

# ANNUAL REPORT and ACCOUNTS 2019/20

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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 2019 to 31 March 2020

SI number SG/2020/125

The Accountable Officer  
authorised these financial  
statements for issue  
30 September 2020

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## **Foreword by Paul Edie, Chair**

This annual report covers the Care Inspectorate's operations from April 2019 to March 2020. There has been an unprecedented level of challenge and change for health and social care in Scotland during 2020 including the COVID-19 pandemic which began at the start of 2020.

I would like to pay tribute to the social care sector workforce across Scotland. During this challenging period, it was humbling to see the many acts of compassion, kindness and selfless devotion to the needs of others. This reflects the professionalism and dedication of our health and social care staff across Scotland, the fortitude and resilience of our social care workforce remains truly inspirational as they meet the needs of those they care for.

The Care Inspectorate is the scrutiny, assurance and improvement support body for social care and social work in Scotland. Working across early learning and childcare, services for children and young people, integrated health and social care, social work and community justice. Almost everyone will experience a care service at some stage in their life. Good care should be designed to meet people's individual rights, needs and choices and enable them to live as independently as possible. However, where the quality of care does not meet the standards that we would expect and provide the right individual care and support, we will take the necessary action.

The implications of COVID-19 began to impact on the work of the Care Inspectorate at the start of 2020. This continued and whilst we carried out inspections, made regular, often weekly, contact with services to provide advice and support to ensure the correct measures were in place to protect the health and wellbeing of those being supported it was imperative that we did this in a way which meant we did not risk transmitting the virus. We trained our staff in the use of Near Me technology and where appropriate to do so we used this technology to carry out virtual visits to care services which allowed us to observe practice and the environment.

Looking ahead, we are committed to fulfil our statutory duty to provide public assurance and support improvement in the sector and this remains our priority. We will continue to do this through working collaboratively with partners and stakeholders and, in particular, around the development of new inspection methodology based on the health and social care standards, using a self-evaluation approach and support improvement.

I would like to thank our board members and the executive group for their vision and leadership. I would also like to thank the Care Inspectorate's staff for the unparalleled contribution this year, during a time of considerable change and supporting our response to COVID-19. It has never been more true that it is the people that make an organisation; I am so very grateful to every member of staff for all they do to carry out the work of the organisation and the role they played during the pandemic.

For me, 2019/20 highlighted the many strengths and the professional expertise in the organisation. This enables the organisation to effectively carry out its duty to provide scrutiny, assurance and to support improvement and protect vulnerable people and communities

This is my final report as Chair. It has been an honour and a privilege to serve the organisation and the public over the past eight years. As a mark of respect and recognition, I would like to dedicate this annual report to all those incredibly committed staff who tirelessly serve in our health and social care sector – thank you for all that you do, with such care and compassion, to make a difference to the lives of people who experience care.

Paul Edie  
Chair

# Annual report

## Section A: Performance report

### 1. Performance Overview

#### 1.1 Statement by Chief Executive on performance in the period 2019/20

I am pleased to introduce our annual report for 2019/20. This report highlights our performance in providing scrutiny, public assurance and supporting improvement in care across the 12,572 registered care services that we regulate in Scotland.

In line with the schedule of preparation for this report, the information was drafted during the early phase of our response to the COVID-19 pandemic, and so, some of the detailed commentary is reduced compared to previous reports.

This overview reflects that at the time of writing (April 2020) and, as was the case with many organisations, our response to the national emergency of COVID-19 took precedence over some of our scheduled activity in the first part of 2020. Along with many others across the public, private and voluntary sector, we remain focused and united in our efforts to support positive outcomes for people who experience care and ensure the highest standards of care.

I want to acknowledge and pay a special tribute and thank everyone who works across social care, social work and early learning and childcare for your incredible commitment, care and support during the period of national crisis.

During the COVID-19 pandemic, the Care Inspectorate significantly increased its levels of contact with care homes across Scotland. We contacted every care home in Scotland weekly to carry out frequent checks and sometimes daily depending on individual risk and support needs. This meant our 300 inspectors made nearly 3,000 contacts with care services every week during the peak of the crisis.

At the beginning of March, like other organisations, we implemented contingency plans to continue to operate effectively. Given the evident risk that our staff could transmit or spread COVID-19 in services, we took the decision that it would have been untenable when the pandemic took hold to carry on business as usual and continue sending inspectors from care home to care home in the normal manner. At the outset, the advice from directors of public health in Scotland was unequivocal in that inspection visits would present a real risk of introducing and spreading COVID-19 in care homes.

Our focus remained the safety and wellbeing of people, and inspection is just one element of the rigorous scrutiny and assurance work we carry out. As agreed with Scottish Government, we put enhanced notification systems in place requiring services to tell us about both suspected and confirmed cases of COVID-19 and staffing levels affected by COVID-19. This means we were immediately alerted to issues and could provide scrutiny,

guidance and support to services directly, also directing resources to services from other agencies such as the health and social care partnerships, SSSC recruitment hub, NHS Public Health Scotland and Health Protection Scotland where needed.

Our response to the early stages of the pandemic are covered in our Best Value Report along with more detailed information on our key activities further to the below sections.

The organisation continued to collaborate widely with our stakeholders. Through the year, there was a considerable amount of close working with Scottish Government and others to coordinate our contingency planning arrangements for Brexit.

The pandemic also impacted on wider national policy areas in which the Care Inspectorate was involved, including adult social care reform and the expansion of early learning and childcare. We continued with our role on the leadership groups on adult social care reform, child protection and early years, as well as on the Ministerial Strategy Group. Alongside other inspectorates, our work on the Strategic Scrutiny Group, which is chaired by the Accounts Commission, led to the first inter-agency National Scrutiny Plan. Also, we were active as part of the Scottish Government's Digital division and I was privileged to accept an invitation to become chair of the national Technology Enabled Care Programme Board, and this will continue to be an increasingly important area of development for social care. In addition to technology, it remains important for us to consider innovation, how we can leverage transformational change and what it may take to achieve this, so services and systems can be designed for people who experience care.

During the year, and as part of our new and developing inspection methodology, we moved to more outcome focused scrutiny and improvement support, coupled with an expectation for more robust self-evaluation by services and partnerships. The Care Inspectorate developed its response to the recommendations from the Ministerial Strategy Group for health and care on strategic inspection and outcomes from integration in addition to new inspection models and improvement support activities.

The Care Inspectorate continued to make an important contribution to improving social 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, with the common purpose of realising world class care. We have demonstrated resilience, flexibility and adaptability and, at the same time, have delivered rigorous scrutiny and assurance based on self-evaluation with a focus on supporting improvement in care based on the Health and Social Care Standards.

Following wide consultation, we launched our new [corporate plan](#), which enables us to respond to public reform changes. The plan sets out three strategic outcomes, each one focused on the experience of the individual and aligned to a set of strategic objectives. The outcomes are aligned to a set of measures that we monitor and report on quarterly to our board through our performance reporting. Delivery of the corporate plan is underpinned by directorate plans and planned approaches to manage and deliver our change programmes. Our priority is to have the right people, with the right core skills, to support the best outcomes for people who experience care. Our efficiency savings enabled us to use the resources we have to best effect, while maintaining high quality public services in a time of significant change and financial challenge. Our business and

digital change programmes enabled us to support our workforce to work from home, when this mattered, and to have secure access to the data, intelligence and other systems and processes.

The plan outlines our business model through which we carry out scrutiny, assurance and improvement support interventions; these are targeted, proportionate, risk-based and intelligence led. Effective collaboration and partnership are central to our approach. We work closely with people experiencing care, their carers, the public, providers of care, local communities and community planning partners, other scrutiny bodies and many different organisations including health and social care partnerships and local authorities across Scotland. Self-evaluation is at the heart of this. The publication of our guide to self-evaluation is a significant step forward in progressing the expectation that services will be much clearer as to their responsibility for understanding the quality of their services at any given point in time to understand what improvements require to be made. The intelligence we gather about the sector, combined with self-evaluation, helps us to determine the most appropriate scrutiny, assurance and improvement support response. This allows us to be more outcome focussed in our work, aligned to the national performance framework and health and social care standards.

The Standards set out what people have the right to expect when using health, social care and social work services in Scotland. These drive improvement, promote flexibility and encourage innovation in how people are cared for and supported. All services and support organisations should refer to and provide care and support in line with the Standards when planning and delivering care. The Standards drive all that we do. Our new inspection frameworks promote the Standards and we are seeing improvements in care that are more outcomes-focused and support people's rights and citizenship, in line with our shift to experience led inspections aligned to the Standards. When we develop national scrutiny and improvement resources and guidance for the care sector, we relate these to the Standards, which supports services and providers to show that they are using the Standards to improve care.

There has been widespread adoption of the Standards and, in particular, it was helpful to note Audit Scotland's Principles for Community Empowerment reference these, in terms of an individual's right to be supported to participate fully as a citizen in their local community, in a way they require. Scotland has a robust model of inspection and participation in international measures which contribute to an assurance that human rights are realised and that adequate services are provided.

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 support 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 support processes. We played an active role in informing policy development and implementation towards a world class



care system in Scotland, through intelligence-led, risk-based and evidence-based approaches to scrutiny and improvement support.

Recruitment to the ELC Improvement Programme has been successful. Inspectors from ELC moved into the roles of improvement advisers and an external candidate joined the team, bringing a wealth of improvement support and project management expertise.

The team participated in the Scottish Study of Early Learning and Childcare (SSELC). The Care Inspectorate assessment of the quality of the provision children are receiving was a key contribution to the longitudinal study of the impact on children's longer-term health and wellbeing as a result of the planned expansion.

The Children and Young People team continued with the review of inspection methodology for mainstream boarding schools and school hostels, in context to work on the quality framework for secure care.

As part of the enforcement review project, we created a development session for staff involved in care home closures. These detail inspectors' skills and experiences and the linking of outcomes to the health and social care standards and good practice.

Following concerns raised by a significant case review, we undertook work to verify action taken by one health and care partnership to make improvements. This work provided both independent assurance and helped build capacity for quality assurance in the partnership, to support the establishment of a culture where there is more robust oversight of practice.

The complaints team reviewed 'complaints received' practice including triage. We produced joint guidance for care homes with Glasgow City; this provided consistency of advice to care homes and a link to Care Inspectorate procedures, practice and expectations.

The provision of an online portal extended the capability across our geographical locations. We updated our Dignity at Work, Maximising Attendance and Capability policies in line with internal feedback and to reflect any legislative changes.

We supported Scottish Government in its redrafting of the National Child Protection Guidance, as part of the advisory group and by chairing a short life working group aiming to make proposals about the registration of unborn babies.

The organisation commenced the Safe Staffing Project to meet the new legislation and a project lead was appointed to develop and deliver a work plan.

With regards to the Neighbourhood Care programme, we undertook work to support new models of care and supporting care in neighbourhoods. This was led by NHS Education for Scotland (NES) and supported by Health Improvement Scotland, Scottish Government and COSLA. Work on the Scottish Government guidance, Protecting Children and Young People: Child Protection Committee and Chief Officer Responsibilities, was led by a short-life task and finish group of the National Child Protection Leadership Group, chaired by the Minister for Early Years and Children. Our Executive Director of Scrutiny & Assurance chaired the short-life working group. This work underpinned the Chief Officers Leadership event, in June 2019.

The Care Inspectorate was represented at the first meeting of the new Scotland Open Government Partnership (OGP) Commitment 4 Collaborative Working Group (CWG).

Our Legal and Information Governance Teams responded to a consultation by the Information Commissioner's Office on a code for data sharing. We participated in the first tripartite information governance meeting, with the Care Inspectorate (Wales) and the Care Quality Commission (England), to consider best practice in relation to the Freedom of Information (Scotland) Act.

We ran a number of assessment centres and implemented new work following positive decisions on the business cases we submitted to Scottish Government in respect of adult support and protection; the implementation of appropriate adult arrangements; and the establishment of a national overview system to review child deaths. We also carried out an inspector recruitment campaign for adults and children's inspectors and recruited for the new role of adult support and protection practitioner inspectors.

