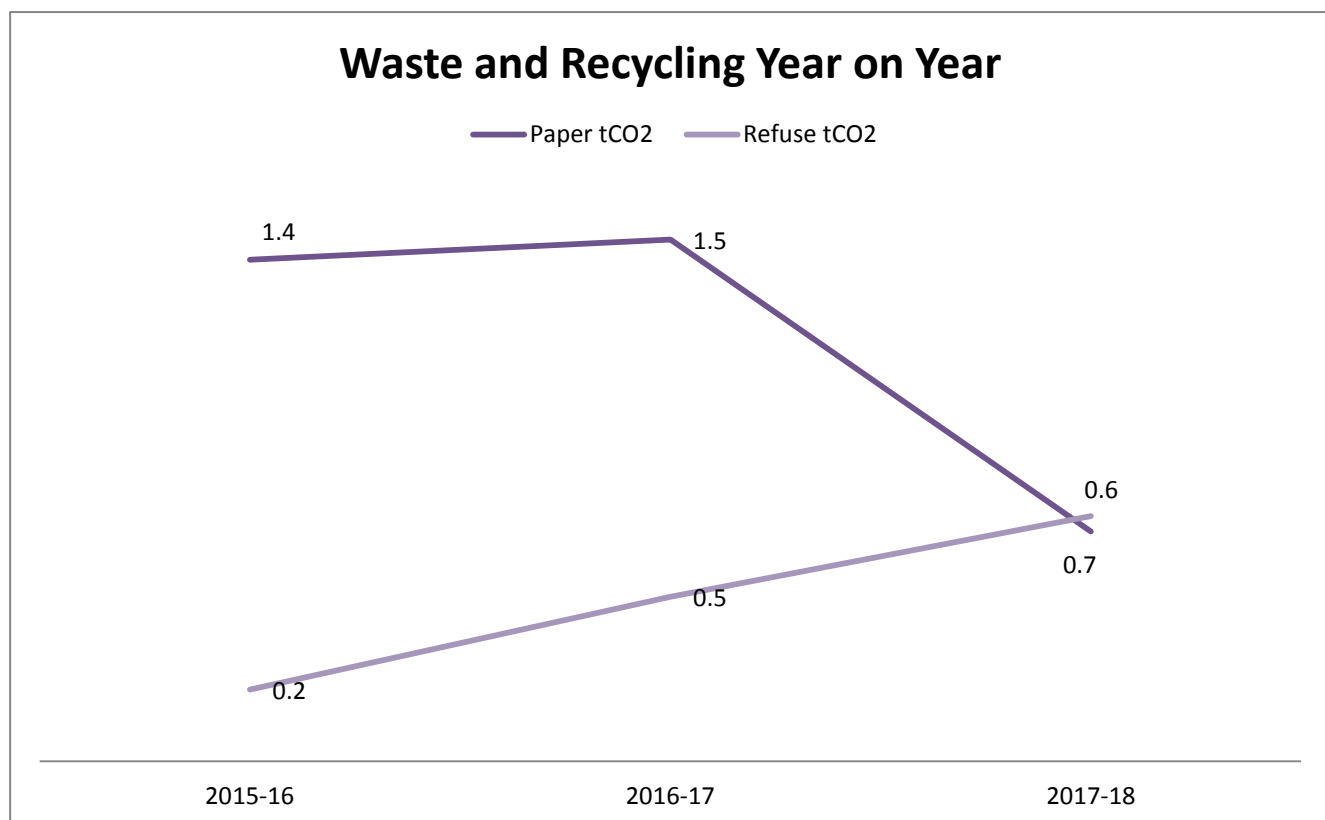
There has been a considerable decrease in gas and electricity consumption, with water remaining about the same. Water usage unlikely to change without either a significant change in the number of staff we have or a period of significant water wastage eg a long term leak.

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.

The significant decrease in gas and electricity is due to the reduction in the size of our estate. We relocated five offices between March 2017 and July 2017, reducing our overall estate by 35%.

Waste and Recycling		
Year	Paper tCO2	Refuse tCO2
2015-16	1.4	0.2
2016-17	1.5	0.5
2017-18	0.6	0.7



Performance Commentary
There has been a significant reduction in waste paper and the refuse figure has increased.
Direct Impact Commentary
There will be a new cleaning and confidential paper recycling contract put in place during this year, as well as a rationalisation / reduction in size of offices. Although we have reduced the number of offices we have, we have not reduced our staff numbers, so the significant reduction in waste paper may be attributable to new methodologies that are more ICT based and the increase in paperless returns and questionnaires. As for refuse, it is likely that the increase was due to the office rationalisation generating additional waste.

Sustainable Procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. Our published procurement strategy details the Care Inspectorate's procurement priorities, one of which is sustainable procurement. An annual procurement report is published showing progress against our strategy and can be found on the Care Inspectorate website.

Gordon Weir
Interim Chief Executive
27 September 2018

Section B: Accountability Report

3. Corporate Governance Report

3.1 Directors' report

Care Inspectorate Board

Members sitting on the Care Inspectorate Board during 2017/18 were:

- Paul Edie (Chair)
- Mike Cairns
- Denise Coia (Chair of Healthcare Improvement Scotland)
- Gavin Dayer
- Christine Dunlop (left 9/3/18)
- James McGoldrick (Convener of the Scottish Social Services Council)
- Ian Doig
- Anne Haddow (left 28/2/18)
- Anne Houston
- Cecil Meiklejohn (left 12/6/17)
- 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).

Bernadette Malone was appointed as Adviser to the Board 1 December 2017.

Executive Team

The Executive Team is employed by the Care Inspectorate and the following individuals served on the Executive Team during 2017/18:

- Karen Reid, Chief Executive
- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Rami Okasha, Executive Director of Strategy and Improvement

The Chief Executive, Karen Reid, announced her intention to resign on 23 May 2018. After a period of notice Karen is expected to leave the Care Inspectorate on 31 August 2018.

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 2018.

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

Grant Thornton 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 2018, the Care Inspectorate leased 14 properties. Of these, eight are shared with other public sector bodies. The Estate Management Plan for 2017-20 was approved by the Resources Committee in September 2016 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.

During 2016/17, the Chartered Institute of Public Finance and Accountancy (CIPFA) undertook a review of our corporate governance. An action plan for improvement was agreed, and during 2017/18, the Care Inspectorate was awarded the Excellence in Governance Chartermark accreditation.

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 the public sector appointment process. 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.

At 31 March 2018, the following committees operated and reported to the Board.

Quality and Strategy Committee

This 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.

