care inspectorate

Social Care and Social Work Improvement Scotland, known as the

Care Inspectorate annual report and accounts

2012-13

COMMS-1013-135

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 2012 to 31 March 2013

SI number SG/2013/204

The Accountable Officer authorised these financial statements for issue on 3 October 2013

TABLE OF CONTENTS

CARE INSPECTORATE VISION

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

CARE INSPECTORATE PURPOSE

The Care Inspectorate will contribute to this vision by:

- providing assurance and protection for people who use services and their carers
- delivering efficient and effective regulation and inspection
- acting as a catalyst for change and innovation
- supporting improvement and signposting good practice.

CARE INSPECTORATE VALUES

- person-centred – we will put people at the heart of everything we do
- fairness – we will act fairly, be transparent and treat people equally
- respect – we will be respectful in all that we do
- integrity - we will be impartial and act to improve care for the people of Scotland
- efficiency – we will provide the best possible quality and public value from our work.

SECTION ONE:
MANAGEMENT COMMENTARY

1.1 Chief Executive's introduction

by **Annette Bruton, Chief Executive**

I am pleased to introduce our annual report for 2012/13. This was the second year of operation for the Care Inspectorate and the report demonstrates the progress we have made in bringing together the work of three predecessor inspection bodies.

Working within challenging timescales, we successfully delivered our inspection targets and began the process of building an important and strategically focused inspectorate.

I would like to pay tribute and give special thanks to our staff over this period, and to our Board for their commitment and continued hard work. Of particular note was the retirement of the Chair of the Board, Frank Clark, at the end of March 2013. Our new Chair, Paul Edie, took up office after the end of the financial year.

As well as completing an inspection programme for many thousands of regulated care services, we piloted new approaches for joint inspections for both adults and children and young people. This involved working with other scrutiny partners including, importantly, Healthcare Improvement Scotland, Education Scotland, Her Majesty's Inspectorate of Constabulary for Scotland and Audit Scotland, to design and deliver an inspection methodology to examine how well services are provided across any given local authority area. During this period we also completed our programme of inspection of child protection services and our scrutiny programme of social work services.

Alongside delivering our core business of inspection and regulation, we have made efficiencies and can demonstrate that we add public value. We are striving to bring greater consistency to care regulation in Scotland, and will use our inspection findings from 2012-13 to review future methodology across all strands of our scrutiny work.

We need to get the balance right between regulation, inspection, assurance and improvement. Providing assurance to service users, the public and stakeholders about the quality and effectiveness of care services in Scotland means that we are determined to focus our scrutiny activity on the areas of greatest risk. That means gathering and assessing intelligence we receive from inspection, complaints and partners about individual services and adjusting our scrutiny accordingly.

There are major changes on the horizon for the care sector, including the integration of health and social care and the implementation of self-directed support. As legislation and policy changes support new ways of working, it is essential to ensure that the quality of care provided in Scotland continually improves. Regulation of itself does not guarantee quality, but is an essential ingredient of it, along with quality standards, improved self-evaluation and a focus on outcomes for people who use services.

Annette Bruton

Annette Bruton,
Chief Executive

We need to get the balance right between regulation, inspection, assurance and improvement.

1.2 About the Care Inspectorate

The Care Inspectorate is Scotland's independent scrutiny and improvement body responsible for:

- regulation and inspection of care and support services (including criminal justice services)
- scrutiny of social work services
- joint inspections with partners of services for adults and children.

That means we inspect care and social work services, report on the quality we find, and help drive improvement where it is needed. It is our responsibility to provide assurance and protection for people who use services, their families and carers and the wider public, playing a key part in improving services for adults and children across Scotland, acting as a catalyst for change and innovation and promoting good practice.

We are an executive non-departmental public body. This means we operate independently from Scottish Government but are accountable to it and are publicly funded. Our functions, duties and powers are set out in the Public Service Reform (Scotland) Act 2010.

Our Board sets our strategic direction and oversees performance management, while taking account of Scottish Government legislation and policy guidance. You will find more about our Board in Appendix 2 on page 85. Our staff team is led by our Chief Executive and a team of three directors.

We regulate 14,231 care services. They include childminders, care homes, care at home, daycare of children, adoption and fostering, housing support, secure care, school accommodation, nurse agencies, and offender accommodation. Our regulation work includes registering and inspecting care services, dealing with complaints and carrying out enforcement action, where necessary, to make services improve.

We also provide scrutiny of social work services in Scotland's 32 local authorities and partners, and in 2012/13 we inspected their approaches to child protection. During 2012/13, we developed new models of joint inspection for children's services and adults' services, so future methodology for strategic and joint inspections will change. These inspections involve local authorities, health boards and police forces. During 2012/13, we began to consider and prepared for ministerial plans for the integration of health of social care, anticipating a Bill in the subsequent year.

How we regulate services

We register all new care services to ensure that they meet legal requirements, evidence their ability to provide good quality care and take into account the National Care Standards. We may make variations to any conditions of registration. When a service cancels its registration or is faced with a sudden closure through the financial collapse of the company, the subsequent registration cancellation aims to safeguard the people who are using the service by working with the provider, local authority and others to ensure changes are planned and uncertainty is minimised.

How we inspect

Our inspection plan is agreed by Scottish Ministers. In 2012/13, 4% of our inspections were announced, 64.4% were unannounced, and 31.6% were short notice inspections. Using intelligence, our inspection plan focuses on poorer performing and high risk services. Inspectors use a variety of methods, depending on the type of service they are inspecting. With regulated care services, we grade services and follow up inspections with recommendations, requirements and enforcement action as necessary.

We visit every service we inspect and talk to people who use care services, their carers and their families. We talk to staff and managers privately and in groups, examine what quality of care is being provided, look at the activities happening on the day, examine records and files and ensure people have choices that reflect their needs and promote their rights.

We take account of self-evaluation from the service itself, the National Care Standards, any recommendations we have made previously, any complaints against the service and any enforcement actions we have taken. We grade care services from 1 (unsatisfactory) to 6 (excellent) on their quality of care and support, their quality of environment, their quality of staffing, and their quality of management and leadership.

We also deal with complaints about regulated care services. Complaints made against a service may affect its grades and how frequently we inspect it.

Our methodology differs for strategic inspections, some of which we carry out jointly with other scrutiny bodies. When inspecting the delivery of social work delivery, we talk to people who use services and their carers and families, and to people who arrange or provide services. We survey the views of staff, read case records, visit places where social work services are provided, and analyse a range of information about the service.

1.3 How we performed

This section details how we performed against:

- the three outcomes defined in the corporate plan for 2011 to 2014
- the key objectives under each outcome
- the Key Performance Indicators (KPIs) associated with the outcomes.

The **outcomes** and **key objectives** were stated in the corporate plan, a document which we produce every year and is approved by Scottish Ministers.

The Key Performance Indicators are measures used to judge how we performed. Our Audit Committee proposed these and our Board approved them for inclusion in the corporate plan. As a relatively new organisation, one in its second year, these KPIs are our first tranche and as such they will help us establish a baseline against which to compare future performance.

Regular monthly and quarterly reports on progress against our objectives, with a particular focus on our KPIs, provided our managers with the information they needed to monitor progress and take action where necessary.

Outcome 1: The quality of services in Scotland is improving

Key objectives

The Care Inspectorate:

- identifies risks to the quality of care and builds robust, credible and challengeable data and information to produce intelligence on quality of the whole range of services for people of all ages
- takes a risk-based proportionate approach to regulation and inspection that targets poor performance
- takes effective enforcement action quickly to demand improvement and acts swiftly where this does not happen
- investigates complaints and takes action about the quality of the whole range of services for people of all ages or about us, and uses this information to build effective intelligence
- signposts good practice and promotes innovation and improvement to everyone involved in or who holds an interest in the quality of care.

We use the intelligence we have available to identify poor quality and focus on improving this.

KPI 1: provides a baseline figure for the percentage of services that we regard as not being good enough: the grades they have for every theme are 3 (adequate), or lower. At 31 March 2013, this was the case in 4.8% of registered services, an increase of 1% on the previous year. We are working closely with each of these services to ensure that improvements are made to the quality of care. Where improvements are not made within the prescribed timescale, we will not hesitate to take formal action to protect and safeguard the health, safety and wellbeing of the people using the service. We will examine trends in grading, including breaking this down into service types, in more detail in our triennial review which we will publish in 2014.

KPI 1	Target	Performance 2012/13 (2011/12)
% of regulated care services with grades of 3 or less for **every** quality theme	Monitor trend	4.8% (3.8%)

Care service inspections

In 2012/13, we completed 8,835 inspections in total – an increase of 1,346 (15 %) on the 7,489 inspections we completed in 2011/12. We also increased the intensity of our inspections by covering all four quality themes at every inspection.

KPI 2: At the start of each year, we have a plan of all inspections that we will carry out over the year. This KPI shows the proportion of these planned inspections we carried out. Overall during the inspection year 2012/13 we completed 98.4% of our planned inspections (in services registered with the Care Inspectorate at 31 March 2012). We did not inspect services that were becoming inactive, proposing to cancel or returning to actively providing a care service during the last two months of the inspection year.