We were actively involved in the important work of a number of Cross-Party Groups. We want world class social care, social work and early learning and childcare in Scotland, where every person, in every community, experiences the best care and support, tailored to their rights, needs and wishes. We are at the forefront of providing public assurance on the quality of care while supporting innovation and improvement across integrated health and social care, social work, early learning and childcare and community justice. Investing in the development and wellbeing of our workforce will continue to be a priority to support our corporate plan and the delivery of our high-quality key services.

All of us have come through a very challenging year, at home and at work. But let us also remember those loved ones, all those we cared for, and all those who will forever be in our thoughts and prayers. The Care Inspectorate will continue to focus on our commitment to deliver transformative change and help people have access to the best possible care and experience.

I am grateful to our staff and to everyone who embodies our shared values across Scotland's social care landscape. Thank you for being the caring, compassionate and beating heart of our society.

*Peter Macleod*

**Peter Macleod**  
**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](#) on our website. Our staff team is led by our Chief Executive and three executive directors.

We regulate 12,572 care services. The bulk of these are childminders, care homes, care at home, daycare of children, and housing support. In addition, we also regulate adoption and fostering services, secure care, school accommodation, nurse agencies, and offender accommodation. You will find more information about the numbers and types of services we regulate on [our website](#).

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

### Care Inspectorate vision

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

### Our purpose

The Care Inspectorate will contribute to this vision by:

- Providing public assurance and protection for people who experience care and their carers.
- Delivering efficient and effective scrutiny assurance and improvement support.

- Acting as a catalyst for positive change, innovation and world class care.
- Supporting self-evaluation, identifying and spreading good practice.

### **Oure 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.

### **Strategic Outcomes**

- People experience high quality care.
- People experience positive outcomes.
- People's rights are respected.

<https://www.careinspectorate.com/images/documents/4858/Corporate%20Plan%202019-2022.pdf>

### **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 health and social 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 2019/20, 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. 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.

## 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 Committee.

## 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 2020 shows net liabilities of £17.801m. The net liabilities are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19.

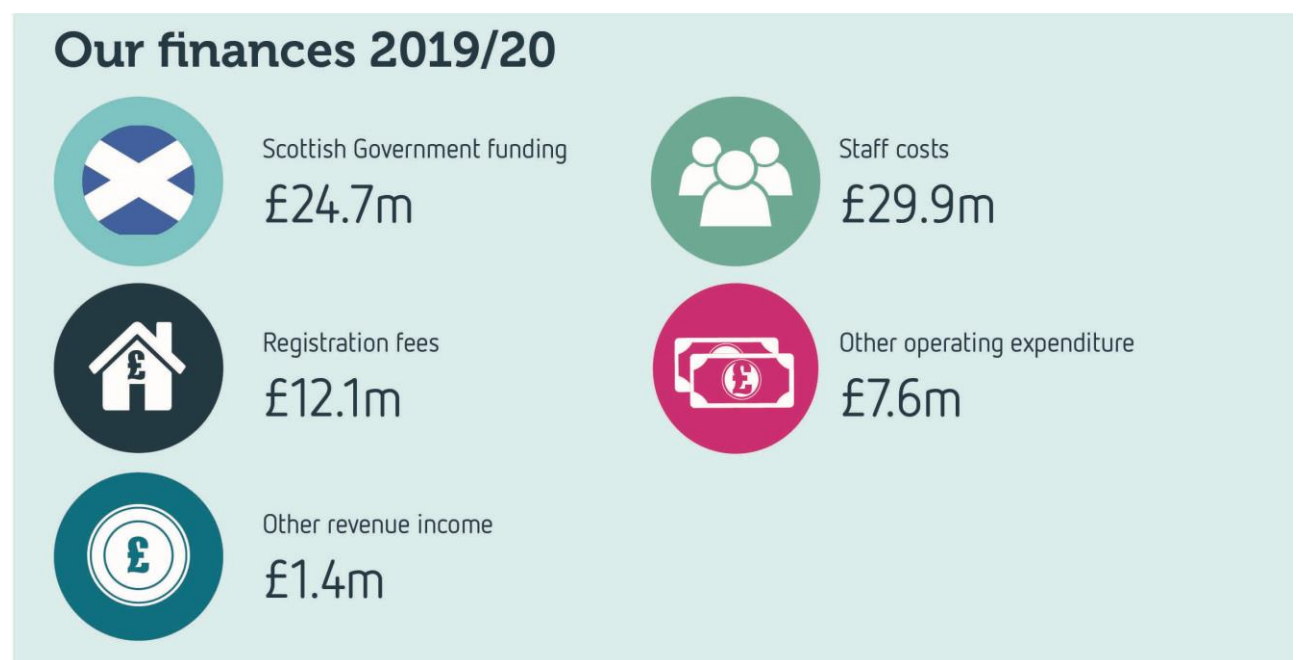
IAS 19 requires the liabilities and assets of the pension scheme to be valued. The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Care Inspectorate. The liability relates to benefits earned by existing or previous Care Inspectorate employees up to 31 March 2020.

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.

A combination of the statutory maximum fees chargeable being unchanged since 2005 and our core grant in aid remaining static in cash terms over several years has meant that we have had to identify significant efficiencies to meet the continued increase in our core operating costs. We are working with our Sponsor Department to agree a sustainable funding position so that we can maintain our ability to deliver services in future years. A working group comprising Board members and officers was set up to consider the impact of this on our medium and long term financial planning.

## 1.6 Performance summary



### 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 2019/20 was as follows:

	<b>Budgeted Position £000</b>	<b>Actual Funding £000</b>
Grant in aid	24,072	24,073
Other government grant	499	654
<b>Grant Funding 2019/20 (Note 12)</b>	<b>24,571</b>	<b>24,727</b>

Grant in aid includes Scottish Government specific programme funding totalling £1,064k during 2019/20, £350k towards the cost of implementing a business and digital transformation programme and £205k one-year only transitional funding to assist with the costs of ceasing the ICT shared service with SSSC.

The table below shows our revenue budget position.

	<b>Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Revenue expenditure	37,756	37,457	(299)
Fee income	(11,916)	(12,063)	(147)
Other revenue income	(1,045)	(1,352)	(307)
<b>Net expenditure before grant funding</b>	<b>24,795</b>	<b>24,042</b>	<b>(753)</b>
Grant in Aid	(24,072)	(24,073)	(1)
Specific grant funded projects	(499)	(654)	(155)
<b>Total 2019/20 grant funding</b>	<b>(24,571)</b>	<b>(24,727)</b>	<b>(156)</b>
<b>Net expenditure after grant funding</b>	<b>224</b>	<b>(685)</b>	<b>(909)</b>

### **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 £50k.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the surplus recognised for funding and budgeting purposes. The budgeted deficit of £0.224m is funded by a general reserve balance built up in previous years to assist with funding our business and digital transformation programme and invest in ICT modernisation. The actual deficit is £0.909m less than budgeted deficit. This is partly due to some planned activities and developments either not completing in 2019/20 or being postponed in full until 2020/21 due to the impact of Covid-19. This additional general reserve balance will assist with the additional expenditure and budget pressures in 2020/21.

	Ref	£000	£000
Deficit per the SCNE	SCNE		26,018
Revenue funding from grants & grant-in-aid	Note 15		(24,727)
Reverse IAS 19 pension accounting adjustments	Note 5b		(1,926)
To fund depreciation and asset disposals	Note 6		(50)
<b>(Surplus)/Deficit on budget basis</b>			<b>(685)</b>
<b>Movement of General Reserve Balance:</b>			
Accumulated revenue reserve		1,455	
Capital reserve		161	
<b>Opening General Reserve Balance</b>	<b>Note 15</b>		<b>1,616</b>
(Surplus)/Deficit on budget basis			(685)
Depreciation			50
<b>Closing General Reserve Balance</b>	<b>Note 15</b>		<b>2,251</b>

### Supplier payment policy

The Care Inspectorate is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within 10 days. We paid 98.60% (2018/19: 99.13%) 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 three strategic outcomes in the corporate plan for 2019 to 2022.
- The key performance indicators (KPIs) associated with our strategic outcomes.

Regular monthly and quarterly reports on our performance, structured around our strategic outcomes, priorities and KPIs, provide our Executive Team and managers with information to monitor progress and act 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. In addition to our Key Performance Indicators (KPIs) there are also Key Outcome Indicators (KOIs) which are measures that the Care Inspectorate aims to influence by its work, but which it may have limited control over. Performance in the KPIs is detailed below but due to the limited control over KOIs performance reviews are not detailed below. Full details of performance against the KOIs is available at the link below.

<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 three strategic outcomes, underpinned by strategic objectives and a number of priorities and performance measures under each. The following is a summary of key work and achievements under each strategic outcome.

## Strategic outcome 1: People experience high quality care

### KPI Overview

Measure	Description	Target	Performance 2019/20 (2018/19)
KPI 1	% of people who tell us our scrutiny interventions help services to improve:  a. People experiencing care b. Staff in care services	90% 90%	99% (98%) 96% (98%)
KPI 2	% of first statutory inspections completed	99%	95.7% (99.9%)
KPI 3(a)	% of complaints about care that are investigated within the relevant timescales (excluding FLR)	80%	51% (50%)
KPI 3(b)	% of complaints about care that are investigated within the relevant timescales (including FLR)	80%	75% (71%)*
KPI 4	Staff absence rate	3.8%  Range 2.4% to 5.7%	5.5% (4.3%)

\*The figures published for 18/19 last year for both KPI 3 a and b excluded complaints received in the final week of 2018/19 due to migration to new complaints app. These have now been included and KPI for 18/19 revised.

**Our scrutiny, assurance and improvement support work will lead to improved quality of care and wellbeing for people.**

#### Registered care services

At 31 March 2020, there were 12,572 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. 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>.

In total, we undertook 15,340 care service scrutiny interventions this year (15,052 in 2018/19) including inspections, new registrations, complaints, and variations. At a sample of inspections, we asked people whether they think our inspections will help the service to improve. The percentage of staff telling us that our scrutiny will improve care was down 2 % points from last year. The percentage of people experiencing care telling us that our scrutiny will improve care was up 1 % point from last year. Both measures remain above target (90%).

Over the year we inspected 95.7% of the statutory care service inspections on our plan, missing our 99% target (KPI2). In line with the objectives set out in our corporate plan, we spent more of our time in high risk services (see KPI7) and this may have resulted in us completing fewer statutory inspections of low risk services. Our remaining inspection capacity was also reduced this year across both adults and children's inspection teams in order to: support our ambitious business and digital transformation work and to ensure staff could complete their Professional Development Award (PDA). We had a number of inspection staff on long term sick leave (see also KPI4) and also a number of vacancies which we have struggled to fill – especially in certain geographical areas. Despite the above challenges we went into the final month with all statutory inspections planned for completion. Our decision to change our approach to regulatory inspection work in March in response to COVID-19 contributed to us not being able to meet the KPI target.

## **Strategic scrutiny**

### **Children and young people**

- We published findings from our joint inspections of services for children and young people in:
  - Fife, City of Edinburgh, Aberdeen, Stirling and Orkney.
- Strategic inspectors also delivered the first of the Scottish Government Getting it right for every child - Collective Leadership of Children's Services events.

### **Adult services**

- We published findings from our joint inspections of adult strategic planning in:
  - East Dunbartonshire, Perth and Kinross and East Renfrewshire.
- We also published the findings from a progress review of services for older people in the Scottish Borders.
- We completed additional scrutiny in South Ayrshire, largely focused on the social work duty system, following a critical significant case review. As a result, we are collaborating with the senior team (adult services) to support them in carrying out self-evaluation early in 2020 of the implementation and impact of the changes they have made.

### **Criminal Justice**

- We published findings from our inspection of justice social work services in:
  - Scottish Borders, West Dunbartonshire, Inverclyde and Dumfries and Galloway.
- We published supported and validated self-evaluations of community justice in:
  - Clackmannanshire, Ayrshire, Shetland and East Lothian

You can find copies of all strategic reports under 'Inspection Reports' here:

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

## **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. Examples of our improvement support focus include:

- A three-day Angus providers improvement programme, held in collaboration with Scottish Care. The feedback from the services involved was overwhelmingly positive

and the learning from this prototype will be used by the improvement support team to scale and spread the building of improvement capacity and capability across Scotland.

