care inspectorate

ANNUAL REPORT and ACCOUNTS 2023/24

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Annual Report and Accounts of
the Care Inspectorate

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

1 April 2023 to 31 March 2024

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The Accountable Officer
authorised these financial
statements for issue
5 December 2024

Table of contents **Page**

Annual Report

Section A: Performance report

1. Performance overview

1.1 Foreword by Doug Moodie, Chair

The Care Inspectorate is the scrutiny and quality improvement support body for social care and social work in Scotland. We register, inspect and support quality 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 is my second annual report as Chair of the Care Inspectorate and I continue to be impressed by the commitment and passion of our staff, and those delivering social care across Scotland, in what continues to be challenging circumstances. I am tremendously thankful for the vital work they do in improving the lives of those experiencing care.

This annual report covers our work from April 2023 to March 2024, a year in which we have continued to work in collaboration with services, scrutiny partners both in Scotland and beyond, and other stakeholders working to ensure high-quality care and improved outcomes for all those experiencing care. Throughout the year I have had the opportunity to engage with a range of regulators, partner organisations and NHS representatives where we have been able to share good practice and common challenges. By working together we have identified where we can collaborate to improve outcomes for those experiencing care.

Through my regular meetings with the Minister for Social Care, Mental Wellbeing and Sport, I have had the opportunity to discuss the work of the Care Inspectorate and explain how we are contributing to delivering better outcomes for those experiencing care recognising the challenging circumstances that many are working within.

Over the course of the year, I was pleased that we continued to actively engage with and inform a number of important policy developments which may have substantial implications for our work and the care and support services we register and regulate. In an ever-changing landscape for health and social care, we are committed to continuing in our role to strengthen and ensure high quality care through all the work that we do.

The Board welcomed the publication of the findings of the Independent Review of Inspection, Scrutiny and Regulation in September and will continue to support the work that follows from this. I am pleased that our digital transformation journey continued as we make progress to significantly improve our systems and processes to assist us in supporting the care sector to deliver care that meets people's needs.

The Board has also closely followed the National Care Service (Scotland) Bill which was again at the centre of much policy discussion this year and we continue to contribute knowledge and expertise as the proposals are further developed. We supported services in preparation for enactment of the Health and Care (Staffing) (Scotland) Act 2019 and worked with the adult and older people’s care home sector to realise people’s human rights around meaningful contact.

Similarly, we have been interested in the Children (Care and Justice) (Scotland) Bill as it made its way through Parliament and we remain committed to playing our part in delivering The Promise for care experienced children and young people. Alongside Education Scotland we consulted on a shared inspection framework for early learning and childcare while broader education reform continues to be considered. Working with Healthcare Improvement Scotland we published the Bairns’ Hoose Standards to support a model offering holistic, child-centred support for children who have experienced or witnessed abuse.

I was delighted to welcome Edward McGrachan and Jennifer Trott as new appointments to the Board and I would like to thank Keith Redpath for his valued contribution over five years as a Care Inspectorate Board member. I am very grateful to all the Board members for their support and the diverse expertise that they brought throughout the year.

1.2 Statement by Chief Executive on performance in the period 2023/24

I am pleased to introduce our annual report for 2023/24. This report describes 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 report is an opportunity to share with you the important work we have carried out, in what are often challenging circumstances for everyone working to ensure people experience high-quality care.

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, tailored to their rights, needs and wishes. We continue to be guided by 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

We have continued our commitment to providing 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 2023/24 we completed 4,583 inspections 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 21 strategic 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.

I am incredibly proud of and grateful for the work of our staff, in a year that saw the continued progress of several developments that will bring about significant change to the social care landscape. I welcomed the publication of the Independent Review of Inspection, Scrutiny and Regulation and the Scottish Government's response to this. It noted the critical role regulators play and recognised that a significant amount of work is already underway that will in part or fully address a large number of the recommendations. We will continue to fully engage as work commences on the priority recommendations.

The progress of the National Care Service (Scotland) Bill was paused however we continued to proactively engage in discussions as the proposals were further developed ahead of the next phase of the parliamentary process. We also contributed proactively in response to proposals for new legislation on human rights and education reform respectively. We also provided oral evidence and continued to engage in discussions regarding the Children (Care and Justice) (Scotland) Bill as it continued its passage through the Scottish Parliament.

Our quality improvement and involvement strategy 2022-25 sets out how we support social care and social work in Scotland to improve the outcomes for those who experience care. Over the course of the year, the Care Home Improvement Project has been developed by colleagues across the improvement and scrutiny teams and will be launched in the coming year. Applications opened in February for the first cohort for services in the NHS Greater Glasgow and Clyde and NHS Forth Valley areas. Through the Safe Staffing Programme we continued to support services in preparation for the enactment of the Health and Care (Staffing) (Scotland) Act 2019. We also conducted an evaluation of our early learning and childcare (ELC) improvement programme to support settings across Scotland to improve the quality of ELC and meet the National Standard, with overwhelmingly positive feedback received.

We produced further guidance and resources as part of the Meaningful Connection, Visiting and Anne's Law Project, set up to support and promote the importance of all types of meaningful connection for people who live in adult and older people's care homes, and to help prepare the sector for the implementation of Anne's Law.

We continued to collaborate with scrutiny partners, stakeholders and those delivering and experiencing care across Scotland. The Barnahus model offers potentially transformative change in how we respond to children who have experienced or witnessed abuse. We worked closely with Healthcare Improvement Scotland in developing Bairns' Hoose Standards, which were published in May 2023. We also consulted, alongside Education Scotland, on a shared inspection framework for ELC services as we look ahead to implementation in the coming year.

I was delighted to attend our Quality Conversations events last year, which brought representatives from across the social care sector together to hear updates from the Care Inspectorate and discuss and influence the future of care regulation, scrutiny and quality improvement in Scotland.

Our Inspection Volunteers have continued to play an important and unique role in helping us to assess quality and understand how well care is being delivered. I was delighted that two of our volunteers attended the King's Royal Garden party, which celebrated the commitments that they have made to volunteering in the Care Inspectorate.

We engaged extensively with a wide range of partners in updating the joint Care Inspectorate and Scottish Social Services Council guidance on safer recruitment.

I have continued to engage widely with key stakeholders and organisations, both here in Scotland and across the UK and EU. Sharing our experiences and ideas can improve our collaboration and ultimately help us achieve our vision.

We are committed to delivering The Promise for care experienced children and young people in Scotland. We began work on two strategic thematic reviews where we designed our methodology around two of the ‘fundamentals’ named in The Promise. We also reviewed Key Question 7 to ensure we are putting The Promise right at the heart of regulation and inspection of individual care services for children and young people. We published the Secure Care Pathway Review, setting out positive examples of practice and some key areas for improvement in relation to the supports that are in place for young people in or on the edges of secure care. We also provided oral evidence to the Education, Children and Young People’s Committee on The Promise.

We continued our journey to modernise our legacy regulatory systems and improve our scrutiny processes through digital transformation. This is a vital piece of work as we evolve during a period of change for social care and the public sector more broadly.

While we look ahead to and inform the changing picture in social care, we have also continued to contribute to important reflective work being carried out in both the Covid-19 Inquiry (UK and Scottish) and the Scottish Child Abuse Inquiry.

I have regular meetings with our Ministers in the Scottish Government and have also been delighted to join them on visits to services to showcase both our work and the excellent work being undertaken by those delivering care.
We have held discussions with Scottish Government colleagues and the Health Finance Directorate with regards to the extremely challenging budget position and the impact this has on the organisation’s ability to fulfil the required level of scrutiny, assurance and improvement that is essential to the quality of care and support being provided across registered providers across Scotland.

There is much more that could be said about the work we have done over 2023/24, however this provides a number of key examples.

I would like to wholeheartedly thank all Care Inspectorate staff, and everyone working in the care sector, for their continued dedication and hard work in supporting the delivery of high quality care and improving outcomes for people experiencing all types of care across Scotland.

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 risks or issues 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 11,000 services. These include daycare of children services, childminders, care homes, care at home and support services, including housing support. We also regulate adoption and fostering services, secure care, school care accommodation, nurse agencies and offender accommodation 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, varying registrations, dealing with complaints and carrying out enforcement action where necessary. As a scrutiny and improvement organisation, we play a critical role in providing independent assurance and supporting quality improvement in care services and local partnerships.

We are committed to providing support to the care sector to build quality improvement capacity and capability, and to grow knowledge and skills. We will support the care sector to identify and share strengths, spread good practice and support staff to feel valued. Using a quality improvement approach, we will test out new ways of working and approaches to addressing complex issues.

Our quality improvement teams are responsible for designing, leading and supporting a range of quality improvement programmes and projects that differ in size, scale, and scope, and have specific areas of focus. These are based on data and information from scrutiny activities and national policy drivers.

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 definitions in Schedule 12 of 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 alternative care arrangements are planned and uncertainty is minimised.

How we inspect care
Our scrutiny and improvement plan is approved annually by Scottish Ministers. We gather intelligence in the form of pertinent information from a variety of sources across social care in Scotland. This information 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 as well as the Strategic Management Group.

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
- having insufficient workforce capacity
- we have effective cyber security
- our reliance on legacy systems
- our ability to effectively respond to our dynamic external environment

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 2024 shows net assets of £2.791m.

