ANNUAL REPORT and ACCOUNTS
2020/21

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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 2020 to 31 March 2021

SI number SG/2021/151

The Accountable Officer authorised these financial statements for issue 23 September 2021

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Annual report

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1. Performance overview

1.1 Foreword by Chair

This annual report covers the Care Inspectorate's operations from April 2020 to March 2021; a year that can only be described as the most challenging we have faced since we were established. The Covid-19 pandemic has caused incredible distress and trauma for so many individuals and families across our society, as well as for staff working in care services and those working for the Care Inspectorate itself.

I would like to acknowledge the enormity of the impact on the social care sector and the tremendous efforts of those who have continued to deliver the best possible care in the most difficult of circumstances. I would also like to express my heartfelt thanks to all those who have worked so tirelessly over the past year, as well as to the staff at the Care Inspectorate who have committed so much time, energy and hard work to support the sector during a very challenging time.

In the face of the pandemic the Care Inspectorate has needed to adapt to continue our scrutiny, assurance and quality improvement work across the care sector. We have continued to keep the Health and Social Care standards central in driving improvement, promoting flexibility and encouraging innovation in how people are cared for and supported. We have further increased our focus on infection prevention and control in relation to our inspections in response to the pandemic.

As we look to the year ahead, there are a number of opportunities arising with the rollout of the expansion of funded Early Learning and Childcare (ELC), the implementation of our new ELC Quality Framework, and the implementation of 'The Promise' and its recommendations on children's social care reform. Focus will also be given to working with the new Scottish Government on delivering the recommendations of the Independent Review of Adult Social Care and specifically a National Care Service. We must ensure that we use what we have learned from the Covid-19 pandemic to support the transformation of the social care sector and to deliver care that meets individual needs. We also welcome the opportunity to take part in the forthcoming independent public inquiry in Scotland into the handling of the coronavirus pandemic.

I am committed to ensuring the sector receives the recognition that it deserves, and to helping the Care Inspectorate achieve its vision of world-class social care and social work in Scotland, where every person who needs it, in every community, experiences high-quality care and support, tailored to their rights, needs and wishes.

Paul Edie
Chair

1.2 Statement by Chief Executive on performance in the period 2020/21

I am pleased to introduce our annual report for 2020/21, which highlights our performance delivering scrutiny, providing assurance, and supporting quality improvement in social care and social work across more than 12,100 registered care services that we regulate in Scotland.

This has clearly been an unprecedented year for everyone as we have all come to terms with - and dealt with - a global pandemic, the repercussions of which have impacted the health and social care sector hardest of all. Across the care sector, there has been loss of life and there are many bereaved and grieving families. That is also the case for staff working in the sector, who have worked selflessly and with great professionalism and compassion in some of the most challenging circumstances. Tragically some of them have also lost their lives.

On behalf of everyone at the Care Inspectorate, I would like to share our deepest sympathies to those who have lost loved ones or those they have cared for. Each one is a personal tragedy and a reminder of the impact this virus is having on our society and communities.

With the pandemic still very much in the forefront of our minds, I must extend a special acknowledgement and my sincere gratitude to all of those who have been working in social care, social work, and early learning and childcare (ELC) and my colleagues at the Care Inspectorate for continually going above and beyond to deliver the best possible care to those who needed it during this time of crisis.

When the pandemic began to develop in Scotland, we acted quickly to respond and adapt our approach to scrutiny, assurance and improvement support, and developed new and enhanced ways to support the care sector and provide assurance to the public. We had to rapidly implement contingency plans to operate effectively during an emerging pandemic.

The advice from Directors of Public Health in Scotland was unequivocal; inspection visits presented a real risk of introducing and spreading COVID-19. We intensified our oversight of services and rapidly put in place other ways to scrutinise, monitor, and support social care across Scotland. We continued to make regular contact with services and our inspectors made over 74,000 remote contacts, and had 2,800 virtual meetings during the inspection year to carry out their scrutiny work and also provided invaluable support when services needed it most. We successfully rolled out Near Me technology to enable us to inspect services remotely and have used intelligence-led and risk-based scrutiny approaches to focus our work on the greatest area of need.

In June 2020, we augmented our quality framework with associated quality indicators to enable us to inspect how services were operating in response to the pandemic, including further focus on people’s health and wellbeing, infection prevention and control, PPE, and staffing.

Our inspection findings – reported to Parliament every fortnight since May – have highlighted many areas of positive practice, including staff providing kind and compassionate care, and the positive use of technology allowing those experiencing care to stay in contact with those important to them. They have also identified areas for improvement in relation to people's health and wellbeing, infection prevention and control, and staffing arrangements.

We have worked collaboratively with the Scottish Government, organisations such as Healthcare Improvement Scotland, and partners across public health, nursing, and health and social care partnerships to ensure that tailored support and the right intervention has been provided for each care home in Scotland.

Throughout the pandemic we have collected and analysed data and information to support our emergency response and shared this with the Scottish Government and our other partners to help support the care sector.

Our Covid-19 winter support webinars have successfully supported care homes and care at home services for older people and adults in Scotland to prepare for winter and to support the implementation of Covid-19 guidance into practice.

We remain committed to supporting continuous quality improvement using improvement methodology to enable services to make sustainable improvements. In March 2021, I was delighted to appoint our first Chief Nurse, the only role of its kind across all UK social care regulators, with a focus on supporting the care sector and the Care Inspectorate in relation to nursing, clinical leadership, and specialist clinical and professional advice. We are also in the process of establishing a Health and Social Care Improvement Team to further support quality improvement in the care sector in relation to specialist areas of health and wellbeing.

In early learning and childcare, we significantly increased our levels of contact with those services that remained open, offering advice and support through professional dialogue with managers and providers. A key element of this contact was to support services to understand and implement national Covid-19 guidance.

We set up a national Covid-19 flexible response team within our organisation to help relay information and inform services about the emerging and rapidly developing situation. We also developed an interim registration procedure to enable services to adapt quickly to provide essential services for children and their families.

In order to support services and keep the public informed, we developed a range of guidance and resources. A specific section of the website has informed and helped services and the public stay up to date with the ever-changing situation. We produced a series of reports detailing how the Care Inspectorate has changed its role and purpose and how we responded to the pandemic. We also sent out regular provider updates to support services .

The Care Inspectorate supported the Crown Office and Procurator Fiscal Service (COPFS) investigation into deaths due to Covid-19 in care homes in Scotland.

Beyond Covid, we have continued to inform local and national policy as well as the public with our publications on topics such as complaints, fostering and adoption, staff vacancies and corporate parenting. Our regular Provider Updates have kept the sector regularly informed of new developments and guidance that they need to follow.

We also delivered a major digital transformation project with the launch of our new registration app for use by colleagues, external providers and applicants who can now access, update and maintain information directly.

It has also been important for us to support our own staff through challenging times. Recognising the importance of creating a safe space to reflect and learn from experiences during the pandemic, we delivered a programme of learning events to encourage the workforce to reflect together on the learning, insights and challenges experienced at work during the pandemic. We have provided access to a range of support, such as webinars, courses, counselling support, and information on range of topics around wellbeing.

As we look ahead, there is much work to be done and many opportunities to embrace. Learning from our experiences during the pandemic and focussing on our recovery will be a key theme of our work. The implementation of the Independent Review of Adult Social Care, and its core recommendation to establish a National Care Service, will have a significant impact on our role and function and will be an important debate in which to engage and contribute. We would also welcome the opportunity to contribute to the Scottish Government's independent public inquiry into Covid-19.

The rollout of the expansion of funded ELC and 'Funding Follows the Child' will help ensure children experience the highest quality of ELC. Our ELC Improvement programme has also supported funded ELC settings across Scotland to improve the quality of their provision and meet the National Standard through learning communities, one-to-one support and online resources.

We will be reviewing all Quality Improvement Frameworks for children's services to make sure they align with the priorities of the Promise, and monitoring the rollout of the Barnahus model and associated standards.

We remain ambitious for social care and committed to ensuring that people in Scotland can experience transformational, world-class care that makes a real and positive difference to their lives.

Even in such difficult times as we have experienced in this past year, I continue to see our values being lived every day throughout the Care Inspectorate and across the sector as we focus on the experiences, wellbeing and outcomes of people who use care services. I extend my gratitude to everyone who has played – and continues to play – their part supporting Scotland's care sector to make a positive difference to people's lives through the delivery of high-quality and safe services.

Peter Macleod
Chief Executive

1.3 Purpose of overview section

This 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.

1.4 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 and 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 four executive directors.

We regulate over 12,100 services. Most of these are childminders, care homes, care at home, daycare of children or housing support. 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 and identifying and spreading good practice.

Our 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.

Our current Corporate Plan is available to read here.

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 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. We gather intelligence from a variety of sources across social care in Scotland. This intelligence informs how and when we inspect services. We have a duty to target our resources at those services which need the most support, so our inspections often focus 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.

As part of inspection, our inspectors will talk to people who use care services, their carers and their families. We talk to staff and managers, examine what quality of care is being provided, look at activities and environments, 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 its performance 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.

In June 2020, we introduced Key Question 7, to assess how well services were responding to the pandemic. This addition to our inspection framework enabled us to focus on infection prevention and control, PPE, and staffing while also considering the impact on people's health and wellbeing.

We also deal with complaints about regulated care services. We deal with concerns and complaints using different pathways to ensure they are resolved quickly, appropriately and effectively. All concerns raised with us are assessed carefully to ensure they are dealt with in the most appropriate and proportionate manner. Concerns and complaints about a service may affect its grades and how frequently we inspect it.

1.5 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, our 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.

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

1.6 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 2021 shows net liabilities of £7.396m. 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 2021.

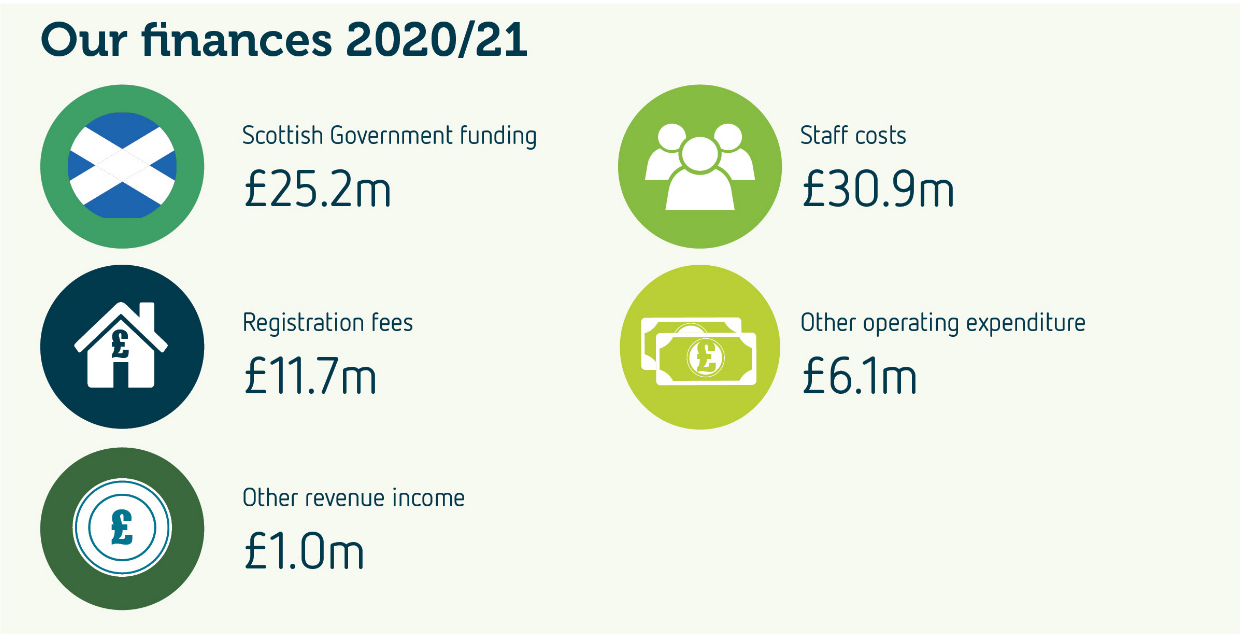
The Care Inspectorate participates in a pension fund which is the subject of an actuarial valuation every three years. This actuarial valuation is different from the valuation required by the accounting standard IAS 19. The actuarial valuation determines employer contribution rates that are designed 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.

