

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 2022 to 31 March 2023

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The Accountable Officer
authorised these financial
statements for issue
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Annual report

Section A: Performance report

1. Performance overview

1.1 Foreword by Doug Moodie, Chair

The Care Inspectorate is the scrutiny and improvement support body for social care and social work in Scotland. We register, inspect and support improvement across a range of services from early learning and childcare, children and young people, social care, including integrated health and social care, social work and community justice.

This annual report covers the Care Inspectorate's work from April 2022 to March 2023, a period that has continued to see challenges for the services we support, regulate and inspect. The sector continues to recover from the challenges of the Covid-19 pandemic, and it faces recruitment and retention issues, and the difficulties that increasing costs and energy prices bring. The impact of these issues on services and those experiencing care is significant. We continue to recognise all these challenges and the context services are working in while continuing to undertake our core purpose of providing scrutiny, assurance and supporting quality improvement across Scotland.

In May 2022, we published our Corporate Plan 2022-25, which sets out our vision, the outcomes we want to achieve and our priorities for the next three years. It is informed by learning from the pandemic as well as the scrutiny, assurance, quality improvement work and partnership working we have done. The Corporate Plan sets out how we will work towards a vision for world-class social care and social work in Scotland, where everyone, in every community, experiences high-quality care, support and learning, tailored to their rights, needs and wishes. Over the past year, we have actively contributed to policy developments affecting care and support services and will continue to do so as we navigate a period of potential, significant change for the sector, not least through the proposed establishment of a National Care Service, the forthcoming outcomes from the Independent Review of Inspection, Scrutiny and Regulation, and the delivery of The Promise. We continue to work with Education Scotland to deliver a shared inspection framework following Professor Ken Muir's report on education reform.

This is my first annual report as Chair and in my short time in post I have seen first-hand, and am extremely grateful for, the dedication, passion and commitment of our staff and the wider care sectors to improve the lives of those who experience care and support across Scotland.

I would like to take the opportunity to thank Gavin Dayer for his eight years' service on the Board and the knowledge and insight that he brought in that time. I was delighted that we welcomed new members Audrey Cowie, Maria McGill, Rosie Moore and Charlotte Armitage in April 2022, as well as Jackie Irvine as our new Chief Executive who joined us in September 2022. I look forward to working with Jackie and her team in the coming year.

I welcome this report, which reflects the important role of the Care Inspectorate in ensuring people across Scotland experience high-quality care that realises their rights and wishes.

1.2 Statement by Chief Executive on performance in the period 2022/23

I am delighted to introduce our annual report for 2022/23. This report highlights our performance in providing scrutiny, assurance, and supporting quality improvement in social care, social work and early learning and childcare services across communities in Scotland. This annual report covers the year in which I took up my role as Chief Executive of the Care Inspectorate, and I am pleased to share with you the important work we do in scrutiny, assurance and improvement to help ensure people experience high-quality care and live life to the full.

Our vision is for world-class social care and social work in Scotland where everyone, in every community, experiences high-quality care, support and learning that is tailored to their rights, needs and wishes. All our work is aligned to the four strategic outcomes of our Corporate Plan 2022-25:

- High-quality care for all
- Improving outcomes for all
- Everyone's rights are respected and realised
- Our people are skilled, confident and well-supported to carry out their roles

In 2022/23 we continued to provide public assurance about the care, protection and wellbeing of people through our inspection activity, the reports that we publish and the actions we take in response to how well services are performing. Over the course of the year, we completed 4,068 inspections (2021/22: 2,424) of registered services and took action, including enforcement, where we deemed it necessary to do so based on the evidence available. We also worked collaboratively with other bodies to carry out strategic scrutiny, with inspectors leading respectively on a total of 24 joint inspections of services for: children and young people; services for adults; justice services; and protection. In addition, we have important responsibilities around reviewing the deaths of looked after children, criminal justice social work serious incidents, and learning reviews for children and adults. Our Scrutiny and Assurance Strategy will guide our inspection activity over the coming year, aligned with the four strategic outcomes of our Corporate Plan.

The Covid-19 pandemic remains at the forefront of our minds as those working across social care, social work and early learning and childcare, like much of society, adapted to the challenges that were faced during this period. We continue to reflect on and take account of the impact of the pandemic and any further learning that is identified as the public inquiries into the pandemic response progress. Along with staff working in the services we inspect, regulate and support, our staff have continued to show incredible commitment and passion in difficult circumstances to ensure people across the country experience high-quality, safe and compassionate care that meets their needs, rights and choices. Our Corporate Plan 2022-25, published in May 2022, includes a new strategic outcome to recognise the value we place on our staff and the critical contribution they make.

Plans for a National Care Service have been a focus as they have developed and will be prominent in our work over the next few years. This year, we provided written and oral evidence on the Bill to the Scottish Parliament, and we will continue to support this in the provision of scrutiny evidence, professional advice and guidance, and in developing our scrutiny approaches. We have engaged positively with the Independent Review of Inspection, Scrutiny and Regulation (IRISR) across social care support services, chaired by Dame Sue Bruce, and will take account of any recommendations arising from that important

work. We are also committed to keeping The Promise to Scotland's children and young people and will do so by continuing to strengthen inspection methodology to ensure we listen to children and young people and focus attention on what is of greatest importance to them. We partnered with Healthcare Improvement Scotland to develop the Bairns' Hoose Standards, which will help ensure children and young people in the justice system are able to benefit from coordinated, comprehensive support provided under one roof.

We continue to progress our transformation towards a new business approach to scrutiny and quality improvement. A digital platform will be produced to capture and consolidate intelligence so that scrutiny activities can focus on areas of greatest potential risk. A common data hub will provide timely and accurate oversight information about care delivery and quality across providers and services. This will enable us to be more proactive in identifying improvements, moving from remedial to preventative interventions, and being more flexible in response to changing circumstances and demands.

Quality improvement is integral to the Care Inspectorate's core purpose and key activities. Our Quality Improvement and Involvement Strategy 2022-25 sets out how we support social care and social work in Scotland to improve outcomes for those who experience care. We have carried out a number of important, grant-funded projects in this regard. Notably, the Safe Staffing Programme is a national quality improvement project, commissioned by the Scottish Government to support care services in preparation for the enactment of the Health and Care (Staffing) (Scotland) Act 2019. We continue to work in collaboration with people who experience care, relatives, representative groups and other key stakeholders. This will support services to have the knowledge and resources needed to ensure there are the right people with the right skills, working in the right place and at the right time to ensure people experience the best health and care outcomes.

Every adult and older person living in a care home has the right to connect with family, friends and community. They have the right to have visits and go out if they wish. Scotland's Health and Social Care Standards, developed by the Care Inspectorate alongside Healthcare Improvement Scotland, set out what people should expect when experiencing health, care or social work services. In 2022, two new Standards were introduced that cover the right to visit even when there is an outbreak of an infectious disease such as covid, norovirus or flu. The Standards support visiting in care homes while legislation is developed by Scottish Government that will enshrine visiting rights in law. The Care Inspectorate's Anne's Law Project, set up with Scottish Government funding, aims to uphold the rights of people who live in adult and older people's care homes, with a particular focus on promoting meaningful social connection and community involvement. A literature review has been carried out to support this work and we take this learning forward as we produce guidance and engage further with the sector in this important area.

Finally, the Care Inspectorate and Education Scotland continued to work together and engage with the sector to develop a shared inspection framework following Professor Muir's report on education reform and the subsequent consultation on the Inspection of Early Learning and Childcare and School-Aged Childcare Services in Scotland. The new framework will replace Education Scotland's 'How Good Is Our Early learning and Childcare' and the Care Inspectorate's 'Quality Framework for daycare of children, childminding and school-aged childcare'.

As I've set out, our work continues across a complex and challenging landscape. We continue to support and adapt to ambitious and changing models of care, while maintaining a

clear focus on providing assurance, supporting services to improve and placing people experiencing care at the heart of all that we do.

I extend my gratitude to our staff, volunteers and everyone who continues to make a positive difference to people's lives across health and social care in Scotland.

Jackie Irvine
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 independent scrutiny and improvement body for social care and social work services 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.

We want to 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 almost 11,300 services. These include daycare of children services, childminders, care homes, care at home and housing support. We also regulate adoption and fostering services, secure care, school accommodation, nurse agencies, offender accommodation and social work services. 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. As a scrutiny and improvement organisation, we play a critical role in supporting quality improvement in care services and local partnerships.

Care Inspectorate vision

The Care Inspectorate's vision is for world-class social care and social work in Scotland, where everyone, in every community, experiences high-quality care, support and learning, tailored to their rights, needs and wishes.

Our mission

We will provide public assurance about the quality of social care, social work and early learning services, promote innovation and drive continuous improvement. We will collaborate and take action where experiences and outcomes are not meeting individual needs.

Our values

- Person-centred: we will put people, compassion and kindness at the heart of everything we do.
- Fair: we will act fairly and consistently, be transparent and treat everyone equally.
- Respectful: we will be respectful in all that we do.
- Integrity: we will be impartial and act to improve care for all those in Scotland.
- Efficient: we will provide the best possible quality and public value from our work.
- Equality: we will promote and advance equality, diversity and inclusion in all our work and interactions.

Strategic outcomes

- High-quality care for all.
- Improving outcomes for all.
- Everyone's rights are realised and respected.
- Our people are skilled, confident and well supported to carry out their roles.

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, demonstrate 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 approved 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 experiences and outcomes for people using a care service.

As part of inspection, our inspectors and inspection volunteers will talk to people who experience care services and their carers and 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: quality of care and support; quality of environment; quality of staffing; and quality of management and leadership.

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 strategic [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 to do 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 Audit and Risk Committee.

The achievement of our strategic objectives is dependent on the delivery of an effective programme of scrutiny and quality improvement work. Our strategic risks are therefore focused on how we plan, resource and support this programme including investment in our workforce and the digital systems required to deliver our scrutiny and quality improvement activities.

We have identified strategic risks relating to the areas detailed below:

- our financial sustainability
- our ability to effectively respond to our dynamic external environment
- having insufficient workforce capacity
- ensuring we work effectively with our key scrutiny and delivery partners
- we can attract funding for our digital transformation project
- we have effective cyber security
- our reliance on legacy systems

Many of the risks are interlinked; for example, if we are not financially sustainable this will impact on our workforce capacity, our ability to manage change, our ability to work effectively with our scrutiny and delivery partners, the investment we can make towards maintaining cyber security and replacing our legacy systems through the digital transformation project.

Our risk management process ensures the key controls in place and any planned further actions we will take to further reduce our risk are documented and progress is regularly monitored.

1.6 Going concern

The Care Inspectorate Board is funded by the Scottish Government and it is therefore appropriate to prepare the accounts on a going-concern basis.

The Statement of Financial Position as at 31 March 2023 shows net assets of £60.607m. The net assets are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19. This volatility in total net assets is due to the valuation of the pension scheme most of our staff participate in. IAS 19 requires the liabilities and assets of the pension scheme to be valued. The 2022/23 IAS19 valuation shows a net pension asset i.e., the value of our share of the scheme assets is greater than the value of our scheme liabilities. Scheme liabilities represents the best estimate of the current value of pension benefits earned by existing or previous Care Inspectorate employees up to 31 March 2023.

The Care Inspectorate participates in a pension fund that 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. It is the actuarial valuation that impacts on the Care Inspectorate as a going concern.

The Statement of Changes in Taxpayers' Equity in the Financial Accounts section shows the pension and general reserve position as at 31 March 2023.

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 it has been important to identify significant efficiencies. We continue to work with our Sponsor Department in Scottish Government to agree a sustainable funding position so 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 combination 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 2022/23 was as follows:

	Budgeted Position £m	Actual Funding £m
Grant in aid 2022/23 (Note 12)	28.527	30.386

Grant in aid includes Scottish Government specific programme funding totalling £2.467m during 2022/23. We also received additional grant in aid of £2.0m during the year to support the anticipated settlement of the 2022/23 pay award and other budget pressures.

The table below shows our revenue budget position.