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 2024.

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 2023/24 was as follows:

	Budgeted Position	Actual Funding
	£m	**£m**
Grant in aid 2023/24 (Note 12)	31.446	31.924

Grant in aid includes Scottish Government specific programme funding totalling £2.588m during 2023/24.

The table below shows our revenue budget position.

	Budget £m	Actual £m	Variance £m
Revenue expenditure	48.033	47.013	(1.020)
Fee income	(11.900)	(12.079)	(0.179)
Other revenue income	(1.665)	(1.730)	(0.065)
Net expenditure before grant funding	**34.468**	**33.204**	**(1.264)**
Grant in aid	(28.824)	(28.078)	0.746
Specific grant funded projects	(2.622)	(2.588)	0.034
Letter of comfort *	(2.050)	(1.258)	0.792
Total 2023/24 grant funding	**(33.496)**	**(31.924)**	**1.572**
Net expenditure after grant funding	**0.972**	**1.280**	**0.308**

*Letter of comfort is a commitment by our Scottish Government Sponsor to identify funding during 2023/24 that could not be identified as confirmed funding for inclusion in our budget prior to the start of 2023/24.

Budget variances were as follows:

	2023/24 £m
Expenditure	
Staff costs	(0.951)
Accommodation costs	0.249
Administration costs	(0.114)
Transport costs	(0.406)
Supplies and services	0.202
Income	
Income from fees	(0.179)
Grant-in-aid - operations	0.746
Grant-in-aid - short term programmes	0.034
Scottish Government letter of comfort	0.792
Other income	(0.065)
Total budget variance	**0.308**

In 2023/24 the Care Inspectorate spent £44.454m delivering core operational objectives and an additional £2.559m on short term grant funded programmes. Of this, £13.809m was recovered from fees charged to service providers, shared service income, recharges to other organisations and other revenue income. £31.924m was funded from Scottish Government grant, leaving a net overspend of £1.280m to be funded from the general reserves. This is an overspend of £0.308m on the 2023/24 budget.

Staff costs represent 83% of the Care Inspectorate's total expenditure with year-end underspend of £0.951m. Greater than budgeted slippage within core operations and some short-term grant funded posts not being filled for the full financial year was partly offset by the 2023/24 pay award exceeding the budgeted position.

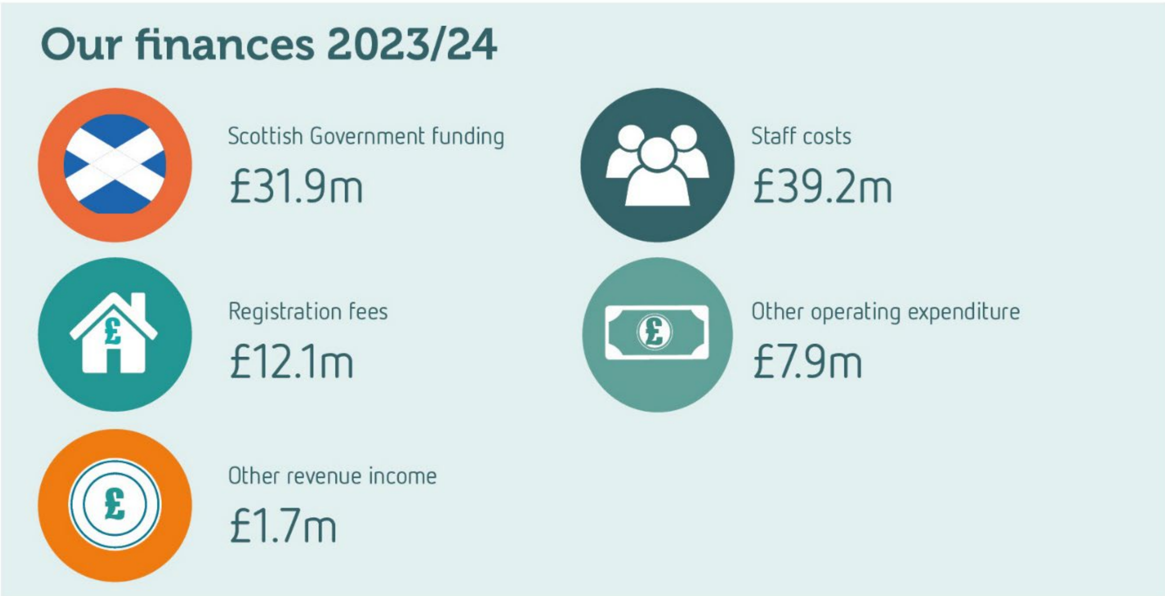
Other operating expenditure was £0.069m less than budgeted. This comprises expenditure for the refit of Compass House and the acceleration of a planned roll-out of replacement IT kit to support delivery of our inspection plan. This is more than offset by an underspend in travel and subsistence, dilapidations and administration costs which have still not fully returned to pre-pandemic levels.

- The refit of Compass House allowed us to reduce our estate, and consequently our costs. We now have seven public sector bodies sharing the Dundee riverside buildings.
- Although significant travel is still required to regulate care services, we expect our overall travel and subsistence costs to stabilise at a lower level than pre pandemic costs.

Fees charged to service providers were greater than budgeted by £0.179m. This is due to an increase in the size and mix of registered services from the budgeted position.

An increase in other operating income of £0.065m was mainly due to recovery of staff costs for staff on secondment to other organisations and the recovery of legal fees associated with the Scottish Covid-19 Inquiry.

The grant-in-aid variance of £0.746m relates to funding for our digital transformation project.



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

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 £3.022m was to be funded by a letter of comfort from the Scottish Government to identify up to £2.050m 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. After drawing down additional grant of £1.258m from the Scottish Government's letter of comfort, the actual position is a deficit of £1.431m. This is a variance of £0.459m compared to the budgeted deficit to be funded from our general reserve.

	Ref	£m
Deficit per the SoCNE	SoCNE	89.740
Revenue funding from grants & grant-in-aid	Note 15	(31.924)
Reverse IAS 19 pension accounting adjustments	Note 5b	(56.536)
(Surplus)/Deficit on budget basis		**1.280**

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 93.46% (2022/23: 96.75% restated) of invoices within 10 days and 98.19% (2022/23: 99.28% restated) of invoices within 30 days. The reduction in payment performance is due to a change in the performance model.

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) (Appendix 2) 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

Sustainability report 2023/24

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 2024-2029.

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 11 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. There was considerable reduction across all areas for the two years 2020 to 2022 due to Covid-19 however we are now fully back to business as usual. The homeworking emmissions are a direct result on implementing hybrid working to allow staff to have a better work life balance.

We continue to aggregate our direct energy consumption and costs across all our estate.

Summary of performance

Area	Performance 2023-24 Against 2015-16 Baseline	Status
Total CO2e	Carbon emissions have decreased by **45%**	
Travel	Carbon emissions have decreased by **53%**	
Gas, Water and Electricity	Carbon emissions have decreased by **61%**	
Waste and Recycling	Carbon emissions have decreased by **81%**	
Homeworking	No homeworking emissions were calculated in the 2015-16 baseline	N/A

Area	Actual Performance	2015/16 Baseline
Total CO2 Emissions	726 tCO2e	1,328 tCO2e
Travel Related CO2	353 tCO2e	756 tCO2e
Total Travel Cost	£608,356	£990,873
Total Energy CO2	222 tCO2e	569 tCO2e
Energy Consumption (gas and electricity)	1.11 MWh	1.68 MWh
Energy Expenditure (gas and electricity)	£208,830	£145,509
Total Waste CO2	0.3 tCO2e	1.6 tCO2e
Waste	15.9 tonnes	87.4 tonnes
Waste Expenditure	£1,594	£21,279
Total Water CO2	0.4 tCO2e	1.3 tCO2e
Water consumption	1,003 m3	3,830 m3
Water expenditure	£18,847	£36,267
Homeworking	150tCO2e	Not applicable

Waste/recycling

Refuse is not weighed but by the size of the bin and the number of collections. With fewer people going into offices, and our reduced occupation of our head office, our waste has reduced to less that 0.1 tCO2e. The increase in paper this year was due to the refurbishment of an office, resulting in the clearing out of large amounts of paperwork that we no longer needed to keep. While the use of paper will likely continue, the use of Sharepoint to store and share documents will keep the consumption to levels ahead of the Carbon Management Plan target.

Year	Paper tCO2	Refuse tCO2
2015-16	1.4	0.2
2016-17	1.5	0.5
2017-18	0.6	0.7
2018-19	0.4	0.5
2019-20	0.4	0.5
2020-21	0.1	0.1
2021-22	0.0	0.1
2022-23	0.1	0.1
2023-24	0.3	0.0

Gas, water and electricity

The utilities consumption has returned 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. However, there has been a further rationalisation of the office space during 2023/24, the full benefit of the reduction in office space occupied will not be seen until 2024/25. Water consumption remains at the same level as last year, reflecting that fewer people are using the offices, likely as a result of hybrid work, as the consumption is lower than pre-COVID levels.