The Statement of Changes in Taxpayers' Equity in the Financial Accounts section shows the pension and general reserve position as at 31 March 2021.

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 continue to work 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.

1.7 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 2020/21 was as follows:

	Budgeted Position £000	Actual Funding £000
Grant in aid	24,770	25,093
Other government grant	105	112
Grant Funding 2020/21 (Note 12)	**24,875**	**25,205**

Grant in aid includes Scottish Government specific programme funding totalling £1,825k during 2020/21.

The table below shows our revenue budget position.

	Budget £000	Actual £000	Variance £000
Revenue expenditure	38,514	37,054	(1,460)
Fee income	(11,879)	(11,726)	153
Other revenue income	(937)	(992)	(55)
Net expenditure before grant funding	**25,698**	**24,336**	**(1,362)**
Grant in aid	(24,770)	(25,093)	(323)
Specific grant funded projects	(105)	(112)	(7)
Total 2020/21 grant funding	**(24,875)**	**(25,205)**	**(330)**
Net expenditure after grant funding	**823**	**(869)**	**(1,692)**

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 (FReM). Our funding and budgeting position is different from the accounting financial position as shown in the Statement of Comprehensive Net Expenditure (SCNE) for three reasons.

1. For budgeting purposes, we consider grants and grant in aid to be income. The accounting position must present grants and grants in aid as sources of funds and are credited to the general reserve on the Statement of Financial Position.

2. Post-employment benefits (pensions) must be accounted for using International Accounting Standard 19 ‘Employee Benefits’ (IAS 19). IAS 19 requires accounting entries for pensions to be based on actuarial pension expense calculations. Our

funding position is based on the cash pension contributions we make as an employer to the pension scheme.

3. Grant in aid used for the purchase of non-current assets is credited to the general reserve and the balance is reduced by the amount of depreciation charged each year. The current year depreciation charge is £0.050m.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the deficit recognised for funding and budgeting purposes. The budgeted deficit of £0.823m was to be 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 surplus is £1.692m less than budgeted deficit. This is mainly due to longer than normal recruitment processes and limited travel due to the impact of Covid-19. This additional general reserve balance will assist with the additional expenditure and budget pressures in 2021/22.

	Ref	**£000**	**£000**
Deficit per the SCNE	SCNE		14,800
Revenue funding from grants and grant in aid	Note 15		(25,205)
Reverse IAS 19 pension accounting adjustments	Note 5b		9,586
To fund depreciation and asset disposals	Note 6		(50)
(Surplus)/deficit on budget basis			**(869)**
Movement of general reserve balance:			
Opening general reserve balance	**Note 15**		**(2,251)**
(Surplus)/deficit on budget basis			(869)
Depreciation			50
Closing general reserve balance	**Note 15**		**(3,070)**

Supplier payment policy
The Care Inspectorate is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within 10 days. We paid 97.37% (2019/20: 98.60%) 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 that 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 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

Typically, 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.

We have continued to monitor performance against our KPIs but where this had to be revised due to Covid-19, we have provided regular updates and relevant data to our Board to enable them to have confidence in the organisation's response and hold performance to account.

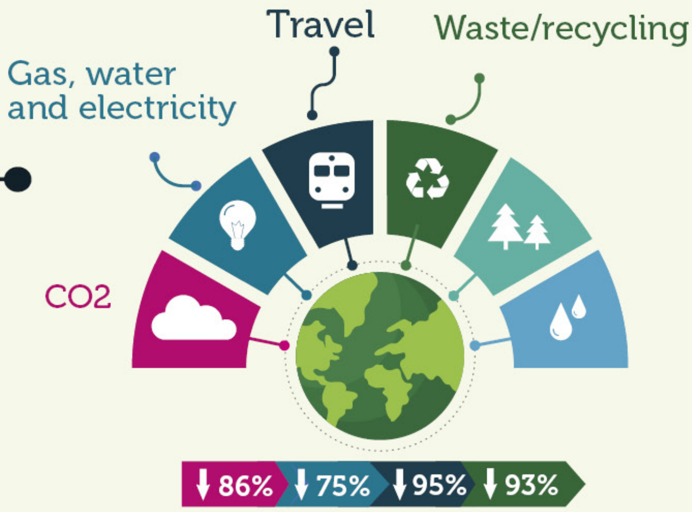
Regular monthly and quarterly reports on our performance, structured around our strategic outcomes, priorities and KPIs, provide our Strategic Leadership Team with information to monitor progress and act where necessary. The following section provides a summary of our performance over the year – fuller detail can be found here: http://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers

Sustainability report 2020/21

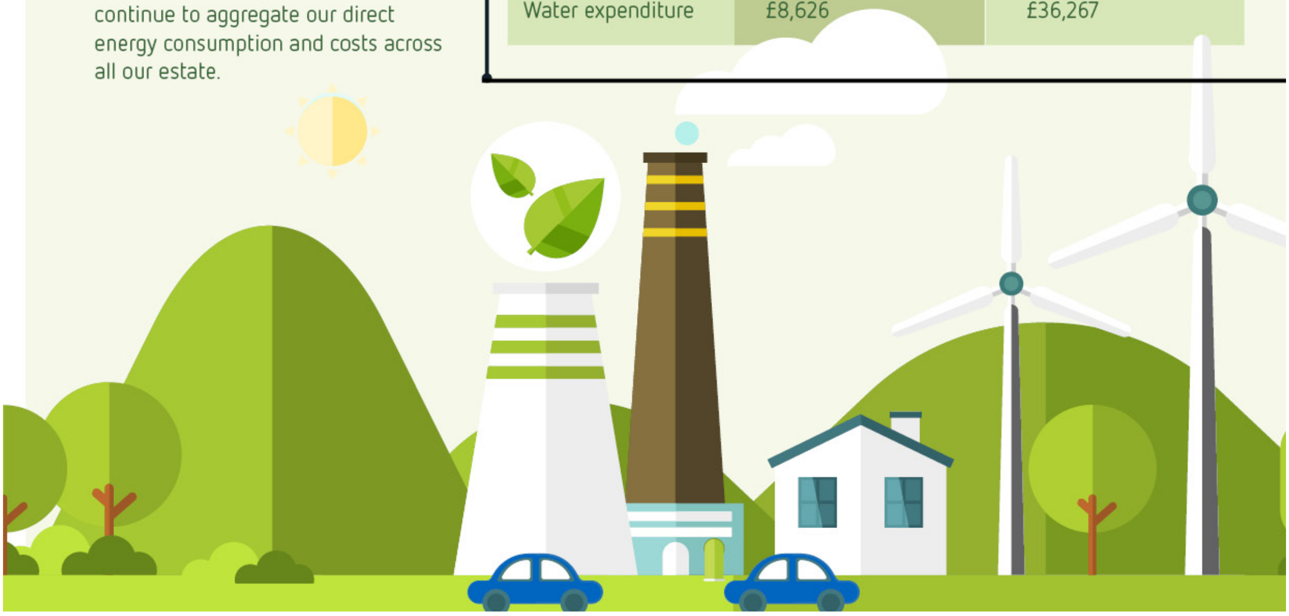
A Carbon Management Plan covering the period 2018-2023 was launched in 2018. This plan identified a target reduction of 28% from the 2015/16 baseline data to 956 tCO2e. The objectives of the plan are considered annually alongside the sustainability report.

As a regulatory body, our core business is to inspect social care and social work services throughout Scotland, leading to high travel related CO2 emissions. We also have a presence in 14 locations from as far north as Shetland to as far south as Dumfries. These properties are of varying sizes, from 30m2 to 2,819m2 on a variety of lease terms, making control of our stationary CO2 emissions difficult.

We have continued to exceed our target across all scopes. In response to the Covid-19 pandemic, our staff have largely worked from home and our offices have remained closed for all but essential requirements. This means there has been a considerable reduction of carbon emissions for 2020/21. Although this has been an exceptional year, we expect some of the positive actions taken because of the pandemic to continue and do not expect the CO2 emissions to return to previous levels post Covid-19. We continue to aggregate our direct energy consumption and costs across all our estate.

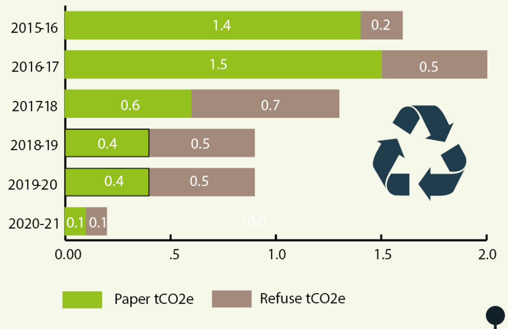


Area	Actual Performance	2015/16 Baseline
Total CO2 Emissions	180.2 tCO2e	1,328 tCO2e
Travel Related CO2	37.1 tCO2e	756 tCO2e
Total Travel Cost	£55,077	£990,873
Total Energy CO2	143.0 tCO2e	569 tCO2e
Energy Consumption (gas and electricity)	671,764 kWh	1.68 MWh
Energy Expenditure (gas and electricity)	£68,500	£145,509
Total Waste CO2	0.1 tCO2e	1.6 tCO2e
Waste	5.3 tonnes	87.4 tonnes
Waste Expenditure	£624	£21,279
Total Water CO2	0.2 tCO2e	1.3 tCO2e
Water consumption	516.5 m3	3,830 m3
Water expenditure	£8,626	£36,267



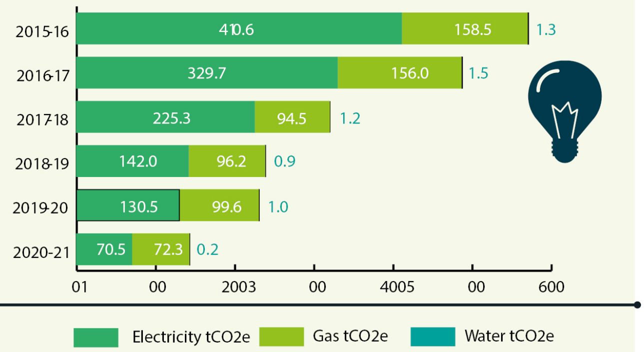
Waste/recycling

Refuse is not weighed but measured by the size of the bin and the number of collections. As there was a reduction in the waste collections there is a corresponding reduction in emissions.



Gas, water and electricity

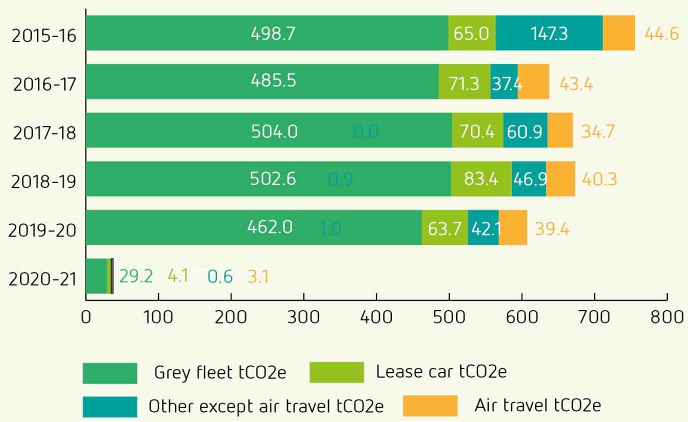
The utilities consumption has reduced significantly as the offices have, for the most part, been unoccupied due to Covid-19. Heating and electricity have been consumed to maintain buildings, and for essential access when required. Water, through automatic flushes on urinals and running of taps for health and safety reasons, has been used, but at a vastly reduced level.