	Budget £m	Actual £m	Variance £m
Revenue expenditure	44.852	43.881	(0.971)
Fee income	(11.900)	(11.986)	(0.086)
Other revenue income	(1.093)	(1.520)	(0.427)
Net expenditure before grant funding	31.859	30.375	(1.484)
Grant in aid	(25.919)	(27.919)	(2.000)
Specific grant funded projects	(2.608)	(2.467)	0.141
Letter of comfort	(0.738)	0.000	0.738
Total 2022/23 grant funding	(29.265)	(30.386)	(1.121)
Net expenditure after grant funding	2.594	(0.011)	(2.605)

*Letter of comfort is a commitment by our Scottish Government Sponsor to identify funding during 2022/23 that could not be identified as confirmed funding for inclusion in our budget prior to the start of 2022/23. Budget variances were as follows:

	2022/23 £m
Expenditure	
Staff costs	(0.158)
Accommodation costs	(0.191)
Administration costs	0.045
Transport costs	(0.491)
Supplies and services	(0.176)
Income	
Income from fees	(0.086)
Grant-in-aid - operations	(2.000)
Grant-in-aid - short term programmes	0.141
Scottish Government letter of comfort	0.738
Other income	(0.427)
Total budget variance	(2.605)

In 2022/23 the Care Inspectorate spent £41.233m delivering core operational objectives and an additional £2.648m on short term grant funded programmes. Of this, £13.506m was recovered from fees charged to service providers, shared service income, recharges to other organisations and other revenue income. The balance of £30.386m was funded from Scottish Government grant, leaving a net underspend of £0.011m at 31 March 2023.

Staff costs represent 84% of the Care Inspectorate's total expenditure with year-end underspend of £0.158m. The interim pay award was greater than budgeted which was partly offset by some short term grant funded posts not being filled for the full financial year.

Our return to pre Covid-19 operating levels was slower than planned when the budget was set which is the main contributor to operating expenditure being £0.773m less than budgeted.

Fees charged to service providers were greater than budgeted by £0.086m. This is due to an increase in the size and mix of registered services from the budgeted position.

The demand for shared services provided to other organisations was £0.024m greater than budgeted.

Other operating income of £0.186m was mainly due to recovery of staff costs for staff on secondment to other organisations.

Our finances 2022/23



Scottish Government funding

£30.4m



Staff costs

£37.1m



Registration fees

£12.0m



Other operating expenditure

£6.8m



Other revenue income

£1.5m

Reconciliation to Statement of Changes in Taxpayers' Equity (SoCTE)

We prepare our annual accounts in accordance with the Accounts Direction issued by Scottish Ministers. The Accounts Direction (reproduced at Appendix 1) requires compliance with the Government Financial Reporting Manual (FRM). Our funding and budgeting position is different from the accounting financial position as shown in the Statement of Comprehensive Net Expenditure (Sconed) 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 £0.010m.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SoCNE) to the deficit recognised for funding and budgeting purposes. The budgeted deficit of £3.332m was to be funded by a letter of comfort from the Scottish Government to identify up to £0.738m of in-year funding and the balance from our 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 position is a surplus of £0.011m which is a variance of £2.605m compared to the budgeted deficit to be funded from our general reserve. This is partly due to receiving an additional £2m grant in aid to support the 2022/23 pay award to our staff and other budget pressures, a greater number of inspector vacancies remaining unfilled during the year and less travel than anticipated whilst we return to business as usual following the Covid-19 pandemic.

The general reserve balance will assist with the budget pressures in 2023/24.

	Ref	£m	£m
Deficit per the SoCNE	SCNE		(27.605)
Revenue funding from grants & grant-in-aid	Note 15		(29.550)
Reverse IAS 19 pension accounting adjustments	Note 5b		57.990
To fund depreciation and asset disposals	Note 6		(0.010)
To fund lease depreciation expense	Note 14		(0.836)
(Surplus)/Deficit on budget basis			<u>(0.011)</u>
Movement of General Reserve Balance:			
Accumulated revenue reserve			(4.060)
Capital reserve			<u>(0.010)</u>
Opening General Reserve Balance	Note 15		(4.070)
(Surplus)/Deficit on budget basis			(0.011)
Depreciation			0.010
Closing General Reserve Balance	Note 15		<u><u>(4.071)</u></u>

Supplier payment policy

The Care Inspectorate is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within 10 days. We paid 98.62% (2021/22: 99.38%) 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

We monitor our performance under the organisation's four strategic outcomes set out in our Corporate Plan for 2022-25.

We report publicly using two kinds of measures:

- Key Performance Indicators (KPIs) - which are specific and quantifiable measures against which the Care Inspectorate's performance can be assessed.
- Key Outcome Indicators (KOIs) which are measures the Care Inspectorate aims to influence through its scrutiny, assurance and improvement activities, but over which it has limited direct control.

Regular 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>

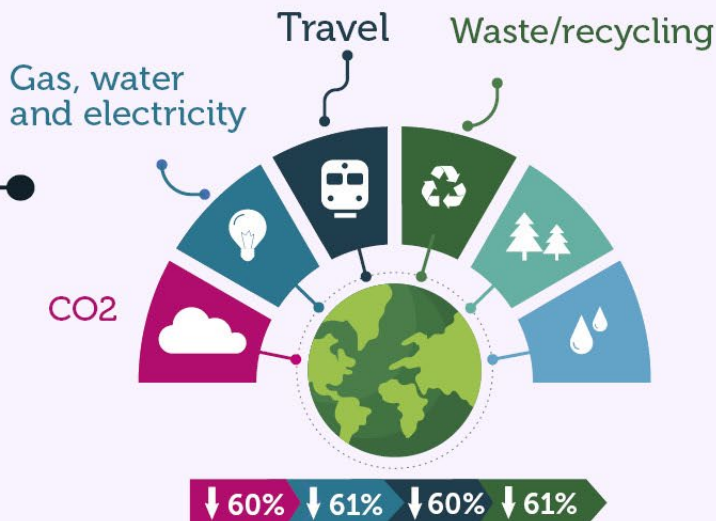
2.2 Sustainability report 2022/23

Sustainability report 2022/23

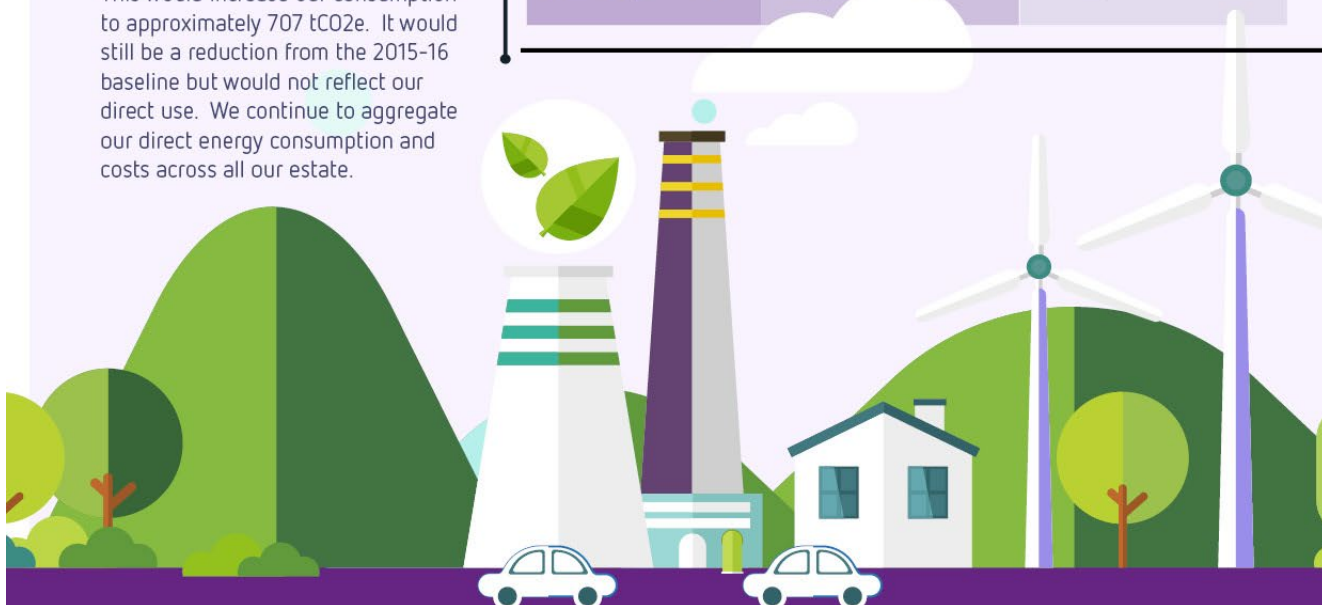
A Carbon Management Plan covering the period 2018-2023 was launched in 2018. This plan identified a target reduction of 28% from the 2015/16 baseline data to 956 tCO2e. The objectives of the plan are considered annually alongside the sustainability report. A new Carbon Management Plan will be developed for 2023-2028.

As a scrutiny body, our core business is to regulate care and social work services throughout Scotland, leading to high travel related CO2 emissions. During the year we had a presence in 14 locations from as far north as Stornoway to as far south as Dumfries. These properties are of varying sizes, from 30m2 to 2819m2 on a variety of lease terms, making control of our stationary CO2 emissions difficult.

We have continued to exceed our target across all scopes. Due to Covid-19, there has been a considerable reduction across all areas since 2020-21. There has been an increase in activity in recent years, but not a return to pre Covid-19 levels, which we do not anticipate within the term of the current Carbon Management Plan. However, the Climate Change Reporting requirements include a 0.3tCO2e for every homeworking member of staff. This would increase our consumption to approximately 707 tCO2e. It would still be a reduction from the 2015-16 baseline but would not reflect our direct use. We continue to aggregate our direct energy consumption and costs across all our estate.

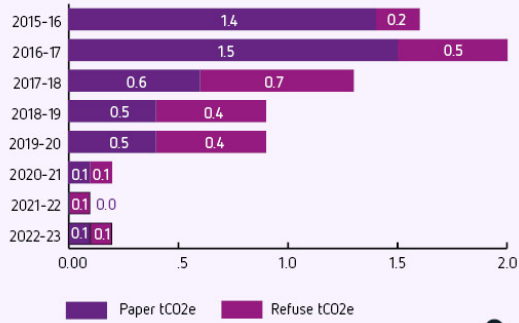


Area	Actual Performance	2015/16 Baseline
Total CO2 Emissions	526 tCO2e	1,328 tCO2e
Travel Related CO2	302 tCO2e	756 tCO2e
Total Travel Cost	£720,309	£990,873
Total Energy CO2	224 tCO2e	569 tCO2e
Energy Consumption (gas and electricity)	1.16 MWh	1.68 MWh
Energy Expenditure (gas and electricity)	£169,084	£145,509
Total Waste CO2	0.2 tCO2e	1.6 tCO2e
Waste	49.3 tonnes	874 tonnes
Waste Expenditure	£1,594	£21,279
Total Water CO2	0.4 tCO2e	1.3 tCO2e
Water consumption	940 m3	3,830 m3
Water expenditure	£17,760	£36,267



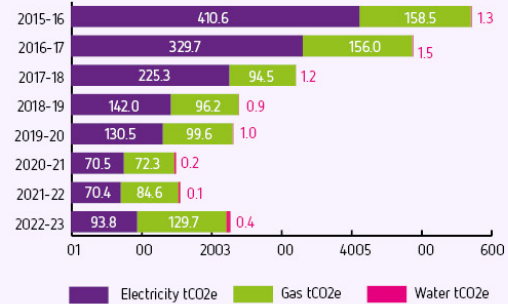
Waste/recycling

Refuse is not weighed but by the size of the bin and the number of collections. Although our emissions remain very low, the number of collections increased with a corresponding increase in emissions. From the information provided on confidential shredding of paper, it is evident that there is an increase in paper usage as we return to business as usual.