Year	Electricity tCO2	Gas tCO2	Water tCO2
2015-16	410.6	158.5	1.3
2016-17	329.7	156.0	1.5
2017-18	225.3	94.5	1.2
2018-19	142.0	96.2	0.9
2019-20	130.5	99.6	1.0
2020-21	75.1	72.3	0.2
2021-22	70.4	84.6	0.1
2022-23	93.8	129.7	0.4
2023-24	99.7	122.3	0.4

Travel

Grey Fleet is employees use of private cars for business journeys. The carbon emissions from grey fleet continues to increase as we have returned to business as usual. All forms show increases from the previous two years but not a return to the pre-COVID levels. The use of technologies such as Microsoft Teams and Sharepoint are helping to reduce the requirement to meet in person and attend offices, but with a minimum expectation of employees working in person for 40% of their working time, it is expected that this will lead to a further increase in business travel as this can be in one of our Care Inspectorate offices or in another location.

Year	Grey Fleet tCO2	Lease Car tCO2	Other except Air tCO2	Air Travel tCO2	Total Travel tCO2	Domestic Flights tCO2	Short Haul tCO2	Long Haul tCO2	Total Car tCO2
2015-16	498.7	65.0	147.3	44.6	755.6	39.6	5.0	0.0	563.7
2016-17	485.5	71.3	37.4	43.4	637.6	40.7	2.7	0.0	556.8
2017-18	504.0	70.4	60.9	34.7	670.0	30.5	4.3	0.0	574.4
2018-19	502.6	83.4	46.9	40.3	673.2	34.1	6.1	0.0	586.0
2019-20	462.0	63.7	42.1	39.4	607.2	36.8	2.6	0.0	525.8
2020-21	29.2	5.0	0.6	3.1	37.9	1.9	1.2	0.0	34.2
2021-22	98.9	7.4	4.9	6.2	117.4	6.2	0.0	0.0	106.3
2022-23	265.6	7.4	12.3	16.7	302.0	14.2	2.5	0.0	273.0
2023-24	283.1	29.1	14.5	26.5	353.2	23.2	3.3	0.0	312.2

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

We have continued to target and prioritise our scrutiny, assurance and improvement support using an intelligence-led and risk-based approach.

End of year KPI performance 2023/24, including 2022/23 performance for comparison:

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 **96.0%** **95.2% in 2022/23**	**KPI-4:** % of people telling us that our quality improvement support will improve care **90.2%** **94.2% in 2022/23**	**KPI-5:** % staff completing core learning **51.0%** **69.0% in 2022/23 (Data Protection, Equalities and Cyber Security only)**
KPI-2: % scrutiny hours spent in high and medium risk services **72.8%** **69.8% in 2022/23**		**KPI-6:** % staff absence **5.0%** **4.8% in 2022/23**
KPI-3: % of complaints about care that were resolved within the relevant timescales (includes all methods of resolution) **87.6%** **81.5% in 2022/23**		**KPI-7:** % staff turnover **9.1%** **9.8% in 2022/23**
		KPI-8: Days per month that inspection volunteers and care experienced people are involved **33.6 days** **Figure not directly**
Colour code: Target achieved Slightly below target Significantly below target Initial reporting		

KPI-5 performance has got the attention of the Care Inspectorate Board and steps have been taken to improve the performance in 2024/25.

Of the eight Key Performance Indicators (KPIs) detailed in the Corporate Plan 2022-25, at the end of Q4 2023/24:

- seven met or exceeded target.
- one did not meet the target.

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 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 24 there were 10,915 registered care services operating in Scotland. 85.2% of services had grades of good or better across all Key Questions (KOI-1). For poorer performing services, the average time a service continued to have a grade of less than adequate was 10.5 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.

Scrutiny Activity in registered care services

	Number completed Q4 Year to Date 2022/23	Number completed Q4 Year to Date 2023/24	2023/24 vs 2022/23 year to date % change
Inspections completed	4,079	4,583	**12%**
Serious concern letters issued	46	48	**4%**
Improvement notice enforcements	45	32	**-29%**
Notice to cancel enforcements	8	4	**-50%**
Total complaints resolved (not inc. concerns logged as intelligence)	2,163	2,184	**1%**
New registrations completed	403	452	**12%**
Number of variations completed (not inc. typographical changes)	1,615	1,593	**-1%**

Note: Percentages based on small numbers (<20) are highlighted and should be interpreted with caution.

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 4,583 inspections (up 12% compared to the previous year) and completed 452 registrations (up 12% compared to the previous year). Following these activities, we ask people whether they are confident our scrutiny will improve care (KPI-1). 96% of respondents agreed that our scrutiny will improve care in 2023/24 above the target of 90%.

We follow a flexible risk and intelligence-led approach to ensure our scrutiny, assurance and quality improvement activity is risk-based, proportionate and intelligence-led. In 2023/24 we spent 72.8% of our scrutiny hours in high and medium risk services which is within our target range of 60 – 80% (KPI-2). 97% 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 2023/24 67.3% 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 to do this 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. 87.6% of complaints about care were resolved within relevant timescales, above the target of 80% (KPI-3).

For more information on our complaints procedure please visit the link below
http://www.careinspectorate.com/index.php/complaints

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.

Complaints	2023/24	2022/23
Complaints recorded	90	91
Withdrawn by complainant, lack of information, out with scope or out with timescales	26	27
Complaints satisfactorily resolved at Stage 1	24	25
Complaints not upheld	29	28
Complaints upheld	4	8
Complaints not yet complete	0	3
Complaints referred to SPSO by complainants (known - including decisions received about previous time period)	7	5
Number of complaints taken forward by SPSO	0	0

Complaints by type	2023/24	2022/23
Inspection OP/Adults	22	15
Inspection ELC	23	19
Inspection CYP	4	5
Inspection Strategic	0	0
Complaints (care services)	18	25
Registration /Variations	16	15
Improvement activity	0	0
Information governance	0	0
ICT / digital issues	1	0
Contact centre – customer services	0	2
Other (including multiple areas of CI work)	0	1
Data/confidentiality	0	4
Insufficient data received from complainant to categorise	6	5

Complainant by type	2023/24	2022/23
Registered service provider/staff member/ex-staff member	31	31
Family member/representative/member of public	50	52
Anonymous/unknown	9	8

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.

We completed 21 inspections across our strategic scrutiny programmes, and published reports on them. These included joint inspections of services for children and young people, joint inspections of adult support and protection services, joint inspections of services for adults and inspection of justice social work services.

Strategic inspection activity

	Number during Q4 Year to Date 2023/24
Inspections completed (published)	21
Total staff survey responses received	5,759
Total people experiencing care engaged with	649
Total number of case files read	1,397
Number of serious incident reviews, learning reviews received and learning review notifications received	140

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

Strategic outcome 2: 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 ensures that improvement is sustained. We will champion high-quality self-evaluation, shared learning, and innovation. Our activity will be focused on providing quality improvement 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 teams design and deliver national and local quality improvement programmes across Scotland, working closely with our improvement partners. In 2023/24 we delivered 215 external quality improvement events engaging 112 services. This year our Quality Improvement teams ran fewer webinars as the focus has been on targeted collaborative improvement programmes with provider groups rather than individual services. This also includes work during and pre enforcement. These programmes are based on themes arising from our scrutiny work where improvement have been identified.

90.2% of people (of 1,383 responses) told us that they believed 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. 95.1% 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.

Key metrics from the past 12 months for provider updates:

- 157 total bulletins sent including:
    - 20 provider updates to an average of 15,781 subscribers for adult and older people services
    - 29 provider updates to an average of 16,979 subscribers for children and young people
    - 28 provider updates to an average of 17,258 subscribers for childminders

The frequency of our provider updates changed from weekly to once every three weeks in 2023/24.

We continued to inform local and national policy as well as the public with our statistical 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 2022-23 statistical bulletin
- Early Learning and Childcare Statistics 2022
- Staff vacancies in care services 2022
- Complaints about care services in Scotland 2019/20 to 2022/23

Strategic outcome 3: 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.

97.7% of services had 90% or more respondents telling us they make decisions about their own care (KOI-7) and 91.3% of services had a grade of good or better for how well do we support people's wellbeing (KOI-6). 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 website and The Hub.

We received and responded to a total of 135 FOISA requests (up from the 92 total last year), of which 131 were sent out within the statutory 20 working day deadline.

We received and responded to a total of 37 data protection requests (up by 8 from last year), of which all were sent out within the statutory one month deadline.

Spotlight: Care Home Improvement Programme

During 2023/24, colleagues from across the Care Inspectorate developed the Care Home Improvement Programme, a new national quality improvement programme in Scotland.

The programme has been developed to support staff from adult care homes in Scotland to apply quality improvement approaches to improve outcomes for those who experience care.

In the summer of 2023, using a service design approach, the Care Inspectorate engaged with stakeholders from across the sector as part of a discovery phase to understand what the sector required and how they – and those they care for - could benefit from this improvement programme. The discovery phase included engagement with care home managers, colleagues from across the organisation, and partner organisations such as the Scottish Social Services Council. Over a period of six months, the core team, consisting of colleagues from the quality improvement, participation, and scrutiny and assurance teams, designed the programme. They used a systematic approach and utilised data and information from our scrutiny work to target the programme effectively. Throughout its development, positive outcomes for those experiencing care have been at the heart of the programme.

Alongside the ongoing support provided to services by inspectors, the Care Home Improvement Programme has been designed to support participating care homes to use the Care Inspectorate's self-evaluation tools, guidance and participation approaches and apply quality improvement methodology and tools. Participants are supported by an Improvement Adviser and their inspector, as appropriate, to undertake an improvement project in an area identified in their most recent inspection report.