Committee Structure Review

The annual review of Board and Committee effectiveness identified that a change to the Committee structure was appropriate. Changes to the Committee structure will be implemented during 2018/19.

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 Government.

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 people experiencing care
- 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 2017 to 31 March 2018

Board Member	Board	Quality and Strategy Committee		Audit		Resources		Remuneration		Appeals Sub Committee		Total
	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Attended
Number of Meetings	4	4		5		4		1		0		18
Paul Edie, Chair	4	Yes	4	No	3	No	4	Yes	1			16
Mike Cairns	3	Yes	4	Yes	5	No		Yes	1			13
Denise Coia	1	No		No		No						1
Christine Dunlop (left 9/3/18)	2	No		Yes	2	Yes	3					7
Gavin Dayer	4	Yes	4	Yes	4	No						12
Ian Doig	3	No		Yes	5	Yes	4					12
Anne Haddow (left 28/2/18)	2	Yes	4	No	1	Yes	3					10
Anne Houston	3	Yes	4	No	1	Yes	2					10
James McGoldrick	2	No		No	1	No						3
Cecil Meiklejohn (left 12/6/17)	0	Yes	1	Yes	0	No						1
Linda Pollock	4	No		Yes	5	Yes	4					13
David Wiseman	2	Yes	3	No	1	Yes	3	Yes	1			10
Bernadette Malone (Board Adviser)	2											2

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 2017/18 comprised:

- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Rami Okasha, Executive Director of Strategy and Improvement

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.

Each year our internal auditors provide the Audit Committee with assurance on the whole system of internal control. In assessing the level of assurance to be given for 2017/18, our internal auditors take into account:

- All reviews undertaken as part of the 2017/18 internal audit plan;
- Matters arising from previous reviews and the extent of follow-up action taken;
- The effect of any significant changes in the Care Inspectorate's objectives or systems; and
- The proportion of the Care Inspectorate's review needs covered to date.

The internal auditors overall opinion for 2017/18 was:

“the Care Inspectorate has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks.”

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.

During 2016/17 and 2017/18 we commissioned a review of Information Governance with the objective of strengthening current practice and preparing for the introduction of the General Data Protection Regulations in May 2018. We are currently implementing the recommendations identified from these reviews.

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. A plan for the maintenance of the Business Continuity Plan and the planning of exercises to test business continuity plans has been developed.

Counter Fraud & Corruption

The Care Inspectorate's new Counter Fraud and Corruption Framework, including a counter fraud and corruption policy, strategy and response plan together with a formal action plan were agreed in May 2017. This replaced the Fraud Policy and Response Plan. A fraud and corruption risk register was also agreed to document the controls in place to mitigate fraud.

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.

Developing the governance framework

The following developments have been identified for 2018/19:

Information Governance Review

We will continue to implement the recommendations from the information governance review.

Preparation for General Data Protection Regulation (GDPR)

We undertook preparatory work during 2017/18 to ensure compliance with GDPR. The GDPR came into effect in the UK from May 2018. We continue to monitor and progress our compliance. The government has confirmed that the UK's decision to leave the European Union will not affect the commencement of the GDPR.

Risk Management

We will develop the use of Risk Appetite and Risk Tolerance Statements to better inform operational management decisions, to better incorporate the concept of risk velocity and to develop the assurance framework to better embed risk management throughout the Care Inspectorate.

Strategic Performance Management Framework

We will develop a Strategic Performance Management Framework for 2019/20.

Counter Fraud and Corruption Framework

A review of the Counter Fraud and Corruption Framework will be undertaken.

Business Transformation

We are implementing a business and digital transformation programme and will continue to consider and monitor risks associated with this programme.

National Performance Framework

We will ensure the revised national performance framework is integrated into our planning processes.

Cyber Resilience

We will monitor the Care Inspectorate's progress against the Public Sector Action Plan on Cyber Resilience for Scotland.

Significant issues

We commissioned an external review of our information governance function that reported in February 2017. This report identified significant areas for improvement. We have engaged external resources to address the issues identified, review the resources required for this function and support improvement in this area.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2018 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, with the exception of information governance (as detailed in the "Significant Issues" section above), 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 2017/18 were:

- Karen Reid, Chief Executive
- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Rami Okasha, Executive Director Strategy and Improvement

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
- Executive Director of Corporate and Customer 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 a fixed salary point of £85k throughout the year.

There is no incremental progression or performance related pay adjustments applied to 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)	4th	15 April 2013	14 April 2021
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 2023
Dunlop, Christine	1st	10 March 2014	9 March 2018
McGoldrick, James	2nd	1 September 2013	31 August 2019
Doig, Ian	2nd	1 August 2012	28 February 2019
Haddow, Anne	2nd	1 March 2011	28 February 2018
Houston, Anne	2nd	10 March 2014	9 March 2022

Meiklejohn, Cecil	2nd	1 March 2011	12 June 2017
Pollock, Linda	2nd	10 March 2014	9 March 2020
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 local government pension scheme's normal retirement age for this post is 65 and the current post holder will attain normal retirement age in 16.6 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 has three Executive Director posts:

- Executive Director of Scrutiny and Assurance
- Executive Director of Strategy and Improvement
- Executive Director Corporate and Customer Services.

All executive directors have permanent contracts and are subject to the local government pension scheme's normal retirement age of 65. Termination of the contract requires a notice period of three months by either party.

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 2018 was as detailed in the table below:

Name	Title	Date of Appointment	Years to Normal Retirement Age
Kevin Mitchell	Executive Director of Scrutiny and Assurance	22 Feb 2016	7.7
Rami Okasha	Executive Director of Strategy and Improvement	22 Feb 2016	26.5
Gordon Weir	Executive Director Corporate and Customer Services	1 Dec 2012	12.9

Retirement policy

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

This policy which remained effective up to 31 March 2018 allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than five years' pensionable service and meet an age related criteria. The award of additional pensionable service is limited in order to ensure employees will not receive an enhancement that will take their service beyond that which would be earned up to normal retirement age, nor would take them beyond 40 years' service.

Alternatively, pension scheme members aged over 18 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.