Gas, water and electricity

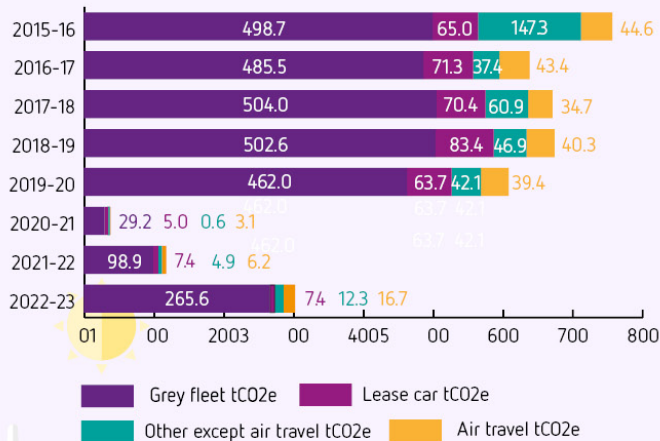
The utilities consumption is returning to pre-pandemic (2019-20) levels as, although the numbers of staff in offices is still significantly lower than previously, the building still has to be heated and lit. Although there has been an increase in our water consumption compared to last year, the increase in emissions is mainly due to a change in the conversion factor used this year to include water supply and treatment. There is further estates rationalisation planned for 2023-24 which will result in a reduction of these emissions, but the full impact of the savings won't be realised until 2024-25.



Travel

Grey Fleet is employees use of private cars for business journeys. The carbon emissions from grey fleet have increased from last year as people further return to business as usual. All forms show increases from the previous two years but not a return to the pre-COVID levels.

Covid-19 had a significant impact on our ability to carry out our scrutiny and improvement activities and travel for other business reasons such as training and attending meetings. The pandemic also provided the opportunity to use technologies such as Microsoft Teams and Sharepoint better, reducing the requirement to meet in person and attend offices, reducing our carbon footprint. This change in work practice is continuing and with the introduction of Hybrid working from 2022-23, the anticipated further increase in business travel in 2022-23 has been realised.



Sustainable procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. Our procurement strategy details our priorities, which includes sustainable procurement. Our procurement activity will seek to build sustainability into contracts from the very start of the process. This includes seeking opportunities for carbon emission reduction, recycle and reuse, environmental protection and enhancement of biodiversity, equality and fair work practices, community benefits and providing opportunities for small to medium enterprises, supported businesses, third sector, not for profit organisations and subcontracting. Our annual procurement report shows progress against our strategy and is available on our website.

2.3 Detailed analysis of development and performance

The continued impact of Covid-19 resulted in changes to practice and policies that were different from our pre-pandemic activities. As a result, we continued to target and prioritise our scrutiny, assurance and improvement support following an intelligence-led and risk-based approach.

End of year KPI performance 2022/23

Strategic outcome: High-quality care for all	Strategic outcome: Improving outcomes for all	Strategic outcome: Our people are skilled, confident and well supported to carry out their roles
KPI-1: % of people telling us that our scrutiny will improve care 95.2% Target 90%	KPI-4: % of people telling us that our quality improvement support will improve care 94.2% No target set	KPI-5: % staff completing core learning 69% for Data Protection, Equalities and Cyber Security No target set
KPI-2: % scrutiny hours spent in high and medium risk services 69.8% Target 50%		KPI-6: % staff absence 4.8% Target 2.4-5.7%
KPI-3: % of complaints about care that were resolved within the relevant timescales (includes all methods of resolution) 81.5% Target 80%		KPI-7: % staff turnover 9.8% Target <10%
		KPI-8: Days per quarter that inspection volunteers and care experienced people are involved in our work 122.1 days Target 90 days
Colour code: Target achieved Slightly below target Significantly below target Initial reporting		

Of the eight key performance indicators (KPIs) detailed in the Corporate Plan 2022-25, at the end of Q4 2022/23:

- six met or exceeded target
- two were not assessed against target (as new in 2022/23).

Please see Appendix 2 for overview of Key Outcome Indicator performance in 2022/23.

Strategic outcome 1: High-quality care for all

Our scrutiny, assurance and quality improvement support activity will drive improvement in the quality of care that infants, children, young people, adults and older people experience, and it will support their health and wellbeing. We support the delivery of high-quality care, support and learning services through our registration, inspection, and monitoring activity alongside the handling of complaints and gathering feedback from those who experience

care and those who care for them. We will champion self-evaluation, continuous quality improvement and the sharing of good practice.

Our scrutiny activity

At 31 March 2023, there were 11,279 registered care services operating in Scotland. 85% of services had grades of good or better for every theme (KOI-1). For poorer performing services, the average time a service had a grade of less than adequate was 9.8 months (KOI-3). 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>.

	Number completed Q4 Year to Date 21/22	Number completed Q4 Year to Date 22/23	2022/23 vs 2021/22 year to date % change
Inspections completed	2,424	4,068	68%
Serious concern letters issued	56	46	-18%
Improvement notice enforcements	36	45	25%
Notice to cancel enforcements	6	8	33%
Total complaints resolved (not inc. concerns logged as intelligence)	1,669	2,163	30%
New registrations completed	456	403	-12%
Number of variations completed (not inc. typographical changes)	1,699	1,615	-5%

Further detail on our scrutiny activities can be found here:

<https://www.careinspectorate.com/index.php/publications-statistics/182-statistics-and-data/statistics/quarterly-statistical-reports>

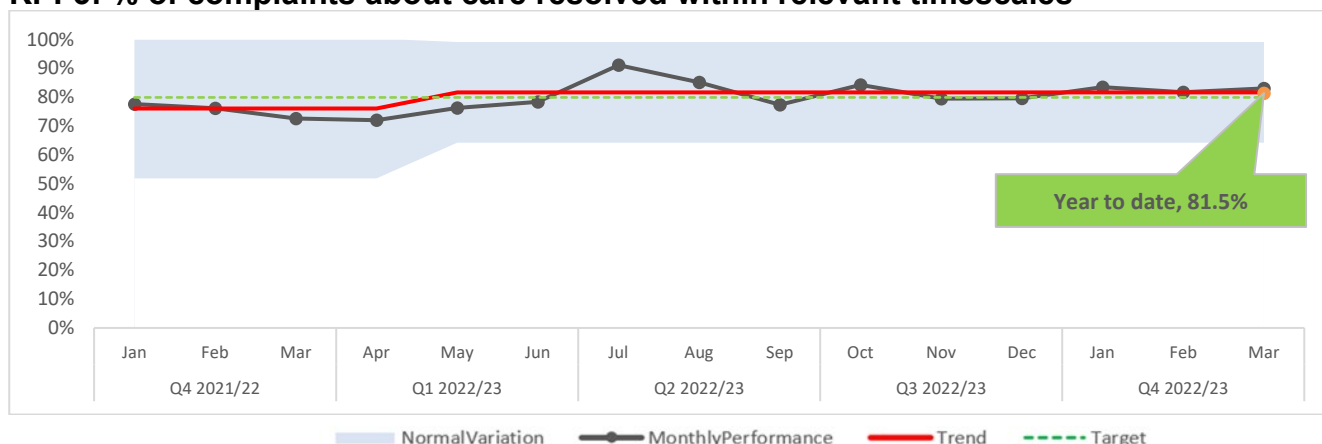
We undertook 4,068 inspections (up 68% compared to the previous year) and completed 403 registrations (down 12% compared to the previous year). Following these activities, we ask people whether our scrutiny will improve care (KPI-1). Ninety-five per cent of respondents agreed that our scrutiny will improve care in 2022/23 above the target of 90%.

We follow a flexible risk and intelligence-led approach to ensure our scrutiny, assurance and quality improvement support activity is risk-based, proportionate and intelligence-led. In 2022/23, we spent 70% of our scrutiny hours in high- and medium-risk services, exceeding our target of 50% (KPI-2). For 2023/24, the Board has approved a new target range that will highlight if the time spent in higher-risk services is more or less than expected. 82% of services (KOI-4) that were previously graded good or better and low risk or newly registered continued to receive good or better grades, supporting our flexible risk and intelligence-led approach. We expect that newly registered services should be delivering good or better care following our thorough registration process. In 2022/23, 65% of newly registered services received a grade of good or better on their first inspection (KOI-2).

We enable the voices of those experiencing care to be listened to and heard and support them across all sectors. We have a statutory duty to deal with complaints made to us about registered care services. It is important that each concern is dealt with through the most appropriate route to ensure that concerns are resolved as quickly and effectively as possible.

82% of complaints about care were resolved within relevant timescales above the target of 80% (KPI-3).

KPI-3: % of complaints about care resolved within relevant timescales



Complaints about the Care Inspectorate

The Care Inspectorate has a well-established policy and procedure for managing complaints about the organisation. Approximately 100 complaints about the Care Inspectorate are received each year, with the vast majority relating to scrutiny and assurance activity.

We have worked closely with the Scottish Public Services Ombudsman (SPSO) to ensure that our policy and practice is fully aligned with their national model complaints handling procedure.

	2022/23	2021/22
Complaints recorded	91	106
Withdrawn by complainant, lack of information, outwith scope or outwith timescales	27	21
Complaints satisfactorily resolved at Stage 1	25	23
Complaints not upheld	28	56
Complaints upheld	8	6
Complaints not yet complete	3	0
Complaints referred to SPSO by complainants (known - including decisions received about previous time period)	5	5
Number of complaints taken forward by SPSO	0	0

Complaints by type	2022/23	2021/22
Inspection OP/Adults	15	16
Inspection ELC	19	25
Inspection CYP	5	4
Inspection Strategic	0	0
Complaints (care services)	25	38
Registration /Variations	15	5
Improvement activity	0	0
Information governance	0	0
ICT / digital issues	0	5
Contact centre – customer services	2	1
Other (including multiple areas of CI work)	1	1
Data/confidentiality	4	6
Insufficient data received from complainant to categorise	5	5

Complainant by type	2022/23	2021/22
Registered service provider/staff member/ex-staff member	31	44
Family member/representative/member of public	52	55
Anonymous/unknown	8	7

Strategic inspection activity

Strategic inspections scrutinise and support quality improvement in the work of multi-agency partnerships such as community planning partnerships, child, adult and public protection committees, and drug and alcohol partnerships. We work collaboratively with other scrutiny bodies to carry out strategic scrutiny activity, usually leading or co-leading inspection programmes, and also contributing as guest inspectors to programmes or one-off pieces of work led by another organisation, such as Her Majesty's Inspectorate of Prisons in Scotland. Several reports from across our strategic scrutiny programmes based on inspections were published for joint inspections of services for children and young people, joint inspections of adult support and protection services, joint inspections for adults and inspection of justice social work services.

Strategic inspection activity

	Number completed (published during 22/23) Q4 Year to Date 22/23
Inspections completed	23
Total staff survey responses	10,056
Total people experiencing care engaged with	1,201
Total number of case files read	2,282
Number of serious incident reviews, initial or serious case reviews, and learning reviews received	141

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

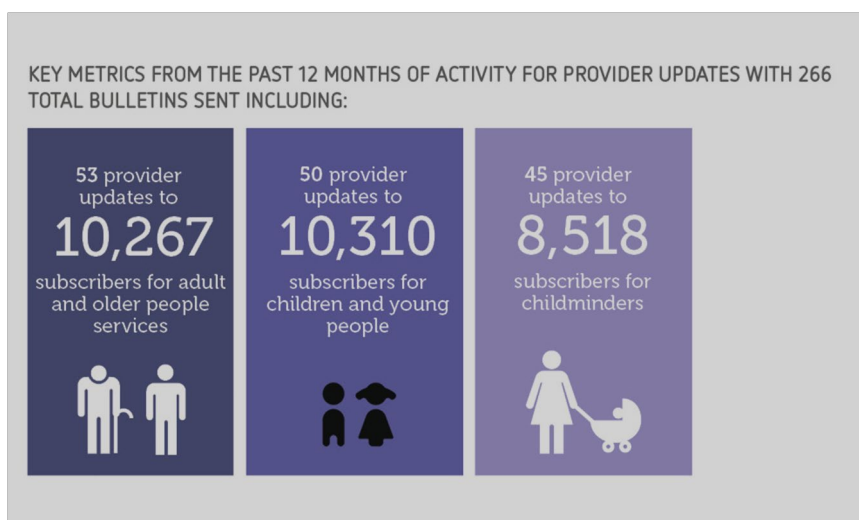
Strategic outcome: Improving outcomes for all

Our activity supports services and partnerships to improve experiences and outcomes for infants, children, young people, adults, and older people and ensure that improvement is sustained. We will champion high-quality self-evaluation, shared learning, and innovation. Our activity will be focused on providing quality improvement support across the changing health, social care and social work systems and influencing the policy landscape. Ultimately, the focus is to improve outcomes for those experiencing care, support, and early learning opportunities.