- Work with East Renfrewshire Council and Forth Valley and Clackmannanshire HSCP to develop their care at home medicines policies.
- Presenting on the award-winning intergenerational practice improvement project at the international Forum on Quality and Safety in Healthcare in Glasgow.
- The Improvement Support Team contributed to improvement workshops with colleagues from the Scottish Social Services Council (SSSC), Healthcare Improvement Scotland (HIS), NHS Education Scotland (NES), the Improvement Service and Children and Young People Improvement Collaborative (CYPIC) to Chief Officers Groups in Borders and Aberdeen. These sessions explained how the national improvement bodies work together and explored future opportunities to support improvement.
- An Improvement Adviser supported the City of Edinburgh Council Care Homes Medicine Group project. The final report has been produced and the project has now been nominated for three awards.
- 630 health and social care professionals used the Health and Social Care standards in practical exercises designed to deepen their understanding of the standards. This was included as part of the learning experience at Care about Physical Activity (CAPA) learning events across 10 partnership areas.
- Almost 1,500 staff from 11 partnership areas have attended CAPA learning events and learnt more about providing an individualised service promoting health and wellbeing. The emphasis is on leadership at all levels and on individual responsibility to effect change and move more for the benefit of those experiencing care. There was a positive reaction to our focus on showcasing people experiencing care via video
- The CAPA team has presented their work nationally at the UK wide annual learning event of the National Learning Disability Physiotherapy Network as well as presenting a workshop at the King's Fund's Enhanced health and wellbeing in care homes conference in London.

### **Enforcements**

We served a total of 20 (28 in 2018/19) non-technical enforcement notices about 18 different services in 2019/20. You can find further statistical information about enforcement on our website.

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

### **Enforcement review**

Following a review of previous care home closures through enforcement, we have worked with Council of Scottish Local Authorities (COSLA) and Health and Social Care Partnerships (HSCPs) to develop a care home closure guide for use where a home is to be closed due to poor care and not a planned closure. In a recent care home closure, we used the draft guide to good effect and found it was excellent as a tool when partners meet to plan the closure. The feedback from the HSCP and Police Scotland was that this

was an excellent resource and tool. We will now be working with COSLA to finalise this tool and roll it out across the sector.

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

In 2019/20, we launched our new Complaints app as part of our Digital Transformation process. The app launched at the end of March 18/19 with basic functionality before complete functionality was available in August 19/20 (see Spotlight below). We investigated 75% of complaints (including front line resolution) about care services within the relevant timescales, below our target of 80%, an increase from 70% last year. When front line resolution is excluded the percentage of complaints about care services investigated within the relevant timescales dropped to 51%, up from 50% last year. This performance was achieved with an increase of complaints received up 889 from the previous year (up 18%). The below target performance on both measures is in part attributable to challenges using the new system in conjunction with the legacy complaints system before full functionality was available in August. However, there have also been resourcing issues within the complaints team which we have taken steps to address.

## Spotlight: Complaints app

The previous platform used for recording complaints (PMS) was a central database which had become antiquated having been in place since the inception of the Care Inspectorate. With the development of new self-evaluation frameworks, Health and Social Care standards and the development of a new risk-based approach to the complaints process we recognised the need to develop a new recording platform. It would provide additional functionality that could benefit the recording process and the users experience, one that would enable us to fully report on all complaint work, the different methods used to resolve complaints and provide better intelligence on the nature of complaints. This led to the proposal for the development of a new complaint app.

The complaints app was developed using the Agile methodology. This is an iterative, adaptive approach to software delivery that builds software incrementally instead of trying to deliver it all at once near the end. It works by breaking projects down into smaller bits of user functionality, prioritising them, and then continuously delivering them in short cycles essentially starting with an idea and building on it incrementally over time with regular consultation along the way. From initial consultation a list of key features or stories were developed that we would like to see in the app. These were continually prioritised with the build starting with the most important aspects at the top first and working to the bottom to deliver value. This building, iterating, and getting feedback as the build progresses means that the app will continue to evolve and improve as time passes.

The complaint app was introduced on the 21st March 2019 and the change to the new recording platform did present some challenges in the transitional period in the first half of 2019/20. Each iteration of the app brought new functionality that was not present on release such as reporting capabilities and the ability to record complaint delays which, thanks to the Agile approach, were teased out and improved as time went on. At the same time there was training required and familiarisation not only with the new app but with new equipment which was rolled out at the same time. Staff also had to work between two recording platforms (as our pre-March 2019 complaint cases had to remain on our old recording platform for completion).

Following this transitional period in the first half of the year, all cases in our previous recording platform were cleared and staff could focus on new cases logged within the app timeously. As staff became more familiar with the new equipment and the app increased in functionality the complaints process became more efficient and simpler for our staff. This has been borne out in the results which whilst still below our target have improved on last year despite an 18% increase in the volume of complaints received, ongoing capacity issues and performance earlier in the year being impacted by the need to use two systems.



## Strategic outcome 2: People experience positive outcomes

The care sector is innovative, carries out high quality self-evaluation and drives forward improvement.

Measure	Description	Target	Performance 2019/20 (2018/19)
KPI 5	% of registration applications completed within timescales	80%	76% (77%)
KPI 6	level of investment in learning & development for our workforce	TBC	10.7 hours on average per employee Q3 and Q4 only (N/A)
KPI 7	% inspection hours spent in high and medium risk services	25%	29% (27%)

### Internal capacity building

An initial baseline measure (KPI6) looking at investment per staff member was created in 2019/20. For Q3 and Q4 2019/20 the Care Inspectorate on average invested 10.7 hours per staff member. This measure may evolve to one that focuses on the impact of investment in staff in line with our corporate plan.

Key themes and learning topics are summarised below:

- ICT training to support office 365.
- Personal skills development – assertiveness and confidence building, managing and resolving conflict, 7 habits of highly effective people.
- Directorate and development days.
- Engage in change events.
- The PDA in Scrutiny and Improvement is contributing to joined up working with Healthcare Improvement Scotland (HIS). A group of HIS inspectors with a Tutor Assessor from HIS are undertaking cohort 2 and HIS is committed to this joint approach and their inspectors joining future cohorts. We have also been approached by other scrutiny bodies expressing an interest in accessing places on the course.
- The Scottish Government opened up their development programme for analytical colleagues to our intelligence team. To date, a number of the team have participated to refresh and develop skills in areas such as survey design, communicating statistical information, data visualisation. Several of the analysts have also been developing their skills in R, a key programming language and software environment for developing our data science capabilities.
- One of our information analysts was successful in obtaining a place (one of only six available) on the government's data science mentoring programme. The project was focussed on early identification of risk and had the support of an experienced data science mentor as well as a high spec hardware and software environment. The project was completed in December and the findings were presented to an audience including experts in the field and government ministers. The learnings have been used to start initial modelling work on the factors involved in identifying declining quality of care in services.

## **External Capacity building**

- We published 'Self-evaluation for Improvement – Your Guide'. This guide underpins all the new quality frameworks and works as a guide for services using the frameworks to monitor and evaluate their own performance.
- An improvement planning tool has been developed and tested and the feedback has been positive. 84% agreed it had improved their confidence in identifying areas for improvement. 95% said it had improved communications with colleagues in Scottish Care and Care Inspectorate.
- The Care Inspectorate ELC staff continue to support the Scottish Government's key policy of extending the entitlement for all three and four and eligible two-year olds from 600 to 1140 hours by 2020. We are supporting the development of a range of workstreams with Scottish Government staff and other stakeholders to support the expansion.
- We continued to jointly lead (with Healthcare Improvement Scotland) on the development of the proposed Barnahus standards model for Scotland and delivered a workshop presentation at the children in Scotland annual conference.

## **Prioritising inspections**

In 2019/20 we spent almost 142,000 hours on inspection. Of these hours, 29% were spent in high or medium risk services, in line with our aim to target our resources where risk is highest (KPI7). Performance increased 1.8 % points from last year. The increased performance in this measure may have impacted our performance in KPI2 the % of first statutory inspections completed.

## **Collaboration with partners and Multi-agency intelligence sharing**

We have worked in collaboration with several partners over the year to maximise the impact our collective scrutiny interests. Amongst others we collaborated and shared information with:

- Education Scotland to continue our annual programme of inspections of day care of children services that offer pre-school education.
- Community justice partners, including Community Justice Scotland and Scottish Prison Service.
- Healthcare Improvement Scotland around our improvement activities in care, and on the focus of joint inspections and better targeting and coordination of improvement activity to support effective integration.
- The Improvement Service to ensure we co-ordinate our activities to support self-evaluation and improvement in care.
- NHS Education for Scotland Knowledge Services looking at developing care planning guidance.
- 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. The subgroup in Scotland tailors scrutiny of the treatment of detainees and the conditions in which they are held.
- Our intelligence team has developed strong links with a network of analysts working in health and care regulators across the UK, meeting regularly to share our work and learn from others. This work is particularly focussed on developing intelligence capabilities in our respective organisations. It has also led to links with a virtual data science network hosted by NHS Digital, which is an opportunity to learn about data science projects underway across health and care, and to share our own work in this area when we are ready.
- We had a pilot to share intelligence in care homes between Police Scotland and the Care Inspectorate called STORM. This improves intelligence sharing between the organisations and supports the move to intelligence and risk led scrutiny.
- We linked with the Health and Safety Executive to share intelligence. We have worked together to raise awareness of legionella in care homes and burns and scalds. This has enabled people to be aware of good practice and supports improvement.

### **Informing policy development and implementation**

We continued our active involvement in the development of a number of key policies, and supported their implementation. The Care Inspectorate have been asked to:

- Continue jointly working with Healthcare Improvement Scotland to develop standards for the introduction of Barnahus and statutory guidance for integrated joint boards on community engagement.
- Support the Scottish Government's key policy of extending the entitlement for all three and four and eligible two-year olds from 600 to 1,140 hours by 2020.
- Help inform the development of national policy and legislation and submit responses to various consultations.
- Inform the passage of the Children (Scotland) Bill through Parliament
- Provide our evidence, alongside all other submissions, to inform the Health and Sport Committee's Social Care Inquiry
- Contribute to the publication of the Independent Care Review
- Support other organisational priorities, producing a literature review on safe staffing in social care and contributing to the organisation's UN Convention on the Rights of the Child (UNCRC) progress report.
- Assess the potential impact of Brexit on health and social care in Scotland.

It should be noted that Q4 saw the initial outbreak of Coronavirus (COVID-19). This has had, and will continue to have, a significant impact on our work and any current and future policy development. For example, the Scottish Government has announced that the expansion of ELC (originally due to be implemented by August 2020) has been postponed, while evidence sessions to inform the Health and Sport Committee's Social Care Inquiry have been cancelled. The full extent of the impact on policy more broadly remains to be seen.

### **Publishing our findings**

We continued to publish publications to inform local and national policy. All our publications are available in the publications section of our website <http://www.careinspectorate.com/index.php/publications-statistics>. We published a range of publications including:

- Complaints about care services in Scotland 2015/16 to 2018/19
- Fostering and Adoption 2018/19 Statistical Bulletin
- Early Learning and Childcare Statistics 2018
- Staff vacancies in care services 2018
- Early learning and childcare (ELC) expansion profiles
- Out to Play
- Space to Grow
- Report on Whistleblowing Disclosures 2018-19
- A report on the deaths of looked after children in Scotland 2012-2018
- Significant Case Reviews in Scotland 2015 - 2018

### **Sharing information**

We make a great deal of information available on our website including:

- Detailed information about every registered care service in Scotland.
- Open data in our public datastore, which contains key information about individual care services, along with interactive summary tables.
- We also publish regular quarterly statistical summaries on our website.