Audited information

Care Inspectorate Board members' remuneration

	Salary 2017/18	Salary 2016/17
	£000	£000
Edie, Paul (Chair)	45-50	40-45
Cairns, Mike	0-5	0-5
Coia, Denise	0-5	0-5
Dayer, Gavin	5-10	5-10
Doig, Ian	0-5	0-5
Dunlop, Christine (left 9/3/18)	0-5	5-10
Haddow, Anne (left 28/2/18)	0-5	0-5
Houston, Anne	5-10	0-5
McGoldrick, James	0-5	0-5
Meiklejohn, Cecil (left 12/6/17)	0-5	0-5
Pollock, Linda	5-10	5-10
Wiseman, David	0-5	5-10

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	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
	£000	£000	£	£	£000	£000	£000	£000
Karen Reid Chief Executive	115-120	110-115	0	0	35	41	150-155	150-155
Kevin Mitchell** Executive Director of Scrutiny and Assurance	90-95	100-105	0	0	24	29	115-120	130-135
Rami Okasha Executive Director of Strategy and Improvement	85-90	80-85	3,300	2,900	25	28	110-115	110-115
Gordon Weir*** Executive Director Corporate and Customer Services	85-90	80-85	0	0	17	14	100-105	95-100

* 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.

** Kevin Mitchell receives an additional payment to compensate him for having to move from the Civil Service Pension Scheme to the Local Government Pension Scheme when his employment transferred at the commencement of the Care Inspectorate. The 2016/17 remuneration for Kevin Mitchell includes one-off pension supplement arrears.

*** Gordon Weir, the Executive Director of Corporate and Customer 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 £22.2k (exc VAT).

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 2017/18. The full-time annual salary for the chief executive is in the salary band £115,000 to £120,000. The mid-point of this band is £117,500 which is 3.05 times greater than the median remuneration of the workforce. In 2017/18, no employees received remuneration in excess of the chief executive.

	2017/18	2016/17
Band of Highest Paid employee	£115,000 - £120,000	£110,000 - £115,000
Staff Median Remuneration	£38,301	£37,920
Remuneration Ratio	3.05	2.97
Staff Minimum Full-Time Equivalent Remuneration	£16,710	£16,308
Staff Maximum Full-Time Equivalent Remuneration	£92,927	£92,005

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 and executive directors are all members of the LGPS.

	As at 31 March 2018		As at 31 March 2018		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 2018 £000	As at 31 March 2017 £000	Real Increase £000
Karen Reid Chief Executive	55-60	0-5	0-2.5	0-2.5	214	180	30
Kevin Mitchell Executive Director of Scrutiny and Assurance*	20-25	0	(0-2.5)	0	155	127	25
Rami Okasha Executive Director of Strategy and Improvement	50-55	0	(0-2.5)	0	70	54	14
Gordon Weir Director of Corporate and Customer Services	55-60	65-70	(0-2.5)	(0-2.5)	622	580	29

* The Executive Director of Scrutiny & 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.

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 provides analysis of permanent and non-permanent staff engaged to work for the Care Inspectorate during 2016/17. Staff numbers are expressed as the average Full Time Equivalents (FTE) employed during the year.

	2017/18		
	Permanently Employed	Others	Total
Senior Managers	23		23
Other employees	518	17	535
Agency Workers		7	7
Secondments Inward		3	3
Total staff engaged	541	27	568
Secondments Outwards	(3)		(3)
Net staff engaged on Care Inspectorate activity	538	27	565

	£000	£000	£000
Salaries	20,389	550	20,939
Social security costs	2,175	51	2,226
Pension service costs	7,039	74	7,113
Total cost directly employed staff	29,603	675	30,278
Board members ¹		91	91
Agency Workers		345	345
Secondments Inward		141	141
Total cost of staff engaged on Care Inspectorate activity	29,603	1,252	30,855
Voluntary early severance/retirement costs	44	0	44
Other staff costs	533	0	533
Staff costs (SCNE)	30,180	1,252	31,432
Secondments Outwards	(233)		(233)
Net Staff Costs	29,947	1,252	31,199

2016/17 Comparative Information

	2016/17		Total
	Permanently Employed	Others	
Senior Managers	23		23
Other employees	542	9	551
Agency Workers		12	12
Secondments Inward		3	3
Total staff engaged	565	24	589
Secondments Outwards		(2)	(2)
Net staff engaged on Care Inspectorate activity	565	22	587
	£000	£000	£000
Salaries	20,771	272	21,043
Social security costs	2,207	22	2,229
Pension service costs	5,814	34	5,848
Total cost directly employed staff	28,792	328	29,120
Board members ¹		94	94
Agency Workers		565	565
Secondments Inward		182	182
Total cost of staff engaged on Care Inspectorate activity	28,792	1,169	29,961
Voluntary early severance/retirement costs	1,080	13	1,093
Other staff costs	392		392
Staff costs (SCNE)	30,264	1,182	31,446
Secondments Outwards	(80)		(80)
Net Staff Costs	30,184	1,182	31,366

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 tables 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.

- 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 CI. The Chair and 9 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 2018. Staff numbers are provided on a head count basis.

Role	Permanent		Other Staff		Total	
	Male	Female	Male	Female	Male	Female
Executive Team	3	1			3	1
Other Senior Managers	6	13			6	13
Other Staff	108	454	5	25	113	479
Total	117	468	5	25	122	493

4.2.3 Sickness absence

In 2017/18, we lost 4.2% (2016/17: 4.4%) of the total working days available due to sickness absence. We continue to work towards reducing sickness absence.

We are committed to working positively in partnership with our trade unions to improve sickness absence rates across the organisation. This includes consulting and reviewing on our Maximising Attendance Policy; providing managers with detailed monthly absence reports to ensure early intervention and support for staff (such as occupational health advice, phased return facilitation plans and appropriate risk assessments); promoting the need for a return to work discussion in 100% of cases; and ensuring health and well-being is discussed at every 1:1 meeting as well as team meetings so that it is kept at the forefront of the business agenda.

In addition, we have launched an eLearning package for all employees that includes a number of useful resources such as DSE assessments, loneworking, resilience and managing conflict sessions.

The Care Inspectorate were awarded the gold award for healthy working lives and during 2017/2018 introduced an updated health and well-being policy with associated tools for improving employee health and well-being.

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 continued to meet these obligations and of the six equality outcomes we worked towards can be found in our Equality Outcomes and Mainstreaming Report 2015-17 http://www.careinspectorate.com/images/documents/2796/Equalities_report_2015_to_17.pdf In order to build on this, we also started to develop our Equality Outcomes and Mainstreaming Report 2017-2019.

For the first time, we also published information about occupational segregation based on gender, disability and race, which can be found here: http://www.careinspectorate.com/images/Equalities_occupational_segregation_data_correct_as_at_31_March_2017_for_publication.pdf

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 provide appropriate 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 & 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 & Special Leave also have provisions to help disabled applicants/employees.
- Guaranteed Job Interview Scheme.