There is a focus on developing approaches in leadership and building peer support with other care homes in their local area. Those care homes taking part will be supported to follow up on key outcomes identified at inspections and develop skills to embed and sustain improvements. We will work with them to celebrate and share their success in improving outcomes for those experiencing care.

Focusing on specific geographical areas to deliver the programme is intended to add value from local assets and ensure stakeholder groups can be incorporated into the programme. Peer support from services in the same area is a core feature of the programme. The programme also maintains close contact with other national improvement bodies, the Scottish Government, and local care home collaboratives to ensure a coordinated approach utilising experience from other organisations and reducing duplication.

Applications opened for the first cohort of the project in February 2024 for services in the NHS Greater Glasgow and Clyde and NHS Forth Valley areas with an inspection evaluation of adequate. We are delighted to have a full cohort of 30 services taking part in this first cohort starting in April 2024.

A second cohort is scheduled to begin with services from the NHS Fife and NHS Tayside areas from October 2024 until March 2025.

Case study: our commitment to the care-experienced community

The Care Inspectorate celebrated Care Day 2024 in February by sharing our commitment to care-experienced young people and care leavers in our role as corporate parents.

Under Commitment 5 of our Corporate Parenting Strategy we said that by 31 December 2023:

> "We will improve opportunities and life chances for children and young people who volunteer or work with us in any capacity as a direct result of our support."

We do this through our **'family firm'** approach. This approach aims to encourage and enable public bodies like ourselves to offer care-experienced young people and care leavers a broad range of support to help them progress to a positive work destination. This might include work experience, employment, training, or building capacity and skills individually or in groups by preparing job applications or developing interview skills. It may also be through advertising roles for which care-experienced young people and care leavers can apply.

The family firm approach should also be seen in the context of Getting It Right for Every Child (GIRFEC) which promotes action to improve the well-being of all children and young people. The GIRFEC approach is reinforced by shared principles and values which recognise children's rights and builds on the strategic pillars of Scottish Government policy for children and young people.

> "Thanks to my experiences as a young inspection volunteer, my confidence has grown a lot. I feel that most of my leadership skills have come from working with the Care Inspectorate and being part of inspections.
>
> I have participated in a wide range of training and developed many new skills. These skills have helped me with college and more recently work, as I feel much more confident when presenting my ideas, working in a group and talking to different people. I have found my voice."

A working group was established to consider how we strengthen the development opportunities for care-experienced young people. We have strengthened our approach to this concept with support from Skills Development Scotland, Who Cares Scotland, Police Scotland, Barnardo's and, most recently, the Scottish Qualifications Authority.

Our progress

- We recognise care experience as being lifelong and have removed our previous age limit of 26 for involvement in the Care Inspectorate's work.

- We now encourage applications from care-experienced people for appropriate employment, education and volunteering, and we provide tailored support to sustain employment.

- We developed adverts highlighting the care experienced guaranteed interview scheme. We will continue to offer enhanced experiences and support for care-experienced people who volunteer and work with us or have experience with us.

- All the care-experienced children and young people who work or volunteer with us have development plans that reflect their personal and professional needs. These are regularly reviewed to consider changing personal needs and circumstances.

- We have produced management guidance and training to support staff to recognise the individual needs of care experienced people.

- We have created the foundations for supporting care-experienced modern apprentices coming into our organisation and look forward to welcoming our first two apprentices in 2024.

- We have developed a care-experienced network, which is a peer group of colleagues who are care-experienced and working within the Care Inspectorate. This group shares insights and reflections of the care system to help us increase understanding among colleagues about the experiences of the care system for children and young people.

- We are continuing to work towards recognising care experience as a protected characteristic.

Strategic outcome 4: 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.

Working from home during the Covid-19 pandemic greatly expanded and accelerated the use and uptake of remote working and technology used within the Care Inspectorate. Examples include various video conference technology, remote collaboration software and new interactive reporting dashboards. To support colleagues working flexibly online core learning courses have been offered to all staff covering topics such as data protection, equalities, health & safety and cyber security.

Staff absence has continued to remain within target limits whilst staff have been working in a hybrid manner. For 2023/24 the average staff absence was 5.0%; within our target range of 2.8% to 5.8% (KPI-6). Additionally, staff turnover (9.1%; KPI-7) remained within our target of less than 10%, in line with other comparable public sector organisations.

We recognise the importance and numerous benefits that involving people who have experienced care has for the work we do in the Care Inspectorate. During 2023/24, our care-experienced inspection volunteers spent an average of 33.6 days per month on a range of involvement activity (KPI-8). The Participation and Equalities team continued to involve the inspection and young inspection volunteers in multiple projects and work across the Care Inspectorate, and recruitment campaigns are underway to further increase the number of volunteers who support our work.

Jackie Irvine
Chief Executive
5 December 2024

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 Executive Team (ET) 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
The Care Inspectorate had no data breaches reported to the Information Commissioner's Office (ICO) (2022/23: one).

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 13 members. The Chair and 11 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.

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 2023 to 31 March 2024

Board Member	Board	Audit & Risk Committee ARC		Board Development Events	Total
Number of meetings and events	5	5		4	14
	Attended	Member	Attended	Attended	Actual Attendance / Expected Attendance
Doug Moodie, Chair	4	No	1	4	9/10
Naghat Ahmed	5	No	1	4	10/10
Charlotte Armitage	4	No	1	3	8/10
Sandra Campbell	5	No	1	3	9/10
Audrey Cowie	5	No	1	3	9/10
Rona Fraser	5	Yes	5	4	14/14
Paul Gray	4	Yes	3	4	11/14
Rognvald Johnson	5	Yes	5	4	14/14
Bill Maxwell	5	Yes	5	4	14/14
Maria McGill	4	Yes	5	2	11/14
Ed McGrachan	5	No	1	3	9/10

Board Member	Board	Audit & Risk Committee ARC		Board Development Events	Total
Rosie Moore	5	No	0	2	7/10
Keith Redpath[1]	0	No	0	0	0/0
Jenny Trott	5	No	1	3	9/10
Carole Wilkinson	5	No	0	2	7/10

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.

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 2023/24 comprised:

- Edith Macintosh, Executive Director of Strategy and Improvement and Deputy Chief Executive
- 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

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 Deloitte as our independent external auditors for a five-year period from 1 April 2022.

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 the contract to 31 March 2025. 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

[1] Keith Redpath left 15 April 2023

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 2023/24, our internal auditors consider:

- all reviews undertaken as part of the 2023/24 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 2023/24 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 2023/24 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 2024/25.

- We will review our organisation structure and our model of operation.
- The Board have agreed to set up a new Finance and Resources Committee.
- Aligned with the development of our Corporate Plan, we will continue with the development of the Strategic Performance Management Framework.
- We will further strengthen our cyber security during 2024/25.
- We will ensure appropriate governance arrangements are in place to support the delivery of stage 2 of our business and digital transformation programme objectives.

Certification
The Care Inspectorate's governance framework has been in place for the year ended 31 March 2024 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 during the year, and received an incremental pay award meaning their salary for the year was £99,861 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 £3,564, pro rata, 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 2023/24	Salary 2022/23
	£000	£000
Doug Moodie (Chair) (from 01/09/2022)	40-45	20-25
Paul Edie (Chair) (until 31/08/2022)	0-5	20-25
Naghat Ahmed	0-5	0-5
Charlotte Armitage (from 25/04/2022)	0-5	0-5
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 (to 15/04/2023)	0-5	0-5
Audrey Cowie (from 25/04/2022)	0-5	0-5
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	0-5
Rosie Moore (from 25/04/2022)	0-5	0-5
Sandra Campbell	0-5	0-5
Jennifer Trott (from 01/06/2023)	0-5	n/a
Edward McGrachan (from 01/06/2023)	0-5	n/a

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.

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 2023/24 or 2022/23.

	Single total figure of remuneration					
	Salary		Pension benefits[2]		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000
Jackie Irvine[3] Chief Executive	120-125	65-70	963	20	1,085-1,090	85-90
Edith Macintosh Executive Director of Strategy and Improvement and Deputy Chief Executive[4]	75-80	85-90	67	5	140-145	90-95
Jaqueline Mackenzie, Executive Director of Corporate and Customer Services	95-100	90-95	52	80	150-155	175-180
Kevin Mitchell[5] Executive Director of Scrutiny and Assurance	105-110	105-110	59	32	165-170	140-145
Gordon Mackie, Executive Director of ICT, Transformation and Digital	95-100	90-95	40	30	135-140	125-130

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, additional hours, allowances and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

[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 pension benefits for the Chief Executive are inflated in 2023/24 due to the pension transferring from a previous pension provider during the year
[4] The full time equivalent salary is in the band £100, 000 to £105,000 (2022/23; £90,000-£95,000).
[5] The Executive Director of Scrutiny and Assurance 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.

The Chief Executive was the highest paid director in the financial year 2023/24. Their full-time annual salary was in the salary band £120,000 to £125,000. The mid-point of this band is £122,500 (2022/23; £122,500) which is 2.33 times greater than the median remuneration of the workforce (2022/23: 2.54).