Travel

Grey Fleet is where employees use their own 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 37 tCO2e. 'Other' includes trains, ferries, buses and taxis, showing a reduced requirement to use public transport and an overall decrease.

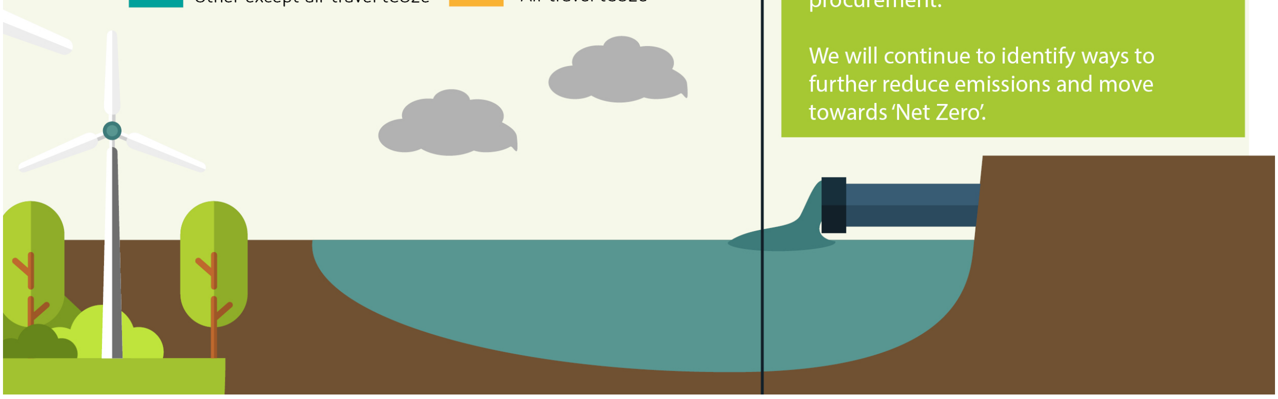
Covid-19 had a significant impact on our ability to inspect services and travel for other work-related reasons such as training and attending meetings. However, it has also required us to use technologies such as Microsoft Teams and Sharepoint better, reducing the requirement to meet in person and attend offices for access to files. This will be continued post pandemic.



Sustainable procurement

Sustainable procurement means considering 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.

We will continue to identify ways to further reduce emissions and move towards 'Net Zero'.



Spotlight: The Register and Registration Application

The Practice Management System (PMS) is a legacy platform that is now over 20 years old, historically used to support the registration process and the register of providers. PMS was highlighted as a system which posed significant risk to operations and needed to be replaced. Stage 1 of the Transformation Programme tended to this risk by supporting the development and release of the new cloud-based applications; the Complaints app in 2019 and a new Register and registration application, with releases spanning 2020 and 2021. The development of the Register and registration application was one of the biggest and most technically complex changes ever to have taken place at the Care Inspectorate. This was delivered in three main releases.

The first release involved digitising our paper application form. This allowed applicants to make their application fully online for the first time. This was released in January 2020. Initial feedback from providers suggested a high level of satisfaction with over 68% of applicants being satisfied with the new online application process.

The digital development team uses a blended approach of agile and waterfall delivery methods. This means working in collaboration with operational colleagues, developing the assessment and decision-making aspects of the processing of the online application to the online Register. This second release went live in December 2020.

The last and most complex of the releases was broken down into separate elements and were released in March 2021. The benefit of delivering in this way meant our staff have a single platform for our registration process that links direct with our Register, with appropriate workflow integrity integrated in the system.

Data migration

The migration of data from the incumbent PMS system involved moving all the core Register data from PMS to the new application, migrating approximately 12,000 registered services and c. five million data entries. Key challenges included poor data quality from the source system, with PMS holding inaccurate, out of date and incomplete data. The migration presented an opportunity to improve the information published to our public Register, via the website.

The Register

The Register offers providers of care services the opportunity to advise of changes to their service via an online portal, changes that would have been previously paper based or processed via another system. This included changes to the provider, service or managers of care services, or variations to the conditions of registration. The benefit for providers means they can now make changes to their service online on a single system, with enhancements developed based on their feedback.

Registration application

The registration application supports the processing of a registration, enabling an end-to-end online process which culminates in the creation of a service in our Register. For our staff this means they have a single digital platform that manages the registration process from initial application through to decision state, incorporating all supporting correspondence. This will lead to efficiency improvements over time but delivering the immediate benefit of providing a clear audit trail for compliance and training.

Work to support the adoption and evolution of the Register and registration application continues to be a priority for the digital development team. Development to resolve issues and deliver enhancements is achieved through an iterative review process, working in close collaboration with operations.

Although this has been a challenging period of change for all parties involved, digital development teams, operations and stakeholders, compounded by an extended remote working arrangement, the willing partnership continues to deliver opportunities and targeted benefits. Change has been supported by guidance, regular communication, collaborative working with operational colleagues, feedback, "show and tell" sessions and focussed surgeries to help support and embed the changes.

The recent release of the new Register and registration application and the release of the complaints app in 2019, further reduces the dependency and risk associated with the legacy PMS system. Work has started to find new ways of supporting the administration of our Enforcement cases, to allow for the full retirement and decommissioning of PMS.

Stage 2 is the next exciting step on our transformation journey. The full business case to secure funding is currently progressing through the approval cycle including a Digital First Standards assessment. This will provide the next step in our digital journey with a business led transformation that will replace the last remaining legacy system, RMS.

These changes all contribute to the corporate plan to deliver efficiencies through innovation, building digital solutions that support accessible, streamlined processes.

2.3 Detailed analysis of development and performance

Covid-19 resulted in changes to practice and policies which were different from our pre-pandemic activities. To limit the spread of the virus, we had to restrict our physical presence in services and our offices. Additionally, certain service types closed completely during the pandemic or substantially changed how they operated. These changes resulted in it not being possible to report in the normal way on some of our KPIs (1, 2 and 3(a)) and performance in others was impacted due to the response required to the Covid-19 pandemic.

We had to change the way that we monitored some KPIs due to the impact of Covid-19 and the restrictions around infection prevention control and not being able to routinely access services or survey people and staff in care services with our paper questionnaires (KPI1 – % of people telling us that our scrutiny will improve care).

Due to a combination of services being closed and restrictions on non-essential visiting, complaints and inspections could only be done physically on location when these were deemed absolutely essential, following an enhanced risk assessment (KPI2 – % of statutory inspections completed). This change in policy was to ensure the safety of people experiencing care and care staff.

End of year KPI performance 2020/21

Strategic Outcome 1: People experience high-quality care	Strategic Outcome 2: People experience positive outcomes	Strategic Outcome 3: People's rights are respected
		KPI8: Days per quarter that inspection volunteers and care experienced people are involved in our work **62 days (average per quarter)** [Benchmark 65 days]

KPI 3(b): % of complaints about care that were resolved within the relevant timescales (includes all methods of resolution) **90.4%** [Target 80%] **KPI4:** % staff absence **3.6%** [Target 3.8%: Range 2.4% to 5.7%]	**KPI5:** % of registration applications completed within timescales **78.3%** [Target 80%] **KPI6:** Level of investment in learning and development for our workforce **3.8 hours on average per employee** [Benchmark 4.6 hours] **KPI7:** % of inspection hours spent in high and medium risk services **89.8%** [Target 25%]	

Performance on KPI3b and KPI7 increased due to the focus on high-risk services. Staff absence performance (KPI4) increased as staff were working continuously to support the pandemic response and was likely initially improved by working from home with the organisation actively promoting staff health and wellbeing and how we can support people to remain healthy and well at work and at home during the pandemic.

In the KPIs where we were slightly below, target performance was impacted by the focus on the pandemic response and the related restrictions. Training (KPI6) and involvement (KPI8) opportunities had to be carried out remotely which made normal performance difficult to maintain as in-person training or volunteer inspection activity was not possible. In terms of percentage of registrations completed within timescales (KPI5) the fewer registrations being applied for, combined with work on our digital app and variation work in relation to the pandemic response resulted in the target just being missed.

Our response to Covid-19 pandemic: Impact on people experiencing care and services

At 31 March 2021, there were 12,133 registered care services operating in Scotland. 88% of services had grades of good or better for every theme. More information about numbers and types of services, and their grades is available on our website at http://www.careinspectorate.com/index.php/statistics-and-analysis.

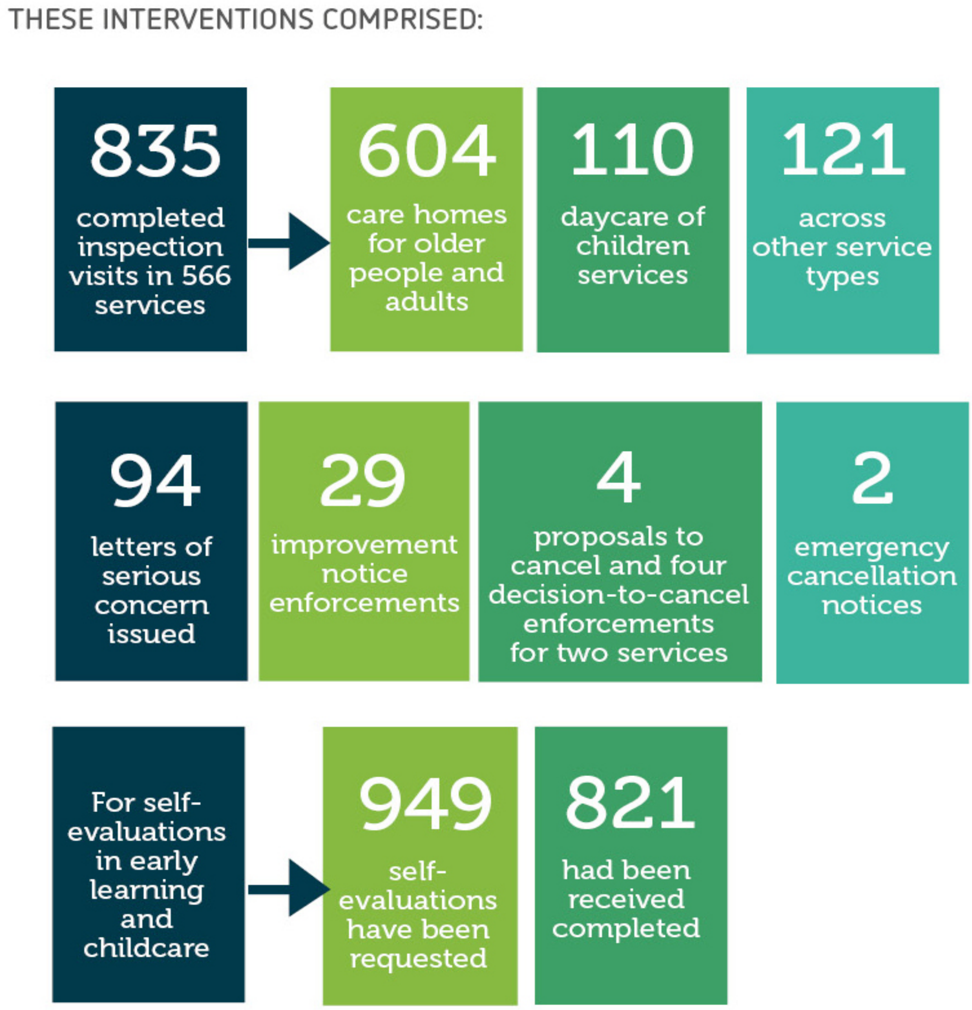
This year, we undertook 8,355 care service scrutiny interventions, including inspections (835), new registrations (477), complaints 4,618), and variations 2,425)

New registrations completed: Contributing factors to this decrease include the impact of Covid-19, especially on-site visits, and the work on developing and testing our new digital App and associated new processes.