KPI 2	Target	Performance 2012/13 (2011/12)
% of inspections completed against planned number of inspections	100%	98.4% (99.1%)

KPI 3: Our priority is to focus our inspections on the services that are the greatest risk, and this can mean inspecting some of the high risk services several times during the year to ensure that improvements are being made. This type of additional inspection cannot be planned for at the start of a year in our annual plan. Therefore this indicator shows the proportion of our inspection work that we have carried out over and above our annual inspection plan, and gives an indication of the extra resources that we focus on a very small number of poor quality services.

We carried out an additional 304 care service inspections (3.4% of all the inspections we carried out) which were unscheduled and based on risk and intelligence. (This figure does not reflect any additional follow-up visits made as a result of enforcement or to evidence improvements following requirements to improve the quality of care.)

KPI 3	Target	Performance 2012/13 (2011/12)
% of non-programmed additional inspections completed against planned number of inspections	Monitor trend	3% (6%)

KPI 4: When we inspect, it is important that we see a service as it usually operates. Therefore we try to carry out as many inspections as possible on an unannounced basis. A total of 5,295 care service inspections (64%) were carried out as unannounced inspections. A further 2,657 inspections (32%) were made at short notice and 307 inspections (4%) were announced inspections. Reasons for short-notice and announced inspections include joint inspections with Education Scotland and the need to ensure that childminders or housing support staff were available on the planned inspection date. In 2012/13 we carried out more inspections of support services and housing support services than in 2011/12. These are carried on an announced basis more frequently than other services for operational reasons.

KPI 4	Target	Performance 2012/13 (2011/12)
% of unannounced inspections as % of inspections completed	Monitor trend	64% (68%)

One of the key ways we tell a service how it must improve is by making a requirement, which sets out clearly what must improve and by when. At each inspection, we consider all of the requirements and follow up any that have not been met. Our inspection reports include a note of all requirements we have made at or since the previous inspection (including those made following a complaint investigation) and we note whether or not these had been met. We consider that each requirement met indicates that service has improved.

KPI 5 gives an indication of improvement of care services by measuring the percentage of the requirements made that had been met. In 2012/13 we found that 68% of requirements had been met. Where requirements are not met, we will not hesitate to take formal action to improve the quality of care including, where necessary, applying to the courts to close down a service. At all times, the health, wellbeing and safety of people using the service is paramount.

KPI 5	Target	Performance 2012/13 (2011/12)
% of requirements in 2011/12 that were met in 2012/13	Monitor trend	68% (77%)

Services to protect children – child protection inspections

In April 2011, the Care Inspectorate took over the responsibility for leading and coordinating the final year of a three year programme of inspections of child protection across Scotland. This work had previously been led by Her Majesty's Inspectorate of Education (HMIE). We successfully concluded this programme by March 2012, therefore we no longer monitor this measure. We published the last two inspection reports in the first quarter of 2012/13, as scheduled.

KPI 6	Target	Performance 2012/13 (2011/12)
% of local authorities receiving positive reports for child protection inspections		No longer monitored following completion of the programme in 2011/12

Proportionate and targeted inspections of local authority social work services

Social Work Inspection Agency (SWIA) began a three year programme of proportionate and targeted inspections of local authority social work services. This programme, continued by the Care Inspectorate since April 2011, was concluded in 2012/13.

We published eight scrutiny reports on our website in 2012/13 and have one final report to publish early in 2013/14. We continue to involve people who use services and their carers in our scrutiny.

When we do our initial risk assessment, we consider the evidence we have against a number of key areas to see if we have any areas of concern in that local authority. Where we have enough evidence to assure us that there is no risk, we do not conduct follow-up scrutiny in that area. Where we do not have enough evidence to assure us that there is no risk, we will do further scrutiny of that area in our inspection. KPI 7 shows that two (22%) of the nine local authorities we inspected in 2012/13 required less scrutiny, as they indicated low levels of risk in our initial risk assessment

KPI 7	Target	Performance 2012/13 (2011/12)
% of local authorities receiving minimum number of scrutiny sessions following ISLA (Initial Scrutiny Level Assessment)	Baseline year	22% (24%*) *revised from last year

Other scrutiny activity

Serious incident reviews

In January 2012 the Care Inspectorate took over responsibility for receiving notifications of circumstances when offenders subject to social work supervision become involved in serious incidents. Our procedures ask that a local authority submits to the Care Inspectorate a notification of an incident within five working days of becoming aware that it has taken place and submits its review of the incident within three months. The Care Inspectorate returns its analysis to the local authority with comments within one month. We will publish our first annual report on serious incident reviews in 2013/14.

Enforcements

We issued 59 non-technical enforcement notices against 53 different services in 2012/13. Although this is 17 fewer notices than we issued last year, they involved more services compared with 2011/12. (Note: this number excludes 'technical' enforcements which are not related to the quality of the service.)

Outcome 2: People understand the quality of service they should expect and have a good experience of services centred on their needs, rights and risks

Key objectives

- people receive services that are designed, commissioned and delivered in a way that meets their needs, respects their rights and are appropriately risk assessed
- people who use services, and their carers, are aware of the quality they can expect and express satisfaction with the service and support they receive
- agencies work effectively together to provide joined-up care and support services
- the availability and quality of regulated care and support services, local authority and multi-agency child protection performance is publicly reported
- national policy is influenced and informed by scrutiny, improvement and innovative practice.

Involving people who use care services and their carers

When we inspect a service, one of the key aspects we look at is how a service involves the people who use it, and their relatives and carers, in all aspects of the service. We found that 58% of services graded by 31 March 2013 received a grade 5 or 6 (very good or excellent) for the involving people quality statements.

It is equally as important that we involve people who use care services, and their relatives and carers, in our work. During 2011/12, a project group consisting of both Care Inspectorate staff and people who use care services and their carers was put together to co-produce a meaningful involvement plan 'Involving people, improving services'. This plan was approved by our Board in 2012/13.

The Care Inspectorate is supported and advised in our work by our Involving People Group, comprising people who use care services and wish to be more involved in our work. Our Involving People Group meets regularly, and has influenced our work in a number of ways, including:
- participating in our recruitment processes
- giving us feedback on our new information leaflet for people who use care services and their carers
- advising on the re-design of some of our questionnaires for people who use care services.

Implementing a new scrutiny model for children and young people

We introduced a Care Inspectorate National Enquiry Line for the public on 1 April 2011 to replace the former five Care Commission Lo-call numbers. We did this to make the Care Inspectorate more accessible and efficient. Since its launch, we have dealt with a range of calls from information requests to serious complaints. Although initially staffed by members of the complaints and registration teams, the National Enquiry Line is now staffed by a dedicated team of administrative staff with back up from inspectors who deal with around 2,500 calls per month. The majority of calls relate to new registration enquiries, complaints and concerns and staff and office details.

This new model looks at how children's services are designed and delivered by local authorities, health boards and police. It builds upon the highly successful inspections of social work departments and six years of inspection of child protection services. It aims to evidence how the lives of the most vulnerable children in Scotland are improving by focusing on how successful services are at working together.

The joint inspection of services for children will focus on the impact being made on children's lives. It looks at how services ensure that children and young people are safe, healthy, achieving, nurtured, respected, responsible, active and included. Previous child protection inspections looked at some children's services and social work inspections. This new model looks at outcomes for all children from zero to eight years old but also ensures that the needs of the most vulnerable children and young people are met. We will include children over eight years old in certain categories such as those who have experienced neglect, substance abuse, homelessness, or are young carers and so on.

This 'whole system' approach will give Scotland a clear picture of how well the lives of children and young people are improving and how well services are working together. In April 2012 we tested out a proposed methodology for our joint inspections of children's services, in partnership with the Angus Community Partnership. We then refined our scrutiny and improvement model taking account of the lessons learned from this experience, and completed two further joint inspections in Orkney and Edinburgh City by 31 March 2013.

KPI 8: Satisfaction with care services

Care Standards Questionnaires are completed by people who use services and their relatives and carers, and tell us about the quality of service people are receiving. We analysed questionnaires from 2,811 services in 2012/13. Over the whole year, 91% of these care services had 90% or more respondents who were satisfied or very satisfied with the overall quality of service. The 2011/12 figure, restated here, was revised to reflect data received after the preparation date for that year's annual report.

KPI 8	Target	Performance 2012/13 (2011/12)
% services with greater than 90% of respondents happy or very happy with the overall quality of the service they receive	Monitor trend	91% (94%*) *revised

KPI 9: Grading of Involving People quality statements

Over half of all care services graded at 31 March 2013 had received a grade 5 or 6 for Involving People quality statements. In other words, 58% of all care services inspected during 2012/13 demonstrated very good or excellent quality practices in involving people who use care services in the design and delivery of the service.

KPI 9	Target	Performance 2012/13 (2011/12)
% of services with 5/6 grades for involving people quality statements	Monitor trend	58% (50%)

KPI 10: Child protection and local authority reports showing multi-agency working

We identified this as a potential KPI for 2011/12 because positive multi-agency working between organisations involved in providing and commissioning social work services and child protection services are crucial to their success. However we do not have sufficient data to be able to report against this KPI. In future, evidence of multi-agency working in local authority areas will be tested as part of our joint inspections of children's services, and the role of the local authority link inspector will be developed to ensure appropriate scrutiny of child protection services outwith joint inspection periods.