*This allows individuals to manage and attend health or wellbeing-related appointments for themselves or their dependents without the need to take a full days leave. This is of particular benefit to individuals with disabilities those in a caring role and counters issues around discrimination, by association, for people in caring roles.

4.2.5 Expenditure on consultancy

Consultancy expenditure of £164k was incurred in 2017/18 as follows:

- job evaluation services (£29k)
- information governance review (£60k)
- develop our Health and Safety policy and procedures (£1k)
- tax advisory services (£8k)
- Care About Physical Activity Programme (CAPA) evaluation (£46k)
- Care About Physical Activity Programme (CAPA) consultant (£7k)
- space utilisation services (£13k).

In 2016/17 there was consultancy expenditure of £51k as follows:

- job evaluation services (£5k)
- information governance review (£18k)
- develop our Health and Safety policy and procedures (£3k)
- tax advisory services (£4k)
- space utilisation services (£21k).

4.2.6 Exit packages

The Care Inspectorate granted compensatory payments to 1 (2015/16: 26) individual leaving the organisation during the year.

The tables below show the number of departures and associated costs of operating the scheme. The majority of these arose from an organisational restructure which was designed to reduce the overall salary bill in future years.

Year to 31 March 2018		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
£25,000 to £50,000	1	44
TOTALS	1	44

Year to 31 March 2017		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
<£10,000	8	42
£10,000 to £25,000	2	37
£25,000 to £50,000	7	230
£50,000 to £100,000	7	525
£100,000 to £150,000	1	109
£150,000 to £200,000	1	150
TOTALS	26	1,093

Exit package costs include:

- redundancy payments
- payments to the pension fund where early retirement has been agreed (strain on fund)
- compensation for reduced 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, the Local Government Pension Scheme Regulations for Scotland and the NHS Pension Scheme Regulations. Where the Care Inspectorate has agreed early retirements, the additional costs are met by the Care Inspectorate and not the Local Government Pension Scheme.

4.2.7 Trade union activity

The Trade Union (Facility time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations require public sector employers to publish specific information related to facility time provided to trade union officials. The information for 2017/18 follows.

Table 1**Relevant union officials**

The table below details number of employees who were relevant union officials during 2017/18.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	9.2

Table 2**Percentage of time spent on facility time**

The table below provides details of the facility time spent by employees who were relevant union officials during 2017/18.

Percentage of time	Number of employees
0%	0
1-50%	9
51%-99%	1
100%	0

Table 3**Percentage of pay bill spent on facility time**

The tables below give details of the percentage of time spent on facility time as a percentage of our pay bill.

Total cost of facility time	£49,388
Total pay bill	£26,351,854
Facility time as a percentage of total pay bill	0.19%

Table 4**Paid trade union activities**

The table below provides hours spent by employees who were relevant union officials during the 2017/18 financial year as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours.	45.31%
--	--------

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 2018 (nil for the year to 31 March 2017).

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 2017/18 budget was based on funding of 65% from grant in aid and 35% from fees charged to service providers (2015/16 65% grant in aid; 35% fees).

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

	2017/18			2016/17		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000	£000	£000	£000	£000	£000
Application to Register	536	648	112	536	568	32
Continuation of Registration	11,314	11,263	(51)	11,314	11,309	(5)
Total	11,850	11,911	61	11,850	11,877	27

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 £1.6m in 2017/18 (2016/17; £1.5m).

5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2018 which require disclosure under IAS 37 or the Scottish Public Finance Manual (nil as at 31 March 2017).

Gordon Weir
Interim Chief Executive
27 September 2018

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

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 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Care Inspectorate for the year ended 31 March 2018 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 Cashflows, the Statement of Changes in Taxpayers' Equity and notes to the accounts, including a summary of significant accounting policies. 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 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 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 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our

other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and

accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and

that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Joanne Brown CPFA, (for and on behalf of Grant Thornton UK LLP)

110 Queen Street

Glasgow

G1 3BX

September 2018

7. Annual Accounts

Social Care and Social Work Improvement Scotland (Care Inspectorate)
Annual Accounts

1 April 2017 to 31 March 2018

**SOCIAL CARE and SOCIAL WORK IMPROVEMENT SCOTLAND (CARE
INSPECTORATE)**

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2017/18 £000	2016/17 £000
<u>Income</u>			
Fees charged to service providers	2a	(11,911)	(11,877)
Other operating income	2b	(1,830)	(1,668)
		(13,741)	(13,545)
<u>Expenditure</u>			
Staff costs	3a	31,432	31,446
Operating expenditure	6	7,851	8,446
		39,283	39,892
<i>Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>		25,542	26,347
Bank charges (net of interest)		14	8
Net interest on defined pension liability/(asset)	5b	1,264	1,047
		26,820	27,402
<i>Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities</i>		26,820	27,402
Total actuarial re-measurements on defined pensions liability	5b	(39,809)	15,198
Total comprehensive net expenditure / (surplus) before Scottish Government funding*		(12,989)	42,600

* Please refer to the table on page 22 for further explanation.

All operations are continuing.

The notes on pages 82 to 104 form an integral part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2017/18 £000	2016/17 £000
Non-current assets			
Property, plant and equipment	7	223	288
Intangible assets	8	13	34
Trade and other receivables falling due after more than one year	9	238	320
Total non-current assets		474	642
Current assets			
Trade and other receivables	9	3,355	2,555
Cash and cash equivalents	10	2,504	3,521
Total current assets		5,859	6,076
Total assets		6,333	6,718
Current liabilities			
Trade and other payables	11	(3,164)	(3,367)
Provisions	12	0	(292)
Total current liabilities		(3,164)	(3,659)
Non-current assets plus/less net current assets/liab		3,169	3,059
Non-current liabilities			
Other payables greater than one year	11	(244)	(267)
Pension assets/(liabilities)	5a	(13,797)	(48,509)
Total non-current liabilities		(14,041)	(48,776)
Assets less liabilities		(10,872)	(45,717)
Taxpayers' equity			
Pensions reserve	SOCTE	(13,797)	(48,509)
General reserve	16	2,925	2,792
		(10,872)	(45,717)