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 6.8% (2022/23: 5.3%). This increase is consistent with our pay reward and progression policies. 2022/23 was a 5.3% increase on 2021/22.

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

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023/24			
Pay ratios	2.75	2.33	2.31
Total pay and benefits	£44,576	£52,626	£53,121
Related salary component of total pay and benefits	£44,352	£52,626	£52,626
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
Reduction in 2023/24 pay ratios compared to 2022/23	(0.15)	(0.21)	(0.15)

The median pay ratio for 2023/24 is consistent with the pay reward and progression policies for the Care Inspectorate's employees.

	2023/24	2022/23
Staff minimum full-time equivalent remuneration	£22,739	£21,552
Staff maximum full-time equivalent remuneration	£108,750	£103,148

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 2024				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 2024 £000	As at 31 March 2023 £000	Real increase £000
Jackie Irvine[6] Chief Executive	65-70	40-45	45-50	40-45	896	18	878
Edith Macintosh[7] Executive Director of Strategy and Improvement and Deputy Chief Executive	15-20	-	0-5	5-10	257	171	81
Jacqueline Mackenzie, Executive Director of Corporate and Customer Services	15-20	-	0-5	0-5	336	249	80
Kevin Mitchell Executive Director of Scrutiny and Assurance	30-35	-	0-5	0-5	493	383	99
Gordon Mackie, Executive Director of ICT, Transformation and Digital	35-40	-	0-5	0-5	121	70	49

[6] The Chief Executive's pension from previous employment transferred during the year

[7] The Executive Director of Strategy and Improvement and Deputy Chief Executive opted out in 2022/23 and opted back in so now has a deferred and active record

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 2023/24. Staff numbers are expressed as the average full time equivalents (FTE) employed during the year.

	2023/24		
	Permanently Employed	**Others**	**Total**
Senior Managers	36	0	36
Other employees	554	13	567
Agency Workers	0	2	2
Secondments Inward	0	2	2
Total staff engaged	590	17	607
Secondments Outwards	(2)	0	(2)
Net staff engaged on Care Inspectorate activity	588	17	605
	£000	**£000**	**£000**
Salaries	29,542	479	30,021
Social security costs	3,401	47	3,448
Pension service costs	6,010	73	6,083
Total cost directly employed staff	38,953	599	39,552
Board members[8]	0	81	81
Agency Workers	0	271	271
Secondments Inward	0	162	162
Total cost of staff engaged on Care Inspectorate activity	38,953	1,113	40,066
Voluntary early severance/retirement costs	0	0	0
Other staff costs	263	0	263
Staff costs (SCNE)	**39,216**	**1,113**	**40,329**
Secondments Outwards	(104)	0	(104)
Net Staff Costs	**39,112**	**1,113**	**40,225**

[8] There 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.

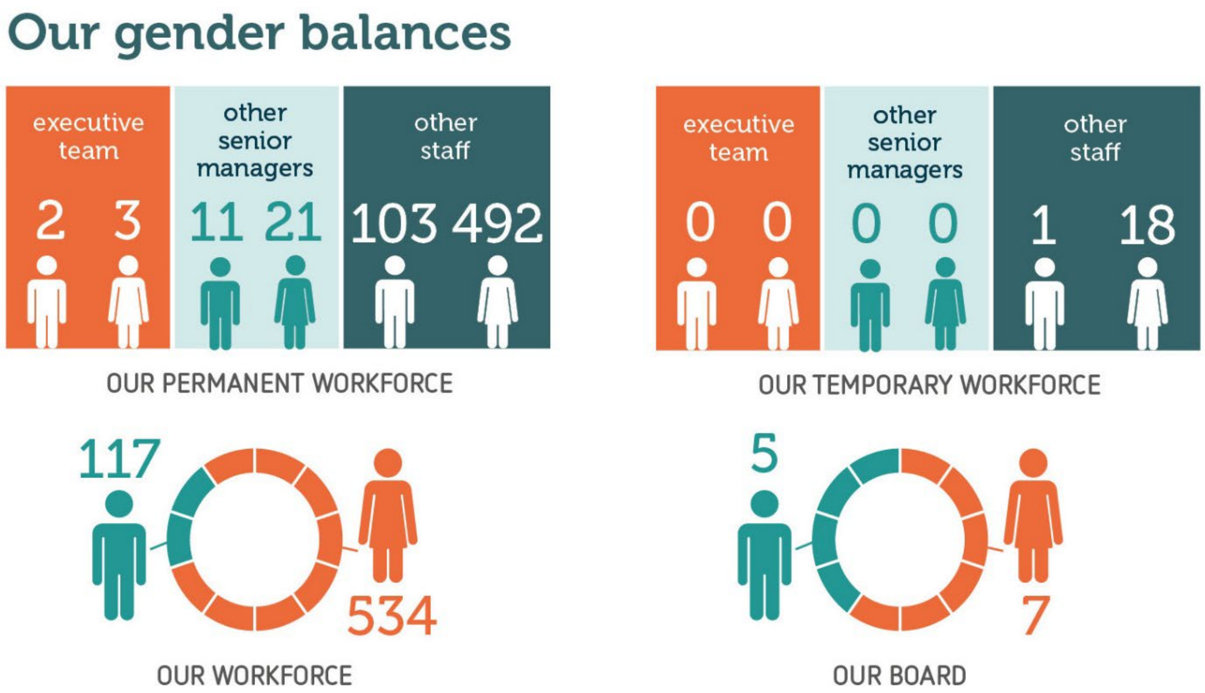
	2022/23		
	Permanently employed	**Others**	**Total**
Senior managers	36	0	36
Other employees	537	23	560
Agency workers	0	6	6
Secondments inward	0	4	4
Total staff engaged	573	33	606
Secondments outwards	(4)	0	(4)
Net staff engaged on Care Inspectorate activity	569	33	602

	£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[8]	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.

4.2.2 Staff breakdown by gender and sickness absence

The gender breakdown as at 31 March 2024 and sickness absence information for the year to 31 March 2024 is shown below. Staff numbers are provided on a headcount basis.



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.

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, including the Care Inspectorate, 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 can be found in the following links:

- Equalities Mainstreaming Progress Report April 2021- March 2023
- Equalities Mainstreaming Report April 2019- March 2021, Our Equality Outcomes 2021-2025
- Equality, diversity and inclusion strategy 2021-25
- Impact assessments

We are committed to creating an accessible, inclusive, and respectful culture. Our commitment 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 have a clear ambition for the Care Inspectorate to be an inclusive employer of choice and are keen to support employees in the workplace through a flexible approach to work. To ensure that we do this in practice, we have developed a range of policies as detailed below:

- 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
- A generous annual leave entitlement
- Carers leave that provides access to paid time off for employees with caring responsibilities
- Flexible working/flexi time, hybrid working and special leave to help employees balance their personal life with their working life.

Equality and diversity policy
We treat everyone who works with us with dignity and respect, recognising the value of each individual and embracing the values of diversity. This is clearly articulated in our equality and diversity policy. Our policy also aims to provide clear advice on how to promote equality, diversity and inclusion when using our key employment processes. We have specific guidance for managers and provide appropriate training.

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.

We also have a range of internal employee networks to enable colleagues to participate in our policy review process and suggest improvements. Through our inclusive working practices and policies, we are proud to have achieved the Disability Confident Level Two Status (The Employer Award) and the Carer Positive Employer (Established Level). We are committed to enhancing the diversity of our workforce by actively implementing strategies that support the recruitment, retention, and development of individuals from underrepresented minority ethnic groups and individuals living with disabilities, in alignment with our equality outcomes.

4.2.4 Expenditure on consultancy

Consultancy expenditure of £53,500 was incurred in 2023/24 as follows:

- Digital transformation project assurance services (£15,000)
- Staffing tool options appraisal (£37,500)
- Tax advisory services (£1,000)

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)

4.2.5 Exit packages (Audited)

No compensatory payments were made during the financial year 2023/24. The following compensatory payments were made in the financial year 2022/23:

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

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 2023/24 follows.

Table 1 Relevant union officials

The table below details number of employees who were relevant union officials during 2023/24.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
7	1.40

Table 2 Percentage of time spent on facility time[9]

The table below provides details of the facility time spent by employees who were relevant union officials during 2023/24.

Percentage of time	Number of employees
0%	1
1%-50%	6
51%-99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time[10]

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	£73,000
Total pay bill	£38,000,000
Facility time as a percentage of total pay bill	0.19%

Table 4 Paid trade union activities

The table below provides hours spent by employees who were relevant union officials during the 2023/24 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.	7.65%

[9] Facility time activities typically relate to management of the trade union branch.

[10]Paid trade union activities include negotiation, consultation and employee representation and TU training

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 2024 (nil for the year to 31 March 2023).

5.2 Fees and charges

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 2023/24 budget was based on funding of 69% from grants and grant in aid, 25% from fees charged to service providers, 4% other revenue income and general reserve funding of 2%. (2022/23; 64% grants and grant in aid; 27% fees, 2% other revenue income and general reserve funding of 7%).

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

	2023/24			2022/23		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Application to register	500	530	30	500	447	(53)
Continuation of registration	11,400	11,549	149	11,400	11,539	139
Total	**11,900**	**12,079**	**179**	**11,900**	**11,986**	**86**

Charges

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

Income from shared services and property sharing charges was £1.5m (2022/23: £1.2m).