KPI 11: Publication of inspection reports

We believe it is essential that our inspection reports are made public as quickly as possible. Of the 8,140 draft care service inspection reports issued between 1 April 2012 and 31 March 2013, 84% were issued within 20 working days. The 16% of draft care service inspection reports not published within timescale were due to protracted discussion with providers and staff illness.

A total of 7,127 care service inspection reports were finalised between 1 April 2012 and 31 March 2013. 95% of final inspection reports were published within 13 weeks. The additional 5% were delays due to awaiting provider feedback and staff absence. This is compared to 95% of final reports published within the deadline in the same period of 2011/12.

All finalised child protection inspection reports were published within the 14 week target. Four of the eight (50%) local authority social work services inspection report were published within its planned, agreed timescale. Two reports were delayed due to the local election period, one due to a dispute over our findings, and one was delayed for legal reasons.

KPI 11	Target	Performance 2012/13 (2011/12)
% of final regulated care service and child protection inspection reports and ISLA scrutiny reports published within specific timescales	80% within 13 weeks for care services	**Draft care service inspection reports (20 days):84% (87%)** **Final care service inspection reports (13 weeks): 95% (95%)**
	100% in 14 weeks for child protection inspections	**Final child protection inspection reports (14 weeks): 100% (100%)**
	Within individually agreed timescales for social work inspections	**Social work services inspection reports: 50% (100%)**

Outcome 3: The Care Inspectorate performs effectively and efficiently as an independent scrutiny and improvement body and works well in partnership with other bodies

Key Objectives

- the Care Inspectorate is recognised and respected by the general public as the independent, unified scrutiny and improvement body for care, social work and child protection services
- the Care Inspectorate ensures that all partners and stakeholders have a positive experience of its activities
- the Care Inspectorate involves people who use services and their carers in all its activities
- the Care Inspectorate delivers value for money and efficiency through excellent management of its people, assets and finances
- the Care Inspectorate demonstrates leadership, good governance and develops a culture of efficiency and high performance.

Intelligence and Risk Frameworks

The Corporate Plan 2011-14 identified a number of three-year change programmes. It included developing Intelligence and Risk Frameworks that would help us better use our intelligence to identify and act on risks and to become a more responsive organisation.

Our three year plan aims to develop our information, staff, systems and culture to become a more intelligence based organisation, focused on identifying, reducing and, where possible, eliminating risk.

This work will help us listen yet more closely to people who use services and their carers and act on what they tell us. It will address how we will make more use of the intelligence we hold, and that other bodies hold.

The Frameworks were approved by the Board in June 2012. They were accompanied by an improvement plan identifying actions to deliver tangible results.

Vision and Values events

We inherited values from our three predecessor organisations so we wanted to capture views on how much importance people place on a potential value and to bring them together in a coherent statement around which there was a consensus. Following consultation on values at our staff events in March 2012, we developed a new set of values for the Care Inspectorate which the Board approved.

Our values are:
- **Person-Centred:** we will put people at the heart of everything we do
- **Fairness:** we will act fairly, be transparent and treat people equally
- **Respect:** we will be respectful in all that we do
- **Integrity:** we will be impartial and act to improve care for the people of Scotland
- **Efficiency:** we will provide the best possible quality and public value from our work

Requests for information

During 2012/13 we responded to:
- 262 Freedom of Information (FOI) requests
- 100 Data Protection requests
- 62 parliamentary questions.

All Freedom of Information and Data Protection requests were met within the required timescales.

KPI 12: People are confident that scrutiny improves the service

The Care Inspectorate asks people how satisfied they are with our care service inspections. We measure the satisfaction of care service staff and people who use services with the inspection and we record the extent to which they believe the service quality will improve following inspection. In 2012/13 92% of staff and 88% of people who use services thought that the quality of their care service would improve following the inspection.

KPI 12	Target	Performance 2012/13 (2011/12)
% of people who use services and their carers who are confident that scrutiny improves the service	Monitor trend	Staff 92% (94%) Service users 88% (83%)

We are embarking on a number of actions aimed at further improving the feedback we get from our customers – the people who use services, their families, carers, providers, staff and the general public. We also intend to drive up the quality and consistency of our report writing by developing peer review systems and other quality control mechanisms.

KPI 13: Involving people who use services and their carers

We believe that one of the key ways of making meaningful improvements to social work and social care is by involving people who have direct experience of using social work or social care services. This KPI shows the extent to which we have involved people in our inspections to tell us about what improvements are needed to the quality of care.

Our inspections of regulated care services involve consulting with and speaking to people who use care services. This is done both face to face and through the use of questionnaires. In addition, we also seek to involve people with experience of using care services as part of an inspection team. Lay assessors are volunteer inspectors who have experience of care, or who look after someone receiving care. They accompany inspectors to care services and speak to people using the care service.

During the inspection year 2012/13, 4.7% of the care service inspections undertaken involved one or more lay assessors. We are seeking to increase both the number of lay assessors and the number of inspections that involve lay assessors.

During 86% of scrutiny sessions of social work services, people who use services and their carers were consulted.

KPI 13	Target	Performance 2012/13 (2011/12)
% of inspections/scrutiny sessions that involve people who use services and their carers	Baseline year	5% of care service inspections involved lay assessors (4%) 86% of social work services inspections involved people and their carers (100%).

KPI 14: Absence reporting

For the year 1 April 2012 to 31 March 2013 the overall percentage of staff absence was 4.2%. 1.7% was short term sickness and 2.5% was long term sickness. Our overall rate is lower than the public sector average of 4.5%, as reported by the Chartered Institute of Personnel and Development (CIPD). We actively manage short-term absences and address long term absence to facilitate return to work where possible.

KPI 14	Target	Performance 2012/13 (2011/12)
% of staff sickness absence	Monitor trend and compare against Public Sector average of 4.5%	Short term 1.7% (1.6%) Long term 2.5% (2.6%) Actual 4.2% (4.2%)

KPI 15: Efficiencies

KPI 15	Target	Performance 2012/13 (2011/12)
% of efficiency savings achieved	3.0%	3.4% (14.6%)

The 2012/13 budget included £2.2m of efficiencies identified in 2011/12. This cost saving was firstly directed towards containing cost pressures such as a pay award for lower paid staff, contractual incremental progression and general inflation, but then the saving was used to enhance the service we provide. Specifically, the identified savings allowed us to:

- increase the frequency of inspection for care home and care at home services
- provide additional resources for our National Registration team
- focus on improvement, innovation and best practice
- promote dementia standards
- provide increased time for inspectors to engage with users of care services
- create capacity to allow the Care Inspectorate to respond effectively and flexibly on a crisis intervention basis and to respond to emerging intelligence.

Further efficiencies (3.4% of budget) were identified during 2012/13. These efficiencies were re-directed towards bringing forward projects from 2013/14. The costs savings associated with the efficiencies identified in-year will be incorporated into the 2013/14 budget to absorb cost pressures, increase the number of regulated care service and strategic inspections we carry out and enhance our capacity to follow up on our recommendations and support improvement.

KPI 16: Variance from planned budget

The net budget variance for 2012/13 is an underspend of 0.24%.

KPI 16	Target	Performance 2012/13 (2011/12)
% of variance from planned budget	+/- 2%	underspend of 0.24% (4.29%)

For more details, please refer to Section 1.7

KPI 17: Efficiency of our processes

Registering care services

At 31 March 2013 there were 14,231 registered care services. This is 63 (0.4%) fewer than the 14,294 registered services at 31 March 2012.

By 31 March 2013 we had completed 902 new registrations, 644 (71%) of which were childminders and 258 (29%) were other service types.

We have dealt efficiently with registrations, exceeding our target of 80% as follows:

- 90% of childminding registrations completed within three months
- 92% of registrations of other service types completed within six months.

Over the year to 31 March 2013 we cancelled 965 registered services.

In addition to registering and cancelling services, we make variations to their conditions of registration. The volume of work associated with variations depends on their nature and complexity. By 31 March 2013 we received 3,358 variations, and completed 2,232 over the same period. This is an increase on the 2,863 received and 1,923 completed in 2011/12. (note that figures published in last year's report included minor variations, for example due to typographical errors on certificates – these have been excluded from the figures re-stated here.)

Complaints

We received 3,237 complaints against care services between 1 April 2012 and 31 March 2013. This is an increase of 13% on the 2,855 complaints we received over the same period in 2011/12. We formally registered 1,897 complaints, and completed 1,815 complaints investigations between April 2012 and March 2013. This includes complaints we received in 2011/12 but completed in 2012/13.

We dealt efficiently with complaints: overall during 2012/13, 98% of complaints were acknowledged within three days, an increase on 97% last year.

During 2012/13, we reduced the timescale we should take to complete an investigation from 28 working days to 20 working days. 99% of investigations were completed within these specified timescales or the complainant notified of an extension to the timescale. Up to 8 October 2012 the timescale was within 28 working days, and from 8 October this was reduced to 20 working days. Reasons for delay included staff absence, availability of witnesses, and complexity of investigations.

The top five specific reasons for complaints from April 2012 – March 2013 were:

- general health and welfare
- communication between staff and people using services/relatives/carers
- staff levels
- other staffing issues
- medication issues.