During 2019-20, we responded to:

- 64 freedom of information requests, of which 55 were sent out within the statutory 20 working days deadline.
- 24 data protection requests, of which 17 were sent out within the statutory 1-month 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>

### **Registrations**

- We completed 76% of new registrations within the agreed timescales, narrowly missing our target of 80%. Performance was slightly below target and down 1 % point on last year. Performance on this KPI was impacted by the prioritisation of variation work relating to the ELC expansion over registration work.
- Work has been ongoing throughout the year to improve our registration process and in 2019/20 we launched our Online Registration Form on our website. The form has been thoroughly tested and approved by Scottish Governments Digital Assurance Team and will modernise the registration process making it easier and quicker for providers to complete the registration form via our website. The digital transformation team are now progressing with registration phase two which involves significant engagement with colleagues throughout the organisation and will improve the efficiency of our registration process as well as the quality of information on services and providers.

### **Strategic outcome 3: People's rights are respected**

**People experience person-led outcome-based care that respects their rights and reflects the Health and Social Care Standards.**

Measure	Description	Target	Performance 2019/20 (2018/19)
KPI 8	days per quarter that inspection volunteers and care experienced people are involved in our work	TBC	135 days per quarter (N/A)
KPI 9	number of service types with a new inspection framework	More than 9 service types	10 service types (1 service type)

### Developing our quality frameworks

In line with the principles of the Health and Social Care standards our new quality frameworks ensure we remain focussed on outcomes for people. By 31 March 2020, there were five Frameworks published covering six different types of service. However, a further two Frameworks covering four different types of service were ready to publish but their launch was suspended due to the pressures on care services due to COVID 19. Information on the new quality frameworks can be found at <https://www.careinspectorate.com/index.php/inspections>

We received feedback from services that have been inspected under the new framework stating that the evaluations under the frameworks more accurately reflected their performance when measuring against the Health and Social Care Standards.

### Developing our scrutiny methodology

Our strategic inspection methodology has also been reviewed to be more outcome focussed and better aligned with the Health and Social Care standards.

### Children and young people

Strategic link inspectors have participated in the dataset orientation sessions led by CELCIS with groups of Child Protection Committees across the country. The dataset work carried out by the Care Inspectorate along with CELCIS aims to enable and support more effective use and scrutiny of data by strategic partnerships to strengthen their own self-evaluation.

Strategic inspectors have been involved in supporting CELCIS with the development of a child protection minimum dataset and strategic inspectors have been attending orientation sessions with child protection committees across the country to support its implementation. This important initiative flowing from the child protection improvement programme should lead to improved data quality and a more consistent approach to its analysis and use by child protection committees across Scotland.

### Adult services

Following a joint effort with colleagues in Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) and Health Improvement Scotland HIS, we completed the development of methodology for inspection of adult support and protection arrangements (phase 1) and a plan and footprint for the ensuing two years. We submitted a final outline proposal to the Ministerial Strategic Group (MSG) on the effectiveness of health and social care integration in Scotland building on the experience of joint inspections of services for older people and on the recent inspections of strategic planning. This proposal lays out a

commitment to a revised methodology that focuses more on what integration arrangements are achieving in terms of experiences and outcomes for people as well as achieving a more balanced focus across health and social services. It also aims to strengthen the connections between joint scrutiny and collaborative improvement support in line with the inspection's findings.

The Strategic team is providing a social work perspective to the review of forensic mental health services. We have also worked closely with Scottish Government colleagues on new interim guidance which was published in October for those conducting significant case reviews for adults.

### **Criminal Justice**

The advisory group supporting our strategic justice inspections has worked with us to develop a proposal for involvement of People with Lived Experience of the justice system (PWLE) in our justice inspections. Resource constraints prevent us from making financial reimbursement so we are working with the third sector to implement an approach which will support the involvement of people with lived experience while we work to develop a strategy based on training and learning opportunities.

### **Involving people in our work**

During 2019-20 our care experienced people spent an average of 135 days per quarter on a range of involvement activity. Our work in Q4 was restricted mainly due to no volunteer activity in March due to COVID-19. The involvement team continue to be in touch with the inspection and young inspection volunteers during the COVID-19 restrictions to provide continuity and support where required. A limited number of projects are continuing with our volunteers via various communication tools, but we recognise that some of our volunteers have caring responsibilities and have many other commitments at this time.

In order to make meaningful improvements to social work and social care 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:

- 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.
- Holding regular forums with our stakeholders, including people who experience care and service provider representatives through our Quality Conversations and other fora.

### **Collaboration**

Stand Up For Siblings is a collaboration between a number of child welfare, children's rights and legal organisations and academics within Scotland. Work by our young inspection volunteers, supported by a team manager and an OWD assistant helped contribute to winning an award at the Herald Awards for successful partnership working. The work to develop a film highlighting the importance of sibling contact for care experienced children and young people was considered to be a very effective collaboration of partners, public and voluntary sector.

### **Listening to people who experience care**

Our inspections of regulated care services involve consulting with and speaking to people who experience care. 91% of respondents told us they were happy or very happy with the quality of care they received in 2019/20. This year we rolled out our new care surveys for

all inspectors of care homes for older people. These surveys collect valuable information for inspectors about the quality of care experienced which inspectors can use to focus their inspections. The new surveys are designed around our new quality framework and reflect the health and social care standards. We also launched a small-scale test of an online version with a view to expanding the opportunities for people to give us their views, and we will evaluate the effectiveness of this approach.

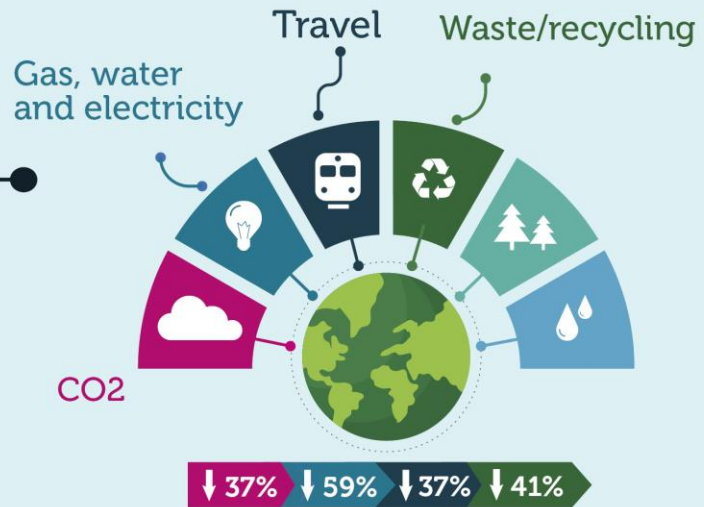
During inspections, our inspectors have used different ways to engage with people who experience care, for example using the Short Observational Framework Inspection (SOFI) tool. All staff inspecting adult care have received SOFI training and it is now embedded in our scrutiny activity and is a core assurance at inspections of care homes and day care services. Plans are being finalised to roll out SOFI training to early learning and childcare (ELC) colleagues.

## 2.3 Sustainability report 2019/20

A Carbon Management Plan covering the period 2018-2023 was launched in 2018. This plan identified a target reduction of 28% from the 2015/16 baseline data to 956 tCO<sub>2</sub>e. 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 CO<sub>2</sub> 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 30m<sup>2</sup> to 2819m<sup>2</sup> on a variety of lease terms, making control of our stationary CO<sub>2</sub> emissions difficult.

We have continued to exceed our target across all scopes. Due to COVID-19, not all the data we require was available, so we have apportioned what we had in the case of water consumption and used last year's figures for waste and recycling. We continue to aggregate our direct energy consumption and costs across all our estate.

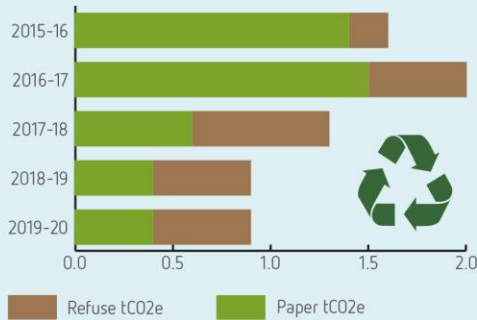


Area	Actual Performance	2015/16 Baseline
Total CO <sub>2</sub> Emissions	839.3 tCO <sub>2</sub> e	1,328 tCO <sub>2</sub> e
Travel Related CO <sub>2</sub>	607.2 tCO <sub>2</sub> e	756 tCO <sub>2</sub> e
Total Travel Cost	£958,398	£990,873
Total Energy CO <sub>2</sub>	230.2 tCO <sub>2</sub> e	569 tCO <sub>2</sub> e
Energy Consumption (gas and electricity)	1.01 MWh	1.68 MWh
Energy Expenditure (gas and electricity)	£106,323	£145,509
Total Waste CO <sub>2</sub>	0.95 tCO <sub>2</sub> e	1.6 tCO <sub>2</sub> e
Waste	43.9 tonnes	87.4 tonnes
Waste Expenditure	£9,964	£21,279
Total Water CO <sub>2</sub>	0.98 tCO <sub>2</sub> e	1.3 tCO <sub>2</sub> e
Water consumption	2,850 m <sup>3</sup>	3,830 m <sup>3</sup>
Water expenditure	£12,131	£36,267



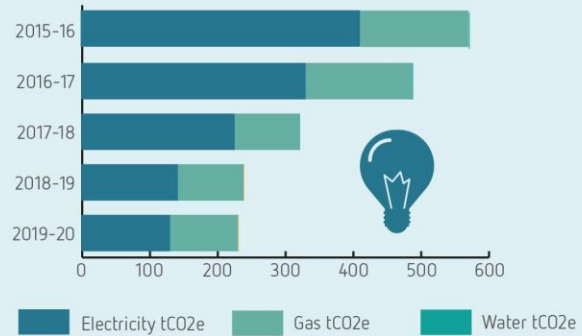
### Waste/recycling

Data for 2019-20 was not available due to COVID-19 restrictions. 2018/19 figures were used as there is little expectation of significant change.



### Gas, water and electricity

The utilities consumption does show a small overall reduction in emissions. As there has been no change in the size of the estate or any other measures taken to reduce emissions this year, relatively consistent performance was to be expected.

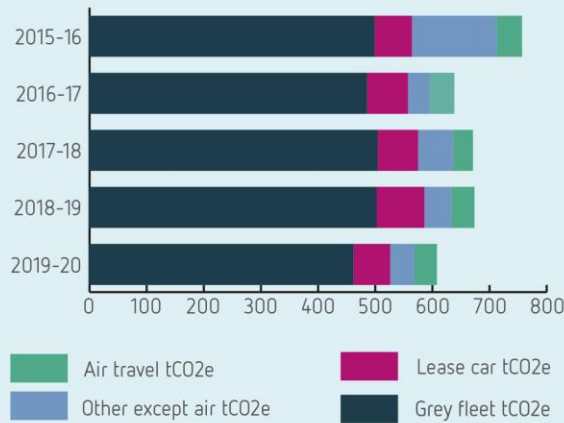


### Travel

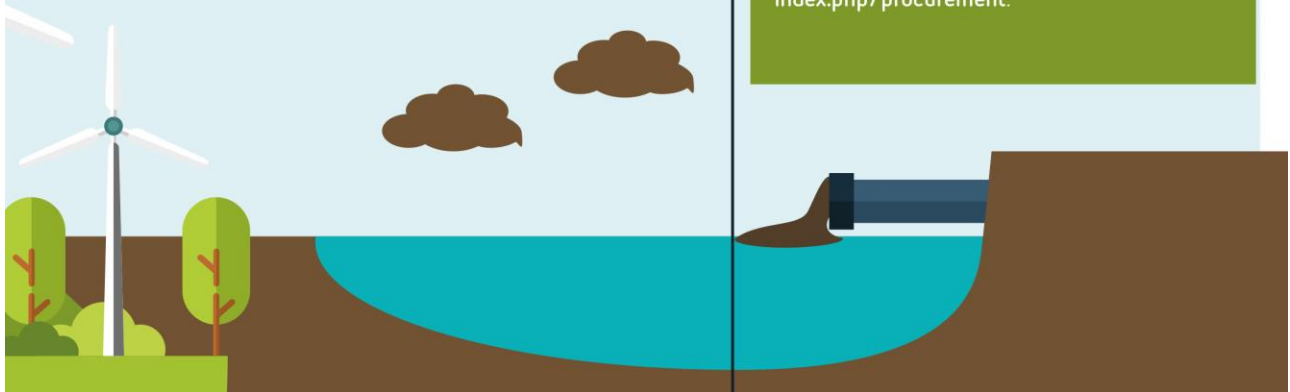
Grey Fleet is employees use of private cars for business journeys. The carbon emissions from grey fleet are at their lowest ever level, reflected in the continued reduction in travel emissions to 607 tCO2e. 'Other' includes trains, ferries, buses and taxis, and this decrease shows a continuing reduction in travel.