Gordon Weir
Interim Chief Executive
27 September 2018

The notes on pages 82 to 104 form an integral part of these accounts.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2017/18	2016/17
		£000	£000
Cash flows from operating activities			
Total comprehensive net expenditure before Scottish Government funding	SCNE	12,989	(42,600)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	(34,712)	18,758
Depreciation and amortisation	7,8	86	89
Asset disposal costs	7,8	0	51
(Increase)/decrease in trade and other receivables	9	(718)	613
Increase/(decrease) in trade and other payables	11	(203)	499
Increase/(decrease) in non-current liabilities	11	(23)	(174)
Increase/(decrease) in provisions	12	(292)	292
Net cash outflow from operating activities		<u>(22,873)</u>	<u>(22,472)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	0	0
Net cash outflow from investing activities		<u>0</u>	<u>0</u>
Cash flows from financing activities			
Grants from Scottish Government	13	21,856	22,896
Net financing		<u>21,856</u>	<u>22,896</u>
Net increase/(decrease) in cash and cash equivalents in the period	10	(1,017)	424
Cash and cash equivalents at the beginning of the period	10	3,521	3,097
Cash and cash equivalents at the end of the period	10	2,504	3,521

The notes on pages 82 to 104 form an integral part of these accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Pension Reserve £'000	General Reserve £'000	Total Reserves £'000
Balance at 31 March 2016		(29,751)	3,738	(26,013)
Changes in taxpayers equity for 2016/17				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(18,758)	18,758	0
Total comprehensive Net Expenditure			(42,600)	(42,600)
Total recognised income and expense for 2016/17		(18,758)	(23,842)	(42,600)
Grant from Scottish Government	13		22,896	22,896
Balance at 31 March 2017		(48,509)	2,792	(45,717)
Changes in taxpayers equity for 2017/18				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	34,712	(34,712)	0
Total Comprehensive Net Expenditure			12,989	12,989
Total recognised income and expense for 2017/18		34,712	(21,723)	12,989
Grant from Scottish Government	13		21,856	21,856
Balance at 31 March 2018		(13,797)	2,925	(10,872)

The notes on pages 82 to 104 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 (FRoM) 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. IFRS 16 Leases (from January 2019) has been considered. No significant impact on future periods' financial statements is anticipated.

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 20 to 23).

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 £1.315m 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 £1.155m 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 2018 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.

1.16.3 Provisions

Provisions are recognised when the Care Inspectorate has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provisions is presented in the Statement of Comprehensive Net Expenditure net of any reimbursement.

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

	2017/18	2016/17
	£000	£000
2.a Fees charged to service providers		
Continuation of registration	(11,263)	(11,309)
Application to register	(648)	(568)
	(11,911)	(11,877)
	2017/18	2016/17
	£000	£000
2.b Other operating income		
Recharges for services provided to other organisations	(1,369)	(1,250)
Secondee recharges	(233)	(79)
Lease income	(189)	(235)
Other income	(39)	(104)
	(1,830)	(1,668)

3. Staff numbers and costs

3.a 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:

Note 3a:

Staff cost summary	2017/18	2016/17
	£000	£000
Directly employed staff	30,278	29,120
Indirectly employed staff	577	841
Severance costs	44	1,093
Other staff costs	533	392
Total staff costs	31,432	31,446

3.b 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.

	2017/18			2016/17		
	Local Government Scheme £000	NHS Scheme £000	Total £000	Local Government Scheme £000	NHS Scheme £000	Total £000
Employer pension contributions actually paid	3,288	43	3,331	3,330	56	3,386
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	7,070	43	7,113	5,792	56	5,848
Pension costs included in staff costs (SCNE)	7,070	43	7113	5,792	56	5,848
Variance between actual cost and accounting basis	3,782	0	3,782	2,462	0	2,462

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

The total cost of exit packages in 2017/18 was £44k (2016/17: £1,093k). 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 2018 the Care Inspectorate employed 7 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 2018, the Care Inspectorate paid an employer's contribution of £43k (2016/17 £56k) into the NHS scheme at a rate of 14.9% of pensionable pay (2016/17 14.9%). The employer contribution rate for the year to 31 March 2019 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 pensionable pay and length of service.

An actuarial valuation of the fund as at 1 April 2018 has just been completed. Employer contribution rates have been set at 17% for 2018/19, 2019/20 and 2020/21. 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 2020. 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 2018 were £3,288k (2016/17 £3,330k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2019 will remain at 17.0%. Employee contribution rates for the LGPS were in the range 5.5% to 10.1% 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.

5.a Employee benefits – statement of financial position recognition

	Year to 31 March 2018	Year to 31 March 2017
	£000	£000
Present value of funded obligation	(189,150)	(204,872)
Fair value of scheme assets (bid value)	175,353	156,363
Net liability	(13,797)	(48,509)

5.b Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2018

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

	Year to 31 March 2018		Year to 31 March 2017	
	£000	£000	£000	£000
Service cost		7,070		5,792
Administration expenses		51		51
Net interest on the defined liability/(asset)		1,264		1,047
Difference between actual employer's contributions and actuarial employer's contributions	(170)		(83)	
Return on plan assets in excess of interest	(4,375)		(24,407)	
Change in financial assumptions	(8,951)		39,688	
Changes in demographic assumptions	(10,400)			
Experience gain on defined benefit obligation	(5,416)			
Other actuarial gains on assets	(10,497)			
Total re-measurements		(39,809)		15,198
Total		(31,424)		22,088
Total return on scheme assets		8,596		29,112

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	2017/18	2016/17
		£000	£000
Staff Costs	3b	3,782	2,462
Administration charges	5b Table 1	51	51
Net interest on defined liability	5b Table 1	1,264	1,047
Remeasurements	5b Table 1	(39,809)	15,198
Total actuarial adjustment		<u>(34,712)</u>	<u>18,758</u>

The net interest on defined liability / (asset) effectively sets the expected return equal to the IAS19 discount rate (note 5g).

5.c Benefit obligation reconciliation for the year to 31 March 2018

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

	Year to 31 March 2018		Year to 31 March 2017	
	£000	£000	£000	£000
Opening defined benefit obligation		204,872		156,758
Current service cost	7,062		5,492	
Past service costs, including curtailments	8		300	
Total service cost		7,070		5,792
Interest cost		5,485		5,752
Estimated benefits paid net of transfers in	(4,958)		(4,508)	
Contributions by scheme participants	1,448		1,390	
Total scheme transactions		(3,510)		(3,118)
Changes in financial assumptions	(8,951)		39,688	
Changes in demographic assumptions	(10,400)			
Experience gain on defined benefit obligation	(5,416)			
Total actuarial (gains)/losses		(24,767)		39,688
Closing defined benefit obligation		189,150		204,872

5.d Fair value of scheme assets reconciliation for the year to 31 March 2018

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

	Year to 31 March 2018		Year to 31 March 2017	
	£000	£000	£000	£000
Opening fair value of scheme assets		156,363		127,007
Interest on assets		4,221		4,705
Estimated benefits paid net of transfers in	(4,958)		(4,508)	
Employer contributions	3,458		3,413	
Contributions by scheme participants	1,448		1,390	
Total scheme transactions		(52)		295
Return on assets less interest		4,375		24,407
Other actuarial gains/(losses)		10,497		
Administration expenses		(51)		(51)
Closing defined benefit obligation		175,353		156,363

5.e Projected pension expense for the year to 31 March 2019

	Year to 31 March 2019
	£000
Service cost	6,571
Net interest on the defined liability	311
Administration expenses	57
Total	6,939
Employer contributions	3,253

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2018.