The most common overall categories for complaints were:

- general health and welfare
- healthcare
- staff
- communication.

In 2012/13 we received 65 complaints against the Care Inspectorate. We completed 15 complaints investigations against the Care Inspectorate since 1 April 2012.

Our Board approved revised complaints procedures in June 2012, and these were implemented in October 2012.

KPI 17	Target	Performance 2012/13 (2011/12)
Composite measure: % of registration and complaints activities completed within specific timescales (complaints acknowledged within three days; complaints completed within 28 days up to 8 Oct 2013 or 20 days from 8 Oct 2013; registrations completed within 3 months for childminders and 6 months for other care services)	Registrations target 80% Complaints target 100%	**Childminders registered within 3 months: 90% (87%)** **Other services registered within 6 months: 92% (90%)** **Complaints acknowledged in 3 days: 98% (97%)** **Complaints completed within 28/20 days: 99% (99%)**

KPI 18: Memorandums of understanding (MOUs)

As the scrutiny body for social work and social care across Scotland, we must work productively with many other organisations in Scotland. Our predecessor bodies already had a range of memorandums of understanding (MOUs) which are written and signed agreements about how we will work with other bodies, and, if appropriate, what information we will share with them.

At March 2013, the Care Inspectorate had signed MOUs with:
- Dumfries and Galloway Fire and Rescue Service
- Strathclyde Fire and Rescue Service
- Fife Fire and Rescue Service
- Lothian and Borders Fire and Rescue Service
- Highlands and Islands Fire and Rescue Service
- Grampian Fire and Rescue Service
- Tayside Fire and Rescue Service
- Central Fire and Rescue Service
- SSSC information sharing protocol
- Scottish Housing Regulator
- Strathclyde Police
- Mental Welfare Commission
- Health & Safety Executive
- Office of the Public Guardian
- Strathclyde Police information sharing protocol.

Any other MOUs established by predecessor bodies are systematically being updated.

MOUs with fire and rescue services across Scotland and our Information Sharing Protocol with Strathclyde Police were superseded on 1 April 2013 by the creation of Police Scotland and the Scottish Fire and Rescue Service and negotiations on new MOUs with these bodies will commence in 2013/14.

KPI 18	Target	Performance 2012/13 (2011/12)
Memorandum of understanding agreements in place with relevant bodies and measures identified to review their efficiency in practice	Monitor trend	15 (11)

1.4 Principal risks and uncertainties

Every year, as part of our corporate planning process, we consider the major risks that might prevent us from achieving our objectives, and look at how we can reduce these risks. On an annual basis, the Board compiles a risk register to examine the major risks facing the Care Inspectorate.

The risk register details each major risk that has been identified, the likelihood of it occurring and the scale of impact were it do so. The register then identifies specific objectives deriving from 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.

In addition, the consideration of risk is a standing item at each Audit Committee.

1.5 Stakeholder relationships

Our stakeholders are people and groups who are affected by, or have an interest in, what we do – including our staff.

The Scottish Government

We are accountable to Scottish Ministers through our sponsor team in the Scottish Government's Directorate of Health and Social Care Integration. Our sponsor sets out, in a Management Statement and Financial Memorandum, the operating, planning and financial framework within which we work. Our corporate plan and inspection plan is approved by Scottish Ministers.

Members of the Scottish Parliament and Members of Parliament

Elected members of both parliaments take an interest in our policy approach and in our findings. Where appropriate, we provide evidence to parliamentary committees, respond to parliamentary consultations, and ensure elected members are kept appraised of our work.

People who use services and their carers

Our Involvement Plan sets out how we seek to involve people who use care services and their carers in our work. Our Involving People Group allows people who use services, and their carers, to discuss issues relating to care and support services, and the Care Inspectorate's approach. People who use services and their carers have influenced the style of our inspection reports, contributed to inspector training, informed the development of questionnaires used at inspections, and supported our complaints procedures.

Lay assessors – who have experience of care services – accompany our inspectors in a proportion of regulated care services. They talk to people who use the service, and their carers, and make observations based on their own personal experience. Our strategic inspection of social work delivery and our joint inspections also work with similar colleagues, including young inspectors, to inform our scrutiny findings.

Providers of care services

We regularly communicate and engage with people who provide care services. This includes direct communication with inspectors, a series of contact managers for larger providers with numerous services, and the use of our e-forms system for direct communication between the Care Inspectorate and managers. Relevant information for professionals is uploaded to our website. Printed materials used to engage with providers of care services in 2012/13 include Care News and occasional direct printed materials on corporate issues involving the Care Inspectorate or practice materials for staff in care services.

Members of the public

Our Public Reporting Strategy sets out how we seek to report publicly on our findings. This includes the publication of all our inspection reports and associated materials on our website, liaison with the media, and answering queries from members of the public.

Our employees

As at 31 March 2013, we employed 584 staff. The majority of our staff – around 85% - are directly concerned with scrutiny, inspection and regulation on a daily basis. The remainder provide business and support services, such as legal advice, finance and information technology. We work closely with staff to develop the organisation and continue to improve our effectiveness as a regulator. We have a range of progressive policies, including flexible working arrangements and dignity at work. We monitor sickness absence at a national and local level. In 2012/13 we lost 4.2% (2011/12: 4.2%) of the total working days available due to sickness absence.

All our policies are designed to provide a safe and positive working culture for our employees, with appropriate policies on health and safety, lone working, driving and manual handling. We operate a comprehensive risk assessment process across all teams.

1.6 Equality and diversity

We strive to be consistent, responsive, fair and accessible to everyone who comes into contact with us. Treating people fairly is fundamental to our approach as an employer and a scrutiny body. We undertake equality impact assessments on our policies and procedures, involve a wide range of stakeholders and provide equality and diversity training to our staff and Board members.

We have an equal opportunities-in-employment policy, which promotes equality of opportunity in recruitment, learning and career advancement. We use our policies and practices to guard against anyone suffering discrimination, directly or indirectly, because of their race, disability, gender, age, sexual orientation, gender reassignment, religion or belief. This approach is in line with our values and we work in partnership with our staff trade unions to develop and review such policies.

1.7 Financial review – current and future

Funding

2012/13 is the Care Inspectorate's second year of operation. The Care Inspectorate was formed to take over, develop and improve on the services previously provided by the Care Commission, Social Work Inspection Agency (SWIA) and the child protection function of Her Majesty's Inspectorate of Education (HMIE). The 2012/13 operating budget of £33.364m is 7% less than the combined predecessor bodies' 2010/11 budgets.

Scottish Ministers have confirmed our 2013/14 budget as £33.697m and indicated our budget will be broadly maintained at this level for 2014/15. However, we have an annual efficiency target of 3%. The efficiencies that we identify are re-invested in activities that improve protection for people who use care and social work services.

In 2012/13, budgeted efficiencies of £2.2m (6.6% of approved budget) were identified. This efficiency was used firstly to absorb cost increases such as incremental pay progression, a cost of living award for staff earning less than £21,000 per annum and general inflationary cost increases. The remaining identified efficiencies were directed towards:

- increased frequency of inspection for care home and care at home services
- providing additional resources for our National Registration team
- increasing time for inspectors to communicate and engage with users of care services
- creating capacity to allow the Care Inspectorate to respond effectively and flexibly where a crisis is identified and to emerging intelligence
- providing additional resources to focus on improvement, innovation and best practice
- providing additional resources to promote dementia standards
- provide additional resources for the provision of Official Statistics.

Our budget is funded mainly by a mixture of grant-in-aid from the Scottish Government and fees paid by service providers. (Grant-in-aid means the Scottish Government provides funding but without imposing day-to-day control over how we spend it). In managing our finances, we are not allowed to use overdraft facilities or to borrow.

The Scottish Government sets the maximum fees the Care Inspectorate may charge. Changes to maximum fee rates require a public consultation exercise. The maximum fees charged to care service providers have not increased since the 2005/06 financial year.

Financial position

We prepare our annual accounts following guidance in the Government Financial Reporting Manual (FReM). We are funded by grants and grant-in-aid received from the Scottish Government. Our funding and budgeting position is different from the accounting financial position (SCNE) for three reasons.

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

2. Post employment benefits (pensions) must be accounted for using International Accounting Standard 19 "Employee Benefits" (IAS 19). IAS 19 requires accounting entries for pensions to be based on actuarial pension expense calculations. Our funding position is based on the cash pension contributions we make as an employer to the pension scheme.

3. Grant-in-aid used for the purchase of non-current assets is credited to the general reserve and the balance is reduced by the amount of depreciation charged each year. The current year charge of £201k includes depreciation of £200k and an asset disposal of £1k.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the small surplus recognised for funding and budgeting purposes.