Inspections completed: To limit the spread of Covid-19 our routine inspection plans were affected with some service types closed and others not safe to inspect. However, we intensified scrutiny in other ways: there were 142 additional continuation visits and 34 monitoring visits made to services, 821 self-evaluations, and over 74,000 contacts with services including 346 ‘Near Me’ calls. These virtual contacts allowed us to support services during this unprecedented time while minimising the risk of spreading the virus to the people experiencing care, care staff and our own staff.

Complaints received: The number of complaints received decreased by 1,213 (21%) from Q4 last year. Several service types such as childminding, daycare of children and adult daycare had most of their services closed due to Covid-19. Complaints from relatives or carers continue to occupy the greatest proportion of complainants but has decreased by almost a third (32%) compared to Q4 last year. These factors have all contributed to the fall in complaints received.

Variations to registration completed: The number of variations completed decreased 671 from Q4 last year largely due to increased numbers in Q1 19/20 following a project to implement new ways of managing conditions of registration. There are some changes this year that have resulted in reduced need for variations. We have continued with adapted practice during the pandemic, reducing the requirement for a variation to make it easier for services to adapt to meet peoples’ needs. We have prioritised the migration of cases that were in progress in our legacy system onto our new App, and once complete, will begin to progress a recent increase in variations to extend ‘covid related time-limited conditions’ (e.g., to provide a different service type / operate from a different premises).



Complaints
Covid-19 impacted on the operating hours of many services contributing to the overall number of complaints received decreasing by 1,213 from last year (down 21%). Many services closed or ran at lower capacity due to Covid-19. Fewer visitors to services also contributed to lower number of complaints and we worked with Scottish Government to support the development and implementation of opening care homes to allow visiting and put in place action to support services to develop safe visiting practices.

Under normal circumstances, we would report on KPI3(a): % of complaints about care that were investigated with a full Care Inspectorate investigation within the relevant timescales. However, the Care Inspectorate had to change the way we worked to prevent the risk of spreading Covid-19 in care services. We could not carry out non-essential visits and had to restrict onsite complaint investigations to those that were deemed essential following an enhanced risk assessment.

The Care Inspectorate actioned every complaint that it received and responded appropriately in the context of the pandemic to keep people safe: more complaints were resolved quickly through direct provider action, and more were logged as intelligence.

Crucially, all intelligence from complaints was assessed and used to inform and focus our wider scrutiny work. This included onsite inspections, the majority of which focussed in depth on Covid-19 related issues along with assessing the overall wellbeing of people experiencing care.

Up to the end of Q4 2020/21:

- 220 complaints were completed and of these 167 (76%) were upheld.

90% of complaints were resolved by any method within the relevant timescales (KPI3b) compared to 75% last year. This shows that we resolved complaints quickly; to achieve this, we assigned more staff to support people raising concerns, assess complaints, support resolution by providers and ensure we made relevant authorities aware of complaints.

Our mid-year complaints report for 2020/21 covering Q1 and Q2 can be found here: https://www.careinspectorate.com/images/documents/5915/Board%20meeting%2017-12-20.pdf

Strategic inspection activity
Our Strategic scrutiny programme was heavily impacted by Covid-19. The Strategic scrutiny team leading on adult support and protection used the available time to work alongside our scrutiny partners to develop a modified methodology which allows remote reviewing of case records on a multi-agency basis. The new approach was successfully tested in scrutiny work in Inverclyde, and we are hopeful that its deployment will help to transform our inspection activity at strategic level across the range of programmes.

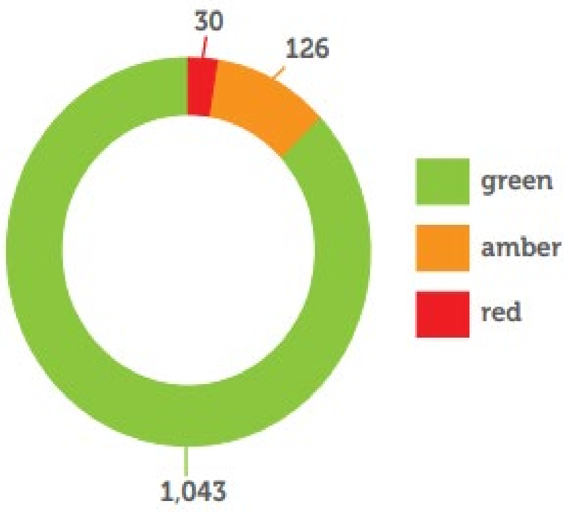
Our Strategic Scrutiny team leading on justice concluded its inspection of justice services in Aberdeen City completing the inspection virtually.

You can find copies of all strategic reports under ‘Inspection reports’ here: http://www.careinspectorate.com/index.php/publications-statistics

Supporting care services
Early in March 2020, we put an early warning system of enhanced notifications in place, requiring services to tell us about both suspected and confirmed cases of Covid-19, and staffing levels affected by Covid-19. The Red, Amber, Green system was unique across the UK regulators and meant we were immediately alerted to issues and could provide scrutiny, guidance and support to services directly, as well as directing resources to services from other key agencies where needed

Number of staff shortage notifications received from care homes for older people

Source: Care Inspectorate 4 April - 17 June



- Green – sufficient staff numbers/skill mix to meet the needs of people who use the service.
- Amber – staff are stretched and only just able to provide the staff levels/skill-mix to meet the needs of people who use the service
- Red – no longer have adequate levels and skill-mix of staff to meet the needs of those you provide care for.

Due to the significant requirement for PPE as an infection prevention and control measure, we put in place a professional lead who responds to more specialist enquiries about PPE. Our data and close working supported NSS hubs for PPE being set up across the country. We provided responses and escalated areas of concern where a national response was needed. We also supported Scottish Government's pandemic response team with scoping and contacting services around staff testing in care services.

Covid winter support webinars

The Improvement Support team working with the Covid-19 Flexible Response team to develop and deliver a three-phase package of support around our Covid-19 response and winter preparedness. The aim was to support care homes and care at home services for older people and adults in Scotland for winter and to understand and implement Covid-19 guidance into their settings. The series was delivered through 13 webinars, covering a range of topics, to 1,288 attendees. The webinars had significant reach and were well received by the sector.

Near Me

The Scottish Government introduced Near Me to provide clinical appointments remotely in 2017. The Care Inspectorate was given the opportunity to use Near Me with care providers early in 2020. However, due to the Covid-19 restrictions implemented in March, access to the facility was immediately provided to all Care Inspectorate staff who would normally have a need to visit the premises of a care provider, potential care provider, person experiencing care, or a family member in order to reduce the risk of introducing Covid-19 to a care setting. The Care Inspectorate supported the national 'rapid roll out of Near Me' as part of the response to the pandemic by contacting 1,097 care providers to raise awareness of Near Me and provide the opportunity to participate in a test call.

Supporting and shaping the Covid-19 response
We worked closely with the Scottish Government and other national bodies including Health Protection Scotland, Healthcare Improvement Scotland, Scottish Social Services Council, NHS Scotland and COSLA to deliver a coordinated response to Covid-19. To ensure the care sector was heard and supported, we consulted and worked closely with care sector representative bodies and others. We contributed to discussions on key topics related to supporting the care sector as well as sharing intelligence and data. This approach helped reduce duplication and improve consistency of advice and guidance. More detail can be found in our public Board reports:
https://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers

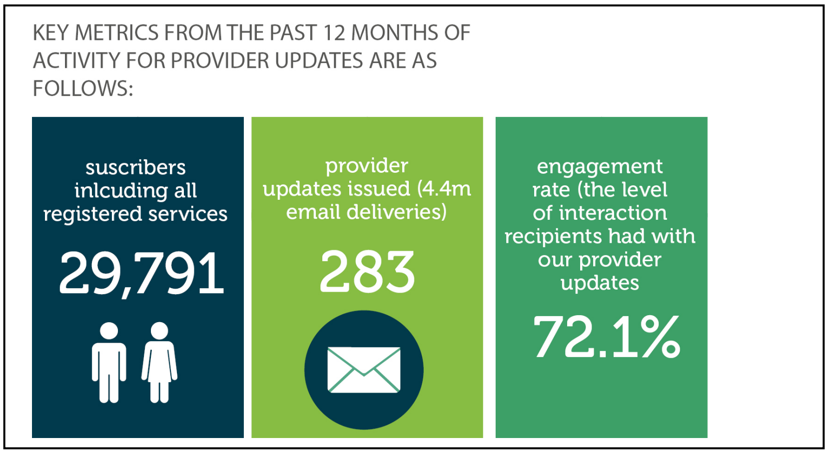
We contributed to the Independent Review of Adult Social Care in Scotland. The Care Inspectorate had thorough engagement through documentary submissions and in person discussions including discussions with the Board and Chief Executive. The findings of the review included a core recommendation to establish a National Care Service. This is likely to have a direct impact on the Care Inspectorate's role and functions as the proposals are developed, debated and implemented in the coming years. The report can be read here:
https://www.gov.scot/publications/independent-review-adult-social-care-scotland/

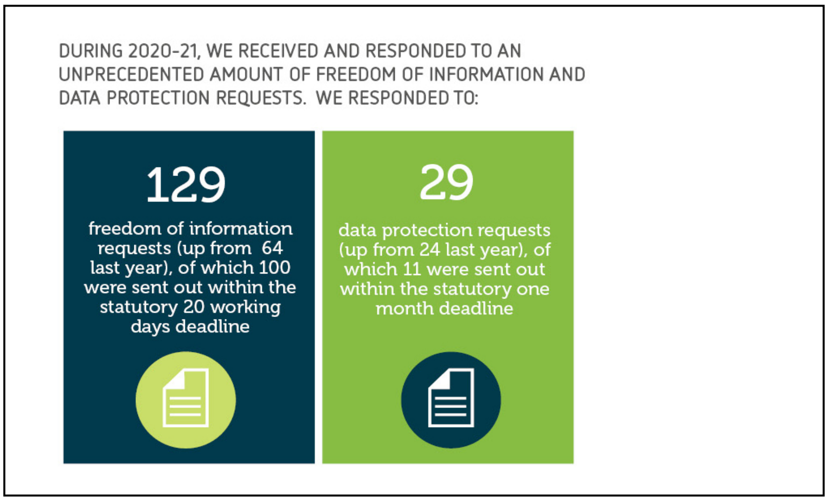
The Chief Executive and Executive Director of Scrutiny and Assurance gave evidence to the Health and Sport Committee as part of its pre-budget scrutiny, while also considering the impact of Covid-19. The session can be viewed here:
https://www.scottishparliament.tv/meeting/health-and-sport-committee-august-25-2020

Guidance and resources to support services and inform the public
In response to Covid-19 we created a specific section of the website to inform and help services and the public stay up to date with the ever-changing situation. The link to this is:
https://www.careinspectorate.com/index.php/covid19

We produced a series of reports detailing how the Care Inspectorate changed its role and purpose to respond to the pandemic. The detailed reports can be found here:
https://www.careinspectorate.com/index.php/publications-statistics/53-public/reviews

We also sent out provider updates to support services throughout the pandemic. Our provider updates have been in the top five or ten for open and click rates consistently throughout the pandemic across the whole UK client base of Granicus (a digital communication platform used by local authorities and public bodies which we use to publish and distribute our digital newsletters).