The reduction can be largely attributable to investment in new ICT technology, allowing for better internal communications without the need for travel. There was a reduction in travel during March due to the Government's response to the Covid-19 pandemic. The expectation is that travel will reduce considerably in 2020-21 due to COVID-19 travel restrictions and future years should continue to show reductions on the 2019-20 levels.



**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 at <https://www.careinspectorate.com/index.php/procurement>.



## 2.4 Summary of performance

Over the year, we completed much of what we set out to achieve and we made significant progress in many key areas of our work. These achievements are covered in more detail in this section and provide a complete overview of our performance against our key performance outcomes along with some key achievements completed throughout the year.

Performance against our Key Performance Indicators (KPIs) was mixed. We mostly met our targets for the KPIs associated with ensuring people experience positive outcomes and that their rights are respected. We exceeded our 25% target for the percentage of inspection hours spent in high and medium risk services. We also exceeded our target for the number of service types with a new inspection framework. We narrowly missed our target for the percentage of registrations completed within timescales.

On the other hand, we fell short of some important targets, in particular, those associated with people experiencing high quality care. We missed the target on the percentage of first statutory inspections completed and the KPIs we set for investigating complaints within target timescales. The reason we missed the target for these KPIs was largely due to resourcing issues which we will work to resolve in 2020/21.

*Peter Macleod*

Peter Macleod  
Chief Executive  
30 September 2020



## Section B: Accountability Report

### 3. Corporate Governance Report

#### 3.1 Directors' report

The Executive Directors of the Care Inspectorate and the Board Members details are set out in the Governance Statement (section 3.3) and the Remuneration Report (section 4.1).

##### **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 2020.

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

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

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

##### **Non audit fees**

Grant Thornton UK LLP 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 2020, the Care Inspectorate leased 14 properties. Of these, 10 are shared with other public sector bodies. The Estate Management Plan for 2017-20 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.

The Accountable Officer has confirmed that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

For the purposes of the audit, so far as the Accountable Officer is aware, there is no relevant audit information of which the auditors are unaware and all necessary steps have been taken by the Accountable Officer to ensure awareness of relevant audit information and to establish that the Care Inspectorate's auditors are aware of that information.

### **3.3 Governance Statement**

#### **Introduction**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Care Inspectorate's policies, aims and objectives. I am also responsible for safeguarding the public funds and assets assigned to the Care Inspectorate, in accordance with the responsibilities set out in the [Memorandum to Accountable Officers for Other Public Bodies](#).

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

#### **Governance framework**

##### **Organisation structure**

The Board is the governing body responsible 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.

The Board oversees how the Care Inspectorate conducts its business to ensure operation in accordance with the principles of Better Regulation and Best Value.

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. 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 Audit and Risk Committee. The Board meets in public at least four times per year.

##### **Board committees**

The board has one standing committee:

##### **Audit and Risk Committee**

This committee consists of a Convener and a minimum of four to a maximum of six Board members. Executive officers can be in attendance but are not members of the committee. The committee meets at least four times per year.

The committee makes recommendations to the Board with respect to the financial reporting arrangements of the Care Inspectorate, the external and internal audit arrangements, ensuring that there is sufficient and systematic review of internal control arrangements of the organisation, including arrangements for risk management and business continuity planning. The committee is also responsible for advising the Board on the development of the strategic performance management framework and the arrangements for securing Best Value.

### 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 Board and its committee review their effectiveness at least annually. There is a Board member performance appraisal process in place and from this each Board member has a development plan. Board and committee thematic development events are also regularly arranged and attended by Board members.

Board meetings are held in public and the minutes of each meeting are available on our website <https://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers>

### Board Member Attendance at Meetings and Events 1 April 2019 to 31 March 2020

Board Member	Board	Audit		Appeals Sub Committee	Board Development Events	Total
Number of Meetings and Events	6	5		1	8	20
	Attended	Member	Attended	Attended	Attended	Attended
Paul Edie, Chair	6	No	3	0	8	17
Naghat Ahmed	6	No	2	1	8	17
Gavin Dayer	6	Yes	5	0	7	18
Anne Houston	6	No	1	0	6	13
James McGoldrick	1	No	0	0	1	2
Bernadette Malone	5	Yes	5	1	6	17
Linda Pollock	4	Yes	3	0	6	13
Keith Redpath	5	Yes	5	1	7	18
Carole Wilkinson	5	No	0	0	2	7
Rognvald Johnson	5	Yes	5	0	8	18
Bill Maxwell	5	Yes	3	0	8	16
Paul Gray	1	No	0	0	0	1
Rona Fraser	0	No	0	0	0	0
Sandra Campbell	3	No	0	0	5	8

### **Accountable Officer**

The Care Inspectorate's Chief Executive, Peter Macleod, is the designated Accountable Officer taking up this responsibility with effect from 7 January 2019. 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 Directors**

The Executive Directors support the Chief Executive in his Accountable Officer role through the formal scheme of delegation. In addition to the Chief Executive, the Executive Directors for the financial year 2019/20 comprised:

- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Edith Macintosh, Interim 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 and Risk 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 and Risk Committee with assurance on the whole system of internal control. In assessing the level of assurance to be given for 2019/20, our internal auditors consider:

- All reviews undertaken as part of the 2019/20 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 auditor's overall opinion for 2019/20 was:

"the Care Inspectorate has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks."

## **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 and risk management**

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

Risks identified are maintained on a Strategic Risk Register and addressed in the preparation of the Corporate Plan. The Corporate Plan has been developed to show clear links between risks identified on the Risk Register and the Care Inspectorate's strategic outcomes. As a result, the risks identified become embedded in managers' work plans for the year. The Board has agreed a risk appetite statement to underpin the Care Inspectorate's approach to risk management and control.

## **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.
- Scheme of delegation.

## **Information security**

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

We have information governance policies and procedures in place to ensure we handle data responsibly and comply with data protection and freedom of information laws. We also have a procedure to respond to suspected data breaches. In the year to 31 March 2020 there were 53 data security incidents which were:

- 39 data breaches
- 14 near misses

A near miss is where an incident is reported to the information governance team, but the incident was prevented or it did not meet the definition of a personal data breach under GDPR.

However, no breaches reached the threshold for reporting to the Information Commissioner's Office.

### **Counter Fraud & Corruption**

The Care Inspectorate has a Counter Fraud and Corruption Framework, including a counter fraud and corruption policy, strategy and response plan together with a formal action plan. We also maintain a fraud and corruption risk register to document the controls in place to mitigate fraud.

During 2019/20 the Care Inspectorate entered an agreement with NHS Counter Fraud Services (CFS) to provide fraud prevention, detection and investigation services.

A fraud relating to payroll and a change of an employee's bank account details was detected during 2019/20. The loss associated with this fraud was approximately £4k. The fraud was reported to Police Scotland and the Audit and Risk Committee considered a report on the matter.

### **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 and Risk 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 Directors following a review of the governance arrangements within their specific areas of responsibility.
- Regular formal monitoring of progress against corporate plan, business plan and budget.
- Feedback from managers and staff within the Care Inspectorate on our performance, use of resources, responses to risks, and the extent to which in-year budgets and other performance targets have been met.
- Integrated formal reviews of the effectiveness of the Board and its committee.
- Periodic staff surveys.

## **Developing the governance framework**

The following developments were identified for 2020/21:

- We will continue to 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 risk management framework throughout the organisation to better embed risk management throughout the Care Inspectorate.
- We will build on the assurance mapping work already undertaken.
- We have reviewed and updated our business continuity management system. A three-year programme of testing the revised business continuity plans will commence in 2020/21.
- We will continue the development of the Strategic Performance Management Framework for 2020/21.
- We are undertaking an ambitious change programme which is getting more complex as progress is made. We have commissioned independent reviews of the governance arrangements for our change programme and will develop a new business case to take our business transformation further forward from the position already achieved.
- We are working with the Scottish Social Services Council (SSSC) to review our shared services and the governance arrangements. It is anticipated the new arrangements will be agreed and in place for October 2020.
- We will continue to monitor the Care Inspectorate's progress against the Public Sector Action Plan on Cyber Resilience for Scotland.

## **Certification**

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2020 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. The annual review has provided sufficient evidence that the Care Inspectorate's governance arrangements have operated effectively and that the Care Inspectorate complies with all relevant laws, regulations, guidance and generally accepted best practice in all significant respects.



## 4. Remuneration and Staff Report

### 4.1 Remuneration report

#### Unaudited information

This report provides information on the remuneration of Care Inspectorate Board members, the Chief Executive and Executive Directors. This report contains both audited information and information which is not specifically subject to audit.

The Board 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. Increases in pay are subject to satisfactory performance.

During the year the Board was advised by the following officers for pay remit matters:

- 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.

##### Executive Directors

Executive Directors were on a fixed salary point of £88.5k throughout the year. There is no incremental progression or performance related pay adjustments applied to Executive 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:

### **Chief Executive**

Peter MacLeod was appointed as the Care Inspectorate's Chief Executive on 7 January 2019. 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 10.9 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.

### **Executive Directors**

The Care Inspectorate has three Executive Director posts:

- Executive Director of Scrutiny and Assurance
- Interim 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 Directors as at 31 March 2020 was as detailed in the table below:

### **Retirement policy**

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

This policy allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than 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 Board.

## Audited information

### Care Inspectorate Board members' remuneration

Name	Salary 2019/20	Salary 2018/19
	£000	£000
Anne Houston	0-5	0-5
Bernadette Malone	0-5	0-5
Carole Wilkinson	0-5	0-5
Dr Bill Maxwell	0-5	0-5
Gavin Dayer	0-5	0-5
Keith Redpath	0-5	0-5
Linda Pollock (until 9 March 2020)	0-5	5-10
Naghat Ahmed	5-10	0-5
Paul Edie (Chair)	40-45	45-50
Paul Gray (from 16 March 2020)	0-5	n/a
Rognvald Johnson	5-10	0-5
James McGoldrick (until 31 August 2019)	0-5	0-5
Rona Fraser (from 16 March 2020)	0-5	n/a
Sandra Campbell (from 1 September 2019)	0-5	n/a

Carole Wilkinson is a Board Member through reciprocal membership arrangements with Healthcare Improvement Scotland. James McGoldrick and Sandra Campbell are Board members through reciprocal membership arrangements with the Scottish Social Services Council. No remuneration is paid by the Care Inspectorate for these Board members.

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

### Chief Executive and Executive Directors' remuneration

The salaries and pension entitlements of the Chief Executive and Executive Directors are disclosed in the table below.

	Single Total Figure of Remuneration							
	Salary		Benefits in Kind (to nearest £100)		Pension Benefits*		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£	£	£000	£000	£000	£000
Peter MacLeod Chief Executive (from 07/01/19)	115-120	25-30	0	0	37	0	155-160	25-30
Gordon Weir** Executive Director of Corporate and Customer Services	85-90	95-100	0	0	(53)	107	35-40	200-205
Kevin Mitchell*** Executive Director of Scrutiny and Assurance	95-100	90-95	0	0	58	27	155-160	120-125
Edith Macintosh Interim Executive Director of Strategy and Improvement (from 03/12/18)	85-90	70-75	0	0	28	0	115-120	70-75

\* 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.

\*\* 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 £27.3k (exc VAT). This postholder was also Interim Chief Executive for the period 01/09/18 to 06/01/19. This has impacted on his pension benefit figures in 2018/19 and 2019/20.