Our quality improvement support team designs and delivers national and local quality improvement programmes across Scotland, working with our improvement partners. In 2022/23, we delivered 132 external improvement support events engaging 371 services. Ninety-four per cent of people (860 responses) told us that the quality improvement support they received will improve care (KPI-4).

We will ensure that the Health and Social Care Standards, ambitions of The Promise, equality and human rights are central to improving outcomes by listening to and supporting those experiencing care to influence their care and individual outcomes. Seventy-nine per cent of services had 90% or more respondents telling us they were happy with the quality of care and support they received (KOI-5).

We also sent out provider updates to support services with guidance, advice and best practice examples.



We received and responded to a total of 92 Freedom of Information (Scotland) Act 2020 (FOISA) requests (down from the 114 total last year), of which 90 were sent out within the statutory deadline of 20 working days.

We received and responded to a total of 29 data protection requests (equal to last year), of which all were sent out within the statutory deadline of one month.

We continued to inform local and national policy as well as the 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:

- Fostering and Adoption 2021-22
- Early Learning and Childcare Statistics 2021
- Staff vacancies in care services 2021

Case Study – PainChek®

PainChek® is the world’s first regulatory cleared medical device for the assessment of pain. It can be used for those who cannot reliably self-report their pain, for those who can, and for those whose ability to self-report their pain fluctuates. The PainChek® app is used on a mobile device, such as a tablet or smartphone, and uses artificial intelligence (AI) and facial recognition technology to detect and quantify pain in real-time by analysing micro facial expressions that indicate pain.

The Care Inspectorate received funding (2022-2023) from the Scottish Government Technology Enabled Care division, to further the testing of the PainChek® app across different social care settings (phase 2). This work started with a small number of care homes. The ease of use of the PainChek® app increased the number of pain assessments done in all participating care homes. In the first care home a pain protocol was implemented to guide daily care, and staff used pain behaviour profiles (from the app) to personalise recognition and assessment of pain.

Data from one care home showed that for 17 residents in the initial pilot project.

- 4 people had when required analgesics prescribed and used in both baseline and test periods - in each case the rate of use was significantly changed in test period. The average change was 51%.
- 4 people were prescribed but rarely given when required analgesia in baseline period. In each case the pain scores at the start of the test period indicated low or no pain, and the analgesia was discontinued. In one case increasing pain was observed months later and fresh analgesia prescribed – see chart below.
- 42% reduction in falls over the 6-month data collection period.
- Half of the participating residents had an increased weight after 6 months.
- Half of the residents had a reduced dependency score after 6 months.

Average PainChek Score History Mar 2022-Feb 2023 ⓘ



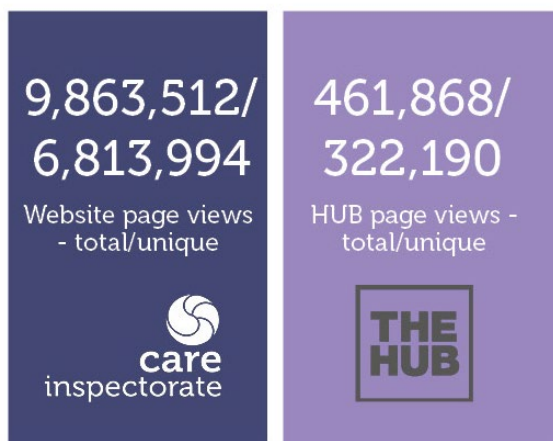
For more information on PainChek®, visit: <https://www.painchek.com/uk/>

Strategic outcome: Everyone’s rights are respected and realised

Infants, children, young people, adults and older people experience tailored, outcome-focused care and support that reflects their rights, needs and wishes in line with the Health and Social Care Standards. Those experiencing care are listened to and able to influence their individual care and support.

Seventy-three per cent of services had 90% or more respondents telling us they make decisions about their own care (KOI-7) and 90% of services had a grade of good or better for KOI-6 How well do we support people’s wellbeing? We promote and share an understanding of what those experiencing care have a right to expect according to their rights, needs and wishes and to enable this, we make all our information and resources easily available to services and the public through our primary website and our knowledge and improvement website, The Hub.

INFORMATION AND RESOURCES EASILY AVAILABLE TO SERVICES AND THE PUBLIC THROUGH OUR WEBSITE AND THE HUB:



Spotlight: Meaningful connection, visiting and Anne's Law Project

Anne's Law is a piece of Scottish legislation being drafted to strengthen the rights of people living in care homes to see and spend time with those important to them. Anne's Law is the result of campaigning by family members who were separated from their loved ones during the Covid-19 pandemic. The Care Inspectorate supports the new legislation and seconded two inspectors to the project for a year, commencing in October 2022. The project is funded by Scottish Government.

The Care Inspectorate has been contributing to the strategic development of the draft directions that will underpin the new legislation, ensuring these are rights-based and informed by the voice of people experiencing care and family carers. Pending the implementation of Anne's Law, Scottish Government and the Care Inspectorate introduced two new Health and Social Care Standards to reinforce the rights of people living in care homes to see and get support from the people who are important to them, even during in outbreak situations. We have introduced a new core assurance to ensure these Standards are assessed during care home inspections and our inspection staff have undertaken training to increase their understanding.

As well as supporting the sector to prepare for the forthcoming legislation, the project promotes the vital importance of all types of meaningful connection for people who live in adult and older people's care homes. This includes being able to connect with families and friends, peers, staff, and the wider community in ways that are meaningful to each individual and which help enable people who live in care homes to get the best out of life. Central to the project's values and direction is the core principle that experiencing meaningful and person-centred connection is essential to everyone's health, wellbeing, personhood and citizenship, and fundamental to our human rights.

Our work on the project is underpinned and guided by our in-depth review of research on meaningful connection for people in adult and older people's care homes. This provides powerful evidence of the importance of connection and its impacts on health and wellbeing.

The project acts as a point of direct advice and support for staff in the adult and older people's care home sector, using a dedicated email address, and maintaining a mailing list to keep in touch with stakeholders. The Care Inspectorate's website also hosts a dedicated section for meaningful connection, visiting and Anne's Law, providing information to people experiencing care and their family carers, as well as to care home providers, managers and staff.

As the project continues, we will be hearing from people experiencing care, families, friends and staff. We will develop guidance and training for the sector on meaningful connection, including webinars and an Open Badge for care staff, developed jointly with the Scottish Social Services Council. A series of podcasts will include conversations with a variety of people on topics relevant to meaningful connection and a self-evaluation tool will support services in evaluating areas relevant to meaningful connection.



Meaningful Connection

Strategic outcome: Our people are skilled, confident and well supported to carry out their roles

All colleagues and volunteers often work in complex circumstances and are committed to making a difference and championing high-quality care that meets the needs, rights and choices of people across Scotland. We will ensure they are effectively led, developed and supported to deliver our vision and respond to the challenges and opportunities ahead.

Our 12-month hybrid working trial ended on 31 March and will form the basis of a new hybrid working policy. The trial highlighted that staff consistently prefer to work regularly from home for at least part of the week. This evidence informed the development of our Estates Strategy 2023 – 2029, which aims to deliver fewer and smaller high-quality offices designed to suit our new ways of working in buildings shared with other public sector bodies. We have provided a range of learning resources including webinars for managers and staff to support them with new ways of working whilst ensuring organisational needs are met.

Working from home greatly expanded and accelerated the use and uptake of remote working and technology used within the Care Inspectorate. Examples include video conference technology, remote collaboration software and new interactive reporting dashboards. To support colleagues working flexibly, core learning courses have been offered for all staff covering topics such as data protection, equalities and cyber security. For 2022/23, 69% of staff were compliant on all core learning (KPI-5).

Staff absence has continued to remain within target limits whilst staff have been working in a hybrid manner. For 2022/23, the average staff absence was 4.8%; within our target range of 2.4% to 5.7% (KPI-6). Additionally, staff turnover (9.8%; KPI-7) remained below our target of 10% in line with other comparable public sector organisations.

Jackie Irvine
Chief Executive
9 November 2023

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).

This report provides information on where to find details of interests held by members of the Board and Strategic Leadership Team (SLT) which may conflict with their management responsibilities. Also disclosed within this report is information on personal data related incidents, disclosure of information to auditors and auditor fees.

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 was one data protection breach reported to the Information Commissioner's Office (ICO) (2021/22: two). The ICO considered the breach and concluded that no further action by the ICO was necessary.

We developed an internal action plan to resolve any issues and prevent any reoccurrence. All actions were overseen by the data protection officer and the deputy senior information responsible owner and are now complete.

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

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

3.2 Statement of Accountable Officer's responsibilities

Introduction

The Care Inspectorate's Framework Document agreed with its sponsoring Scottish Government Directorate, sets out the roles and responsibilities of Scottish Ministers, the sponsoring team in the Directorate, the Care Inspectorate Board, the Chair and Accountable Officer of the Care Inspectorate. This statement provides detail on the Accountable Officer's responsibilities.

Statement:

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, 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 she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The responsibilities of the Accountable Officer (including the propriety and regularity of the public finances) for keeping proper records and for safeguarding assets are set out in the Memorandum to Accountable Officers for Other Public Bodies .

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 12 members. The Chair and ten 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 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.

A revised Care Inspectorate Code of Conduct was agreed by the Board at its meeting of 22 March 2022. The revised Code of Conduct was approved by Scottish Government on 14 April 2022.

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 2022 to 31 March 2023

Board member	Board	Audit and risk		Board development events	Total
Number of meetings and events	7	6		5	18
	Attended	Member	Attended	Attended	Actual attendance / expected attendance
Paul Edie, Chair (to 31/08/22)	2	No	1	1	4 / 4
Doug Moodie, Chair (from 01/09/22)	4	No	1	2	7 / 10
Naghat Ahmed	7	No	1	5	13 / 13
Charlotte Armitage (from 25/04/22)	7	No	1	5	13 / 13
Sandra Campbell	7	No	1	5	13 / 13
Audrey Cowie (from 25/04/22)	6	No		5	11 / 13
Gavin Dayer (to 28/02/23)	6	Yes	4	4	14 / 14
Rona Fraser	7	Yes	6	5	18 / 18
Paul Gray	4	Yes	4	5	13 / 18
Rognvald Johnson	7	Yes	6	5	18 / 18
Bill Maxwell	7	Yes	6	5	18 / 18
Maria McGill (from 25/04/22)	7	Yes	5	5	17 / 18
Rosie Moore (from 25/04/22)	4	No		3	7 / 12
Keith Redpath (to 15/04/23)	4	No	1	2	7 / 12
Carole Wilkinson	6	No		4	10 / 12

Accountable Officer

The Care Inspectorate's Chief Executive, Jackie Irvine, is the designated Accountable Officer taking up this responsibility with effect from 19 September 2022. 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.

Edith Macintosh was Interim Chief Executive and Accountable Officer until 18 September 2022.

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 her Accountable Officer role through the formal scheme of delegation. In addition to the Chief Executive, the executive directors for the financial year 2022/23 comprised:

- Edith Macintosh, Executive Director of Strategy and Improvement and Deputy Chief Executive (from 19 September 2022)
- Jacqueline Mackenzie, Executive Director of Corporate and Customer Services
- Gordon Mackie, Executive Director of IT, Transformation and Digital
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Craig Morris, Interim Executive Director of Strategy and Improvement (to 30 September 2022).