We have regular information sharing arrangements in place with a wide range of other bodies. 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

New reporting requirements following Coronavirus (Scotland) Act 2020
The Bill for the Coronavirus (Scotland) (No.2) Act 2020 placed additional duties on the Care Inspectorate.

- The Care Inspectorate must lay a report before Parliament every two weeks, setting out which care homes it inspected during these two weeks and the findings of those inspections. We published 21 of these fortnightly reports in 2020/21 which can be found here: https://www.careinspectorate.com/index.php/publications-statistics/139-inspection-reports-local-authority/reports-to-scottish-parliament-on-care-inspectorate-inspections?start=20
- Care home providers must report daily to the Care Inspectorate on numbers of deaths (suspected or confirmed due to Covid-19) and total number of deaths irrespective of Covid-19. The Care Inspectorate must report this information weekly to Scottish Ministers. We have provided this information to Scottish Government since the last week in May 2020. The report can be found here:https://www.gov.scot/publications/coronavirus-covid-19-additional-data-about-adult-care-homes-in-scotland/
    - We also published a statistical bulletin on Covid-19 related deaths in care homes 2020/21 available here:

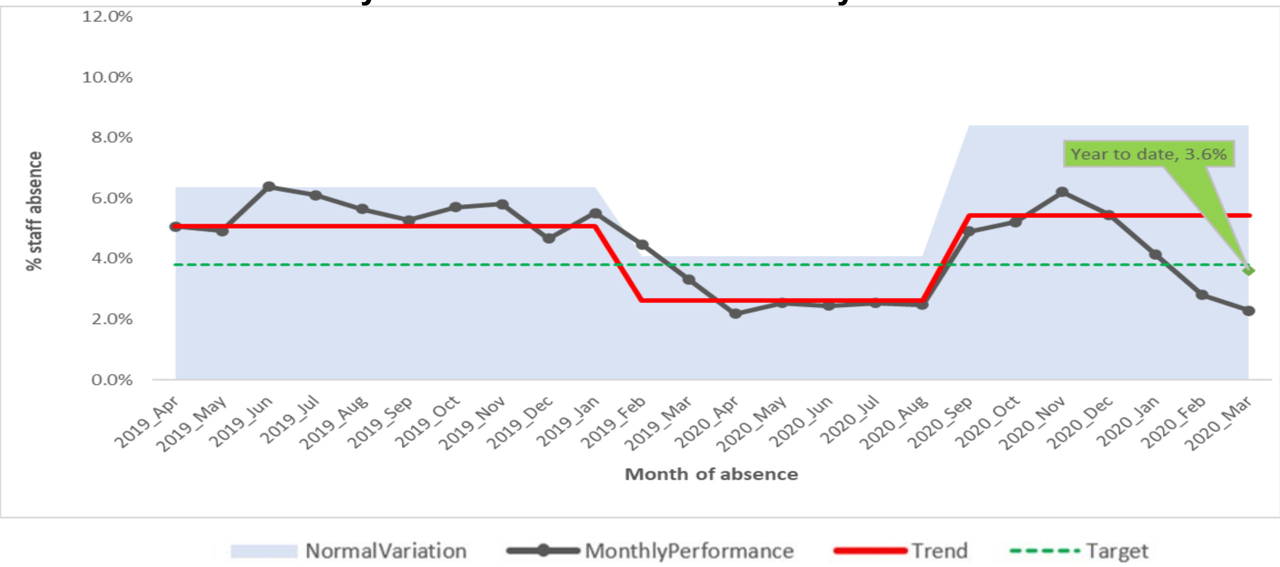
https://www.careinspectorate.com/images/documents/6106/Covid-19%20related%20deaths%20in%20care%20homes%202020-21.pdf

Crown Office and Procurator Fiscal Service (COPFS) investigation into deaths due to Covid-19 in care homes in Scotland
The Care Inspectorate supported the Crown Office and Procurator Fiscal Service (COPFS) investigation into deaths due to Covid-19 in care homes in Scotland codenamed Operation Koper. After preliminary discussions with COPFS and Police Scotland, we started sharing relevant information with Police Scotland in June 2020. Feedback from Police Scotland on the quality and assistance given by the Care Inspectorate to Operation Koper has been very positive.

Our internal response to Covid-19 pandemic:

Staff absence
At the onset of the Covid-19 pandemic our offices closed, and staff moved to homeworking. Due to the pandemic response the organisation was operating seven days a week with staff working evenings, weekends, and holidays to support the response. Homeworking combined with the intense effort in responding to the first wave of the pandemic saw our staff absence rate fall significantly. As the second wave started absence returned to pre-Covid-19 levels but dropped back down as the situation improved across Scotland. For 2020/21 the average staff absence was 3.6%; below the target of 3.8%

KPI4: % staff absence by month of absence over last 2 years



Investing and supporting staff
Working from home greatly expanded and accelerated the use and uptake of remote working and technology used within the Care Inspectorate. Examples include various video conference technology, remote collaboration software and new interactive reporting dashboards. To support colleagues in using this technology online courses and webinars were provided. For 2020/21, the Care Inspectorate invested on average 3.8 hours per staff member, down from the 10.7 hours on average for Q3 and Q4 last year (KPI6). The average number of hours was lower than last year, reflecting the changing priorities and

that all learning was completed remotely online. Although lower on average the training was highly specified to supporting colleagues in responding to Covid-19 and working effectively from home.

Some key themes and learning topics included:
- supporting staff including sessions on mental health and wellbeing, working from home and sessions on remote technology and Office 365
- infection prevention and control training specific to Covid-19,
- the Professional Development Award in Scrutiny and Improvement (PDA) which is having a positive impact on scrutiny practice and achieving our strategic outcomes (since the last report, the PDA has been the subject of verification and compliance assessments from the Scottish Qualifications Authority (SQA) and SSSC.

In addition, to the training and sessions on offer for colleagues around wellbeing there were regular staff events where the focus was not on work but on tips and strategies for supporting each other and improving wellbeing. These events were greatly appreciated by staff during this difficult period and there are plans for them to become a regular event in the future.

Involving people in our work
We recognise the importance and numerous benefits that involving people who have experienced care has for the work we do in the Care Inspectorate. During 2020-21, our care-experienced inspection volunteers spent an average of 62 days each quarter on a range of involvement activity (KPI8). The work was restricted as there was no on-site inspection volunteer activity due to Covid-19. The Involvement team continued to involve the inspection and young inspection volunteers during the Covid-19 restrictions to provide continuity and support where required. Projects moved online and volunteers were provided with technology and training so they could continue to provide support. Inspection volunteers were involved with telephone inspections, distribution of new guidance and advising and supporting new inspectors on the inspection volunteer role.

Other work outwith Covid-19 response:

Publishing our findings
We continued to inform local and national policy as well as the general public with our publications. All our publications are available in the publications section of our website: http://www.careinspectorate.com/index.php/publications-statistics. Examples include:
- Complaints about care services in Scotland 2015/16 to 2019/20
- Fostering and Adoption 2019-20
- Early Learning and Childcare Statistics 2019
- Staff vacancies in care services 2019
- Corporate Parenting Report (Children and Young People) 2017-20

Early Learning and Childcare (ELC) Improvement Programme

This project supports funded ELC settings across Scotland to improve the quality of their provision and meet the ELC National Standard. The programme uses Quality Improvement (QI) approaches, and focuses on providing targeted support to those settings not currently meeting, or at risk of not meeting, the National Standard. The programme has created learning communities, quality improvement clinics and offers one-to-one support to ensure services focus on areas for improvement which will have the biggest impact on outcomes for children and their families. The programme is now working with 121 individuals from 89 funded services across Scotland.

In addition to the targeted support, a suite of universal online resources is available to support all settings with an improvement focus. These 'bite-size' recordings cover common, functional areas for improvement which have been identified through inspection. Services can view these sessions in their own time and select areas relevant to their own service. The first in our series of bite size sessions was recorded to support services in completing their key question 5 self-evaluations. Session 1 was viewed 5,236 times. In total the series of 4 was viewed 16,740 times. Subsequent learning and support sessions have reached similar figures.

The ELC improvement programme work closely with our inspection colleagues, local authority leads and national stakeholders such as the Scottish Government ELC delivery team to share intelligence and signpost services to all available resources which can support improvements. Another vital component of the programme is to support building capacity, knowledge and experiences in quality improvement.

New Registrations app

We delivered a huge digital transformation project with the launch of our new registration app. Initial functionality was released in Q3, with more functionality released in Q4. The new digital registration app now covers a range of processes taking over from our legacy system including:

- our new register of services
- variations
- change of details including a self-service process for some elements
- inactive services
- illegally operating services
- pre-registration advice
- proposal to cancel.

This app will be used by internal colleagues as well as external providers and applicants who will now be able to access, update and maintain some information directly. This will provide improved functionality and choice for providers as well as offering performance improvements for the Care Inspectorate. We completed 78% of new registrations within the agreed timescales, narrowly missing our target of 80%. Performance was slightly below target but up 2% points on last year. Performance on this KPI was impacted by preparation for and launch of the registration app.

Corporate parenting

We published our corporate parenting report 2017-2020, which outlines our achievements and progress against our previous corporate parenting plan. We also released our corporate parenting plan (2021-2023) which demonstrates how we intend to continue to meet our statutory duties and responsibilities to be the best corporate parents we can be. The report and plan can be found here:
https://www.careinspectorate.com/index.php/publications-statistics/36-corporate-annual-reports-accounts/corporate-corporate-plans

Proud Scotland Employer Award
We were delighted to be nominated for the Proud Scotland Employer Award, which recognises an employer that has led the way in creating a culture conducive to happiness and security within the workplace.

Peter MacLeod
Chief Executive
19 October 2021

Section B: Accountability report

In this section of the report we set out:

- Our Corporate governance report, including the:
    - Directors' report
    - Statement of Accountable Officer's Responsibilities
    - Governance statement

- Remuneration and staff report

- Parliamentary Accountability Report

- Independent Auditor's 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 2021.

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 2021, 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 are 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

Organisational 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 comprises the Chair and 10 members. The Chair and eight 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 along with a minimum of four and up 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.

Board Member attendance at meetings and events, 1 April 2020 to 31 March 2021

Board Member	Board	Audit		Appeals Sub Committee	Board Development Events	Total
Number of meetings and events	8	5		0	5	18
	Attended	Member	Attended	Attended	Attended	Actual Attendance / Expected Attendance
Paul Edie, Chair	8	No	2	0	5	15 / 14
Naghat Ahmed	8	No	1	0	5	14 / 14
Gavin Dayer	8	Yes	5	0	5	18 / 18
Anne Houston	8	Yes	4	0	5	17 / 18
Bernadette Malone (until 31/07/2020)	2	No	0	0	1	3 / 3
Keith Redpath	5	Yes	3	0	3	11 / 17
Carole Wilkinson	7	No	1	0	5	13 / 14
Rognvald Johnson	8	Yes	5	0	5	18 / 18
Bill Maxwell	8	Yes	5	0	5	18 / 18
Paul Gray	7	Yes	5	0	5	17 / 18
Rona Fraser	8	Yes	2	0	5	15 / 15
Sandra Campbell	8	No	1	0	5	14 / 14

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 2020/21 comprised:

- Edith Macintosh, Executive Director of Strategy and Improvement and Deputy Chief Executive
- Gordon Mackie, Interim Executive Director of IT, Transformation and Digital
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Jacqueline Mackenzie, Executive Director of Corporate and Customer Services (from 1 November 2020)
- Gordon Weir, Executive Director of Corporate and Customer Services (to 9 August 2020)

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. The Audit and Risk Committee reviews and approves the three-year Strategic Internal Audit Plan on an annual basis.

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 2020/21, our internal auditors consider:

- all reviews undertaken as part of the 2020/21 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
- the proportion of the Care Inspectorate's review needs covered to date.