\*\*\*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

**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 2019/20. 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 2.92 times greater than the median remuneration of the workforce. In 2019/20, no employees received remuneration in excess of the Chief Executive.

	<b>2019/20</b>	<b>2018/19</b>
Band of Highest Paid employee	£115,000 - £120,000	£115,000 - £120,000
Staff Median Remuneration	£40,242	£39,069
Remuneration Ratio	2.92	3.01
Staff Minimum Full-Time Equivalent Remuneration	£17,964	£17,214
Staff Maximum Full-Time Equivalent Remuneration	£96,416	£94,671

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 2020		As at 31 March 2020		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 2020 £000	As at 31 March 2019 £000	Real increase £000
Peter MacLeod Chief Executive (from 07/01/19)	25-30	-	2.5-5	-	39	7	33
Gordon Weir Executive Director of Corporate and Customer Services	60-65	70-75	(5-10)	(5-10)	765	729	22
Kevin Mitchell* Executive Director of Scrutiny and Assurance	25-30	-	2.5-5	-	255	188	64
Edith Macintosh Interim Executive Director of Strategy and Improvement (from 03/12/18)	15-20	-	0-2.5	-	88	57	30

\*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 2019/20. Staff numbers are expressed as the average Full Time Equivalents (FTE) employed during the year.

	2019/20		
	Permanently Employed	Others	Total
Senior Managers	23		23
Other employees	502	34	536
Agency Workers	0	11	11
Secondments Inward	0	3	3
Total staff engaged	525	48	573
Secondments Outwards	(3)		(3)
<b>Net staff engaged on Care Inspectorate activity</b>	522	48	570

	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salaries	21,184	1,096	22,280
Social security costs	2,372	107	2,479
Pension service costs	7,280	162	7,442
<b>Total cost directly employed staff</b>	<b>30,836</b>	<b>1,365</b>	<b>32,201</b>
Board members <sup>1</sup>	0	84	84
Agency Workers	0	670	670
Secondments Inward	0	199	199
<b>Total cost of staff engaged on Care Inspectorate activity</b>	<b>30,836</b>	<b>2,318</b>	<b>33,154</b>
Voluntary early severance/retirement costs	18	0	18
Other staff costs	510	0	510
<b>Staff costs (SCNE)</b>	<b>31,364</b>	<b>2,318</b>	<b>33,682</b>
Secondments Outwards	(183)	0	(183)
<b>Net Staff Costs</b>	<b>31,181</b>	<b>2,318</b>	<b>33,499</b>

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.

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



	2018/19		
	Permanently Employed	Others	Total
Senior Managers	23		23
Other employees	512	31	543
Agency Workers	0	10	10
Secondments Inward	0	3	3
Total staff engaged	535	44	579
Secondments Outwards	(4)		(4)
<b>Net staff engaged on Care Inspectorate activity</b>	<b>531</b>	<b>44</b>	<b>575</b>

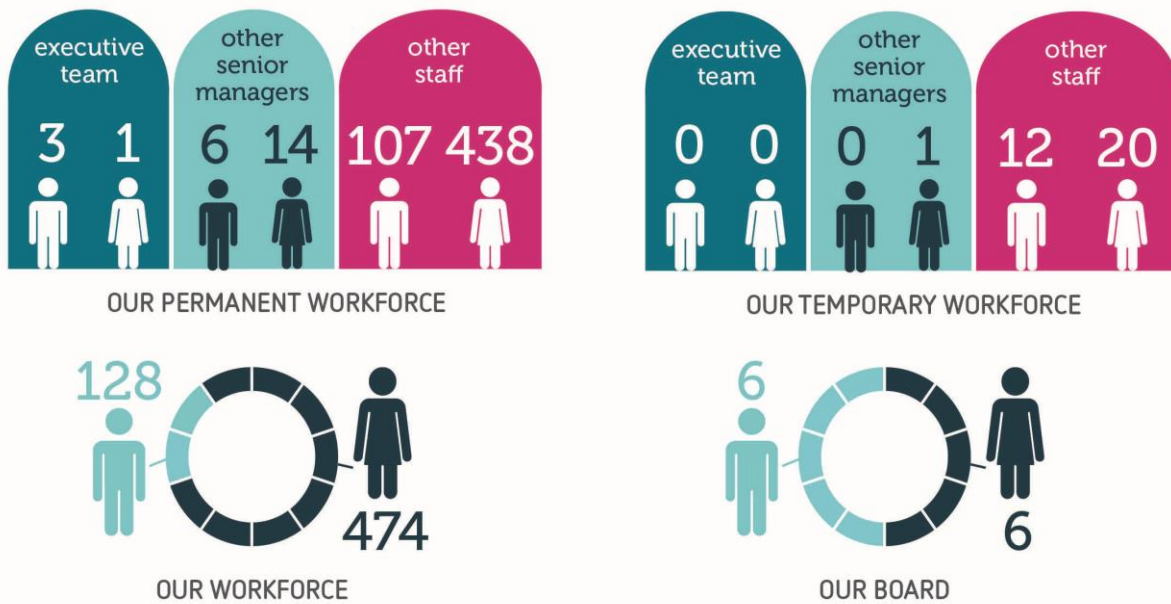
	£000	£000	£000
Salaries	20,821	951	21,772
Social security costs	2,323	89	2,412
Pension service costs	8,249	144	8,393
Total cost directly employed staff	31,393	1,184	32,577
Board members <sup>2</sup>	0	86	86
Agency Workers	0	443	443
Secondments Inward	0	203	203
<b>Total cost of staff engaged on Care Inspectorate activity</b>	<b>31,393</b>	<b>1,916</b>	<b>33,309</b>
Voluntary early severance/retirement costs	34	0	34
Other staff costs	484	0	484
<b>Staff costs (SCNE)</b>	<b>31,911</b>	<b>1,916</b>	<b>33,827</b>
Secondments Outwards	(302)	0	(302)
<b>Net Staff Costs</b>	<b>31,609</b>	<b>1,916</b>	<b>33,525</b>

<sup>2</sup>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 nine remunerated Board Members are office holders and are not included in the staff numbers.

#### 4.2.2 Staff breakdown by gender and sickness absence (unaudited)

The gender breakdown as at 31 March 2020 and sickness absence information for the year to 31 March 2020 is shown below. Staff numbers are provided on a headcount basis.

## Our gender balances



Our board is already 50:50 in terms of gender representation. Through our new equality outcomes 2021-2025 and the subsequent action plan we will be taking steps to increase the diversity of our people to achieve a more representative gender balance in our workforce profile.

## Sickness absence



XpertHR quote the latest public sector averages as 3.8% (both mean and median). The latest CIPD public sector average is 3.6%.

We are committed to working positively in partnership with our trade unions to improve sickness absence rates across the organisation.

### 4.2.3 Policies in relation to disabled persons

The General Equality Duty (Section 149) of the Equality Act 2010, requires public authorities to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010.
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

As a public body we are also covered by The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. This helps us to support the better performance of the General Equality Duty. Details of how we continued to meet these obligations and of the four equality outcomes we worked towards can be found in our Equality Outcomes and Mainstreaming Report and Action Plan 2019-2021.

<http://www.careinspectorate.com/images/documents/5046/Equalities%20report%202019-21.pdf>

Our commitment to equality takes into consideration all nine protected characteristics in the Equality Act. It is our aim that everyone who comes into contact with the Care Inspectorate is treated with fairness, dignity and respect, 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.

Through our inclusive working practices, we provide support to disabled people to enter, stay and progress in work. We are proud to have achieved the Disability Confident Committed Scheme award.

We have a clear ambition for the Care Inspectorate to be an inclusive employer of choice and are keen to explore different ways of working and supporting employees in the workplace through a flexible approach to work. To ensure that we do this in practice we have developed a number of policies as detailed below.

- Annual leave
- Carers leave
- Flexible working
- Homeworking
- Special leave

## **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 system, 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 support people with the protected characteristics listed in the Equality Act. These include the following:

- Carers Leave- this provides access to paid time off for employees with caring responsibilities, to help avoid any disability discrimination by association.
- Adoption, fostering, maternity, paternity & parental leave- family friendly policies- so that regardless of sex or sexual orientation there is a leave option available.
- Flexible working/flexi time and special leave to help people balance their personal life with their working life.

The options above allow employees to manage and attend health or wellbeing-related appointments for themselves or their dependents without the need to take a full day's annual leave. Our policies provide a flexible range of options to access time off which is of particular benefit to individuals living with disabilities and those with caring responsibilities.

Other policies such as Capability, Maximising Attendance and Recruitment also have provisions to help employees/ job applicants living with a disability. We are also members of the Disability Confident Committed Scheme.

#### **4.2.4 Expenditure on consultancy**

Consultancy expenditure of £140k was incurred in 2019/20 as follows:

- Care About Physical Activity Programme (CAPA) measurement framework (£46k)
- ICT Consultancy (£46k)
- shared services future strategy consultation (£22k)
- job evaluation services (£23k)
- tax advisory services (£2k)
- HR consultancy (£1k)

In 2018/19 there was consultancy expenditure of £122k as follows:

- job evaluation services (£1k)
- ICT shared service review (£7k)
- support service review (£26k)
- tax advisory services (£5k)
- Care About Physical Activity Programme (CAPA) evaluation (£37k)
- Care About Physical Activity Programme (CAPA) consultant (£3k)
- ICT consultancy (£43k)

## 4.2.5 Exit packages

The Care Inspectorate granted compensatory payments to one (2018/19: one) individual leaving the organisation during the year.

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

Year to 31 March 2020		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
£10,000 to £25,000	1	18
<b>TOTALS</b>	<b>1</b>	<b>18</b>

Year to 31 March 2019		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
£25,000 to £50,000	1	34
<b>TOTALS</b>	<b>1</b>	<b>34</b>

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.

## 4.2.6 Trade union activity (unaudited)

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 2019/20 follows.

**Table 1**

### Relevant union officials

The table below details number of employees who were relevant union officials during 2019/20.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
15	13.5

**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 219/20.

Percentage of time	Number of employees
0%	0
1%-50%	14
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	£57,956
Total pay bill	£28,094,000
Facility time as a percentage of total pay bill	0.21%

**Table 4****Paid trade union activities**

The table below provides hours spent by employees who were relevant union officials during the 2019/20 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.	37.8%
--	-------

The facility time statement outlining the value of facility time can be found on our website here

<https://www.careinspectorate.com/images/documents/5229/CI%20Trade%20Union%20Facility%20Time.pdf>

## 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 2020 (nil for the year to 31 March 2019).

### 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 2019/20 budget was based on funding of 67% from grants and grant in aid and 33% from fees charged to service providers (2018/19 65% grants and grant in aid; 35% fees).

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

	2019/20			2018/19		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Application to Register	566	633	67	601	649	48
Continuation of Registration	11,350	11,430	80	11,249	11,262	13
<b>Total</b>	<b>11,916</b>	<b>12,063</b>	<b>147</b>	<b>11,850</b>	<b>11,911</b>	<b>61</b>

### 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 £1.1m in 2019/20 (2018/19; £1.5m).

### 5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2020 which require disclosure under IAS 37 or the Scottish Public Manual (nil as at 31 March 2019).

*Peter MacLeod*

**Peter MacLeod**  
**Chief Executive**  
**30 September 2020**

## 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

#### 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 Care Inspectorate for the year ended 31 March 2020 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2019/20 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 for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is four years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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.

### **Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

### **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 using the going concern basis of accounting unless deemed inappropriate.

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

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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](http://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 was incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and section 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### 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.