5.3 Remote contingent liabilities

Contingent liabilities are disclosed in note 17 of the annual accounts (page 91)

Jackie Irvine

Chief Executive

5 December 2024

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 2024 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 material accounting policy information. 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 2023/24 Government Financial Reporting Manual (the 2023/24 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 2024 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 2023/24 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; and

- 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 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 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.

Nicola Wright, for and on behalf of Deloitte LLP

One Trinity Gardens

Broad Chare

Newcastle upon Tyne

NE1 2HF

United Kingdom

5 December 2024

7. Annual accounts

Social Care and Social Work Improvement Scotland (Care Inspectorate)

Financial Accounts for the Year Ended 31 March 2024

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023/24 £000	2022/23 £000
Income			
Fees charged to service providers	2	(12,079)	(11,986)
Other operating income	2	(1,730)	(1,520)
		(13,809)	**(13,506)**
Expenditure			
Staff costs	3a	40,329	43,723
Operating expenditure	6	7,864	6,947
		48,193	**50,670**
Net operating expenditure on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities		**34,384**	**37,164**
Bank charges (net of interest)		13	13
Interest on lease liability		67	21
Net interest on defined pension liability/(asset)	5b	(2,828)	(20)
Net operating expenditure on ordinary activities after interest and net interest on pension scheme net liabilities		**31,636**	**37,178**
Total actuarial re-measurements on defined pensions liability	5b	58,104	(64,783)
Total comprehensive net expenditure / (surplus) before Scottish Government funding[11]		**89,740**	**(27,605)**

All operations are continuing.

The notes on pages 66 to 92 form an integral part of these accounts.

[11] The table on page 16 provides a reconciliation between the SOCNE and our budgeted position.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2023/24 £000	2022/23 £000
Non-current assets			
Property, plant and equipment	7	0	0
Right of use assets	14	1,790	1,076
Trade and other receivables falling due after more than one year	9	21	17
Pension asset		0	56,536
Total non-current assets		**1,811**	**57,629**
Current assets			
Trade and other receivables	9	6,083	5,588
Cash and cash equivalents	10	3,305	4,609
Total current assets		**9,388**	**10,197**
Total assets		**11,199**	**67,826**
Current liabilities			
Trade and other payables	11	(5,845)	(5,326)
Right of use liability	11, 14	(440)	(490)
Other provisions	16	(64)	(628)
Total current liabilities		**(6,349)**	**(6,444)**
Non current assets plus/less net current assets/liabilities		4,850	61,382
Non-current liabilities			
Other payables / right of use liability	11, 14	(1,628)	(672)
Other provisions	16	(431)	(103)
		(2,059)	**(775)**
Assets less liabilities		**2,791**	**60,607**
Taxpayers' equity			
Pensions reserve	SOCTE	0	56,536
General reserve	15	2,791	4,071
		2,791	**60,607**

Jackie Irvine

Chief Executive

The Accountable Officer authorised these financial statements for issue on 5 December 2024.

The notes on pages 66 to 92 form an integral part of these accounts.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/24	2022/23
Cash flows from operating activities		**£000**	**£000**
Total comprehensive net (income)/expenditure before Scottish Government funding	SCNE	(89,740)	27,605
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	56,536	(57,990)
Depreciation and amortisation	7,8	0	10
Depreciation right of use assets	14	628	836
(Increase)/decrease in trade and other receivables	9	(499)	(1,897)
IFRS 16 transition adjustment		0	37
Increase/(decrease) in trade and other payables	11	519	1,788
(Decrease)/increase in non-current liabilities	11	0	(2)
(decrease)/increase in provisions	16	(236)	69
Net cash outflow from operating activities		(32,793)	(29,544)
Cash flows from financing activities			
Payments of lease liabilities		(631)	(787)
Lease incentive		195	0
Grants from Scottish Government	12	31,924	30,386
Net financing		31,488	29,599
Net (decrease)/increase in cash and cash equivalents in the period	10	(1,304)	55
Cash and cash equivalents at the beginning of the period	10	4,609	4,554
Cash and cash equivalents at the end of the period	10	3,305	4,609

The notes on pages 66 to 92 form an integral part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Pension Reserve £'000	General Reserve £'000	Total Reserves £'000
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)	0
Total comprehensive Net Expenditure		0	27,605	27,605
Total recognised income and expense for 2022/23		**57,990**	**(30,385)**	**27,605**
Grant from Scottish Government	12	0	30,386	30,386
Balance at 31 March 2023		**56,536**	**4,071**	**60,607**
Changes in taxpayers equity for 2023/24				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(56,536)	56,536	0
Total Comprehensive Net Expenditure		0	(89,740)	(89,740)
Total recognised income and expense for 2023/24		(56,536)	(33,204)	(89,740)
Grant from Scottish Government	12	0	31,924	31,924
Balance at 31 March 2024		**0**	**2,791**	**2,791**

The notes on pages 66 to 92 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 Accounting standards effective during the year

No new standards, amendments and interpretations issued but not adopted in 2023/24 are expected to have a material impact on the Care Inspectorate's accounts.

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

Lease incentives are included in the initial recognition of the carrying amounts of the right of use asset and lease liability.

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 are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration.

Contracts, or parts of a contract that are leases in substance, are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

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

1.9.1 Lease recognition

The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. We have used the HM Treasury rate at the year of recognition. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

1.9.2 Subsequent remeasurement
The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of property without regular rent reviews. For these leases, the asset is carried at a revalued amount.

1.9.3 Lease expenditure
Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability.

1.9.4 Impairment of leased assets
Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential.

1.10 The Care Inspectorate as a lessor
The Care Inspectorate provides estates and health and safety services to other government bodies based in the Dundee Riverside Buildings. These arrangements are disclosed as an operating lease. The Care Inspectorate also sublets their Aberdeen office to other government bodies.

Income from operating leases to the value of £1.265m has been recognised in the SoCNE.

1.11 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.

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

1.13 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.

1.14 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.

1.15 Shared services

The Care Inspectorate shares its headquarters with six other public bodies, including the Scottish Social Services Council where we provide property, finance, procurement and human resources services. The accommodation sharing arrangement with all the tenants is based on a memorandum of terms of understanding (MOTU). These arrangements are akin to a lease and are accounted for as an operating lease.

1.16 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.

1.17 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 2024 have been brought into account. Similarly, capital transactions are recognised as they are agreed or incurred, not as money is received or paid.

1.18 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.

1.18.1 Trade receivables

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

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

1.18.3 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.

1.19 Operating segments
Financial reporting to senior decision makers is at an organisation-wide level and therefore segmental reporting under IFRS 8 is not required.

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

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

1.22 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.

<u>Judgements</u>
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).

<u>Estimates</u>
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

Fees charged to service providers	2023/24 £000	2022/23 £000
Continuation of registration	(11,549)	(11,539)
Application to register	(530)	(447)
	(12,079)	**(11,986)**

Other operating income	2023/24 £000	2022/23 £000
Recharges for services provided to other organisations	(1,441)	(1,136)
Secondee recharges	(104)	(260)
Lease income	(96)	(89)
Other income	(89)	(35)
	(1,730)	**(1,520)**

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	2023/24 £000	2022/23 £000
Directly employed staff	39,552	42,431
Indirectly employed staff	514	833
Severance costs	-	5
Other staff costs	263	454
Total staff costs	**40,329**	**43,723**

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.

	2023/24			2022/23		
	Local government scheme £000	**NHS scheme £000**	**Total £000**	**Local government scheme £000**	**NHS scheme £000**	**Total £000**
Employer actual pension contributions	4,923	34	4,957	4,502	35	4,537
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	6,115	34	6,149	11,257	35	11,292
Pension costs included in staff costs (SoCNE)	**6,115**	**34**	**6,149**	**11,257**	**35**	**11,292**
Variance between actual cost and accounting basis	1,192	0	1,192	6,755	0	6,755

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

There were no exit packages in 2023/24 (2022/23: three totalling £5k). 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 2024, 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 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 2024, the Care Inspectorate paid an employer's contribution of £34k (2022/23 £35k) into the NHS scheme at a rate of 20.9% of pensionable pay (2022/23 20.9%). The employer contribution rate for the year to 31 March 2024 will increase to 22.5%.

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 employer pension fund contributions are based on the evaluation of the Fund as at 31 March 2020. This set the contribution rate at 17% for 2021/22 to 2023/24. The most recent Fund evaluation as based on scheme data as at 31 March 2023. This set the contribution rate at 15.7% for the years 2024/25 to 2026/27.

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 2024 were £4,923k (2022/23 £4,502k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2025 will decrease to 15.7%. 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.

Risk	Comment
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.

Regulations in respect of the McCloud and Sargeant judgements came into force 1 October 2023. The estimated cost of McCloud was updated as part of the 2023 valuation update and reflects the approach adopted at the valuation in estimating the cost of the McCloud remedy. The difference between this cost and the previously estimated cost are reflected in the liability experience item.