	Ref	£000
Deficit per the SCNE	SCNE	18,502
Reverse IAS 19 Pension accounting adjustments	Note 5b	3,297
Funding from grants and grant in aid	Note 15	(21,680)
To fund depreciation charge	Note 6	(201)
(Surplus)/Deficit on funding and budgeting basis		**(82)**

	Budget £000	Actual £000	Variance £000
Operating income			
Fee income	(11,876)	(11,807)	69
Other income	(904)	(1,382)	(478)
Total operating income	**(12,780)**	**(13,189)**	**(409)**
Operating expenditure			
Staff costs	26,278	25,850	(428)
Other operating expenditure	8,378	9,133	755
Total operating expenditure	**34,656**	**34,983**	**327**
Net Bank Charges/(Interest)	**5**	**5**	**0**
Net revenue expenditure	**21,881**	**21,799**	**(82)**
Funded by:			
Grants and grant-in-aid	(21,680)	(21,680)	0
Transfer from general reserve to fund depreciation	(201)	(201)	0
Total Revenue Funding	**(21,881)**	**(19,423)**	**0**
Funding deficit/(surplus)	**0**	**(82)**	**(82)**

The Care Inspectorate had a total of £21.488m grant-in-aid approved by the Scottish Government that it could access and draw down throughout the year. We drew down the full amount of grant-in-aid of £21.488m. Of this, £0.050m was used to fund capital purchases. Funding for revenue purposes was £21.438m grant-in-aid and other grants of £0.242m i.e. total grant funding of £21.680m. In addition we hold £0.201m in the general reserve to fund depreciation. Therefore the total funding available for 2012/13 revenue purposes was £21.881m.

The total revenue expenditure of £21.799m is less than the available funding and therefore there was a surplus of £0.082m.

During 2012/13 we supplied finance, information and communications technology (ICT), facilities management, procurement, and reception services to the Scottish Social Services Council (SSSC). We also supplied facilities management services to the Office of the Scottish Charities Regulator (OSCR). We received income of £1.053m for these services. We also share our office space with other public sector organisations and we received income of £0.304m as a result.

Going concern

The Care Inspectorate Board has no reason to believe the Scottish Government and Scottish Ministers have any intention to withdraw or reduce support to the Care Inspectorate. It is therefore appropriate to prepare the accounts on a going-concern basis.

The Statement of Financial Position as at 31 March 2013 shows net liabilities of £33.3m (2011/12: £36.5m). The net liabilities are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19.

IAS 19 requires the liabilities and assets of the pension scheme to be valued. The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Care Inspectorate. The liability relates to benefits earned by existing or previous Care Inspectorate employees up to 31 March 2013.

The Care Inspectorate participates in a pension fund which is the subject of an actuarial valuation every three years. This actuarial valuation is different from the valuation required by the accounting standard IAS 19. The actuarial valuation determines employer contribution rates that are designed to bring fund assets and liabilities into balance for the fund as a whole over the longer term.

Therefore the liability will be reduced through the payment of employee and employer contributions each year. Any future increases in employer contributions will require to be reflected through the grant-in-aid agreed with the sponsor department.

Pensions

The Care Inspectorate is an admitted body to the Tayside Superannuation Fund. This is a local government pension scheme administered by Dundee City Council. The local government pension scheme is a defined benefit scheme that provides pension benefits based on final pensionable remuneration. There were 511 employees who were active members of the Tayside Superannuation Fund as at 31 March 2013.

Employer contribution rates have been set following actuarial valuation as follows:

Year ended	Employer contribution rate
31 March 2013	18.0%
31 March 2014	18.0%
31 March 2015	18.0%

Employee contribution rates are in the range 5.5% to 12% based on earning bands. The rates and earning bands are subject to periodic review.

As at 31 March 2013, we employed 14 people who are in the NHS pension scheme. The majority of the employees chose to remain within the NHS Scheme when they transferred to the Care Commission (one of the Care Inspectorate's predecessor bodies) in 2002. This is also a defined benefit scheme.

The disclosures required by accounting standard IAS 19 'Employee Benefits' are contained in Note 5 of the accounts.

Auditors’ remuneration

Under the Public Finance and Accountability (Scotland) Act 2000 the Auditor General for Scotland appoints the auditors of the Care Inspectorate and the Auditor General appointed David McConnell, Assistant Director, Audit Scotland for the financial years 2012/13 to 2015/16 to undertake the statutory audit of the Care Inspectorate.

The auditor’s general duties, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

The cost of statutory audit for 2012/13 was £30.9k (2011/12 £35.0k). We also received credits in respect of external audit fees for 2011/12 and 2010/11 of £3.1k and £2.1k respectively.

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

Scott Moncrieff is appointed as the Care Inspectorate’s internal auditors. The cost of internal audit for 2012/13 was £59.2k (2011/12: £46.8k).

All reports by internal and external audit are considered by the Audit Committee.

Public Services Reform (Scotland) Act 2010

Section 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose a duty on the Care Inspectorate to publish information on expenditure, economic stability and efficiency as soon as is reasonably practicable after the end of each financial year. The information required to comply with these disclosure requirements is not an integral part of the annual accounts and is displayed on the Care Inspectorate website at **www.careinspectorate.com**

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 ten days. We paid 96.70% (2011/12: 97.64%) of invoices within ten days.

We aim for continuous improvement in payment performance.

Disclosure of information to auditors

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

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

Events after the reporting period

There were no events after the end of the reporting period (31 March 2013) that require disclosure.

1.8 Sustainability report

The information in the table below is the actual performance for the Care Inspectorate in 2012/13. The targets are set out in our Carbon Management Plan, approved by the Carbon Trust. This plan requires that the Care Inspectorate reduce its carbon emissions by 10% by 2015.

Area	Actual performance 2011/2012 (restated)	Target performance 2012/2013
Carbon emissions	1,344 tCO2 e	1,783 tCO2e
CRC related expenditure	£15,708	£28,542
Total energy consumption	1.89 million kWh	2.27 million kWh
Total energy expenditure	£162,731	£142,613
Total waste expenditure	£24,346	£25,267
Water consumption	3,916m^3	4,199m^3
Water expenditure	£32,897	£42,293

Total energy and water expenditure for 2011/12 has been restated for actual expenditure as there was a degree of estimation in the previous 2011/12 data.

The main environmental impacts of our work are emissions from electricity consumption, gas consumption and business travel. Our Environmental Policy sets out ways in which we will try to reduce impacts. While structural changes during 2012/13 led to additional travel for some groups of staff, it is hoped that new ways of working will help mitigate this in future. The way in which we calculate the carbon footprint for journeys involving car sharing has changed in order to facilitate more accurate reporting.

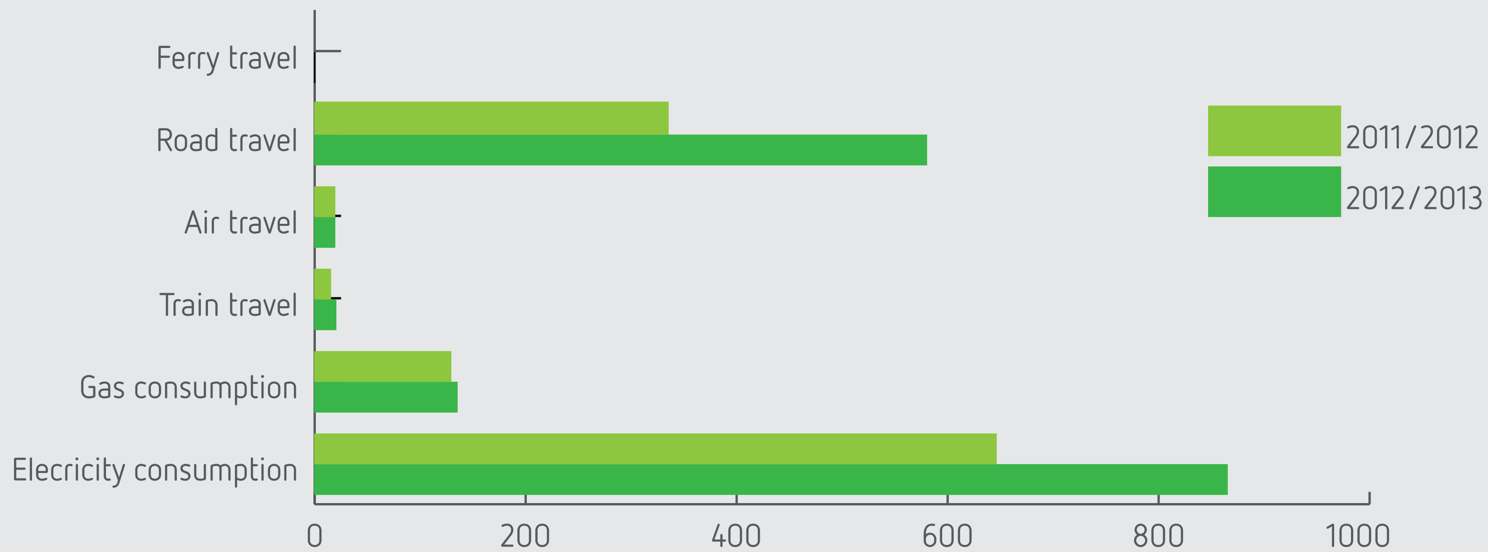
Carbon gas emissions and energy		2010/2011	2011/2012	2012/2013
Non-financial indicators	Gross Emissions Scope 1 Sources owned or controlled by the organisation including gas emissions and lease cars	887tCO2e	252tCO2e	254t CO2e
	Gross Emissions Scope 2 & 3 (indirect impacts Electricity and Business Travel	646tCO2e	1,215tCO2e	1484tCO2e
Related energy consumption (kWh)	Electricity Non renewable	1,311,411	1,185,081	1,571,949
	Gas	905,406	701,329	707,013
	Other (gas, oil)	15,000*	15,000*	15,000*
Financial indicators (£k)	Expenditure on energy	232	196	185
	Expenditure on business travel	480	651	733

The gross emissions and related energy consumption data has been restated as this was previously overstated.