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

External audit appointment

The Auditor General appoints our independent auditors under the Public Finance and Accountability (Scotland) Act 2000. Audit Scotland appointed Grant Thornton UK LLP as our independent external auditors for a five-year period from 1 April 2016. Scottish Government extended the contract to 31 March 2022. Audit Scotland appointed Deloitte from 1 April 2022 for a five-year period.

Internal audit

The Care Inspectorate's internal audit function has been contracted out to Henderson Loggie for a three-year period to 31 March 2023 with the option to extend for two further years. We extended their contract to 31 March 2024. 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 2022/23, our internal auditors consider:

- all reviews undertaken as part of the 2022/23 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 2022/23 was as follows.

"In our opinion, the Care Inspectorate has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure value for money. This opinion has been arrived at taking into consideration the work we have undertaken during 2022/23 and also from our collective knowledge of the organisation obtained since our initial appointment in 2020/21."

Whistleblowing

Our employee Staff Code of Conduct Policy and associated Whistleblowing Guidance inform and encourage 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. Naghat Ahmed, one of our Board members is our whistleblowing champion. Our whistleblowing champion is responsible for overseeing the integrity, independence and effectiveness of our policies and procedures on whistleblowing including those policies and procedures intended to protect whistleblowers from being victimised because they have disclosed reportable concerns.

Risk and risk management

The Care Inspectorate complies with the Scottish Public Finance Manual (Risk Management section) and has a risk management policy. The main priorities of this policy are the identification, evaluation and control of risks that 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 the 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 Strategic 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 that 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

Our Board review the effectiveness of our governance framework annually as part of the preparation of this governance statement. Individual policies and procedures that contribute towards the overall governance framework are also subject to periodic review.

This review is informed by:

- the views of the audit and risk committee on the assurance arrangements
- the opinions of internal and external 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 2023/24.

- We will build on the assurance mapping work already undertaken.
- Our testing and review of our Business Continuity Management System will continue.
- Review and revise our management structure.
- Aligned with the Corporate Plan, we will continue the development of the Strategic Performance Management Framework.
- We will further strengthen our cyber security during 2023/24.
- We will ensure appropriate governance arrangements are in place to support the delivery of stage 2 of our business transformation programme objectives.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2023 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 audit by Deloitte. The other sections of the remuneration and staff report are reviewed by Deloitte 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 £94,992 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 £3,445 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

Jackie Irvine was appointed as the Care Inspectorate's Chief Executive on 19 September 2022. 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 Strategy and Improvement and Deputy Chief Executive
- Executive Director of Corporate and Customer Services
- Executive Director of Scrutiny and Assurance
- Executive Director of IT, Transformation and Digital

All executive directors have permanent contracts. 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 the Scottish Government £95,000 payment cap and a two year pay-back period. Compensation payments must be approved by the Board.

Care Inspectorate Board members' remuneration (Audited)

Name	Salary 2022/23 £000	Salary 2021/22 £000
Doug Moodie (Chair) (from 01/09/2022)	20-25	n/a
Paul Edie (Chair) (until 31/08/2022)	20-25	40-45
Naghat Ahmed	0-5	0-5
Charlotte Armitage (from 25/04/2022)	0-5	n/a
Carole Wilkinson	0-5	0-5
Dr Bill Maxwell	0-5	0-5
Gavin Dayer (to 20/02/2022)	0-5	0-5
Keith Redpath	0-5	0-5
Audrey Cowie (from 25/04/2022)	0-5	n/a
Paul Gray	0-5	0-5
Rognvald Johnson	0-5	0-5
Rona Fraser	0-5	0-5
Maria McGill (from 25/04/2022)	0-5	n/a
Rosie Moore (from 25/04/2022)	0-5	n/a
Sandra Campbell	0-5	0-5
Anne Houston (until 09/03/2022) ¹	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 and receive no benefits or performance related pay.

¹ This comprises low value non pensionable arrears due from 2021/22

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. Please note the chief executive and executive directors did not receive any benefits in kind in 2022/23 or 2021/22.

	Single total figure of remuneration					
	Salary		Pension benefits ²		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000	£000	£000
Jackie Irvine ³ Chief Executive (from 19/09/2022)	65-70	n/a	20	n/a	85-90	n/a
Edith Macintosh Interim Chief Executive (to 18/09/2022) Executive Director of Strategy and Improvement and Deputy Chief Executive (from 19/09/2022)	85-90	95-100	5	27	90-95	125-130
Craig Morris ⁴ , Interim Director of Strategy and Improvement (to 30/09/2022)	85-90	70-75	47	n/a	130-135	70-75
Jaqueline Mackenzie, Executive Director of Corporate and Customer Services	90-95	90-95	80	25	175-180	115-120
Kevin Mitchell ⁵ Executive Director of Scrutiny and Assurance	105-110	100-105	32	51	140-145	150-155
Gordon Mackie, Executive Director of ICT, Transformation and Digital	90-95	90-95	30	28	125-130	120-125

² The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to transfer of pension rights.

³ The annualised salary for the Chief Executive is within the range £120k to £125k.

⁴ As the interim Director of Strategy and Improvement joined during 2021/22, the prior year pension information isn't available.

⁵ Kevin Mitchell receives an additional non pensionable 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 remuneration of our workforce. Total remuneration includes salary, overtime, allowances and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The Chief Executive was the highest paid director in the financial year 2022/23. Their full-time annual salary was in the salary band £120,000 to £125,000. The mid-point of this band is £122,500 which is 2.54 times greater than the median remuneration of the workforce (2021/22: 2.76).

The Chief Executive's salary remained the same as the previous financial year, based on the mid-point of the range.

The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole (excluding highest paid director) was an increase of 5.3% in 2022/23. 2021/22 was a 3.8% increase on 2020/21. The increase in 2022/23 is mainly due to a review of our Inspector pay and grading structure.

The following shows the pay ratios using the mid point of the highest paid director.

	<u>25th percentile pay ratio</u>	<u>Median pay ratio</u>	<u>75th percentile pay ratio</u>
2022/23			
Pay ratios	2.90	2.54	2.46
Total pay and benefits	£42,252	£48,204	£49,788
Related salary component of total pay and benefits	£42,250	£48,204	£48,204
2021/22			
Pay ratios	3.25	2.76	2.60
Total pay and benefits	£37,667	£44,333	£47,069
Related salary component of total pay and benefits	£37,167	£43,833	£46,338

	<u>25th percentile pay ratio</u>	<u>Median pay ratio</u>	<u>75th percentile pay ratio</u>
Reduction in 2022/23 pay ratios compared to 2021/22	(0.35)	(0.22)	(0.14)

The median pay ratio for 2022/23 is consistent with the pay reward and progression policies for the Care Inspectorate's employees as a whole.

	2022/23	2021/22
Staff minimum full-time equivalent remuneration	£21,552	£19,515
Staff maximum full-time equivalent remuneration	£103,148	£135,406

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 2023				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 2023 £000	As at 31 March 2022 £000	Real increase £000
Jackie Irvine ⁶ Chief (from 19/09/2022)	20-25	-	0-2.5	-	18	n/a	18
Edith Macintosh Interim Chief Executive (from 11/02/2022) Executive Director of Strategy and Improvement and Deputy Chief Executive (to 10/2/2022)	10-15	-	0-2.5	-	171	153	14
Craig Morris Interim Executive Director of Strategy and Improvement (from 07/02/2022)	50-55	2.5-5.0	2.5-5.0	0-2.5	190	153	33
Jacqueline Mackenzie, Executive Director of Corporate and Customer Services	15-20	-	2.5-5.0	-	249	165	79
Kevin Mitchell ⁷ Executive Director of Scrutiny and Assurance	25-30	-	0-2.5	-	383	333	41
Gordon Mackie, Executive Director of ICT, Transformation and Digital	30-35	-	0-2.5	-	70	44	24

⁶ As the Chief Executive joined during the year, the prior year pension information is not available

⁷ The CETV as at 31 March 2022 has been restated to correct an error in doubling up included in the 2021/22 figures.

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 them 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 2022/23. Staff numbers are expressed as the average full time equivalents (FTE) employed during the year.

	2022/23		
	Permanently employed	Others	Total
Senior managers	36	0	36
Other employees	537	23	560
Agency workers	0	6	6
Secondments inward	0	4	4
Total staff engaged	573	33	606
Secondments outwards	(4)		(4)
Net staff engaged on Care Inspectorate activity	569	33	602

	£000	£000	£000
Salaries	27,093	795	27,888
Social security costs	3,216	79	3,295
Pension service costs	11,137	111	11,248
Total cost directly employed staff	41,446	985	42,431
Board members ¹	0	78	78
Agency workers	0	462	462
Secondments inward	0	293	293
Total cost of staff engaged on Care Inspectorate activity	41,446	1,818	43,264
Voluntary early severance/retirement costs	5	0	5
Other staff costs	454	0	454
Staff costs (SoCNE)	41,905	1,818	43,723
Secondments outwards	(260)	0	(260)
Net Staff Costs	41,645	1,818	43,463

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.

¹There were 13 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 eight remunerated Board Members are office holders and are not included in the staff numbers.

	2021/22		
	Permanently employed	Others	Total
Senior managers	33	2	35
Other employees	494	29	523
Agency workers	0	10	10
Secondments inward	0	0	0
Total staff engaged	527	41	568
Secondments outwards	(2)	0	(2)
Net staff engaged on Care Inspectorate activity	525	41	566

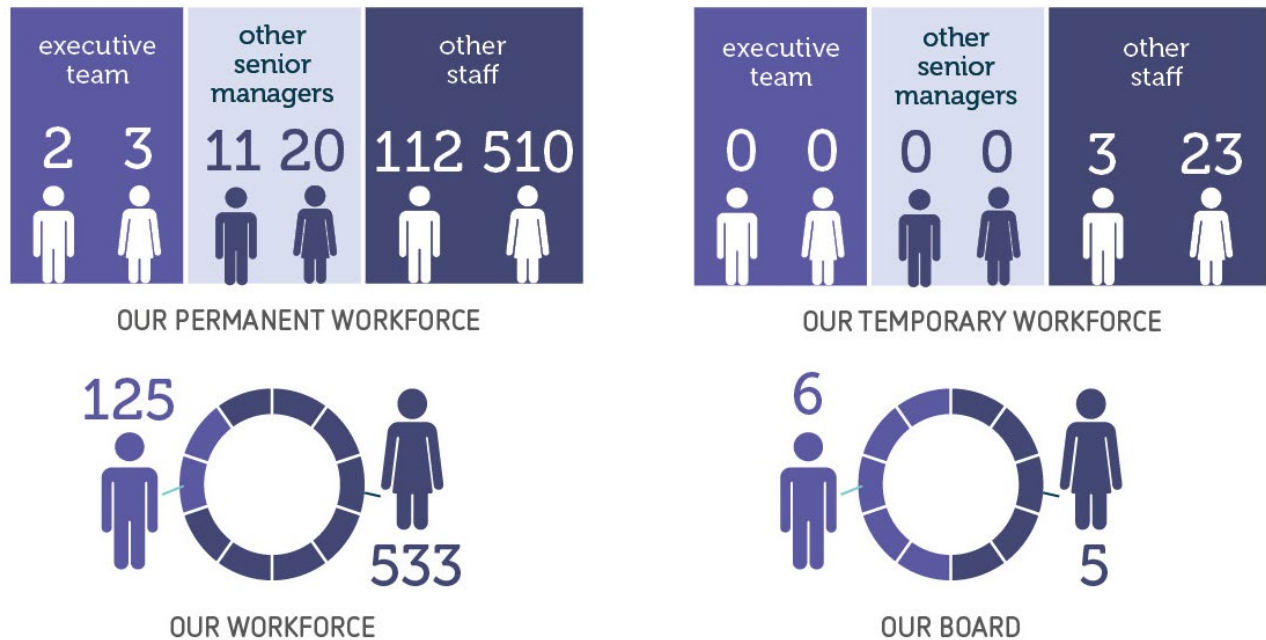
	2021/22		
	Permanently employed £000	Others £000	Total £000
Salaries	23,163	1,060	24,223
Social security costs	2,581	103	2,684
Pension service costs	9,968	151	10,119
Total cost directly employed staff	35,712	1,314	37,026
Board members ¹	0	70	70
Agency workers	0	1,025	1,025
Secondments inward	0	16	16
Total cost of staff engaged on Care Inspectorate activity	35,712	2,425	38,137
Voluntary early severance/retirement costs	73	0	73
Other staff costs	435	0	435
Staff costs (SoCNE)	36,220	2,425	38,645
Secondments outwards	(193)	0	(193)
Net staff costs	36,027	2,425	38,452

²There were 13 Board members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the Care Inspectorate. The Chair and nine remunerated Board members are office holders and are not included in the staff numbers.