The internal auditor's overall opinion for 2020/21 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.

Counter fraud, bribery and corruption
The Care Inspectorate has a Counter Fraud, Bribery 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.

We have an agreement with NHS Counter Fraud Services (CFS) to provide fraud prevention, detection and investigation services.

Review
The effectiveness of our governance framework is reviewed annually as part of the preparation of this Governan`ce 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 auditors 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 2021/22.

- We will continue to develop our risk management framework and adapt our processes to suit the recently constituted Strategic Leadership Team (SLT) and Operational Leadership Team (OLT).
- We will build on the assurance mapping work already undertaken.
- Our testing and review of our Business Continuity Management System will continue.
- We will develop a new Corporate Plan for 2021 to 2024.

- Aligned with the new Corporate Plan, we will continue the development of the Strategic Performance Management Framework.
- We are reviewing our cyber security during 2021/22.
- We will submit a business case for stage 2 of our Transformation Programme and will ensure that appropriate governance arrangements are in place to support the delivery of stage 2 objectives.
- We continue to work with the Scottish Social Services Council (SSSC) to review our shared services and the governance arrangements. We will seek final approval from the SSSC Council and our Board in early 2021/22.

Impact of the pandemic

When the Covid-19 pandemic took hold in Scotland in early March 2020, we acted quickly to change our approach to scrutiny and improvement support and implement different approaches, in order to keep people safe in the face of the escalating pandemic.

Given the evident risk that our staff could contract and/ or spread Covid-19 in services, we took the decision, with advice from directors of public health, that it would have been untenable to carry on business as usual and continue with onsite scrutiny interventions at that time.

Our response included the following:

- The introduction of Gold and Silver management teams that met very frequently. The Gold and Silver teams maintained comprehensive policy and decision logs to ensure we could manage the pace of developments.
- We adjusted and suspended some of our key performance measures.
- We included the impact of Covid-19 as risk on our Strategic Risk Register.
- We initially agreed a suspension of our Inspection Programme (including statutory inspections) with the Minister and subsequently agreed a revised Inspection Plan that was deliverable within the constraints enforced by the pandemic.
- A concerted and sustained effort was implemented to ensure the health, safety and wellbeing of our staff, people who experience care, care workers and other stakeholders.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2021 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

This report provides information on the remuneration of Care Inspectorate Board members, the Chief Executive and Executive Directors.

The sections marked (Audited) in this Remuneration and staff report are subject to a separate opinion by Grant Thornton UK LLP. The other sections of the Remuneration and staff report were reviewed by Grant Thornton UK LLP to ensure they were consistent with the financial statements.

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 £90,500 throughout the year. There is no incremental progression or performance related pay adjustments applied to Executive Directors' pay. The Executive Director of Strategy and Improvement also carries out the role of Deputy Chief Executive and receives an additional annual payment of £3,300 for this.

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. 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 four Executive Director posts:
- Executive Director of Scrutiny and Assurance
- Executive Director of Strategy and Improvement and Deputy Chief Executive
- Executive Director of Corporate and Customer Services
- Executive Director of ICT, Transformation and Digital.

All executive directors have permanent contracts, except the Executive Director of ICT, Transformation and Digital, whose temporary contract is scheduled to expire on 28 February 2022. 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.

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.

Care Inspectorate Board members' remuneration (Audited)

Name	**Salary** 2020/21	**Salary** 2019/20
	£000	**£000**
Anne Houston	5-10	0-5
Bernadette Malone (until 31/07/2020)	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
Naghat Ahmed	5-10	5-10
Paul Edie (Chair)	45-50	40-45
Paul Gray	0-5	0-5
Rognvald Johnson	0-5	5-10
Rona Fraser	0-5	0-5
Sandra Campbell	0-5	0-5

Carole Wilkinson and Sandra Campbell are Board members through reciprocal membership arrangements with Healthcare Improvement Scotland and 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 (Audited)

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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£000	£000	£	£	£000	£000	£000	£000
Peter MacLeod Chief Executive	120-125	115-120	0	0	36	37	155-160	155-160
Gordon Weir** Executive Director of Corporate and Customer Services (to 09/08/2020)	30-35	85-90	0	0	n/a	(53)	30-35	35-40
Jaqueline Mackenzie, Executive Director of Corporate and Customer Services (from 01/11/2020)	35-40	n/a	0	n/a	156	n/a	190-195	n/a
Kevin Mitchell*** Executive Director of Scrutiny and Assurance	95-100	95-100	0	0	22	58	120-125	155-160
Edith Macintosh Executive Director of Strategy and Improvement and Deputy Chief Executive (from 20/10/20/20)	90-95	85-90	0	0	27	28	115-120	115-120
Gordon Mackie, Interim Executive Director of ICT, Transformation and Digital (from 01/04/2020)	90-95	n/a	0	0	29	n/a	115-120	n/a

* The value of pension benefits accrued during the year is a 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 pension benefits accruing to this postholder have been aggregated into his new employment. 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 along with 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.

Fair pay disclosure (Audited)
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 2020/21. The full-time annual salary for the Chief Executive is in the salary band £120,000 to £125,000. The mid-point of this band is £122,500 which is 2.88 times greater than the median remuneration of the workforce. In 2020/21, no employees received remuneration in excess of the Chief Executive.

	2020/21	**2019/20**
Band of highest paid employee	£120,000 - £125,000	£115,000 - £120,000
Staff median remuneration	£42,528	£40,242
Remuneration ratio	2.88	2.92
Staff minimum full-time equivalent Remuneration	£18,714	£17,964
Staff maximum full-time equivalent remuneration	£98,595	£96,416

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.

(Audited)

	As at 31 March 2021		As at 31 March 2021		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 2021 £000	As at 31 March 2020 £000	Real increase £000
Peter MacLeod Chief Executive	25-30	-	0-5	-	71	39	31
Gordon Weir * Executive Director of Corporate and Customer Services (to 09/08/2020)	n/a	n/a	n/a	n/a	n/a	765	n/a
Jacqueline Mackenzie, Executive Director of Corporate and Customer Services (from 01/11/2020)	10-15	-	10-15	-	125	-	125
Kevin Mitchell** Executive Director of Scrutiny and Assurance	25-30	-	0-5	-	283	255	21
Edith Macintosh Executive Director of Strategy and Improvement and Deputy Chief Executive (from 20/10/2020)	15-20	-	0-5	-	114	88	24
Gordon Mackie, Interim Executive Director of ICT, Transformation and Digital	30-35		30-35	-	20	-	20

* The pension benefits accruing to this postholder have been aggregated into his new employment.
**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 (Audited)

The table below provides analysis of permanent and non-permanent staff engaged to work for the Care Inspectorate during 2020/21. Staff numbers are expressed as the average Full Time Equivalents (FTE) employed during the year.

	2020/21		
	Permanently Employed	**Others**	**Total**
Senior managers	26	2	28
Other employees	488	33	521
Agency workers	0	7	7
Secondments inward	0	0	0
Total staff engaged	514	42	556
Secondments outwards	(1)	0	(1)
Net staff engaged on Care Inspectorate activity	513	42	555

	£000	£000	£000
Salaries	22,131	1,258	23,389
Social security costs	2,496	128	2,624
Pension service costs	6,870	192	7,062
Total cost directly employed staff	31,497	1,578	33,075
Board members[1]	0	81	81
Agency workers	0	627	627
Secondments inward	0	0	0
Total cost of staff engaged on Care Inspectorate activity	31,497	2,286	33,783
Voluntary early severance/retirement costs	43	0	43
Other staff costs	430	0	430
Staff costs (SCNE)	**31,970**	**2,286**	**34,256**
Secondments outwards	(33)	0	(33)
Net staff costs	**31,937**	**2,286**	**34,223**

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

[1]There were 10 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.

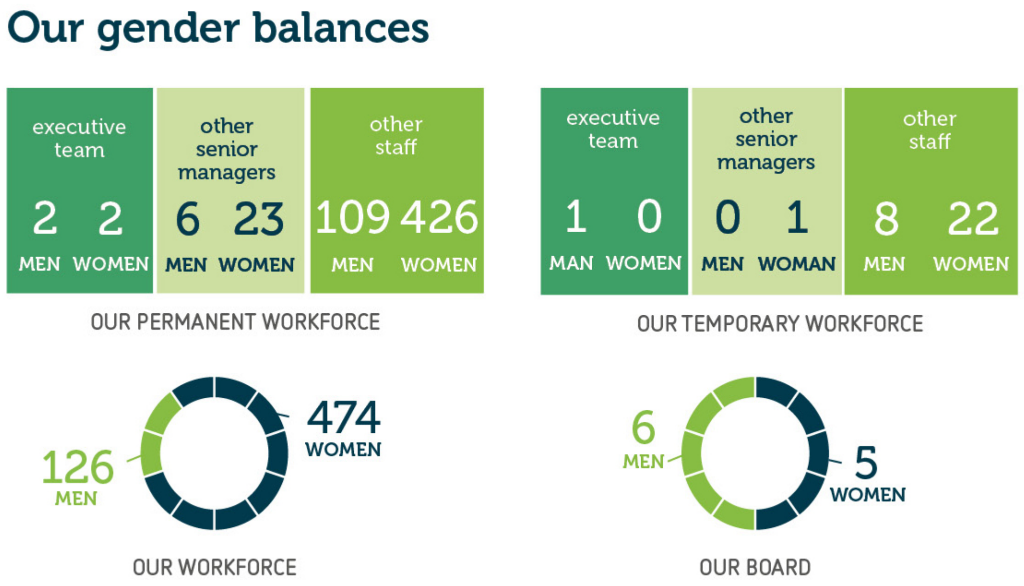
	2019/20		
	Permanently Employed	**Others**	**Total**
Senior managers	23	0	23
Other employees	502	34	536
Agency workers	0	11	11
Secondments inward	0	3	3
Total staff engaged	525	48	573
Secondments outwards	(3)		(3)
Net staff engaged on Care Inspectorate activity	522	48	570

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

[2]There were 11 Board Members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the 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

The gender breakdown as at 31 March 2021 and sickness absence information for the year to 31 March 2021 is shown below. Staff numbers are provided on a headcount basis.



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.

XpertHR quote the latest public sector averages as 3.8% (both mean and median).

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 three equality outcomes we are working towards can be found in our Equalities Mainstreaming Report April 2019- March 2021, Our Equality Outcomes 2021-2025 and our Equality, Diversity and Inclusion Strategy 2021-2025.

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, sex, 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 and 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 and 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 £126k was incurred in 2020/21 as follows:

- Digital transformation development consultancy services (£103k)
- ICT Consultancy (£6k)
- Job evaluation services (£7k)
- Shared services future strategy consultation (£5k)
- Tax advisory services (£3k)
- Analysis and scoping of pay and reward practices (£2k)

In 2019/20 there was consultancy expenditure of £140k 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)

4.2.5 Exit packages (Audited)

The Care Inspectorate granted compensatory payments to three (2019/20: one) individuals leaving the organisation during the year.

Year to 31 March 2021		
Exit Package Cost Band	**Number of Departures Agreed**	**Total Cost £'000**
< £10,000	1	7
£10,000 to £25,000	2	35
Totals	**3**	**42**

Year to 31 March 2020		
Exit Package Cost Band	**Number of Departures Agreed**	**Total Cost £000**
£10,000 to £25,000	1	18
Totals	**1**	**18**

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

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 2020/21 follows.

Table 1 Relevant union officials
The table below details number of employees who were relevant union officials during 2020/21.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
12	11.3

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 2020/21.

Percentage of time	Number of employees
0%	1
1%-50%	10
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	£38,384
Total pay bill	£29,148,857
Facility time as a percentage of total pay bill	0.13%

Table 4 Paid trade union activities

The table below provides hours spent by employees who were relevant union officials during the 2020/21 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.	11.4%

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

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 2021 (nil for the year to 31 March 2020).