* Estimate based on previous year due to no final figures for 2012/2013

The Care Inspectorate has implemented various projects to reduce our emissions in buildings we control, including on the use of lighting, but attempts to control kWh were limited by severe weather.

Our greenhouse gas emissions



Reducing our waste

Waste		2010/2011	Restated 2011/2012	2012/2013
Total volume of waste		–	52.0	55.0
Non hazardous waste	Landfill	–	–	–
	Recycled	–	28.8	37.0
	Incinerated	–	19.2	18.0
Total waste disposal cost		24.8	24.3	25.2
Hazardous special waste total disposal cost		–	–	–
Non hazardous waste - total disposal cost	Landfill	–	–	–
	Recycled	14.2	14.8	16.8
	Incinerated	10.6	9.5	8.5

The total volume of waste for 2011/12 has been restated to reflect more accurate estimation techniques. Prior to 2012/13, the Care Inspectorate did not have any specific targets in place for waste reduction. The increase in waste in 2012/13 was largely accounted for by several office moves and the disposal of substantial amounts of paper.

Total volume
55
tonnes

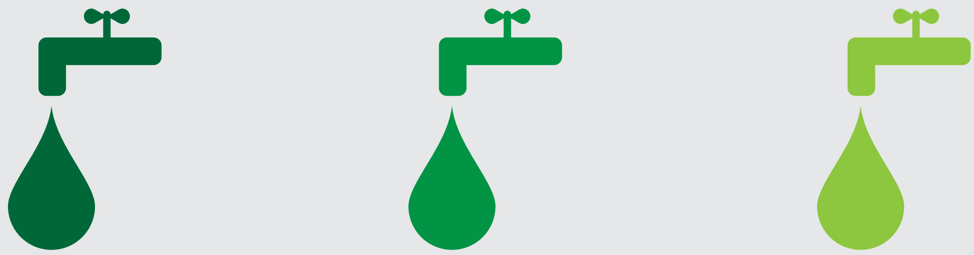
Recycled
37
tonnes

Incinerated
18
tonnes

Waste		2010/2011	2011/2012	2012/2013
Non-financial indicators	Supplied	3,374m^3	3,916m^3	4,199m^3
	Disposed	–	–	–
Financial indicators (£k)	Water supply costs	£38.9	£32.9	£42.3

A backdated invoice for water from one supplier which was paid in 2012/13 but covered a previous year has inflated the expenditure. We continue to work with landlords to manage water consumption within each of our premises.

Our water consumption



2010-2011
3,374
cubic metres

2011-2012
3,916
cubic metres

2012-2013
4,199
cubic metres

Biodiversity

We are using green and renewable energy where possible through the Scottish Government energy contract.

Sustainable procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. The Care Inspectorate will, when evaluating tenders, consider sustainability and it will be relevant and proportional to the procurement process.

1.9 Property

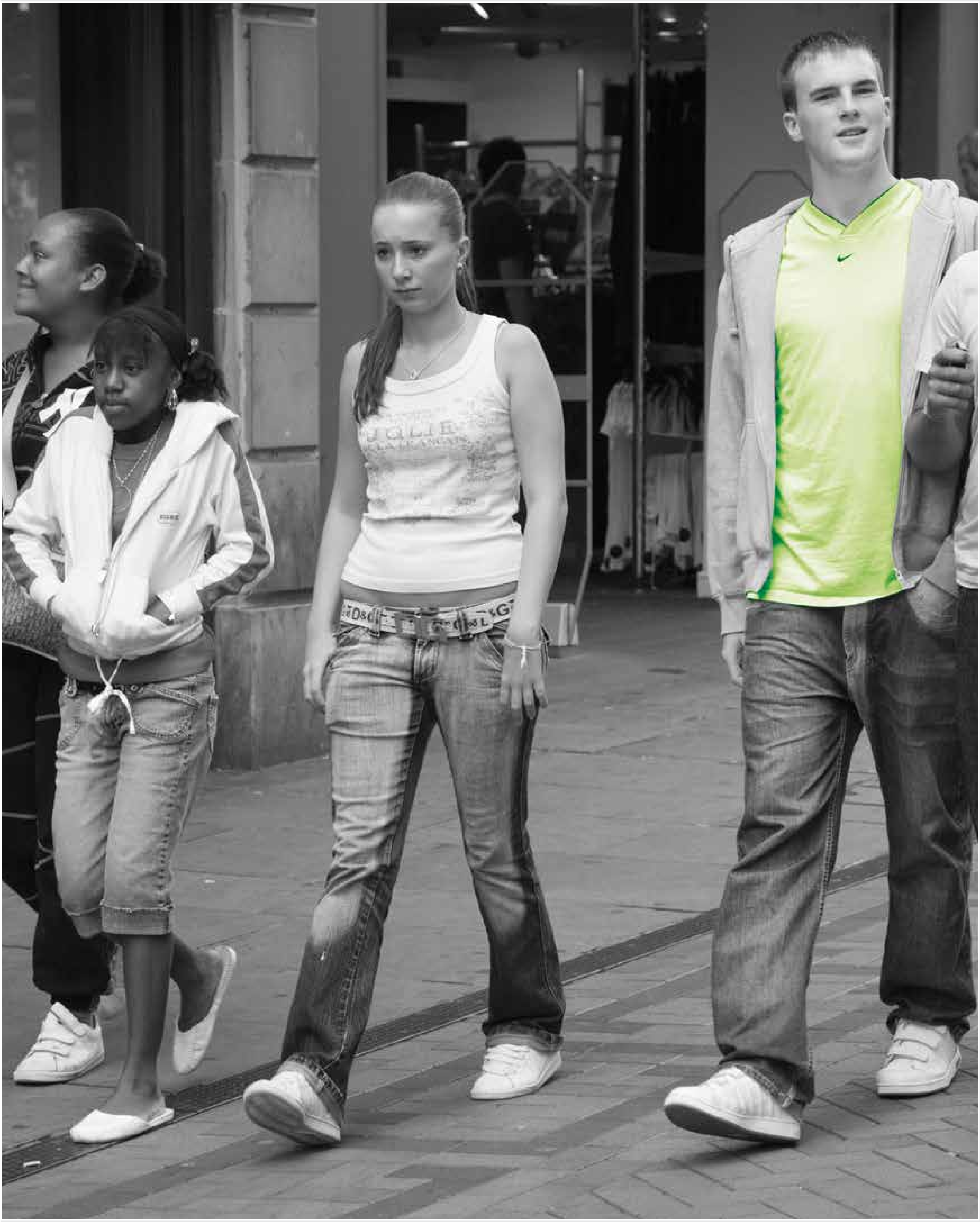
As at 31 March 2013, the Care Inspectorate leased 16 properties. Of these, nine are shared with other public sector bodies. During 2012-13, we rationalised our estate by ceasing to use two offices. The Estate Management Plan for 2012-15 was approved by the Resources Committee in March 2012 and sets out our commitment to reduce our estate through shared opportunities where possible.

Annette Bruton

Annette Bruton
Chief Executive

3 October 2013

SECTION TWO:
REMUNERATION REPORT



Introduction

This report provides information on the remuneration of Care Inspectorate Board members and senior managers. The senior managers in 2012/13 were:

- Annette Bruton, Chief Executive
- Karen Anderson, Director of Operations: Planning, Assurance & Reporting
- David Cumming, Director of Operations: Programming, Cooperation & Registration
- Gill Ottley, Director of Operations: Intelligence & Complaints
- Gordon Weir, Director of Resources.

During the year a management restructure was implemented. Karen Anderson was appointed Director of Strategic Development and Deputy Chief Executive and Gordon Weir was appointed Director of Corporate Services, both with effect from 1 December 2012. David Cumming and Gill Ottley both left the organisation in January 2013.

This report contains both audited information and information which is not specifically subject to audit.

Remuneration Committee

The following Board members sit on the Remuneration Committee:

- Frank Clark (Care Inspectorate Chair)
- Theresa Allison (Convener Resources Committee)
- Mike Cairns (Convener Audit Committee).

The committee determines the performance element of the pay of directors. The committee also agrees the pay strategy for all staff excluding Board members and the Chief Executive.

During the year the committee was advised by the following officers:

- Chief Executive
- Director of Resources / Director of Corporate Services
- Human Resources Manager.

Remuneration policy

Members

The remuneration (payment) of Board members is determined by Scottish Ministers. Increases in pay are subject to satisfactory performance.

Chief Executive

The Chief Executive's remuneration is determined by the Chair in accordance with Senior Public Pay Policy Guidelines. Performance is assessed through an annual appraisal performed by the Chair and this appraisal is submitted to the Scottish Government to allow the Chief Executive's remuneration to be agreed.

Directors

Directors were on a salary scale £64.4k to £74.0k and incremental progression to the top of the scale was determined by performance. Performance is assessed by the Care Inspectorate's 'Performance Development Review System' and is subject to agreement of the Remuneration Committee.