5.f 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 2018		Assets as at 31 March 2017	
	£000	%	£000	%
Equities	121,194	69	112,568	72
Gilts	9,297	5	10,365	6
Other bonds	20,301	12	15,423	10
Property	20,665	12	15,427	10
Cash	3,874	2	2,580	2
Alternatives	22	0	n/a	n/a
Total	175,353	100	156,363	100

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

5.g Financial assumptions as at 31 March 2018

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2018. 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. This is consistent with the approach used at the last accounting date.

An estimate of the Care Inspectorate's future cashflows is made using notional cashflows based on the estimated duration of 19 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted at the Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The SEIR derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point.

The approaches have changed from the 'spot rate' approach adopted at the previous accounting date to reflect national auditor preferences.

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 1.0% below RPI ie 2.3% 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. This is a slightly higher deduction than at the last accounting date CPI was assumed to be 0.9% lower than RPI.

Salary increases are assumed to be 1.0% above CPI in addition to a promotional scale.

Assumptions as at	31 March 2018	31 March 2017	31 March 2016
	% p.a.	% p.a.	% p.a.
Discount rate	2.55	2.70	3.70
Pension increases	2.30	2.70	2.40
Salary increases	3.30	3.70	4.20

5.h Demographic/statistical assumptions

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2017 have been adopted. The post retirement mortality tables used were the S2PA tables with a multiplier of 130%. These base tables are then projected using the CMI 2016 Model, allowing for a long-term improvement of 1.5% per annum with a smoothing parameter of 7.5.

The assumed life expectations from age 65 are:

Life Expectancy from Age 65 (years)		31 March 2018	31 March 2017
Retiring today	Males	20.3	21.4
	Females	22.2	23.5
Retiring in 20 years	Males	22.1	23.7
	Females	24.1	25.8

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.
- Opted-in active members will continue to pay 50% of contribution for 50% of benefits under the new scheme.

5.i 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	185,624	189,150	192,746
Projected service cost	6,435	6,571	6,711
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	189,743	189,150	188,560
Projected service cost	6,574	6,571	6,568
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	192,158	189,150	186,202
Projected service cost	6,708	6,571	6,437
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	196,039	189,150	182,510
Projected service cost	6,781	6,571	6,368

6. Analysis of operating costs

Operating expenditure	2017/18 £000	2016/17 £000
Property costs	3,020	3,659
Administration costs ¹	1,961	1,532
Supplies & services	1,216	1,309
Transport costs	1,496	1,473
Pension administration costs (IAS 19)	51	51
Provision provided for in year	0	292
Depreciation & amortisation of assets	86	89
Asset disposal costs	0	51
Changes in debt impairment allowance	21	(10)
	7,851	8,446

1. Administration costs includes £31.9k for external auditor's remuneration (2016/17 £31.4k). External audit provided no services in relation to non-audit work.

7. Property, plant and equipment

	2017/18			Total £000
	Furniture and fittings £000	Plant and equipment £000	Information technology £000	
Cost or Valuation:				
At 1 April 2017	562	143	524	1,229
Additions	0	0	0	0
Disposals	0	0	(151)	(151)
At 31 March 2018	562	143	373	1,078
Depreciation:				
At 1st April 2017	(309)	(130)	(502)	(941)
Charged in year	(52)	(2)	(11)	(65)
Disposals	0	0	151	151
At 31 March 2018	(361)	(132)	(362)	(855)
Net book value:				
At 31 March 2018	201	11	11	223
At 31 March 2017	253	13	22	288

Asset Financing: All assets are owned

	2016/17			Total £000
	Furniture and Fittings £000	Plant and Equipment £000	Information technology £000	
Cost or Valuation:				
At 1 April 2016	718	143	540	1,401
Additions	0	0	0	0
Disposals	(156)	0	(16)	(172)
At 31 March 2017	562	143	524	1,229
Depreciation:				
At 1 April 2016	(361)	(128)	(505)	(994)
Charged in year	(53)	(2)	(13)	(68)
Disposals	105	0	16	121
At 31 March 2017	(309)	(130)	(502)	(941)
Net book value:				
At 31 March 2017	253	13	22	288
At 31 March 2016	357	15	35	407

Asset Financing: All assets are owned

8. Intangible assets

	2017/18		
	Computer software licences £000	Information technology £000	Total £000
Cost or Valuation:			
At 1st April 2017	21	227	248
Additions	0	0	0
Disposals	0	0	0
At 31 March 2018	21	227	248
Depreciation:			
At 1st April 2017	(21)	(193)	(214)
Charge for year	0	(21)	(21)
Disposals	0	0	0
At 31 March 2018	(21)	(214)	(235)
Net book value:			
At 31 March 2018	0	13	13
At 31 March 2017	0	34	34

There are no internally developed intangible assets

	2016/17		
	Computer software licences £000	Information technology £000	Total £000
Cost or valuation:			
At 1 April 2016	21	385	406
Additions	0	0	0
Disposals	0	(158)	(158)
At 31 March 2017	21	227	248
Amortisation:			
At 1 April 2016	(21)	(330)	(351)
Charged in year	0	(21)	(21)
Disposals	0	158	158
At 31 March 2017	(21)	(193)	(214)
Net book value:			
At 31 March 2017	0	34	34
At 31 March 2016	0	55	55

There are no internally developed intangible assets.

9. Trade and other receivables

	2017/18		Restated 2016/17	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		884		947
Trade receivables	2,445		1,607	
Other receivables	26		1	
		<u>2,471</u>	<u>1,608</u>	
		3,355	2,555	
Amounts falling due after more than one year:				
Prepayments and accrued income		238		320
		<u>238</u>	<u>320</u>	
Total trade and other receivables		<u>3,593</u>	<u>2,875</u>	

The 2016/17 classification of trade and other debtors has been restated to provide consistency in our reporting. There has been no restatement of the total amounts falling due.

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. Amounts falling due after more than one year relate to prepaid expenditure.