4.2.2 Staff breakdown by gender and sickness absence

The gender breakdown as at 31 March 2023 and sickness absence information for the year to 31 March 2023 is shown below. Staff numbers are provided on a headcount basis.

Our gender balances



Through our new [Equality, diversity and inclusion strategy 2021-25](#) 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 per cent (both mean and median), with the range being between 2.6% to 5.2%.

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 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 2021-25](#).

Our commitment to equality takes into consideration all nine protected characteristics in the Equality Act 2010. 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 Level Two Status (The Employer 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 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 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:

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

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

Other policies such as capability, maximising attendance and recruitment also have provisions to help employees/ job applicants living with a disability. We are also members of the Disability Confident Scheme.

4.2.4 Expenditure on consultancy (audited)

Consultancy expenditure of £65,000 was incurred in 2022/23 as follows.

- IT design consultancy (£23,000)
- Estates professional services (£40,000)
- Job evaluation services (£1,000)
- Tax advisory services (£1,000)

Consultancy expenditure of £67,000 was incurred in 2021/22 as follows.

- Redesign of recruitment and selection processes (£22,000)
- Digital transformation development consultancy services (£14,000)
- Organisational design consultancy (£12,000)
- Estates professional services (£11,000)
- Job evaluation services (£6,000)
- Tax advisory services (£2,000)

4.2.5 Exit packages (Audited)

The Care Inspectorate granted compensatory payments to three individuals leaving the organisation during the year 2022/23.

Year to 31 March 2023		
Exit package cost band	Number of departures agreed	Total cost £000
< £10,000	3	5

Year to 31 March 2022		
Exit package cost band	Number of departures agreed	Total cost £000
£10,000 to £25,000	2	41
£25,000 to £50,000	1	32
Totals	3	73

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 2022/23 follows.

Table 1 Relevant union officials

The table below details number of employees who were relevant union officials during 2022/23.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	0.74

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 2022/23.

Percentage of time	Number of employees
0%	0
1%-50%	7
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	£29,170
Total pay bill	£35,453,000
Facility time as a percentage of total pay bill	0.08%

Table 4 Paid trade union activities

The table below provides hours spent by employees who were relevant union officials during the 2022/23 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.	33%
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The facility time statement outlining the value of facility time can be found on our [website](#).

5. Parliamentary 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 2023 (nil for the year to 31 March 2022).

5.2 Fees and charges

Fees

The Care Inspectorate charges fees to care service providers applying to register a service. 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 2022/23 budget was based on funding of 64% from grants and grant in aid, 27% from fees charged to service providers, 2% other revenue income and general reserve funding of 7%. (2021/22 69% grants and grant in aid; 29% fees and 2% general reserve)

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

	2022/23			2021/22		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Application to register	500	447	(53)	508	545	37
Continuation of registration	11,400	11,539	139	11,400	11,353	(47)
Total	11,900	11,986	86	11,908	11,898	(10)

Charges

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

Income from shared services and property sharing charges was £1.0m in 2022/23 (2021/22; £0.9m).

5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2023 that require disclosure under IAS37 or the Scottish Public Finance Manual (nil as at 31 March 2022).

Jackie Irvine
Chief Executive
9 November 2023

6. Independent auditor's report

Independent auditor's report to the members of 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 Care Inspectorate for the year ended 31 March 2023 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. 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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report 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 there is an intention to discontinue the body's operations.

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 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:

- using our understanding of the central government sector to identify that the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on 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.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Services Reform (Scotland) Act 2010.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operating within the resource limit allocated by the Scottish Government. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained confirmation of the resource limit allocated by the Scottish Government and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In addition, we identified a potential fraud risk in relation to the completeness of fee income. The risk is that management may be incentivised to allocate revenue to future years given future year financial pressures and projected deficit position. Hence, there is a risk that the revenue recognised is not complete, and that the cut off of income recognised at the year end is inaccurate. In response to this risk, we have developed an expectation of the fee income to verify completeness and performed testing of a sample of income recognised around the year end to assess whether it has been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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 in respect of irregularities explained in the audit of the financial statements section of our report, 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 parts 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 parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 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 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 parts 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 108 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.

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

[Full date]

7. Annual accounts

Social Care and Social Work Improvement Scotland (Care Inspectorate) Financial Accounts for the Year Ended 31 March 2023

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**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2022/23 £000	2021/22 £000
<u>Income</u>			
Fees charged to service providers	2a	(11,986)	(11,898)
Other operating income	2b	(1,520)	(1,145)
		(13,506)	(13,043)
<u>Expenditure</u>			
Staff costs	3a	43,723	38,645
Operating expenditure	6	6,947	6,173
		50,670	44,818
<i>Net operating expenditure on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>		37,164	31,775
Bank charges (net of interest)		13	10
Interest on lease liability		21	-
Net interest on defined pension liability/(asset)	5b	(20)	171
		37,178	31,956
<i>Net operating expenditure on ordinary activities after interest and net interest on pension scheme net liabilities</i>		37,178	31,956
Total actuarial re-measurements on defined pensions liability	5b	(64,783)	(15,447)
		(27,605)	16,509
Total comprehensive net expenditure / (surplus) before Scottish Government funding*		(27,605)	16,509

All operations are continuing.

The notes on pages 61 to 88 form an integral part of these accounts.

*The table on page 14 provides a reconciliation between the SoCNE and our budgeted position

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2022/23 £000	2021/22 £000
Non-current assets			
Property, plant and equipment	7	0	10
Right of use assets	14	1,076	
Trade and other receivables falling due after more than one year	9	17	37
Pension asset		56,536	0
Total non-current assets		57,629	47
Current assets			
Trade and other receivables	9	5,588	3,671
Cash and cash equivalents	10	4,609	4,554
Total current assets		10,197	8,225
Total assets		67,826	8,272
Current liabilities			
Trade and other payables	11	(5,326)	(3,538)
Right of use liability	14	(490)	0
Other Provisions	16	(628)	(58)
Total current liabilities		(6,444)	(3,596)
Non current assets plus/less net current assets/liabilities		61,382	4,675
Non-current liabilities			
Other payables / right of use liability	11, 14	(672)	(2)
Other provisions	16	(103)	(604)
		(775)	(606)
Pension liability	5a		(1,454)
Assets less liabilities		60,607	2,616
Taxpayers' equity			
Pensions reserve	SOCTE	56,536	(1,454)
General reserve	15	4,071	4,070
		60,607	2,616

Jackie Irvine
Chief Executive

The Accountable Officer authorised these financial statements for issue on 9 November 2023.

The notes on page 61 to 88 form an integral part of these accounts

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022/23	2021/22
		£000	£000
Cash flows from operating activities			
Total comprehensive net expenditure before Scottish Government funding	SoCNE	27,605	(16,509)
<hr/>			
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	(57,990)	(9,012)
Depreciation and amortisation	7,8	10	51
Depreciation right of use assets	14	836	-
(Increase)/decrease in trade and other receivables	9	(1,897)	1,081
IFRS 16 transition adjustment		37	-
Increase/(decrease) in trade and other payables	11	1,788	267
Increase/(decrease) in non-current liabilities	11	(2)	(35)
Increase/(decrease) in provisions	16	69	-
<hr/>			
Net cash outflow from operating activities		(29,544)	(24,157)
<hr/>			
Cash flows from financing activities			
Payments of lease liabilities		(787)	-
Grants from Scottish Government	12	30,386	26,521
Net financing		29,599	26,521
<hr/>			
Net increase/(decrease) in cash and cash equivalents in the period	10	55	2,364
Cash and cash equivalents at the beginning of the period	10	4,554	2,190
Cash and cash equivalents at the end of the period	10	4,609	4,554

The notes on page 61 to 88 form an integral part of these accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Pension Reserve £'000	General Reserve £'000	Total Reserves £'000
Balance at 31 March 2021		(10,466)	3,070	(7,396)
Changes in taxpayers equity for 2021/22	-	-		
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	9,012	(9,012)	-
Total comprehensive Net Expenditure			(16,509)	(16,509)
Total recognised income and expense for 2021/22		9,012	(25,521)	(16,509)
Grant from Scottish Government	12	-	26,521	26,521
Balance at 31 March 2022		(1,454)	4,070	2,616
Changes in taxpayers equity for 2022/23	-	-		
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	57,990	(57,990)	-
Total Comprehensive Net Expenditure			27,605	27,605
Total recognised income and expense for 2022/23		57,990	(30,385)	27,605
Grant from Scottish Government	12	-	30,386	30,386
Balance at 31 March 2023		56,536	4,071	60,607

The notes on pages 61 to 88 form an integral part of these accounts

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of accounting

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 United Kingdom, International Financial Reporting Interpretation Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. 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 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.

1.3 Going concern

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

1.4 Adoption of new standards

The IFRS 16 Leases accounting standard is effective from 1 April 2022 and has been adopted for the first time in the financial statements. Further information is available in 1.9 Leases and note 14 Leases.

1.5 New 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 are no new standards not yet effective that will have an impact in the Care Inspectorate's accounts.

1.6 Property, plant and equipment

1.6.1 Capitalisation

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

1.6.2 Valuation

Property, plant and equipment assets are carried at cost, less accumulated depreciation and any recognised impairment value.

Depreciated historic cost has been used as a proxy for the current value due to the low value and short life of the assets held. All property occupied by the Care Inspectorate is leasehold.

1.6.3 Depreciation

Depreciation is provided on a straight-line basis using the expected economic life of the asset. Leasehold improvements are depreciated at the lower of expected useful economic life and lease term. 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. Assets in the course of construction are not depreciated until the asset is brought into use.

1.6.4 Amortisation of lease incentives

Prior to the adoption of IFRS 16 Leases, the benefit of lease incentives was amortised over the period of the lease or over the period to a lease break when this is the most probable end of lease, whichever is the shorter. This incentive has now been included in the initial recognition of the carrying amounts of the right of use asset and lease liability at 1 April 2022.

1.7 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 and the useful lives are determined on an individual basis.

1.8 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.

1.9 Leases

IFRS 16 Leases has been adopted by the FReM and was planned to be effective from 1 April 2020. However, HM Treasury 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. The cumulative catch-up method has been mandated by the FReM. Consequently, the comparatives for 2021/22 reflect the requirements of IAS 17. Previously leases were classified as operating leases.

Recognition exemptions have been applied for short-term and low-value leases.

At transition, lease liabilities have been measured at the cost excluding VAT of the remaining lease payments at 1 April 2022, discounted to present value using the HM Treasury rate of 0.95%. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The definition of a lease under IFRS 16 has been applied to contracts entered into after 1 April 2022. Upon lease commencement a right of use asset is recognised measured at cost, being the initial amount of lease liability adjusted for any lease payments made before the commencement date, less incentives received. The right of use asset is subsequently depreciated using a straight-line method from the commencement date over the lease term. The right of use asset will be periodically reviewed to account for any potential losses and material remeasurement of the lease liability.

1.9.1 The Care Inspectorate as a lessor

The Care Inspectorate provides 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 sublets offices to other public bodies.

Income from operating leases to the value of £0.991m has been recognised in the SoCNE.

1.10 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.

1.11 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position consist of cash at bank and cash in hand.

1.12 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 SoCNE. 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.

1.13 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.

1.14 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.

1.15 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 statement of comprehensive net expenditure.

1.16 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 2023 have been brought into account. Similarly, capital transactions are recognised as they are agreed or incurred, not as money is received or paid.