The management restructure included a change to the pay strategy for directors. Directors are now appointed to a fixed salary point and there is no incremental progression or other performance related pay adjustments.

The Care Inspectorate's pay strategy must be approved by the Scottish Government. Subject to that approval, a pay award package is negotiated with trade unions through the Partnership Forum. When the pay award package has been agreed, it is applied to the remuneration of directors and the main body of Care Inspectorate staff.

Notice periods

Members

Board members are appointed for a period determined by Scottish Ministers. Board members are eligible to be re-appointed following the end of a period of Board membership. Either party may terminate early by giving notice.

Normally there is no payment available in the event of early termination of the contract. However, where special circumstances exist, Scottish Ministers may decide that compensation for early termination is appropriate and instruct the Care Inspectorate to make a payment. The amount of the payment would also be decided by Scottish Ministers.

Details of the service contracts for Board members serving during the year are detailed below:

Name	Current term	Date of initial appointment	Date of termination of appointment
Clark, Frank (Chair)	1st	22 Nov 2010	31 March 2013
Allison, Theresa	1st	1 March 2011	28 Feb 2014
Brown, Morag	1st	1 March 2011	28 Feb 2014
Cairns, Mike	1st	1 March 2011	28 Feb 2015
Coia, Denise	1st	1 March 2011	5 Sept 2014
Coutts, Garry	1st	1 March 2011	31 Aug 2013
Doig, Ian	1st	1 August 2012	28 Feb 2015
Haddow, Anne	1st	1 March 2011	28 Feb 2014
Hutchens, Douglas	1st	1 March 2011	28 Feb 2014
Meiklejohn, Cecil	1st	1 March 2011	28 Feb 2015
Wiseman, David	1st	1 March 2011	28 Feb 2015
Witcher, Sally	1st	1 March 2011	28 Feb 2015

Chief Executive

Annette Bruton was appointed as the Care Inspectorate's Chief Executive on 13 February 2012. The normal retirement age for this post is 65 and the current post holder will attain normal retirement age in seven years.

Termination of the contract requires a notice period of six months by either party. There is no compensation payment specified in the contract in the event of early termination of the contract.

Directors

The Care Inspectorate had four directors during the year:
- Director of Operations: Planning, Assurance & Reporting (subsequently Director of Strategic Development)
- Director of Operations: Programming, Cooperation & Registration
- Director of Operations: Intelligence & Complaints
- Director of Resources (subsequently Director of Corporate Services).

All directors have permanent contracts and are subject to the normal retirement age of 65. Termination of the contract requires a notice period of three months by either party.

There are no compensation payments specified in the contract in the event of early termination of the contract.

Name	Title	Date of appointment	Years to normal retirement age
Karen Anderson	Director of Operations: Planning, Assurance & Reporting	1 April 2011	21.6
Karen Anderson	Director of Strategic Development (Deputy Chief Executive)	1 December 2012	21.6
David Cumming*	Director of Operations: Programming, Cooperation & Registration	1 April 2011	2.7
Gill Ottley*	Director of Operations: Intelligence & Complaints	1 April 2011	2.8
Gordon Weir	Director of Resources	1 April 2011	17.9
Gordon Weir	Director of Corporate Services	1 December 2012	17.9

* David Cumming and Gill Ottley left the Care Inspectorate in January 2013.

Retirement policy

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

This policy allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than 5 years' pensionable service. The award of additional pensionable service is limited to a maximum of 60 years in a redundancy situation and 10 years if early termination is in the interests of the efficiency of the service.

Alternatively, pension scheme members with more than two years' pensionable service may be paid compensation of up to 104 weeks' pay.

The number of years added or the amount of compensation paid, if any, is determined on the basis of individual circumstances and the employee's age and length of service. All awards of additional service and compensation for early termination are subject to a three year pay-back period and must be approved by the Resources Committee.

Audited Information

Care Inspectorate Board Members' remuneration

Name	Salary 2012/13 £000
Clark, Frank (Chair)	35 – 40
Allison, Theresa	5 – 10
Brown, Morag	0 – 5
Cairns, Mike	5 – 10
Coia, Denise	–
Coutts, Garry	–
Doig, Ian	0 – 5
Haddow, Anne	0 – 5
Hutchens, Douglas	5 – 10
Meiklejohn, Cecil	5 – 10
Wiseman, David	5 – 10
Witcher, Sally	0 – 5

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

Denise Coia and Garry Coutts are Board members through reciprocal membership arrangements with Health Improvement Scotland and the Scottish Social Services Council and receive no remuneration from the Care Inspectorate.

Chief Executive's and directors' remuneration

The salaries and pension entitlements of the Chief Executive and Directors are disclosed in the table below. Comparative information for the previous year Cash Equivalent Transfer Values is available for Gordon Weir and Karen Anderson. David Cumming and Gill Ottley have decided not to join the pension scheme and Annette Bruton commenced during the year.

Name	Emoluments	Benefits in kind	Real increase in:		Value at 31 March 2013:		Cash equivalent transfer value:		Real increase in cash equivalent transfer value**
			Pension	Lump sum	Accrued pension at age 60*	Related lump sum at age 60*	At 31/03/12	At 31/03/13	
	£000	£	£000	£000	£000	£000	£000	£000	£000
Annette Bruton Chief Executive	105–110	n/a	50–55	130–135	55–60	130–135	3	891	887
Gordon Weir Director of Resources	75–80	n/a	0–2.5	0–5	40–45	60–65	299	398	92
Karen Anderson Director of Operations: Planning, Assurance & Reporting	70–75	0	0–2.5	0–5	25–30	0–5	33	49	15
David Cumming Director of Operations: Programming, Cooperation & Registration	90–95 (Part Year)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gill Ottley Director of Operations: Intelligence & Complaints	85–90 (Part Year)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*The Government Financial Reporting Manual (FReM) requires pension entitlements to be disclosed as at age 60. As stated previously the normal retirement age for Care Inspectorate staff is 65.

** The real increase in cash equivalent transfer value for Annette Bruton is due to a transfer of pension during the year.

We are required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of our workforce. The Chief Executive was the highest paid director in the financial year 2012/13. The full time annual salary for the Chief Executive is in the salary band £105,000 to £110,000. The mid-point of this band is £107,500 which is 2.95 times greater than the median remuneration of the workforce. In 2012/13, no employees received remuneration in excess of the Chief Executive.

	2012/13	2011/12
Band of highest paid employee	£105,000 – £110,000	£105,000 – £110,000
Median Salary	£36,435	£36,435
Remuneration ratio	2.95	2.95

Total remuneration includes salary, overtime and other taxable allowances as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Payment of compensation on early retirement

David Cumming and Gill Ottley were paid compensatory payments for loss of office totalling £68k. This solely comprised redundancy payments of £34k each. The redundancy payments are included in the emoluments figure in the table above.

Annette Bruton

Annette Bruton,
Chief Executive

3 October 2013

SECTION THREE:
STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under paragraph 14(1) of Schedule 11 to the Public Services Reform (Scotland) Act 2010, the Care Inspectorate is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Care Inspectorate's affairs at the year end, and of its financial activities during the 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 Chief Executive's relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, 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.

Annette Bruton

Annette Bruton,
Chief Executive

3 October 2013

SECTION FOUR:
GOVERNANCE STATEMENT

Introduction

The Care Inspectorate is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Care Inspectorate also has a Duty of Best Value as set out in the Scottish Public Finance Manual. The Duty of Best Value ensures there is a focus firstly on continuous improvement which will help ensure sustainable economic growth for the people of Scotland and secondly on the delivery of the outcomes required of all public services as set out in the National Performance Framework.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of the Care Inspectorate's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the Care Inspectorate, effective operation of corporate systems, processes and internal controls, engaging with stakeholders, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

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

The Governance Framework

Organisational Structure

The Board is made up of a Chair and 11 members. The Chair and nine of the members are appointed by Scottish Ministers through open competition. The Convener of the Scottish Social Services Council and the Chair of Healthcare Improvement Scotland also sit on the Board. The Board members provide a wealth of experience and wide-ranging skills, along with a passionate interest in care, social work and child protection. It is a statutory requirement that appointments to the Board must have at least one member who uses or has used a care service and at least one member who cares for, or has cared for, a person using care services. The Board remains ultimately responsible and accountable for all the decisions taken in its name, whether directly or through its committees.

The Board has corporate responsibility for ensuring that the Care Inspectorate fulfils its aims and objectives, for promoting the efficient and effective use of staff and other resources and for identifying and managing risk.

The Board must approve the making, revision or revocation of standing orders, code of conduct for members, the reservation of powers and scheme of delegation, financial regulations and the approval of 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.

We currently have the following committees, all of which report to the Board.

Strategy and Performance Committee

This committee assists the Board in establishing the overall strategic direction of the Care Inspectorate within the policy, planning and resources framework determined by Scottish Ministers, in accordance with the principles of Better Regulation. The committee is responsible for providing an oversight of performance and development throughout the organisation, identifying themes and trends arising from scrutiny activity and to examine the effectiveness of the Care Inspectorate's liaison with other regulatory bodies.