Provision for impairment of receivables:	2017/18	2016/17
	£000	£000
As at 1 April	(10)	(20)
Charge for the year	(37)	(39)
Unused amounts reversed	1	5
Uncollectable amounts written off	15	44
As at 31 March	<u>(31)</u>	<u>(10)</u>

As at 31 March 2018, trade and other receivables of £31k (2016/17 £10k) were past due and impaired. The amount provided is £31k (2016/17 £10k). The aging analysis of these receivables is as follows:

	2017/18	2016/17
	£000	£000
Up to 3 months past due	(6)	(2)
3 to 6 months past due	(1)	(1)
Over 6 months past due	(11)	(3)
Over 12 months past due	(13)	(4)
	<u>(31)</u>	<u>(10)</u>

As at 31 March 2018, trade and other receivables of £2,471k (2016/17 £1,608k) were due but not impaired. The aging analysis of these receivables is as follows:

	2017/18	Restated 2016/17
	£000	£000
Not yet due	1,986	1,415
Up to 3 months past due	311	56
3 to 6 months past due	48	9
Over 6 months past due	39	52
Over 12 months past due	87	76
	<u>2,471</u>	<u>1,608</u>

Analysis of trade and other receivables:

Amounts falling due within one year:	2017/18	2016/17
	£000	£000
Bodies external to government	2,660	2,276
Other central government bodies	381	151
Local authorities	247	128
NHS bodies	67	0
	<u>3,355</u>	<u>2,555</u>
Amounts falling due after more than one year:		
Bodies external to government	238	320
Total trade and other receivables	<u>3,593</u>	<u>2,875</u>

10. Cash and cash equivalents

	2017/18	2016/17
	£000	£000
Balance as at 1 April	3,521	3,097
Net change in cash and cash equivalent balance	(1,017)	424
Balance as at 31 March	<u>2,504</u>	<u>3,521</u>

The following balances as at 31 March were held at:

Government Banking Service	2,396	3,234
Commercial banks and cash in hand	108	287
Balance as at 31 March	<u>2,504</u>	<u>3,521</u>

11. Trade and other payables

Trade and other payables

	2017/18 £000	2016/17 £000
Amounts falling due within one year:		
Trade payables	710	783
Accruals and deferred income	684	1085
Other taxation and social security	740	649
Other payables	1,030	850
	3,164	3,367

	£000	£000
Amounts falling due after more than one year:		
Early departure cost liability transferred from SWIA	27	54
Shared service income in advance	17	0
Lease incentive	200	213
	244	267

Analysis of trade and other payables:

	2017/18 £000	2016/17 £000
Due within one year:		
Bodies external to government	1,764	2,189
Other central government bodies	888	709
Local authorities	492	439
NHS bodies	20	30
	3,164	3,367

	£000	£000
Falling due after more than one year:		
Bodies external to government	199	211
Other central government bodies	45	56
	244	267

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.

Trade and other payables due after more than one year include the lease incentives which are accounted for over more than one year.

12. Provision for dilapidations

	2017/18 £000	2016/17 £000
Opening balance at 1 April	0	0
Movement on provision for the year	0	292
Closing balance at 31 March falling due within one year	0	292

The 2016/17 property dilapidation costs were due on the expiry of the lease of our Paisley office in March 2017. The dilapidation costs have been agreed and paid during 2017/18 and the provision has been reversed in full.

13. Grants from Scottish Government

Scottish Government grants	2017/18	2016/17
	£000	£000
Grant in aid operating costs	21,389	21,729
Development of childminding induction grant	69	71
National health and social care standards grant	68	35
Childminder learning and development resources grant	30	30
Transformation delivery programme grant	300	0
Development criminal justice self-evaluation grant	0	50
Total grant in aid funding	21,856	21,915
Other Scottish Government grant ¹	0	981
Total grants from Scottish Government	21,856	22,896

1 Other Scottish Government grant includes prepaid grant funding of £914k for a 'Care About Physical Activity' project covering a 2 year period, ending in 2018/19.

14. Capital commitments

There were no capital commitments as at 31 March 2018.

15. Commitments under leases

15.a Operating leases

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

	2017/18	2016/17
	£000	£000
Obligations under operating leases comprise:		
Buildings:		
Within 1 year	821	901
Within 2 to 5 years	2,777	2,810
Beyond 5 years	1,010	1,340
	4,608	5,051
Other:		
Within 1 year	133	126
Within 2 to 5 years	112	93
	245	219

15.b 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:	2017/18 £000	2016/17 £000
Buildings:		
Within 1 year	768	770
Within 2 to 5 years	3,069	2,688
Beyond 5 years	394	709
	4,231	4,167
Other:		
Within 1 year	410	428
Within 2 to 5 years	0	1,711
Beyond 5 years	0	451
	410	2,590

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. The shared ICT services with the Scottish Social Services Council are expected to end 31 March 2019.

15.c Finance leases

There are no obligations or commitments under finance leases.

16. Sources of financing

General Reserves	Revenue Transactions	Capital Transactions	General Reserve
£000	£000	£000	£000
2016/17		2017/18	
3,738 Opening Balance	2,470	322	2,792
(42,600) Surplus/(Deficit) for the year	13,075	(86)	12,989
18,758 pension actuarial adjustments	(34,712)		(34,712)
<u>(20,104) Total before grants</u>	<u>(19,167)</u>	236	<u>(18,931)</u>
21,915 Grant-in-aid funding	21,856	0	21,856
981 Other government grants ¹	0	0	0
<u>22,896 Total grants</u>	<u>21,856</u>	0	<u>21,856</u>
<u>2,792 Total</u>	<u>2,689</u>	<u>236</u>	<u>2,925</u>

¹ Government grant of £914k has been received to fund the 'Care About Physical Activity' programme costs. This is a 2 year programme ending 2018/19.

17. Contingent liabilities

There were no contingent liabilities identified as at 31 March 2018.

18. 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	2017/18	2016/17
	£000	£000
Scottish Social Services Council	1,282	1,120
Office of the Scottish Charities Regulator	140	140
Scottish Government	196	235
Education Scotland	83	0
Total	<u>1,701</u>	<u>1,495</u>

We also received procurement services from the Scottish Government's Central Government Procurement Shared Service to the value of £13k (2016/17: £18k)

19. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2017/18 financial year.

Appendix One: Accounts Direction by the Scottish Ministers



SOCIAL CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 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 (FReM) 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.

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 2017/18.

Paul Edie, Chair

Paul Edie currently sits on the Scottish Social Services Council and the Board of Healthcare Improvement Scotland.