1.17 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. Most 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.

The Care Inspectorate's financial instruments comprise trade and other receivables, trade and other payables, and cash and liquid resources.

1.17.1 Trade receivables

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

1.17.2 Trade payables

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

1.17.3 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 SoCNE, net of any reimbursement.

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 Changes in accounting policy

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

1.20 Contingent assets and liabilities

Contingent assets and liabilities are disclosed in accordance with IAS 37.

1.21 Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a risk of adjustment to the carrying amount of the assets and liabilities within the financial statements within the next financial year are as follows.

Judgements

Provisions have been made where it is more likely than not that a financial liability exists that cannot be accurately quantified at present (see note 16).

Estimates

Estimation of the net pension liability or asset is based on a number of complex judgements including the discount rate, salary increase rate, retirement ages, mortality rates and expected returns on pension fund assets, following work carried out by our actuaries. Note 5 provides more detail on the movement in the net pension position.

2. Operating income

	2022/23	2021/22
2.a Fees charged to service providers	£000	£000
Continuation of registration	(11,539)	(11,353)
Application to register	(447)	(545)
	(11,986)	(11,898)

	2022/23	2021/22
2.b Other operating income	£000	£000
Recharges for services provided to other organisations	(1,136)	(829)
Secundee recharges	(260)	(193)
Lease income	(89)	(87)
Other income	(35)	(36)
	(1,520)	(1,145)

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	2022/23	2021/22
	£000	£000
Directly employed staff	42,431	37,026
Indirectly employed staff	833	1,111
Severance costs	5	73
Other staff costs	454	435
Total staff costs	43,723	38,645

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.

	2022/23			2021/22		
	Local government scheme £000	NHS scheme £000	Total £000	Local government scheme £000	NHS scheme £000	Total £000
Employer actual pension contributions	4,502	35	4,537	3,907	42	3,949
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	11,257	35	11,292	10,077	42	10,119
Pension costs included in staff costs (SoCNE)	11,257	35	11,292	10,077	42	10,119
Variance between actual cost and accounting basis	6,755	0	6,755	6,170	0	6,170

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

The total cost of exit packages in 2022/23 was £5k (2021/22: £73k). 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 2023, the Care Inspectorate employed three 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 based on scheme data as at 31 March 2020 and will set contribution rates for the period 1 April 2024 to 31 March 2027. 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 2023, the Care Inspectorate paid an employer's contribution of £35k (2021/22 £42k) into the NHS scheme at a rate of 20.9% of pensionable pay (2021/22 20.9%). The employer contribution rate for the year to 31 March 2024 will remain at 20.9%.

Tayside Superannuation Fund

The Tayside Superannuation Fund is a multi-employer scheme that 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.

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 based on scheme data 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 actual contributions for the year to 31 March 2023 were £4,502k (2021/22 £3,907k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2024 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.

Risk	Comment
Investment risk	The Fund may hold investments 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 future liability cashflows. 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. This may be mitigated by a longevity insurance contract if held by the Fund. There are also other demographic risks.
Climate risk	Climate risk can be grouped into two categories: physical and transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the costs of transitioning to a low-carbon economy. These risks will manifest themselves in many of the other risks detailed above that the Fund is exposed to, for example investment returns may be affected.
Regulatory risk	Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.
Orphan risk	As many unrelated employers participate in the Fund, there is an orphan liability risk where employers leave but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in the Fund.

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 that eventually get inherited by the remaining employers.

There are currently uncertainties in relation to Local Government Pension Scheme (LGPS) benefits due to the McCloud and Sargeant judgements. The actuary has taken the view to include an allowance for the McCloud judgment in employers' accounting liabilities as a default unless the employer chooses to opt out. To estimate the cost of the remedy, they have estimated the equivalent final salary benefit that would have been earned instead of post 2014 CARE benefits by the active members since the 1 April 2014 Scheme reform (2015 for Scottish funds) up to 31 March 2022 (the date up to which the protections will apply). This approach essentially assumes that the draft remedy regulations will come into force.

The McCloud costs were estimated as part of the 2020 valuation and no update is required this year.

5.a Employee benefits – statement of financial position recognition

	Year to 31 March 2023	Year to 31 March 2022
	£000	£000
Present value of funded obligation	(179,731)	(248,737)
Fair value of scheme assets (bid value)	236,267	247,283
Net asset / (liability) in statement of financial position	56,536	(1,454)

5.b Statement of comprehensive net expenditure (SoCNE) costs for the year to 31 March 2023

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

	Year to 31 March 2023		Year to 31 March 2022	
	£000	£000	£000	£000
Service cost		11,257		10,077
Administration expenses		58		94
Net interest on the defined liability/(asset)		(20)		171
Difference between actual employer's contributions and actuarial employer's contributions	33		(2)	
Return on plan assets less interest	18,522		(8,215)	
Change in financial assumptions	(99,461)		(7,635)	
Experience loss on defined benefit obligation	16,123		405	
Total remeasurements		(64,783)		(15,447)
Total		(53,488)		(5,105)
Total return on scheme assets		(12,078)		(12,901)

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 SoCNE and the general reserve balance via the statement of changes in taxpayers' equity during the year.

The following transactions have been applied to the SoCNE and the general reserve via the Statement of Changes in Taxpayers' Equity.

Table 2

Actuarial adjustments for:	Note	2022/23	2021/22
		£000	£000
Staff costs	3b	6,755	6,170
Administration charges	5b Table 1	58	94
Net interest on defined liability	5b Table 1	(20)	171
Remeasurements	5b Table 1	(64,783)	(15,447)
Total actuarial adjustment		(57,990)	(9,012)

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 2023

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

	Year to 31 March 2023		Year to 31 March 2022	
	£000	£000	£000	£000
Opening defined benefit obligation		248,737		244,640
Current service cost		11,257		10,077
Interest cost		6,424		4,857
Estimated benefits paid net of transfers in	(5,213)		(5,326)	
Contributions by scheme participants	1,864		1,719	
Total scheme transactions		(3,349)		(3,607)
Changes in financial assumptions	(99,461)		(7,635)	
Changes in demographic assumptions	0		0	
Experience gain on defined benefit obligation	16,123		405	
Total actuarial gains		(83,338)		(7,230)
Closing defined benefit obligation		179,731		248,737

5.d Fair value of scheme assets reconciliation for the year to 31 March 2023

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

	Year to 31 March 2023		Year to 31 March 2022	
	£000	£000	£000	£000
Opening fair value of scheme assets		247,283		234,174
Interest on assets		6,444		4,686
Estimated benefits paid net of transfers in	(5,213)		(5,326)	
Employer contributions	4,469		3,909	
Contributions by scheme participants	1,864		1,719	
Total scheme transactions		1,120		302
Return on assets less interest		(18,522)		8,215
Other actuarial gains		0		0
Administration expenses		(58)		(94)
Closing defined benefit obligation		236,267		247,283

5.e Projected pension expense for the year to 31 March 2024

	Year to 31 March 2024
	£000
Service cost	5,791
Net interest on the defined liability	(2,408)
Administration expenses	59
Total	3,442
Employer contributions	4,564

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023.

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 2023		Assets as at 31 March 2022	
	£000	%	£000	%
Equities	170,658	72	175,105	71
Gilts	5,713	2	11,644	5
Other bonds	29,863	13	29,521	12
Property	23,114	10	26,966	11
Cash	6,508	3	3,797	1
Alternatives	411	0	250	0
Total	236,267	100	247,283	100

Based on the above, the Care Inspectorate's share of the assets of the fund is approximately 4.90%.

5.g Financial assumptions as at 31 March 2023

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2023.

The standard approach taken to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology. Sample cashflows at each duration year (from 2 to 30 years) are used to derive the single discount rate, which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation, the annualised Merrill Lynch AA rated corporate bond yield curve is used and assumes the curve is flat beyond the 30-year point. The estimated duration of the Care Inspectorate's past service liabilities is 18 years. This is consistent with the approach used at the last accounting date.

Retail Prices Index (RPI) assumption

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.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the actuary's view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. They have therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 10 years). This results in an

overall IRP of between 0.0% p.a. and 0.3% p.a. depending on the term of the liabilities (for terms ranging from 2 years up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the assumptions are derived using the same estimated cashflows as noted above.

Consumer Prices Index (CPI) assumption

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 1.0% below RPI for each year prior to 2030 and will be in line with RPI thereafter. 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. This is consistent with the approach used at the last accounting date.

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 2023	31 March 2022	31 March 2021
	% p.a.	% p.a.	% p.a.
Discount rate	4.80	2.60	2.00
Pension increases	2.90	3.30	2.85
Salary increases	3.90	4.30	3.85

Overall impact of changes to financial assumptions

The effect of the changes in the financial assumptions on an employer’s liabilities are dependent on the assumptions adopted as well as the specific duration of the employer’s liabilities. Typically, employers with greater liability durations are more sensitive to changes in financial assumptions as benefits will be paid over a longer term. The table below describes the estimated effects for employers based on assumptions derived as at 31 March 2023 under the three maturity scenarios:

Maturity	Estimated effect of change in financial assumptions on employer’s liabilities
Very mature	Decrease of 9% to 20%
Mature	Decrease of 20% to 37%
Immature	Decrease of over 37%

Based on market conditions at 31 March 2023, most employers will see the value of their defined benefit obligation decrease. However, the extent of this will depend on each employer’s membership profile, cashflows over the year, experience and any bespoke assumptions or approaches. The Care Inspectorate is considered to be “mature”.

5.h Demographic/statistical assumptions

The Continuous Mortality Investigation (CMI) made a material change to CMI_2020 in 2021 (compared to previous versions) due to the impact of abnormal mortality data in 2020. This change introduced a “2020 weight parameter” for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

The post retirement mortality tables used were the S3PA_H tables with a multiplier of 110%. These base tables are then projected using the CMI_2020 Model, allowing for a long-term improvement of 1.25% per annum with a smoothing parameter of 7.5, an initial addition to improvements of 0.0% per annum and a 2020 weighting of 25%. This is consistent with the assumptions adopted last year.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 March 2023	31 March 2022
Retiring today	Males	19.0	18.9
	Females	22.4	22.3
Retiring in 20 years	Males	20.4	20.3
	Females	23.9	23.9

5.i Sensitivity analysis

The following table sets out the impact of a change of a +/- 0.1% change to key assumptions and a +/- one-year age rating adjustment to the mortality assumption.

	£000	£000	£000	£000	£000
Adjustment to discount rate	0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	167,806	177,243	179,731	182,274	193,022
Projected service cost	5,119	5,650	5,791	5,936	6,557
Adjustment to long-term salary increase	0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	181,616	180,104	179,771	179,361	177,900
Projected service cost	5,810	5,795	5,791	5,787	5,773
Adjustment to pension increases and deferred revaluation	0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	191,327	181,946	179,731	177,565	169,372
Projected service cost	6,580	5,938	5,791	5,648	5,096

Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	185,808	179,731	173,860
Projected service cost	6,018	5,791	5,571

6. Analysis of operating costs

Operating expenditure	2022/23 £000	2021/22 £000
Property costs	1,555	2,162
Administration costs ¹	1,674	1,329
Supplies & services	1,930	2,238
Transport costs	785	309
Pension administration costs (IAS 19)	58	94
Provisions	69	0
Depreciation & amortisation of assets	10	0
Depreciation right of use assets	836	51
Changes in debt impairment allowance	30	(10)
	6,947	6,173

1. Administration costs includes £44.9k for external auditor's remuneration (2021/22 £35.3k). External audit provided no services in relation to non-audit work.

7. Property, plant and equipment

	2022/23			
	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
Cost or valuation:				
At 1 April 2022	549	143	281	973
Additions	0	0	0	0
Disposals	(7)	0	0	(7)
At 31 March 2023	542	143	281	966
Depreciation:				
At 1 April 2022	(542)	(140)	(281)	(963)
Charged in year	(7)	(3)	0	(10)
Disposals	7	0	0	7
At 31 March 2023	(542)	(143)	(281)	(966)
Net book value:				
At 31 March 2023	0	0	0	0
At 31 March 2022	7	3	0	10

Asset Financing: All assets are owned.