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 2020/21 budget was based on funding of 65% from grants and grant in aid, 33% from fees charged to service providers and general reserve funding of 2%. (2019/20 67% grants and grant in aid; 33% fees).

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

	2020/21			2019/20		
	Budget £000	**Actual £000**	**Variance £000**	**Budget £000**	**Actual £000**	**Variance £000**
Application to Register	529	504	(25)	566	633	67
Continuation of Registration	11,350	11,222	(128)	11,350	11,430	80
Total	**11,879**	**11,726**	**(153)**	**11,916**	**12,063**	**147**

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 £0.9m in 2020/21 (2019/20; £1.1m).

5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2021 which require disclosure under AIS 37 or the Scottish Public Finance Manual (nil as at 31 March).

Peter MacLeod
Chief Executive
19 October 2021

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

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Care Inspectorate for the year ended 31 March 2021 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Sector Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), 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 five 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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.

John Boyd, for and on behalf of Grant Thornton UK LLP
Date:
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 2021

Contents

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2020/21 £000	2019/20 £000
Income			
Fees charged to service providers	2a	(11,726)	(12,063)
Other operating income	2b	(992)	(1,352)
		(12,718)	**(13,415)**
Expenditure			
Staff costs	3a	34,256	33,682
Operating expenditure	6	6,222	7,751
		40,478	**41,433**
Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities		**27,760**	**28,018**
Bank charges (net of interest)		8	9
Net interest on defined pension liability/(asset)	5b	428	394
Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities		**28,196**	**28,421**
Total actuarial re-measurements on defined pensions liability	5b	(13,396)	(2,403)
Total comprehensive net expenditure / (surplus) before Scottish Government funding*		**14,800**	**26,018**

All operations are continuing.

The notes on pages 66 to 88 form an integral part of these accounts.

*The table on page 13 provides a reconciliation between the SCNE and our budgeted position.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2020/21 £000	2019/20 £000
Non-current assets			
Property, plant and equipment	7	61	111
Trade and other receivables falling due after more than one year	9	72	25
Total non-current assets		**133**	**136**
Current assets			
Trade and other receivables	9	4,717	3,707
Cash and cash equivalents	10	2,190	1,517
Total current assets		**6,907**	**5,224**
Total assets		**7,040**	**5,360**
Current liabilities			
Trade and other payables	11	(3,271)	(3,027)
Total current liabilities		**(3,271)**	**(3,027)**
Non-current assets plus/less net current assets/liabilities		**3,769**	**2,333**
Non-current liabilities			
Other payables greater than one year	11	(37)	(82)
Other provisions	16	(662)	0
Pension assets/(liabilities)	5a	(10,466)	(20,052)
Total non-current liabilities		**(11,165)**	**(20,134)**
Assets less liabilities		**(7,396)**	**(17,801)**
Taxpayers' equity			
Pensions reserve	SOCTE	(10,466)	(20,052)
General reserve	15	3,070	2,251
		(7,396)	**(17,801)**

Peter MacLeod
Chief Executive
19 October 2021

The notes on pages 66 to 88 form an integral part of these accounts

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21	2019/20
Cash flows from operating activities		**£000**	**£000**
Total comprehensive net expenditure before Scottish Government funding	SCNE	(14,800)	(26,018)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	(9,586)	1,926
Depreciation and amortisation	7,8	50	50
(Increase)/decrease in trade and other receivables	9	(1,057)	(253)
Increase/(decrease) in trade and other payables	11	244	(398)
Increase/(decrease) in non-current liabilities	11	(45)	(59)
Increase/(decrease) in provisions	16	662	0
Net cash outflow from operating activities		(24,532)	(24,752)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	0	0
Net cash outflow from investing activities		0	0
Cash flows from financing activities			
Grants from Scottish Government	12	25,205	24,727
Net financing		25,205	24,727
Net increase/(decrease) in cash and cash equivalents in the period	10	673	(25)
Cash and cash equivalents at the beginning of the period	10	1,517	1,542
Cash and cash equivalents at the end of the period	10	2,190	1,517

The notes on page 66 to 88 form an integral part of these accounts

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Pension Reserve £'000	General Reserve £'000	Total Reserves £'000
Balance at 31 March 2019		(18,126)	1,616	(16,510)
Changes in taxpayers' equity for 2019/20				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(1,926)	1,926	0
Total comprehensive net expenditure		0	(26,018)	(26,018)
Total recognised income and expense for 2019/20		**(1,926)**	**(24,092)**	**(26,018)**
Grant from Scottish Government	12	0	24,727	24,727
Balance at 31 March 2020		**(20,052)**	**2,251**	**(17,801)**
Changes in taxpayers' equity for 2020/21				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	9,586	(9,586)	0
Total comprehensive net expenditure		0	(14,800)	(14,800)
Total recognised income and expense for 2020/21		9,586	(24,386)	(14,800)
Grant from Scottish Government	12	0	25,205	25,205
Balance at 31 March 2021		**(10,466)**	**3,070**	**(7,396)**

The notes on pages 66 to 88 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 (IFRS) 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 (IAS 8): Accounting Policies, Changes in Accounting Estimates and Errors.

1.2 Accounting standards issued not yet effective

In accordance with IAS 8, 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. There is one standard not yet effective that will have an impact on the Care Inspectorate's accounts which is IFRS 16 Leases. This standard requires all significant leases to be recognised in the Statement of Financial Position.

IFRS 16 – Leases

The standard has been adopted by the FReM and was planned to be effective from 1 April 2020. However, HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to defer implementation of IFRS 16 Leases until 1 April 2022 due to the circumstances caused by the Covid-19 pandemic.

Assessment of the new standard concludes that the Care Inspectorate has significant leases relating to the use of property and vehicles. The Care Inspectorate has short term leases for office space throughout Scotland that 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 payment commitments. The current estimate is that we will need to recognise a right of use asset and related liability of approximately £4.5 million for property leases.

In respect of vehicles the Care Inspectorate operates a closed scheme where eligible staff are able to lease a vehicle for a four-year period with Care Inspectorate making an agreed annual contribution towards lease costs. The current estimate is that we will need to recognise a right of use asset and related liability of approximately £0.2 million for vehicle leases.

1.3 Accounting convention

The accounts have been prepared under the historical cost convention except for 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.

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. The asset cost is written off as follows:

Furniture and fittings	remaining period of lease (from one to two years)
Plant and equipment	remaining period of lease (from one to two years)

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 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 £0.739m 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 £0.915m 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 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 human resources costs based on this SLA. The SLA contains arrangements akin to a lease. This is accounted for as an operating lease.

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 transactions are recognised in accordance with IFRS 15, so they are recorded in the accounts on an income and expenditure basis, meaning 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 2021 have been brought into account. Similarly, capital transactions are recognised as they are agreed or incurred, not as money is received or paid.

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 amortised cost, 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 SCNE, 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 assets / liabilities
Contingent assets and liabilities are disclosed in accordance with IAS 37.

2. Operating income

2.a	Fees charged to service providers	2020/21 £000	2019/20 £000
	Continuation of registration	(11,222)	(11,430)
	Application to register	(504)	(633)
		(11,726)	**(12,063)**

2.b	Other operating income	2020/21 £000	2019/20 £000
	Recharges for services provided to other organisations	(776)	(983)
	Secondee recharges	(33)	(184)
	Lease income	(87)	(86)
	Other income	(96)	(99)
		(992)	**(1,352)**

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:

Staff cost summary	2020/21 £000	2019/20 £000
Directly employed staff	33,075	32,201
Indirectly employed staff	708	953
Severance costs	43	18
Other staff costs	430	510
Total staff costs	**34,256**	**33,682**

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 IAS 19.

	2020/21			2019/20		
	Local Government Scheme £000	NHS Scheme £000	Total £000	Local Government Scheme £000	NHS Scheme £000	Total £000
Employer pension contributions actually paid	3,700	45	3,745	3,517	51	3,568
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	7,017	45	7,062	7,390	51	7,441
Pension costs included in staff costs (SCNE)	**7,017**	**45**	**7,062**	**7,390**	**51**	**7,441**
Variance between actual cost and accounting basis	3,317	0	3,317	3,873	0	3,873

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

The total cost of exit packages in 2020/21 was £42k (2019/20: £18k). 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 2021 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 2021, the Care Inspectorate paid an employer's contribution of £45k (2019/20 £51k) into the NHS scheme at a rate of 20.9% of pensionable pay (2019/20 20.9%). The employer contribution rate for the year to 31 March 2022 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 the benefits to which members and their spouses are entitled are determined by pensionable pay and length of service.

The employer contribution rate for 2020/21 was 17% based on the actuarial valuation for financial years 2018/19 to 2020/21. Employer contributions are set every three years as a result of an actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund was carried out as at 31 March 2020. This set the contribution rate at 17% for 2021/22 to 2023/24. The next valuation of the fund will be carried out as at 31 March 2023. 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 2021 were £3,700k (2019/20 £3,517k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2022 will remain at 17.0%. Employee contribution rates for the LGPS were in the range 5.5% to 10.1% based on earnings bands.

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

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

- **Longevity risk.** In the event that the members live longer than assumed, a deficit will emerge in the fund. There are also other demographic risks.

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

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

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 2021	**Year to 31 March 2020**
	£000	**£000**
Present value of funded obligation	(244,640)	(195,769)
Fair value of scheme assets (bid value)	234,174	175,717
Net liability	**(10,466)**	**(20,052)**

5.b Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2021

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

	Year to 31 March 2021		Year to 31 March 2020	
	£000	**£000**	**£000**	**£000**
Service cost		7,017		7,390
Administration expenses		65		62
Net interest on the defined liability/(asset)		428		394
Difference between actual employer's contributions and actuarial employer's contributions	19		37	
Return on plan assets less interest	(53,210)		14,500	
Change in financial assumptions	48,732		(16,940)	
Changes in demographic assumptions	(2,640)		0	
Experience gain on defined benefit obligation	(4,728)		0	
Other actuarial gains	(1,569)		0	
Total remeasurements		(13,396)		(2,403)
Total		**(5,886)**		**5,443**
Total return on scheme assets		(57,335)		(10,054)

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**	**2020/21**	**2019/20**
		£000	**£000**
Staff Costs	3b	3,317	3,873
Administration charges	5b Table 1	65	62
Net interest on defined liability	5b Table 1	428	394
Remeasurements	5b Table 1	(13,396)	(2,403)
Total actuarial adjustment		**(9,586)**	**1,926**

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 2021

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

	Year to 31 March 2021		Year to 31 March 2020	
	£000	£000	£000	£000
Opening defined benefit obligation		195,769		202,818
Current service cost	7,017		7,359	
Past service costs, including curtailments	0		31	
Total service cost		7,017		7,390
Interest cost		4,553		4,840
Estimated benefits paid net of transfers in	(5,553)		(3,784)	
Contributions by scheme participants	1,490		1,445	
Total scheme transactions		(4,063)		(2,339)
Changes in financial assumptions	48,732		(16,940)	
Changes in demographic assumptions	(2,640)		0	
Experience gain on defined benefit obligation	(4,728)		0	
Total actuarial (gains)/losses		41,364		(16,940)
Closing defined benefit obligation		**244,640**		**195,769**

5.d Fair value of scheme assets reconciliation for the year to 31 March 2021

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

	Year to 31 March 2021		Year to 31 March 2020	
	£000	£000	£000	£000
Opening fair value of scheme assets		175,717		184,692
Interest on assets		4,125		4,446
Estimated benefits paid net of transfers in	(5,553)		(3,784)	
Employer contributions	3,681		3,480	
Contributions by scheme participants	1,490		1,445	

Total scheme transactions		(382)		1,141
Return on assets less interest		53,210		(14,500)
Other actuarial gains		1,569		
Administration expenses		(65)		(62)
Closing defined benefit obligation		**234,174**		**175,717**

5.e Projected pension expense for the year to 31 March 2022

	Year to 31 March 2022
	£000
Service cost	9,491
Net interest on the defined liability	172
Administration expenses	86
Total	**9,749**
Employer contributions	3,681

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2021.