Paul was a Liberal Democrat Councillor in Edinburgh for 23 years where he was Convenor of Health, Social Care and Housing Committee, and was a Non-Executive Director of NHS Lothian. He was also a Member of the Lothian and Border Community Justice Partnership and Chaired the Edinburgh Community Safety Partnership. Before becoming a full-time councillor, Paul worked with the Scottish National Blood Transfusion Service.

Dr Anne Haddow

Dr Haddow 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 a member of Fife Community Advisory Group for Primary Care Research and a family member of PAMIS, an organisation which 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 Resigned 12 June 2017

Cecil Meiklejohn 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 is Member of Scottish Government Mobility and Access Committee for Scotland which is a Ministerial Appointment and a Non-Executive Board Member of the Scottish Ambulance Service.

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 Wiseman 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. Mr Wiseman is a Board Member of Ceartas, a Scottish charity which provides independent advocacy and information service to adults in East Dunbartonshire. He is also a Board Member of Clyde Football Club, who are associated with the Clyde FC Community Foundation – a Scottish charity which is involved in a number of initiatives to support people in the local community. 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 Dame Denise Coia

Dr Dame Denise Coia is Chair of Healthcare Improvement Scotland and a Board Member of The Care Inspectorate in Scotland. She is also the Chair of the General Medical Council Quality Scrutiny Group in London and the Convener of the Children of Scotland Board.

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 is a Fellow of the Royal College of Psychiatrists (London) and an Honorary Fellow of the Royal College of Physicians and Surgeons (Glasgow). Her research interests have been in supporting individual 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.

Mike Cairns

Mike Cairns has extensive experience as a social work practitioner and manager in local authorities in England and Scotland. He has also worked in the voluntary sector as Director for Age Concern and Director of RNIB Scotland. He was seconded from RNIB to Scottish Government from 2004 to 2007 to help coordinate the review of community eye care services. For five years up until 2012, Mr Cairns was a member of the Scottish Social Services Council. He 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. Mr Cairns has strong experience of change management and possesses strong skills in influencing, engagement, persuasion and analysis.

Ian Doig

Ian Doig is committed to strengthening the effectiveness and accountability of public bodies and the modernisation of public services, and to increasing stakeholder satisfaction and value for money. He has wide experience of public services, including previous Public Appointments by Ministers to the governance of Scottish Social Services Council, Scottish Court Services and Scottish Environment Protection Agency. He is currently a Management Board member and Chair of the Audit and Risk Committee for National Records of Scotland. Mr Doig is also a Trustee Board Member of the National Trust for Scotland and Member of Merchiston Community Council in Edinburgh. 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.

Mr Doig is a Chartered Accountant by profession and holds CA, CIPFA and FCCA financial management qualifications. He previously held senior executive management posts as CIPFA Director for Scotland, and senior financial 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. Professor McGoldrick 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 (HRD). He is a leadership and management consultant in health and higher education and a Key Associate of the Leadership Foundation for Higher Education. Professor McGoldrick is currently a Board Member of both the SISCC (Scottish Improvement Science Collaborating Centre) and UK Skills for Care and Development. In addition he is a member of the Ministerial Strategic Group for Community Care and the Scottish Government Disability and Carer Benefit Expert Group.

Anne Houston

Anne Houston 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 Child Protection Committees Scotland and a Member of Scottish Government Stop and Search Advisory group. Anne is a member of the National Child Protection Leadership Group chaired by the Minister which is charged with overseeing implementation of the Child Protection Improvement Programme.

Christine Dunlop

Christine Dunlop is a registered mental health nurse and has worked in various hospitals 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.

Dr 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, where she was a Board Member from 2009 to 2015, the Nursing and Midwifery Council and the 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, where she was a Board Member from 2012 to 2015, and underlies the work she currently does, as Chair of an advisory board with Pain Concern (setting up two weekly radio programmes, and evaluative research) and as an independent Prison Monitor. Linda is also a Trustee and Vice Chair of the Queen's Nursing Institute of Scotland (QNIS). 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 Dayer

Gavin Dayer believes strongly in a person-centred approach to all care provision and has more than ten 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. In September 2015, Gavin graduated from the University of Strathclyde with a Post-Graduate Diploma in Person-Centred Counselling.

Board Subcommittees

There are four Board sub-committees.

Quality and Strategy Committee*

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

* The Quality and Strategy Committee replaced the Policy Committee and Complaints Committee with effect from 1 April 2017

Resources Committee

Convener: David Wiseman
Members: Ian Doig
Christine Dunlop
Dr Linda Pollock
Anne Houston
Dr Anne Haddow

Audit Committee

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

Remuneration Committee

Convener: Paul Edie
Members: Mike Cairns
David Wiseman

Appendix 3: Key performance indicators 2017/18

Key performance indicator (KPI)	Purpose	Reporting frequency (public)	Source
KPI1: % statutory inspection completed	Demonstrates the Care Inspectorate's performance against our inspection targets.	Quarterly	Inspection reports (IRT) and Inspection Plan (WMT)
KPI2: % of providers, health and social care partnerships, people who experience care who tell us that scrutiny interventions help services to improve.	Our scrutiny provides assurance to people who experience care that services will improve and high quality be maintained.	Quarterly	Inspection questionnaires
KPI 3: % of people who say our national reports and publications are useful	That our reports have an impact and that we are listening to customers' views about our publications, and are responsive to feedback.	Quarterly	Data collection commenced Q4 2017/18 To be reported during 2018/19.
KPI 4: % of inspections involving an inspection volunteer	Demonstrating our commitment to involving people in our work	Quarterly	RMS
KPI 5: % of complaints about care services that were investigated within the relevant timescales	Shows that we are committed to investigating complaints quickly so that any improvements required to services are made.	Quarterly	PMS
KPI 6: % of Registrations completed within	Demonstrates the efficiency of the Care Inspectorate in dealing with registrations.	Quarterly	PMS

Key performance indicator (KPI)	Purpose	Reporting frequency (public)	Source
timescales			
KPI7: staff absence rate, segmented by type of absence	Our two staff measures demonstrate our investment in our staff, their working environment and work-life balance, and our attractiveness as an employer.	Quarterly	HR systems
KPI 8: staff vacancy rate, segmented by inspection and non-inspection staff.		Quarterly	HR systems
KPI 9: % of complaints investigated about the Care Inspectorate that were completed within SPSO recommended timescales	To demonstrate the Care Inspectorate's prompt response to complaints about its work.	Quarterly	PMS
KPI 10: % of agreed audit recommendations that are met within timescales	To demonstrate improvement focus in our own organisation.	Quarterly	Corporate services directorate

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
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