5.a Employee benefits – statement of financial position recognition

	Year to 31 March 2024	**Year to 31 March 2023**
	£000	**£000**
Present value of funded obligation	(206,042)	(179,731)
Fair value of scheme assets (bid value)	280,651	236,267
Impact of asset ceiling	(74,609)	0
Net asset / (liability) in statement of financial position	**0**	**56,536**

5.b Statement of comprehensive net expenditure (SoCNE) costs for the year to 31 March 2024

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

	Year to 31 March 2024		Year to 31 March 2023	
	£000	**£000**	**£000**	**£000**
Service cost		6,115		11,257
Administration expenses		68		58
Net interest on the defined liability/(asset)		(2,828)		(20)
Difference between actual employer's contributions and actuarial employer's contributions	80		33	
Return on plan assets less interest	(21,605)		18,522	
Change in financial assumptions	(1,538)		(99,461)	
Change in demographic	(4,503)		0	
assumptions	20,518		16,123	
Experience loss on defined benefit obligation	(9,457)			
Other actuarial gains/(losses) on assets				
Changes in effect of asset ceiling[12]	74,609			
Total remeasurements		58,104		(64,783)
Total		**(61,459)**		**(53,488)**
Total return on scheme assets		32,993		(12,078)

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.

[12] The asset ceiling is the present value of any economic benefit available to the Care Inspectorate in the form of refunds or reduced future employer contributions. The value of the asset ceiling has been calculated as nil based on our interpretation of IFRIC14.

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**	**2023/24 £000**	**2022/23 £000**
Staff Costs	3b	1,192	6,755
Administration charges	5b Table 1	68	58
Net interest on defined liability	5b Table 1	(2,828)	(20)
Remeasurements	5b Table 1	58,104	(64,783)
Total actuarial adjustment		**56,536**	**(57,990)**

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

The asset ceiling is the present value of any economic benefit available to the Care Inspectorate in the form of refunds or reduced future employer contributions. The value of the asset ceiling has been calculated as nil based on our interpretation of IFRIC14."

5.c Benefit obligation reconciliation for the year to 31 March 2024
Changes in the present value of the defined benefit obligations are as follows:

	Year to 31 March 2024		Year to 31 March 2023	
	£000	£000	£000	£000
Opening defined benefit obligation		179,731		248,737
Current service cost		6,115		11,257
Interest cost		8,560		6,424
Estimated benefits paid net of transfers in	(4,850)		(5,213)	
Contributions by scheme participants	2,009		1,864	
Total scheme transactions		(2,841)		(3,349)
Changes in financial assumptions	(1,538)		(99,461)	
Changes in demographic assumptions	(4,503)		0	
Experience gain on defined benefit obligation	20,518		16,123	
Total actuarial gains		14,477		(83,338)
Closing defined benefit obligation		**206,042**		**179,731**

5.d Fair value of scheme assets reconciliation for the year to 31 March 2024
Changes in the fair value of scheme assets are as follows:

	Year to 31 March 2024		Year to 31 March 2023	
	£000	£000	£000	£000
Opening fair value of scheme assets		236,267		247,283
Interest on assets		11,388		6,444
Estimated benefits paid net of transfers in	(4,850)		(5,213)	
Employer contributions	4,843		4,469	
Contributions by scheme participants	2,009		1,864	
Total scheme transactions		2,002		1,120

	Year to 31 March 2024		Year to 31 March 2023	
	£000	£000	£000	£000
Return on assets less interest		21,605		(18,522)
Other actuarial gains		9,457		0
Administration expenses		(68)		(58)
Closing defined benefit obligation		**280,651**		**236,267**

5.e Projected pension expense for the year to 31 March 2025

	Year to 31 March 2025
	£000
Service cost	5,868
Net interest on the defined liability	(107)
Administration expenses	72
Total	**5,833**
Employer contributions	4,472

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2024.

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 2024		Assets as at 31 March 2023	
	£000	%	£000	%
Equities	202,386	72	170,658	72
Gilts	17,708	6	5,713	2
Other bonds	18,439	7	29,863	13
Property	24,877	9	23,114	10
Cash	17,173	6	6,508	3
Alternatives	68	0	411	0

Asset class	Assets as at 31 March 2024		Assets as at 31 March 2023	
Total	**280,651**	**100**	**236,267**	**100**

Based on the above, the Care Inspectorate's share of the assets of the fund is approximately 5.13%.

5.g Financial assumptions as at 31 March 2024

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2024.

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 (years 1 to 30) 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) based on the employer's liabilities with the resulting assumption falling between 0.0% and 0.25% per annum (for terms ranging from 1 year 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 market-implied inflation from the Bank of England inflation curve thereafter.

Assumptions as at	**31 March 2024**	**31 March 2023**	**31 March 2022**
	% p.a.	**% p.a.**	**% p.a.**
Discount rate	4.85	4.80	2.60
Pension increases	2.90	2.90	3.30
Salary increases	3.90	3.90	4.30
RPI inflation	3.30	3.30	3.65

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 2024 under the three maturity scenarios:

Maturity	Estimated effect of change in financial assumptions on employer's liabilities
Very mature	Increase of 1% to 2%
Mature	Decrease of 3% to increase of 1%
Immature	Decrease of 3% to 5%

Based on market conditions at 31 March 2024, 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
Mortality assumptions are based on a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		**31 March 2024**	**31 March 2023**
Retiring today	Males	18.9	19.0
	Females	21.6	22.4
Retiring in 20 years	Males	20.2	20.4
	Females	23.1	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	191,836	203,072	206,042	209,080	221,953
Projected service cost	5,089	5,704	5,868	6,038	6,767
Adjustment to long-term salary increase	0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	207,486	206,328	206,042	205,758	204,637
Projected service cost	5,887	5,872	5,868	5,865	5,849
Adjustment to pension increases and deferred revaluation	0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	220,746	208,849	206,042	203,298	192,921
Projected service cost	6,793	6,040	5,868	5,701	5,063

Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	213,597	206,042	198,771
Projected service cost	6,095	5,868	5,648

6. Analysis of operating costs

Operating expenditure	2023/24 £000	2022/23 £000
Property costs	2,705	1,555
Administration costs[1]	1,411	1,674
Supplies & services	2,283	1,930
Transport costs	878	785
Pension administration costs (IAS 19)	68	58
Provisions	(168)	69
Depreciation & amortisation of assets	0	10
Depreciation right of use assets	628	836
Changes in debt impairment allowance	59	30
	7,864	**6,947**

[1] Administration costs include £45.6k for external auditor's remuneration (2022/23 £44.9k). External audit provided no services in relation to non-audit work.

7. Property, plant and equipment

2023/24	Furniture and fittings £000	Plant and equipment £000	Information technology £000	Total £000
Cost or Valuation:				
At 1 April 2023	542	143	281	966
Additions	0	0	0	0
Disposals	(170)	(17)	(144)	(331)
At 31 March 2024	372	126	137	635
Depreciation:				
At 1 April 2023	(542)	(143)	(281)	(966)
Charged in year	0	0	0	0
Disposals	170	17	144	331
At 31 March 2024	(372)	(126)	(137)	(635)
Net book value:				
At 31 March 2024	**0**	**0**	**0**	**0**
At 31 March 2023	0	0	0	0

Asset Financing: All assets are owned.

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.

8. Intangible assets

2023/24

Cost or valuation:	**Information technology £000**	**Total £000**
At 1 April 2023	121	121
Additions	0	0
Disposals	(121)	(121)
At 31 March 2024	0	0
Depreciation:		
At 1 April 2023	(121)	(121)
Charge for year	0	0
Disposals	121	121
At 31 March 2024	0	0
Net book value:		
At 31 March 2024	**0**	**0**
At 31 March 2023	0	0

There are no internally developed intangible assets.

2022/23

Cost or valuation:	**Information technology £000**	**Total £000**
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

9. Trade and other receivables

Trade and other receivables

	2023/24		2022/23	
	£000	**£000**	**£00 0**	**£000**
Amounts falling due within one year:				
Prepayments and accrued income		1,388		986
Trade receivables	4,693		4,58 08	
Other receivables	2		14	
		4,695		4,602
		6,083		**5,588**
Amounts falling due after more than one year:				
Prepayments and accrued income		21		17
Other receivables		0		0
		21		**17**
Total trade and other receivables		**6,104**		**5,605**

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:	**2023/24**	**2022/23**
	£000	**£000**
As at 1 April	(45)	(15)
Charge for the year	(90)	(67)
Unused amounts reversed	3	0
Uncollectable amounts written off	29	37
As at 31 March	**(103)**	**(45)**

As at 31 March 2024, trade and other receivables of £103K (2022/23 £45k) were past due and impaired. The amount provided is £103k (2022/23 £45k). The aging analysis of these receivables is as follows:

	2023/24	**2022/23**
	£000	**£000**
Up to 3 months past due	3	(4)
3 to 6 months past due	3	(1)
Over 6 months past due	19	(8)
Over 12 months past due	78	(32)
	103	**(45)**

As at 31 March 2024, trade and other receivables of £4,695k (2022/23: £4,602k) were due but not impaired. The aging analysis of these receivables is as follows:

	2023/24	2022/23
	£000	£000
Not yet due	2,930	3,256
Up to 3 months past due	652	216
3 to 6 months past due	29	184
Over 6 months past due	416	492
Over 12 months past due	668	454
	4,695	**4,602**

Amounts falling due within one year:	**2023/24**	**2022/23**
	£000	**£000**
Bodies external to government	3,602	3,419
Other central government bodies	1,461	162
Local authorities	971	1,834
NHS bodies	49	173
	6,083	**5,588**