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

### **Use of our report**

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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Joanne Brown*

Date: 5/10/2020

Joanne Brown, (for and on behalf of Grant Thornton UK LLP),  
110 Queen Street,  
Glasgow,  
G1 3BX

## **7. Annual Accounts**

### **Social Care and Social Work Improvement Scotland (Care Inspectorate) Financial Accounts for the Year Ended 31 March 2020**

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**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2019/20 £000	2018/19 £000
<b><u>Income</u></b>			
Fees charged to service providers	2a	(12,063)	(11,911)
Other operating income	2b	(1,352)	(2,060)
		<b>(13,415)</b>	<b>(13,971)</b>
<b><u>Expenditure</u></b>			
Staff costs	3a	33,682	33,827
Operating expenditure	6	7,751	9,380
		<b>41,433</b>	<b>43,207</b>
<i>Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>		<b>28,018</b>	<b>29,236</b>
Bank charges (net of interest)		9	8
Net interest on defined pension liability/(asset)	5b	394	309
<i>Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities</i>		<b>28,421</b>	<b>29,553</b>
Total actuarial re-measurements on defined pensions liability	5b	(2,403)	(971)
<b>Total comprehensive net expenditure / (surplus) before Scottish Government funding*</b>		<b>26,018</b>	<b>28,582</b>

All operations are continuing.

The notes on pages 65 to 85 form an integral part of these accounts.

The table on page 16 provides a reconciliation between the SCNE and our budgeted position.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2019/20 £000	2018/19 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	111	161
Intangible Assets	8	0	0
Trade and other receivables falling due after more than one year	9	25	26
<b>Total non-current assets</b>		<b>136</b>	<b>187</b>
<b>Current assets</b>			
Trade and other receivables	9	3,707	3,453
Cash and cash equivalents	10	1,517	1,542
<b>Total current assets</b>		<b>5,224</b>	<b>4,995</b>
<b>Total assets</b>		<b>5,360</b>	<b>5,182</b>
<b>Current liabilities</b>			
Trade and other payables	11	(3,027)	(3,425)
<b>Total current liabilities</b>		<b>(3,027)</b>	<b>(3,425)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>2,333</b>	<b>1,757</b>
<b>Non-current liabilities</b>			
Other payables greater than one year	11	(82)	(141)
Pension assets/(liabilities)	5a	(20,052)	(18,126)
<b>Total non-current liabilities</b>		<b>(20,134)</b>	<b>(18,267)</b>
<b>Assets less liabilities</b>		<b>(17,801)</b>	<b>(16,510)</b>
<b>Taxpayers' equity</b>			
Pensions reserve	SOCTE	(20,052)	(18,126)
General reserve	15	2,251	1,616
		<b>(17,801)</b>	<b>(16,510)</b>

*Peter MacLeod*

**Peter MacLeod**  
**Chief Executive**  
**30 September 2020**

The notes on pages 65 to 85 form an integral part of these accounts.

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

	<b>Note</b>	<b>2019/20</b>	<b>2018/19</b>
		<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Total comprehensive net expenditure before Scottish Government funding	SCNE	(26,018)	(28,582)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	1,926	4,329
Depreciation and amortisation	7,8	50	75
(Increase)/decrease in trade and other receivables	9	(253)	114
Increase/(decrease) in trade and other payables	11	(398)	261
Increase/(decrease) in non-current liabilities	11	(59)	(103)
<b>Net cash outflow from operating activities</b>		<u>(24,752)</u>	<u>(23,906)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	0	0
<b>Net cash outflow from investing activities</b>		<u>0</u>	<u>0</u>
<b>Cash flows from financing activities</b>			
Grants from Scottish Government	12	24,727	22,944
<b>Net financing</b>		<u>24,727</u>	<u>22,944</u>
Net increase/(decrease) in cash and cash equivalents in the period	10	(25)	(962)
Cash and cash equivalents at the beginning of the period	10	1,542	2,504
Cash and cash equivalents at the end of the period	10	1,517	1,542

The notes on page 65 to 85 form an integral part of these accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Pension Reserve £'000	General Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2018</b>		(13,797)	2,925	(10,872)
<b>Changes in taxpayers equity for 2018/19</b>				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(4,329)	4,329	0
Total comprehensive Net Expenditure			(28,582)	(28,582)
<b>Total recognised income and expense for 2018/19</b>		<b>(4,329)</b>	<b>(24,253)</b>	<b>(28,582)</b>
Grant from Scottish Government	12		22,944	22,944
<b>Balance at 31 March 2019</b>		<b>(18,126)</b>	<b>1,616</b>	<b>(16,510)</b>
<b>Changes in taxpayers equity for 2019/20</b>				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(1,926)	1,926	0
Total Comprehensive Net Expenditure			(26,018)	(26,018)
Total recognised income and expense for 2019/20		(1,926)	(24,092)	(26,018)
Grant from Scottish Government	12		24,727	24,727
<b>Balance at 31 March 2020</b>		<b>(20,052)</b>	<b>2,251</b>	<b>(17,801)</b>

The notes on pages 65 to 85 form an integral part of these accounts



## **NOTES TO THE ACCOUNTS**

### **1. Statement of accounting policies**

#### **1.1 Basis of accounts**

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

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

#### **1.2 Accounting standards issued not yet effective**

In accordance with IAS8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application.

The effective date of IFRS 16 Leases in the public sector has been delayed until 1 April 2021. This is to recognise that bodies' preparations are being adversely affected by dealing with the COVID-19 crisis. The Care Inspectorate has significant leases relating to property and leases office space in 14 locations across Scotland. These leases will require an adjustment to the Statement of Financial Position for the recognition of a right of use asset and a liability for future lease commitments.

#### **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 14 to 16).

#### **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 Finance, Human Resources, Procurement, Estates and Health and Safety 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 £0.898m 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 £0.947m 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, finance, procurement and HR costs based on this SLA. The SLA contains arrangements akin to a lease for accommodation.

### **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 2020 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

	2019/20	2018/19
	£000	£000
<b>2.a Fees charged to service providers</b>		
Continuation of registration	(11,430)	(11,262)
Application to register	(633)	(649)
	<b>(12,063)</b>	<b>(11,911)</b>

	2019/20	2018/19
	£000	£000
<b>2.b Other operating income</b>		
Recharges for services provided to other organisations	(983)	(1,464)
Secondee recharges	(184)	(302)
Lease income	(86)	(86)
Other income	(99)	(208)
	<b>(1,352)</b>	<b>(2,060)</b>

## 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:

<b>Staff cost summary</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Directly employed staff	32,201	32,577
Indirectly employed staff	953	732
Severance costs	18	34
Other staff costs	510	484
<b>Total staff costs</b>	<b>33,682</b>	<b>33,827</b>

### 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.

	2019/20			2018/19		
	Local Government Scheme £000	NHS Scheme £000	Total £000	Local Government Scheme £000	NHS Scheme £000	Total £000
Employer pension contributions actually paid	3,517	51	3,568	3,442	37	3,479
<b>Accounting entries (IAS19 note 5)</b>						
Service cost (actuarial basis)	7,390	51	7,441	8,356	37	8,393
<b>Pension costs included in staff costs (SCNE)</b>	<b>7,390</b>	<b>51</b>	<b>7,441</b>	<b>8,356</b>	<b>37</b>	<b>8,393</b>
Variance between actual cost and accounting basis	3,873	0	3,873	4,914	0	4,914

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

The total cost of exit packages in 2019/20 was £18k (2018/19: £34k). Details of exit packages are disclosed in Section 4.2.5 (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 2020 the Care Inspectorate employed 5 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 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions. The next valuation will be as at 31 March 2020 and this will set contribution rates from 1 April 2023. 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 employers' 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 2020, the Care Inspectorate paid an employer's contribution of £51k (2018/19 £37k) into the NHS scheme at a rate of 20.9% of pensionable pay (2018/19 14.9%). The employer contribution rate for the year to 31 March 2021 will remain at 20.9%.

### **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.

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 2020 were £3,517k (2018/19 £3,442k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2021 will remain at 17.0%. Employee contribution rates for the LGPS were in the range 5.5% to 11.2% based on earnings bands.

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

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

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

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

The Court of Appeal ruled transactional protections granted to older members of the Judicial Pension Scheme and the Firefighters Pension Scheme give rise to unlawful discrimination. As the Local Government Pension Scheme (Scotland) (LGPSS) has similar transitional protection arrangements there is likely to be a read across and the implications of remedying the unlawful discrimination will be similar. The implications are it is likely to result in increases to scheme liabilities and service costs. Ultimately this may lead to future increases in employer contribution rates.

The pension disclosure notes include the actuarial assessment of the impact on the Care Inspectorate's share of the fund.

### 5.a Employee benefits – statement of financial position recognition

	Year to 31 March 2020	Year to 31 March 2019
	£000	£000
Present value of funded obligation	(195,769)	(202,818)
Fair value of scheme assets (bid value)	175,717	184,692
<b>Net liability</b>	<b>(20,052)</b>	<b>(18,126)</b>

### 5.b Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2019

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

	Year to 31 March 2020		Year to 31 March 2019	
	£000	£000	£000	£000
Service cost		7,390		8,356
Administration expenses		62		77
Net interest on the defined liability/(asset)		394		309
Difference between actual employer's contributions and actuarial employer's contributions	37		(13)	
Return on plan assets in excess of interest	14,500		(3,752)	
Change in financial assumptions	(16,940)		9,090	
Changes in demographic assumptions	0		(6,296)	
Total re-measurements		(2,403)		(971)
<b>Total</b>		<b>5,443</b>		<b>7,771</b>
Total return on scheme assets		(10,054)		8,238

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	2019/20	2018/19
		£000	£000
Staff Costs	3b	3,873	4,914
Administration charges	5b Table 1	62	77
Net interest on defined liability	5b Table 1	394	309
Remeasurements	5b Table 1	(2,403)	(971)
Total actuarial adjustment		<u>1,926</u>	<u>4,329</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 2020

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

	Year to 31 March 2020		Year to 31 March 2019	
	£000	£000	£000	£000
Opening defined benefit obligation		202,818		189,150
Current service cost	7,359		6,868	
Past service costs, including curtailments	31		1,488	
Total service cost		7,390		8,356
Interest cost		4,840		4,795
Estimated benefits paid net of transfers in	(3,784)		(3,661)	
Contributions by scheme participants	1,445		1,384	
Total scheme transactions		(2,339)		(2,277)
Changes in financial assumptions	(16,940)		9,090	
Changes in demographic assumptions	0		(6,296)	
Total actuarial (gains)/losses		(16,940)		2,794
<b>Closing defined benefit obligation</b>		<b>195,769</b>		<b>202,818</b>

## 5.d Fair value of scheme assets reconciliation for the year to 31 March 2020

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

	Year to 31 March 2020		Year to 31 March 2019	
	£000	£000	£000	£000
Opening fair value of scheme assets		184,692		175,353
Interest on assets		4,446		4,486
Estimated benefits paid net of transfers in	(3,784)		(3,661)	
Employer contributions	3,480		3,455	
Contributions by scheme participants	1,445		1,384	
Total scheme transactions		1,141		1,178
Return on assets less interest		(14,500)		3,752
Administration expenses		(62)		(77)
<b>Closing defined benefit obligation</b>		<b>175,717</b>		<b>184,692</b>

## 5.e Projected pension expense for the year to 31 March 2021

	Year to 31 March 2021
	£000
Service cost	6,563
Net interest on the defined liability	431
Administration expenses	59
<b>Total</b>	<b>7,053</b>
Employer contributions	3,443

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2020.

## 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 2020		Assets as at 31 March 2019	
	£000	%	£000	%
Equities	116,173	66	127,576	69
Gilts	2,438	1	2,645	1
Other bonds	31,048	18	27,711	15
Property	21,613	12	23,057	13
Cash	5,314	3	3,263	2
Alternatives	(869)	(0)	440	0
<b>Total</b>	<b>175,717</b>	<b>100</b>	<b>184,692</b>	<b>100</b>

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

Tayside Superannuation Fund has relied on valuations provided by its advisors for its property holdings, which have been reported on the basis of 'material valuation uncertainty'. Given the unknown future impact that COVID-19 might have on the real estate market, the Fund is keeping the valuation of its property portfolio under frequent review.

## 5.g Financial assumptions as at 31 March 2020

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2020. The estimated duration of the Care Inspectorate's liabilities is 19 years. The discount rate 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 using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the last accounting date.

Similar 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. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 1.9% per annum. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation

methods, recent independent forecasts and the duration of the Care Inspectorate's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor on the issue.