2021/22

	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
Cost or valuation:				
At 1 April 2021	549	143	281	973
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 March 2022	549	143	281	973
Depreciation:				
At 1 April 2021	(493)	(138)	(281)	(912)
Charged in year	(49)	(2)	0	(51)
Disposals	0	0	0	0
At 31 March 2022	(542)	(140)	(281)	(963)
Net book value:				
At 31 March 2022	7	3	0	10
At 31 March 2021	56	5	0	61

Asset Financing: All assets are owned.

8. Intangible assets

2022/23

	Information technology £000	Total £000
Cost or valuation:		
At 1 April 2022	121	121
Additions	0	0
Disposals	0	0
At 31 March 2023	121	121
Depreciation:		
At 1 April 2022	(121)	(121)
Charge for year	0	0
Disposals	0	0
At 31 March 2023	(121)	(121)
Net book value:		
At 31 March 2023	0	0
At 31 March 2022	0	0

There are no internally developed intangible assets.

2021/22

	Information technology £000	Total £000
Cost or valuation:		
At 1 April 2021	121	121
Additions	0	0
Disposals	0	0
At 31 March 2022	121	121
Depreciation:		
At 1 April 2021	(121)	(121)
Charge for year	0	0
Disposals	0	0
At 31 March 2022	(121)	(121)
Net book value:		
At 31 March 2022	0	0
At 31 March 2021	0	0

There are no internally developed intangible assets.

9. Trade and other receivables

	2022/23 £000	£000	2021/22 £000	£000
Amounts falling due within one year:				
Prepayments and accrued income		986		750
Trade receivables	4,588		2,917	
Other receivables	14		4	
	4,602		2,921	
	5,588		3,671	
Amounts falling due after more than one year:				
Prepayments and accrued income		17		36
Other receivables		0		1
		17		37
Total trade and other receivables		5,605		3,708

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:	2022/23	2021/22
	£000	£000
As at 1 April	(15)	(25)
Charge for the year	(67)	(33)
Unused amounts reversed	0	18
Uncollectable amounts written off	37	25
As at 31 March	(45)	(15)

As at 31 March 2023, trade and other receivables of £45 (2021/22 £15k) were past due and impaired. The amount provided is £45k (2021/22 £15k). The aging analysis of these receivables is as follows:

	2022/23	2021/22
	£000	£000
Up to 3 months past due	(4)	0
3 to 6 months past due	(1)	0
Over 6 months past due	(8)	(7)
Over 12 months past due	(32)	(8)
	(45)	(15)

As at 31 March 2023, trade and other receivables of £4,602k (2021/22 £2,921k) were due but not impaired. The aging analysis of these receivables is as follows:

	2022/23	2021/22
	£000	£000
Not yet due	3,256	1,667
Up to 3 months past due	216	649
3 to 6 months past due	184	156
Over 6 months past due	492	230
Over 12 months past due	454	219
	4,602	2,921

Amounts falling due within one year:	2022/23	2021/22
	£000	£000
Bodies external to government	3,419	2,975
Other central government bodies	162	131
Local authorities	1,834	484
NHS bodies	173	81
	5,588	3,671
Amounts falling due after more than one year:		
Bodies external to government	17	37
Total trade and other receivables	5,605	3,708

10. Cash and cash equivalents

	2022/23	2021/22
	£000	£000
Balance as at 1 April	4,554	2,190
Net change in cash and cash equivalent balance	55	2,364
Balance as at 31 March	4,609	4,554

The following balances as at 31 March were held at:

Government Banking Service	3,796	4,541
Commercial banks and cash in hand	813	13
Balance as at 31 March	4,609	4,554

11. Trade and other payables

	2022/23	2021/22
	£000	£000
Amounts falling due within one year:		
Trade payables	144	178
Accruals and deferred income	1,741	1579
Other taxation and social security	1,455	750
Other payables	1,986	1031
Sub total	5,326	3,538
Current part of lease liability	490	0
Total	5,816	3,538

Amounts falling due after more than one year:	£000	£000
Lease incentive	0	2
Lease liability	672	0
	672	2

Analysis of trade and other payables:

	2022/23	2021/22
	£000	£000
Due within one year:		
Bodies external to government	2,378	2,173
Other central government bodies	1,889	820
Local authorities	1,477	501
NHS bodies	72	44
	5,816	3,538

Falling due after more than one year:	£000	£000
Bodies external to government	497	2
Other central government bodies	172	0
NHS Bodies	3	0
	672	2

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

	2022/23	2021/22
	£000	£000
Approved 2022/23 grant in aid for operating expenditure	30,514	25,894
Less grant intended for 2023/24	(128)	-
Grant in aid drawn down during the year	30,386	24,227
Balance of grant in aid not required	0	(1,667)
	2022/23	2021/22
	£000	£000
Grant in aid operating costs ¹	27,594	23,902
Scrutiny approach for Community Justice	325	325
Support to early learning and childcare expansion	738	738
Adult support and protection inspection programme	559	473
Early learning and childcare improvement programme	221	249
Safe staffing	339	425
Anne's law / care home connections	186	-
Care about physical activity	194	-
Meds care home project	157	-
Telecare services	73	-
National child death review hub	-	130
Adult significant case reviews	-	56
My active world / physical activity guidance	-	10
Total grant in aid funding	30,386	26,308
Technology enabled care programme funding ²	-	213
Total grants from Scottish Government	30,386	26,521

¹ Grant in aid includes an additional £2.0m as funding towards the pay settlement and other budget pressures which will be carried forward in our general reserve balance at 31 March 2023.

² The Technology Enabled Care funding received in 2021/22 included prepaid grant funding of £145k for programme spend in 2022/23 and 2023/24.

13. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2023. There were ongoing negotiations around a new building lease for our Dundee offices for which the lease has subsequently been

signed. We anticipate similar rental costs and income from operating leases for 2023/24 and beyond (nil as at 31 March 2022).

14. Leases

The Care Inspectorate recognises a right of use asset upon lease commencement. The right of use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less incentives received.

At transition to IFRS 16 on 1 April 2022, the right of use assets have been measured at an equal amount to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and unwound lease incentives.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date over the term (which is equal to or shorter than the asset's useful life). The right of use asset will be periodically reviewed for impairment losses and adjustments on remeasurement of the lease liability.

	Property £000	Vehicles £000	Total £000
Cost			
At 1st April 2022	-	-	-
Recognition of right of use asset on initial application of IFRS 16	1,783	37	1,820
Additions	-	92	92
Depreciation expense	(779)	(57)	(836)
At 31 March 2023	1,004	72	1,076

Commitments under leases

On transition to IFRS 16, lease liabilities have been measured at cost of the remaining lease payments at 1 April 2022. Upon commencement of new leases, the liability is measured at cost of unpaid lease payments.

	2022/23 £000
<u>Buildings</u>	
Not later than 1 year	455
Later than 1 year but not later than 5 years	631
Less interest element	(21)
Present value of obligations	<u>1,065</u>
<u>Other</u>	
Not later than 1 year	48
Later than 1 year but not later than 5 years	54
Less interest element	(5)
Present value of obligations	<u>97</u>

Current portion	490
Non-current portion	672

Quantitative disclosures around cash outflow for leases

	2022/23
	£000
Reduction of lease liability	787
Interest on lease liability	21
Total cash outflow for leases	<u>808</u>

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. Sublease 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:	2022/23	2021/22
	£000	£000
Buildings:		
Within 1 year	142	816
Within 2 to 5 years	280	386
Beyond 5 years	0	0
	<u>422</u>	<u>1,202</u>
Other:		
Within 1 year	1	0
Within 2 to 5 years	0	0
Beyond 5 years	0	0
	<u>1</u>	<u>0</u>

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.

15 Sources of financing

General Reserves		Revenue Transactions	Capital Transactions	General Reserve
2021/22			2022/23	
£000		£000	£000	£000
3,070	Opening Balance	4,060	10	4,070
(16,509)	Surplus/(Deficit) for the year	28,451	(846)	27,605
(9,012)	pension actuarial adjustments	(57,990)	0	(57,990)
(22,451)	Total before grants	(25,479)	(836)	(26,315)
26,308	Grant-in-aid funding	27,083	836	27,919
213	Other Scottish Government grants	2,467	0	2,467
26,521	Total Grants	29,550	836	30,386
4,070	Total	4,071	0	4,071

16. Provisions

Other provisions comprise property dilapidations in respect of lease obligations and a provision for the settlement of the 2022/23 pay award.

Dilapidations: The Care Inspectorate leases 12 properties across Scotland. 11 of these leases contain provisions in respect of obligations for property dilapidations, reinstatement and decoration. Estimates of likely costs in respect of obligations under our property leases for dilapidations, reinstatement and property decorations are charged in accordance with IFRS 16 Leases.

Staff pay: The Care Inspectorate has not reached an agreed pay award for the financial year 2022/23. An interim award was made to all staff in March pending conclusion of the pay negotiations. An estimate has been provided based on the latest submission agreed by Scottish Government pay policy unit and offered to our staff through the partnership forum.

	2022/23	2021/22
	£000	£000
Balance at 1 April	662	662
Provided for in year	69	-
Provisions not required written back	(4)	-
Released during the year	(5)	-
Change in discount rate	(14)	-
Unwinding of discount	23	-
Balance at 31 March	731	662
Payable within one year	628	58
Payable after one year	103	604

17. Contingent liabilities

Contingent liabilities existing at 31 March 2023 for which no provision has been made:

	Ref	2022/23 £000	2021/22 £000
Contingent liabilities arising from legal actions	i	1,479	0
Total Contingent Liabilities		1,479	0

The Care Inspectorate is defending two claims from individuals related to the closure of a care service. The Care Inspectorate is of the opinion these claims can be successfully resisted. The amount disclosed above (£1.479m) is the total sum sued for in the writs served.

18. Related-party transactions

The Care Inspectorate is a non-departmental public body sponsored by the Scottish Government health and social care integration directorate, which is considered a related party. The Care Inspectorate has shared services arrangements with the SSSC and the Office of the Scottish Charities Regulator (OSCR). We received income totalling £940k in 2022/23 from the SSSC (2021/22 £700k) and £175k from OSCR (2021/22 £129k). We also paid SSSC £177k for shared services received during the year (2021/22 nil).

In addition, the Care Inspectorate sublets accommodation to the Scottish Government and Education Scotland. We received income for these services of £59k from Scottish Government (2021/22 £57k) and £33k from Education Scotland (2021/22 £30k). We also received income of 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.

We also received procurement services from the Scottish Government's central government procurement shared service to the value of £2k (2021/22: £2k).

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.

19. Post statement of financial position events

There were two connected events occurring between 1 April 2023 and 9 November 2023 that required a contingent liability to be disclosed in the notes to the accounts (note 17).

There were no other events during the period above that required the financial statements to be adjusted or disclosed in the notes to the accounts.

9 November 2023 is the date on which the accounts were authorised for issue by the Accountable Officer.

Appendix One: Accounts Direction by the Scottish Ministers



SOCIAL CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

Appendix Two: Key outcome indicators (KOIs)

End of year KOI performance 2022/23

Strategic outcome: High-quality care for all	Strategic outcome: Improving outcomes for all	Strategic outcome: Everyone's rights are respected and realised
<p>KOI-1: % services with good or better grades (across all KQs)</p> <p>84.6%</p>	<p>KOI-5: % of services with >90% of people telling us they are happy with the quality of care and support they receive</p> <p>78.5%</p>	<p>KOI-6: % services good or better for 'How well do we support people's wellbeing'</p> <p>90.4%</p>
<p>KOI-2: % of services with good or better grades at first inspection following registration</p> <p>64.5%</p>		<p>KOI-7: % of services with >90% of people telling us they make decisions about their own care</p> <p>72.9%</p>
<p>KOI-3: Average time a service continues to have a grade of less than adequate</p> <p>9.8 months</p>		
<p>KOI-4: % of services with expected grades or better</p> <p>82.2%</p>		