Amounts falling due after more than one year:

	£000	**£000**
Bodies external to government	**21**	**17**
Total trade and other receivables	**6,104**	**5,605**

10. Cash and cash equivalents

	2023/24	**2022/23**
	£000	**£000**
Balance as at 1 April	4,609	4,554
Net change in cash and cash equivalent balance	(1,304)	55
Balance as at 31 March	**3,305**	**4,609**

The following balances as at 31 March were held at:		
Government Banking Service	2,967	3,796
Commercial banks and cash in hand	338	813
Balance as at 31 March	**3,305**	**4,609**

11. Trade and other payables

	2023/24	2022/23
	£000	**£000**
Amounts falling due within one year:		
Trade payables	625	144
Accruals and deferred income	1,858	1,741
Other taxation and social security	1,521	1,455
Other payables	1,841	1,986
Sub total	5,845	5,326
Current part of lease liability	440	490
Total	**6,285**	**5,816**

Amounts falling due after more than one year:	**£000**	**£000**
Lease liability	**1,628**	**672**

Analysis of trade and other payables:

	2023/24	2022/23
Due within one year:	**£000**	**£000**
Bodies external to government	3,019	2,378
Other central government bodies	2,486	1,889
Local authorities	769	1,477
NHS bodies	11	72
	6,285	**5,816**

Falling due after more than one year:	**£000**	**£000**
Bodies external to government	1,545	497
Other central government bodies	83	172
NHS Bodies	0	3
	1,628	**672**

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

	2023/24	2022/23
	£000	**£000**
Approved 2023/24 grant in aid for operating expenditure	32,748	30,514
Less grant intended for following year	0	(128)
Grant in aid drawn down during the year	31,924	30,386
Balance of grant in aid not required[13]	**824**	**0**

[13] The balance of grant-in-aid was not required in full as we did not need to draw down the full £2.050m in the letter of comfort. Additionally, we did not need to draw down the full funding for short term grant funded programmes.

	2023/24 £000	2022/23 £000
Grant in aid operating costs	28,883	27,594
Scrutiny approach for Community Justice	325	325
Support to early learning and childcare expansion	774	738
Adult support and protection inspection programme	567	559
Early learning and childcare improvement programme	252	221
Safe staffing	618	339
Anne's law / care home connections	90	186
Care about physical activity	152	194
Scottish study of early learning and childcare	96	0
Space to grow	24	0
Neurological framework / clinical priorities	15	0
National child death review hub	128	0
Meds care home project	0	157
Telecare services	0	73
Total grant in aid funding	**31,924**	**30,386**

13. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2024 (2022/23: nil).

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.

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 2023	1,004	72	1,076
Additions	1,247	95	1,342
Depreciation expense	(558)	(70)	(628)
At 31 March 2024	**1,693**	**97**	**1,790**

Commitments under leases
On transition to IFRS 16, lease liabilities were 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.

	2023/24 £000	2022/23 £000
Property		
Not later than 1 year	426	455
Later than 1 year but not later than 5 years	1,067	631
Later than 5 years	699	-
Less interest element	(254)	(21)
Present value of obligations	**1,938**	**1,065**
Vehicles		
Not later than 1 year	70	48
Later than 1 year but not later than 5 years	67	54
Later than 5 years	-	-
Less interest element	(7)	(5)
Present value of obligations	**130**	**97**
Current portion	440	490
Non-current portion	1,628	672

Quantitative disclosures around cash outflow for leases

Reduction of lease liability	631	787
Interest on lease liability	67	21
Total cash outflow for leases	**698**	**808**

Operating lease receivables
The Care Inspectorate provides shared services to a number of public sector bodies and those services relating to the provision of facilities and administration services are disclosed as lease arrangements. Sub-lease arrangements are also in place with the Scottish Government.

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

Commitments under operating leases comprise:	**2023/24 £000**	**2022/23 £000**
Buildings:		
Within 1 year	1,458	142
Within 2 to 5 years	5,367	280
Beyond 5 years	4,413	0
	11,238	**422**
Other:		
Within 1 year	2	1
Within 2 to 5 years	7	0
Beyond 5 years	8	0
	17	**1**

In Dundee, our buildings are shared with a number of government bodies: Scottish Social Services Council; Office of the Scottish Charities Regulator; Education Scotland; Scottish Government; Crown Office and Procurator Fiscal Service; and Scottish Courts and Tribunal Service. We also share our Aberdeen building with Education Scotland and the Scottish Government. The anticipated rental commitments are based on these lease arrangements continuing until the end of the lease terms.

The increase from 2022/23 is due to new leases in our Dundee offices where the Care Inspectorate is the lead tenant, and operating lease income is based on MOTUs held with the other tenants.

15. Sources of financing

General Reserves 2022/23 £000		**Revenue Transactions £000**	**Capital Transactions 2023/24 £000**	**General Reserve £000**
4,070	Opening Balance	4,071	0	4,071
27,605	Surplus/(Deficit) for the year	(89,740)	0	(89,740)
(57,990)	pension actuarial adjustments	56,536	0	56,536
(26,315)	Total before grants	(29,133)	0	(29,133)
27,919	Grant-in-aid funding	31,924	0	31,924
2,467	Other Scottish Government grants	0	0	0
30,386	Total Grants	31,924	0	31,924
4,071	**Total**	**2,791**	**0**	**2,791**

16. Provisions

Other provisions in 2023/24 comprise property dilapidations in respect of lease obligations (in 2022/23 it was for property dilapidations and the settlement of the 2022/23 pay award). As at 31 March 2024 the Care Inspectorate leases 11 properties across Scotland. 10 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, restatement and property decorations are charged in accordance with IFRS 16 Leases.

	2023/24 £000	2022/23 £000
Balance at 1 April	759	662
Provided for in year	0	69
Provisions not required written back	(165)	(4)
Released during the year	(99)	(5)
Change in discount rate	0	(14)
Unwinding of discount	0	23
	495	731
Payable within one year	64	628
Payable after one year	431	103

Discounting the present value of future lease payments has not been applied as this is not considered material.

17. Contingent liabilities

Contingent liabilities existing at 31 March 2024 for which no provision has been made:

	2023/24 £000	2022/23 £000
Contingent liabilities arising from legal actions	1,479	1,479
Total Contingent Liabilities	**1,479**	**1,479**

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. With effect from 20 April 2023, the Care Inspectorate became the lead tenant for our Dundee offices, which has a total of seven tenants. The other tenants are: Scottish Social Services Council (SSSC); Office of the Scottish Charities Regulator (OSCR); Scottish Government, Education Scotland; Crown Office & Procurator Fiscal Service (COPFS); and Scottish Courts and Tribunal Service (SCTS). As the lead tenant, MOTUs are held with the other tenants, for which we received total income of £1.146m (2022/23 £nil).

In addition, the Care Inspectorate sublets accommodation in Aberdeen to the Scottish Government and Education Scotland for which we received income of £63k from Scottish Government (2022/23 £59k) and £33k from Education Scotland (2022/23 £33k).
We also provide shared services to the SSSC, for which we received income of £296k in 2023/24 (2022/23 £940k). In 2022/23 we received income from shared services arrangements with OSCR of £175k.

Our total income from these related parties totals £1.538m (22/23 £1.207m). We also paid SSSC £254k for shared services and Scottish Government £2k for a procurement managed service (2022/23 £179k).

Organisation / Relationship	2023/24 Income £000	2023/24 Expenditure £000	2022/23 Income £000	2022/23 Expenditure £000
SSSC:				
Dundee office MOTU	349	0	0	0
Shared services	296	254	940	177
	645	254	940	177
OSCR:				
Dundee office MOTU	260	0	0	0
Shared services	0	0	175	0
	260	0	175	0
Scottish Government:				
Dundee office MOTU	86	0	0	0
Aberdeen office sub lease	63	0	59	0
Procurement managed service	0	2	0	2
	149	2	59	2
Education Scotland:				
Dundee office MOTU	86	0	0	0
Aberdeen office sub lease	33	0	33	0
	119	0	33	0
COPFS - Dundee office MOTU	116	0	0	0
SCTS - Dundee office MOTU	249	0	0	0
Total Related Party Transactions	**1,538**	**256**	**1,207**	**179**

There are no other bodies or organisations that are regarded as related parties with which the Care Inspectorate has had material transactions during the year.

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

19. Post statement of financial position events

There have been no significant events after 31 March 2024 that require adjustment to, or disclosure in, the financial statements.

Appendix One: Accounts Direction by the Scottish Ministers

The Scottish Government

SOCIAL CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

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

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

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

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

Appendix Two: Key outcome indicators (KOIs)

Strategic outcome: High-quality care for all	Strategic outcome: Improving outcomes for all	Strategic outcome: Everyone's rights are respected and realised
KOI-1: % services with good or better grades (across all KQs) 85.2%	KOI-5: % of services with >90% of people telling us they are happy with the quality of care and support they receive 95.1%	KOI-6: % services good or better for 'How well do we support people's wellbeing' 91.3%
KOI-2: % of services with good or better grades at first inspection following registration 67.3%		KOI-7: % of services with >90% of people telling us they make decisions about their own care 97.7%
KOI-3: Average time a service continues to have a grade of less than adequate 10.5 months		
KOI-4: % of services with expected grades or better 97.0%		