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

Assumptions as at	31 March 2020	31 March 2019	31 March 2018
	% p.a.	% p.a.	% p.a.
Discount rate	2.35	2.40	2.55
Pension increases	1.90	2.40	2.30
Salary increases	2.90	3.40	3.30

### 5.h Demographic/statistical assumptions

The post retirement mortality tables used were the S2PA tables with a multiplier of 130%. These base tables are then projected using the CMI 2018 Model, allowing for a long-term improvement of 1.5% per annum with a smoothing parameter of 7.0 and an initial addition to improvements of 0.0% per annum. This is consistent with the assumptions adopted last year.

The assumed life expectations from age 65 are:

Life Expectancy from Age 65 (years)		31 March 2020	31 March 2019
Retiring today	Males	19.7	19.6
	Females	21.7	21.6
Retiring in 20 years	Males	21.4	21.3
	Females	23.5	23.4

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 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	192,113	195,769	199,498
Projected service cost	6,426	6,563	6,703
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	196,238	195,769	195,303
Projected service cost	6,566	6,563	6,560
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	199,042	195,769	192,560
Projected service cost	6,700	6,563	6,429
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	203,556	195,769	188,288
Projected service cost	6,792	6,563	6,341

## 6. Analysis of operating costs

Operating expenditure	2019/20	2018/19
	£000	£000
Property costs	2,241	2,414
Administration costs <sup>1</sup>	1,835	2,467
Supplies & services	2,044	2,707
Transport costs	1,531	1,624
Pension administration costs (IAS 19)	62	77
Depreciation & amortisation of assets	50	75
Changes in debt impairment allowance	(12)	16
	<b>7,751</b>	<b>9,380</b>

1. Administration costs includes £32.9k for external auditor's remuneration (2018/19 £32.5k). External audit provided no services in relation to non-audit work.

## 7. Property, plant and equipment

	2019/20			
	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April 2019	549	143	373	1,065
Additions	0	0	0	0
Disposals	0	0	(85)	(85)
<b>At 31 March 2020</b>	<b>549</b>	<b>143</b>	<b>288</b>	<b>980</b>
<b>Depreciation:</b>				
At 1st April 2019	(397)	(134)	(373)	(904)
Charged in year	(48)	(2)	0	(50)
Disposals	0	0	85	85
<b>At 31 March 2020</b>	<b>(445)</b>	<b>(136)</b>	<b>(288)</b>	<b>(869)</b>
<b>Net book value:</b>				
<b>At 31 March 2020</b>	<b>104</b>	<b>7</b>	<b>0</b>	<b>111</b>
At 31 March 2019	152	9	0	161

**Asset Financing:** All assets are owned

	2018/19			
	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April 2018	562	143	373	1,078
Additions	0	0	0	0
Disposals	(13)	0	0	(13)
<b>At 31 March 2019</b>	<b>549</b>	<b>143</b>	<b>373</b>	<b>1,065</b>
<b>Depreciation:</b>				
At 1st April 2018	(361)	(132)	(362)	(855)
Charged in year	(49)	(2)	(11)	(62)
Disposals	13	0	0	13
<b>At 31 March 2019</b>	<b>(397)</b>	<b>(134)</b>	<b>(373)</b>	<b>(904)</b>
<b>Net book value:</b>				
<b>At 31 March 2019</b>	<b>152</b>	<b>9</b>	<b>0</b>	<b>161</b>
At 31 March 2018	201	11	11	223

**Asset Financing:** All assets are owned

## 8. Intangible assets

	<b>2019/20</b>		
	<b>Computer software licences</b>	<b>Information technology</b>	<b>Total</b>
<b>Cost or Valuation:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1st April 2019	21	187	208
Additions	0	0	0
Disposals	0	(66)	(66)
At 31 March 2020	<u>21</u>	<u>121</u>	<u>142</u>
<b>Depreciation:</b>			
At 1st April 2019	(21)	(187)	(208)
Charge for year	0	0	0
Disposals	0	66	66
At 31 March 2020	<u>(21)</u>	<u>(121)</u>	<u>(142)</u>
<b>Net book value:</b>			
<b>At 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2019	0	0	0

There are no internally developed intangible assets

	<b>2018/19</b>		
	<b>Computer software licences</b>	<b>Information technology</b>	<b>Total</b>
<b>Cost or Valuation:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1st April 2018	21	227	248
Additions	0	0	0
Disposals	0	(40)	(40)
At 31 March 2019	<u>21</u>	<u>187</u>	<u>208</u>
<b>Depreciation:</b>			
At 1st April 2018	(21)	(214)	(235)
Charge for year	0	(13)	(13)
Disposals	0	40	40
At 31 March 2019	<u>(21)</u>	<u>(187)</u>	<u>(208)</u>
<b>Net book value:</b>			
<b>At 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2018	0	13	13

There are no internally developed intangible assets

## 9. Trade and other receivables

	2019/20		2018/19	
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Prepayments and accrued income		829		1,036
Trade receivables	2,870		2,359	
Other receivables	8		58	
		<u>2,878</u>		<u>2,417</u>
		<b>3,707</b>		<b>3,453</b>
<b>Amounts falling due after more than one year:</b>				
Prepayments and accrued income		25		26
		<u>25</u>		<u>26</u>
<b>Total trade and other receivables</b>		<b><u>3,732</u></b>		<b><u>3,479</u></b>

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.

<b>Provision for impairment of receivables:</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
As at 1 April	(47)	(31)
Charge for the year	(48)	(64)
Unused amounts reversed	13	5
Uncollectable amounts written off	47	43
As at 31 March	<b><u>(35)</u></b>	<b><u>(47)</u></b>

As at 31 March 2020, trade and other receivables of £35k (2018/19 £47k) were past due and impaired. The amount provided is £35k (2018/19 £47k). The aging analysis of these receivables is as follows:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Up to 3 months past due	(4)	(15)
3 to 6 months past due	(6)	(3)
Over 6 months past due	(1)	(15)
Over 12 months past due	(24)	(14)
	<b><u>(35)</u></b>	<b><u>(47)</u></b>

As at 31 March 2020, trade and other receivables of £2,878k (2018/19 £2,417k) were due but not impaired. The aging analysis of these receivables is as follows:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Not yet due	2,733	1,862
Up to 3 months past due	43	150
3 to 6 months past due	19	203
Over 6 months past due	8	111
Over 12 months past due	75	91
	<b><u>2,878</u></b>	<b><u>2,417</u></b>



**Analysis of trade and other receivables:**

<b>Amounts falling due within one year:</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Bodies external to government	3,082	2,908
Other central government bodies	180	310
Local authorities	411	233
NHS bodies	34	2
	<u>3,707</u>	<u>3,453</u>
<b>Amounts falling due after more than one year:</b>		
Bodies external to government	25	26
<b>Total trade and other receivables</b>	<u>3,732</u>	<u>3,479</u>

**10. Cash and cash equivalents**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Balance as at 1 April	1,542	2,504
Net change in cash and cash equivalent balance	(25)	(962)
Balance as at 31 March	<u>1,517</u>	<u>1,542</u>
The following balances as at 31 March were held at:		
Government Banking Service	1,044	1,210
Commercial banks and cash in hand	473	332
Balance as at 31 March	<u>1,517</u>	<u>1,542</u>

**11. Trade and Other Payables**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade payables	254	1,131
Accruals and deferred income	1,050	577
Other taxation and social security	671	739
Other payables	1,052	978
	<b>3,027</b>	<b>3,425</b>

	<b>£000</b>	<b>£000</b>
<b>Amounts falling due after more than one year:</b>		
Lease Incentives	<b>82</b>	<b>141</b>

**Analysis of trade and other payables:**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year:</b>		
Bodies external to government	1,786	2,091
Other central government bodies	783	842
Local authorities	432	451
NHS bodies	26	41
	<b>3,027</b>	<b>3,425</b>

	<b>£000</b>	<b>£000</b>
<b>Falling due after more than one year:</b>		
Bodies external to government	<b>82</b>	<b>141</b>

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

**12. Grants from Scottish Government**

<b>Scottish Government grants</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Grant in aid operating costs	22,129	21,389
Transformation delivery programme grant	350	670
Scrutiny approach for Community Justice	325	326
National health and social care standards grant	50	50
Child protection initial case reviews	0	50
Support to early learning and childcare expansion	259	62
Adult Support and Protection Inspection Programme	338	0
Reducing Preventable Child Deaths/ National Child Death	189	0
Barnahus Project	24	0
Cessation of shared ICT services	205	0
Child Contact Centres – Feasibility Study	56	0
ELC Improvement	98	0
Safer Staffing	50	0
<b>Total grant in aid funding</b>	<b>24,073</b>	<b>22,547</b>
Care About Physical Activity (CAPA) project funding	499	210
Technology enabled care programme funding	67	48
ELC Evaluation	54	0
Improvement Adviser	22	0
Delivery of indoor and outdoor setting guidance	12	0
Child protection initial case reviews	0	70
Scottish study of early learning childcare grant	0	49
Scottish Government Hub funding	0	20
<b>Total grants from Scottish Government</b>	<b>24,727</b>	<b>22,944</b>

**13. Capital commitments**

There were no capital commitments as at 31 March 2020.

**14. Commitments under leases****14.a Operating leases**

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

<b>Obligations under operating leases comprise:</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Buildings:		
Within 1 year	758	726
Within 2 to 5 years	1,926	2,183
Beyond 5 years	557	729
	<b>3,241</b>	<b>3,638</b>
Other:		
Within 1 year	98	91
Within 2 to 5 years	112	30
	<b>210</b>	<b>121</b>

#### **14.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 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.

<b>Commitments under operating leases comprise:</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Buildings:		
Within 1 year	795	774
Within 2 to 5 years	1,805	2,448
Beyond 5 years	172	258
	<b>2,772</b>	<b>3,480</b>

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.

#### **14.c Finance leases**

There are no obligations or commitments under finance leases.

## 15. Sources of financing

<b>General Reserves 2018/19 £000</b>	<b>Revenue Transactions £000</b>	<b>Capital Transactions 2019/20 £000</b>	<b>General Reserve £000</b>
2,925 Opening Balance	1,455	161	1,616
(28,582) Surplus/(Deficit) for the year	(25,968)	(50)	(26,018)
4,329 pension actuarial adjustments	1,926		1,926
(21,328) Total before grants	(22,587)	111	(22,476)
22,547 Grant-in-aid funding	24,073	0	24,073
397 Other Scottish Government grants	654	0	654
22,944 Total Grants	24,727	0	24,727
<b>1,616 Total</b>	<b>2,140</b>	<b>111</b>	<b>2,251</b>

## 16. Contingent Assets

The Care Inspectorate has the following contingent asset as at 31 March 2020.

A claim has been lodged with one of our telecoms providers to recover backdated charges for services which have been cancelled. The estimate value of income receivable is £44k.

## 17. Related-party transactions

The Care Inspectorate is a non-departmental public body sponsored by the Scottish Government Health and Social Care Integration Directorate. The Care Inspectorate has shared services arrangements with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. In addition, the Care Inspectorate sub-lets accommodation to Scottish Government. There are no other bodies or organisations that are regarded as related parties with which the Care Inspectorate has had material transactions during the year.

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

We also received procurement services from the Scottish Government's Central Government Procurement Shared Service to the value of £24k (2018/19: £23k).

## 18. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2019/20 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 (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

## Glossary

CETV	Cash equivalent transfer value
CMI	The continuous mortality investigation
COSLA	Convention of Scottish Local Authorities
CPI	Consumer price index
FReM	Government financial reporting manual
FTE	Full time equivalent
HIS	Healthcare Improvement Scotland
HMICS	Her Majesty's Inspectorate of Constabulary in Scotland
IAS	Internal Accounting Standard
ICT	Information and communications technology
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
KPI	Key performance indicator
LGPS	Local Government Pension Scheme
OSCR	Office of the Scottish Charity Regulator
PCSPS	Principal Civil Service Pension Scheme
PMS	Practice Management System
PSR Act 2010	Public Services Reform Act (2010)
RPI	Retail price index
SCNE	Statement of comprehensive net expenditure
SLA	Service level agreement
SOCTE	Statement of changes in taxpayers' equity
SSSC	Scottish Social Services Council
VAT	Value added tax