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 2021		Assets as at 31 March 2020	
	£000	%	£000	%
Equities	167,678	72	116,173	66
Gilts	9,260	4	2,438	1
Other bonds	30,566	13	31,048	18
Property	21,403	9	21,613	12
Cash	4,933	2	5,314	3
Alternatives	334	0	(869)	(0)
Total	**234,174**	**100**	**175,717**	**100**

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 2021

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2021. The estimated duration of the Care Inspectorate's past service liability is 18 years. Estimated cashflows (based on this duration) are used to derive a Single Equivalent Discount Rate (SEDR). 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 estimated 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 0.4% below RPI ie 2.85% 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 anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salary increases are assumed to be 1.0% above CPI. This is consistent with the approach at the previous accounting date. However, in line with the latest Fund valuation as at 31 March 2020 any allowance for promotional salary increases has been removed.

Assumptions as at	**31 March 2021**	**31 March 2020**	**31 March 2019**
	% p.a.	**% p.a.**	**% p.a.**
Discount rate	2.00	2.35	2.40
Pension increases	2.85	1.90	2.40
Salary increases	3.85	2.90	3.40

5.h Demographic/statistical assumptions

The previous accounting disclosure as at 31 March 2020 used the following post retirement mortality assumptions:

- The S2PA tables with a multiplier of 130%.
- The CMI_2018 model to project these tables forward, allowing for a long-term rate of improvement of 1.5%, a smoothing parameter of 7.0 and an initial addition parameter of 0.0%.

These assumptions were updated as part of the most recent Fund valuation as at 31 March 2020 and the following post retirement mortality assumptions at the 2020 valuation were as follows:

- The S3PA heavy tables with a multiplier of 110%.
- The CMI_2019 Model to project these tables forward, allowing for a long-term improvement of 1.25%, a smoothing parameter of 7.5 and an initial addition to improvements of 0.0%.

For the accounting disclosure as at 31 March 2021 the actuary updated these assumptions again using the CMI2020 model, allowing for a long-term rate of improvement of 1.25%, a smoothing parameter of 7.5, an initial addition parameter of 0.0% and a 2020 weighting of 25%.

This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The exceptional mortality experienced due to the coronavirus pandemic has been incorporated without having a disproportionate impact on results.

The assumed life expectations from age 65 are:

Life Expectancy from Age 65 (years)		31 March 2021 (after CME2020 update)	31 March 2020 (consistent with 2020 valuation and before CMI_2020 update)	31 March 2020
Retiring today	Males	18.9	19.2	19.7
	Females	22.2	22.5	21.7
Retiring in 20 years	Males	20.2	20.7	21.4
	Females	23.8	24.0	23.5

The actuary has also made the following assumptions.

- Members will exchange half of their commutable pension for cash at retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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	240,456	244,640	248,901
Projected service cost	9,242	9,491	9,745
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	245,259	244,640	244,024
Projected service cost	9,496	9,491	9,485
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	248,242	244,640	241,102
Projected service cost	9,742	9,491	9,246
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	256,572	244,640	233,279
Projected service cost	9,962	9,491	9,038

6. Analysis of operating costs

Operating expenditure	2020/21	2019/20
	£000	£000
Property costs	2,163	2,241
Administration costs[1]	1,462	1,835
Supplies & services	1,687	2,044
Transport costs	143	1,531
Pension administration costs (IAS 19)	65	62
Depreciation & amortisation of assets	50	50
Provision for dilapidations	662	0
Changes in debt impairment allowance	(10)	(12)
	6,222	**7,751**

1. Administration costs includes £33.7k for external auditor's remuneration (2019/20 £32.9k). External audit provided no services in relation to non-audit work.

7. Property, plant and equipment

Property, Plant & Equipment

2020/21

	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
Cost or Valuation:				
At 1 April 2020	549	143	288	980
Additions	0	0	0	0
Disposals	0	0	(7)	(7)
At 31 March 2021	549	143	281	973
Depreciation:				
At 1st April 2020	(445)	(136)	(288)	(869)
Charged in year	(48)	(2)	0	(50)
Disposals	0	0	7	7
At 31 March 2021	(493)	(138)	(281)	(912)
Net book value:				
At 31 March 2021	**56**	**5**	**0**	**61**
At 31 March 2020	104	7	0	111

Asset Financing: All assets are owned

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

Asset Financing: All assets are owned

8. Intangible assets

		2020/21	
	Computer software licences	Information technology	Total
Cost or Valuation:	£000	£000	£000
At 1st April 2020	21	121	142
Additions	0	0	0
Disposals	(21)	0	(21)
At 31 March 2021	0	121	121
Depreciation:			
At 1st April 2020	(21)	(121)	(142)
Charge for year	0	0	0
Disposals	21	0	21
At 31 March 2021	0	(121)	(121)
Net book value:			
At 31 March 2021	**0**	**0**	**0**
At 31 March 2020	0	0	0

There are no internally developed intangible assets

2019/20

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

There are no internally developed intangible assets

9. Trade and other receivables

	2020/21		2019/20	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		775		829
Trade receivables	3,937		2,870	
Other receivables	5		8	
		3,942		2,878
		4,717		**3,707**
Amounts falling due after more than one year:				
Prepayments and accrued income		**72**		**25**
Total trade and other receivables		**4,789**		**3,732**

Trade and other receivables are non-interest bearing. Credit terms are generally 30 days. Trade and other receivables are recorded at fair value, reduced by appropriate allowances for estimated irrecoverable amounts. Amounts falling due after more than one year relate to prepaid expenditure.

Provision for impairment of receivables:	**2020/21**	**2019/20**
	£000	**£000**
As at 1 April	(35)	(47)
Charge for the year	(83)	(48)
Unused amounts reversed	7	13
Uncollectable amounts written off	86	47
As at 31 March	**(25)**	**(35)**

As at 31 March 2021, trade and other receivables of £25k (2019/20 £35k) were past due and impaired. The amount provided is £25k (2019/20 £35k). The aging analysis of these receivables is as follows:

	2020/21	**2019/20**
	£000	**£000**
Up to 3 months past due	(3)	(4)
3 to 6 months past due	(1)	(6)
Over 6 months past due	(2)	(1)
Over 12 months past due	(19)	(24)
	(25)	**(35)**

As at 31 March 2021, trade and other receivables of £3,942k (2019/20 £2,878k) were due but not impaired. The aging analysis of these receivables is as follows:

	2020/21	**2019/20**
	£000	**£000**
Not yet due	2,496	2,733
Up to 3 months past due	422	43
3 to 6 months past due	340	19
Over 6 months past due	412	8
Over 12 months past due	272	75
	3,942	**2,878**

Analysis of trade and other receivables:

Amounts falling due within one year:	**2020/21**	**2019/20**
	£000	**£000**
Bodies external to government	4,237	3,082
Other central government bodies	141	180
Local authorities	255	411
NHS bodies	84	34
	4,717	**3,707**
Amounts falling due after more than one year:		
Bodies external to government	**72**	**25**
Total trade and other receivables	**4,789**	**3,732**

10. Cash and cash equivalents

	2020/21	2019/20
	£000	£000
Balance as at 1 April	1,517	1,542
Net change in cash and cash equivalent balance	673	(25)
Balance as at 31 March	**2,190**	**1,517**
The following balances as at 31 March were held at:		
Government Banking Service	1,265	1,044
Commercial banks and cash in hand	925	473
Balance as at 31 March	**2,190**	**1,517**

11. Trade and other payables

	2020/21	2019/20
	£000	£000
Amounts falling due within one year:		
Trade payables	248	254
Accruals and deferred income	1,256	1050
Other taxation and social security	689	671
Other payables	1,078	1052
	3,271	**3,027**

Amounts falling due after more than one year:	**£000**	**£000**
Lease Incentives	**37**	**82**

Analysis of trade and other payables:

	2020/21	2019/20
Due within one year:	£000	£000
Bodies external to government	1,987	1,786
Other central government bodies	798	783
Local authorities	448	432
NHS bodies	38	26
	3,271	**3,027**

Falling due after more than one year:	**£000**	**£000**
Bodies external to government	**37**	**82**

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

Scottish Government grants	2020/21	2019/20
	£000	£000
Grant in aid operating costs	23,054	22,129
Scrutiny approach for Community Justice	325	325
Appropriate Adults	137	-
Support to early learning and childcare expansion	537	259
Adult Support and Protection Inspection Programme	601	338
National Child Death Review Hub	122	189
ELC Improvement	196	98
Safer Staffing	65	50
Adult Significant Case Reviews	56	-
Transformation delivery programme grant	-	350
National health and social care standards grant	-	50
Barnahus project	-	24
Cessation of shared ICT services	-	205
Child contact centres – feasibility study	-	56
Total grant in aid funding	**25,093**	**24,073**
Care About Physical Activity (CAPA) project funding	42	499
Technology enabled care programme funding	70	67
ELC evaluation	-	54
Improvement Adviser	-	22
Delivery of indoor and outdoor setting guidance	-	12
Total grants from Scottish Government	**25,205**	**24,727**

13. Capital commitments

There were no capital commitments as at 31 March 2021.

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.

Obligations under operating leases comprise:	**2020/21**	**2019/20**
	£000	**£000**
Buildings:		
Within 1 year	689	758
Within 2 to 5 years	1,524	1,926
Beyond 5 years	275	557
	2,488	**3,241**
Other:		
Within 1 year	67	98
Within 2 to 5 years	53	112
	120	**210**

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.

Commitments under operating leases comprise:	**2020/21**	**2019/20**
	£000	**£000**
Buildings:		
Within 1 year	799	795
Within 2 to 5 years	1,109	1,805
Beyond 5 years	83	172
	1,991	**2,772**

In Dundee, our buildings are shared with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. We also share our Aberdeen building with Education Scotland. 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

2019/20		2020/21		
£000		£000	£000	£000
General Reserves		Revenue Transactions	Capital Transactions	General Reserve
1,616	Opening Balance	2,140	111	2,251
(26,018)	Surplus/(Deficit) for the year	(14,750)	(50)	(14,800)
1,926	Pension actuarial adjustments	(9,586)	0	(9,586)
(22,476)	Total before grants	(22,196)	61	(22,135)
24,073	Grant-in-aid funding	25,093	0	25,093
654	Other Scottish Government grants	112	0	112
24,727	Total Grants	25,205	0	25,205
2,251	**Total**	**3,009**	**61**	**3,070**

16. Other provisions

Other provisions comprise property dilapidations in respect of lease obligations.

	£000
Balance at 1 April 2020	0
Provided in year	662
Balance at 31 March 2021	**662**

17. Contingent assets

The contingent asset from 2019/20 with one of our telecoms providers to recover backdated payments for cancelled services was settled during the year. A refund of £72k was received.

18. Related-party transactions

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

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

Related Party	**2020/21**	**2019/20**
	£000	**£000**
Scottish Social Services Council	649	844
Office of the Scottish Charities Regulator	127	139
Scottish Government	56	56
Education Scotland	30	30
Total	**862**	**1,069**

We also received procurement services from the Scottish Government's Central Government Procurement Shared Service to the value of £2k (2019/20: £24k).

19. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2020/21 financial year.

Appendix One: Accounts Direction by the Scottish Ministers

The Scottish Government

SOCIAL CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 14(1) of Schedule 11 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

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
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
PSR Act	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