Audit Committee

This Committee oversees the financial reporting arrangements of the Care Inspectorate, the external and internal audit arrangements and ensures that there is sufficient and systematic review of internal control arrangements of the organisation, including arrangements for risk management. The committee is also responsible for advising the Board on the development of the strategic performance management framework which includes the development of quality indicators (QIs) and key performance indicators (KPIs) to underpin the corporate plan.

Resources Committee

This Committee oversees how the Care Inspectorate conducts its business, including the preparation of business plans and budgets, consideration of resource requirements and the effective, efficient and economical use of the Care Inspectorate's resources. The Committee is also responsible for the development and implementation of the following key resourcing strategies: Estates; Finance; Human Resources; Administration; ICT; Procurement; Organisational Development; Employee Development and the development, evaluation and review of business processes to ensure that they operate in accordance with the principles of Better Regulation and Best Value.

Remuneration Committee

This Committee approves the Care Inspectorate's pay remit for all employees in accordance with the public sector pay policy guidance and to receive reports on the monitoring of the performance of the Chief Executive, Directors and other senior employees.

Sub Committees

The Care Inspectorate has an Appeals Sub Committee and a Complaints Review Sub Committee. Board members may also be required to attend these sub committees.

Board Members

Board members are subject to the Ethical Standards in Public Life (Scotland) Act 2000 and the Care Inspectorate Code of Conduct which has been approved by Scottish Ministers. The key principles which underpin the Code are based on the principles of public life set down by the Committee on Standards in Public Life (originally 'the Nolan Committee').

The key principles are:
- public service
- selflessness
- integrity
- objectivity
- accountability and stewardship
- openness
- honesty
- leadership and
- respect.

Board members also work to the six core principles set out in the Good Governance Standard for Public Services, which are:
- focusing on the organisation's purpose and on outcomes for citizens and service users
- performing effectively in clearly defined functions and roles
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour
- taking informed transparent decisions and managing risk
- developing the capacity and capability of the governing body to be effective
- engaging stakeholders and making accountability real.

Board meetings are held in public and the minutes of each meeting are available on our website www.careinspectorate.com

Attendance at Board and Committee meetings

	Board	Strategy and performance		Audit		Resources		Remuneration		Complaints*	Appeals
Board member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Attended	Attended
Professor Frank Clark, Chair	6	Yes	6	No	4	No	6	Yes	2	0	0
Theresa Allison	6	Yes	6	Yes	3	Yes	6	Yes	2	7	2
Morag Brown	4	No	n/a	Yes	3	Yes	6	No	n/a	4	2
Mike Cairns	6	Yes	4	Yes	3	No	1	Yes	2	8	1
Dr Denise Coia	3	No	n/a	No	n/a	No	n/a	No	n/a	0	0
Garry Coutts	3	No	n/a	No	n/a	No	n/a	No	n/a	0	0
Ian Doig	4	No	n/a	Yes	3	Yes	3	No	n/a	0	2
Anne Haddow	6	Yes	6	No	n/a	No	n/a	No	n/a	5	0
Douglas Hutchens	6	Yes	6	No	n/a	No	n/a	No	n/a	5	0
Cecil Meiklejohn	5	Yes	5	Yes	3	Yes	4	No	n/a	7	1
David Wiseman	6	Yes	5	Yes	4	Yes	6	No	n/a	3	4
Sally Witcher	4	No	n/a	Yes	3	Yes	6	No	n/a	0	0

*The Complaints Committee has a Convenor and two Vice Convenors; members are drawn as required from the remaining Board members.

Accountable Officer

The Care Inspectorate's Chief Executive, Annette Bruton, is the designated Accountable Officer. The Accountable Officer is personally responsible to Scottish Ministers, who are ultimately accountable to the Scottish Parliament, for securing propriety and regularity in the management of public funds and for the day-to-day operations and management of the Care Inspectorate.

The detailed responsibilities of the Accountable Officer for a public body are set out in a Memorandum from the Principal Accountable Officer of the Scottish Administration which is issued to the Chief Executive on appointment and updated from time to time.

Executive Team

The Executive Team (ET) supports the Chief Executive in her Accountable Officer role through the formal scheme of delegation. The Care Inspectorate is in the process of implementing a revised organisational structure and this has resulted in a revised ET. The ET throughout the year comprised:

- Gordon Weir, Director of Corporate Services from 1 December 2012 (formerly Director of Resources to 30 November 2012)
- Karen Anderson, Director of Strategic Development from 1 December 2012 (formerly Director of Operations: Planning, Assurance and Reporting to 30 November 2012)
- Director of Inspection, (post vacant as at 31 March 2013)
- Sue Neilson, Deputy Director of Inspection (Adult Services) from 1 March 2013
- Deputy Director of Inspection (Children's Services), (post vacant as at 31 March 2013)
- David Cumming, Director of Operations: Programming, Cooperation and Registration to 31 January 2013. Post is not in the new structure
- Gill Ottley, Director of Operations: Intelligence and Complaints to January 2013. Post is not in the new structure.

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

Internal Audit

The Care Inspectorate's internal audit function has been contracted out. Internal audit forms an integral part of the Care Inspectorate's internal control and governance arrangements. The internal audit service operates in accordance with Government Internal Audit Standards and undertakes an annual programme of work approved by the Audit Committee. This annual programme is based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes.

Key elements of the Care Inspectorate's governance arrangements

- The Care Inspectorate's vision is incorporated within the corporate plan which has been published and is available on the Care Inspectorate's website.
- The Care Inspectorate seeks stakeholder views on a wide range of issues, undertakes regular consultation and involves people who use care services and/or their carers across a range of Care Inspectorate activities including planning and development work.
- The roles and responsibilities of members and officers are defined in our standing orders, scheme of delegation and financial regulations.
- Our standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- We have tested business continuity plans in place which set out the arrangements with which we aim to continue to deliver services in the event of an emergency.
- Our performance management arrangements enable progress against the Care Inspectorate's priorities to be monitored.
- We publicly report on our performance.
- We respond to findings and recommendations of our external auditors (Audit Scotland) and our internal auditors (Scott-Moncrieff). The Audit Committee receives regular reports from management on the implementation of audit recommendations. The internal auditors formally report on the implementation of agreed audit recommendations to the Audit Committee annually.
- The Audit Committee reports annually to the Board on their own performance as a Committee, the Committee's opinion on the performance of internal and external audit and provide an opinion on the reliability and appropriateness of the Annual Governance Statement.
- We are committed to the efficient government programme and on an annual basis identify efficiency savings achieved by implementing this initiative.
- Codes of conduct are in place for, and define the standards of behaviour expected from, members and officers.
- We foster relationships and partnerships with other public, private and voluntary organisations where there is a clear alignment with our corporate objectives.
- 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.
- The performance and training needs of Board members is assessed by the Chair. The Chair is similarly assessed by senior officials within the sponsor department. Through this process all Board members have personal development plans which are periodically supplemented by additional training for members.
- Board members are appointed by Scottish Ministers. The scheme of members' remuneration and expenses is similarly determined by Scottish Ministers. Details of all members' expenses are published on an annual basis
- The Chief Executive is responsible and accountable for all aspects of executive management.
- The roles of all officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal development and review scheme (PDRS).
- Our procurement capability is assessed annually by the Scottish Procurement Directorate and we strive to continually improve our procurement capability.
- We hold regular performance review meetings with the sponsor department.
- We have a fraud policy and fraud response plan that clearly sets out the process to be followed if fraud is suspected.
- A whistle-blowing policy provides for the direct reporting of problems to senior managers without fear of recrimination.

Risk management

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

Risks identified are maintained on a strategic risk register and addressed in the preparation of the corporate plan. The corporate plan is being developed to show clear links between risks identified on the risk register and the Care Inspectorate's corporate objectives. As a result, the risks identified will become embedded in managers' work plans for the year.

System of internal financial control

Within the Care Inspectorate's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The Care Inspectorate's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is the responsibility of managers within the Care Inspectorate. In particular, the system includes:

- financial regulations
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against forecast
- 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.

Compliance with guidance and best practice

The following are all key documents that have underpinned the development of our governance framework.

- Scottish Public Finance Manual
- Management Statement and Financial Memorandum of the Care Inspectorate
- On Board: A Guide for Board Members of Public Bodies in Scotland
- The Model Code of Conduct for Members of Devolved Public Bodies
- Best Value in Public Services: Guidance for Accountable Officers
- The Role of Boards

Review

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

This review is informed by:

- the views of the Audit Committee on the assurance arrangements
- the opinions of internal and external audit on the quality of the systems of governance, management and risk control
- 'certificates of assurance' supplied by Executive Team members following a review of the governance arrangements within their specific areas of responsibility
- regular formal monitoring of progress against corporate plan, business plan and budget

- feedback from managers and staff within the Care Inspectorate on our performance, use of resources, responses to risks, and the extent to which in-year budgets and other performance targets have been met
- integrated formal reviews of the effectiveness of the Board and its committees.

Areas where the governance framework can be developed, identified as a result of this review process, are detailed in the sections below.

Significant issues

There were no significant issues to report during the financial year.

Developing the governance framework

Organisational structure review

The Care Inspectorate adopted an interim organisational structure for its first year of operation with an intention to review this. The Care Inspectorate is in the process of implementing a revised organisation structure. The structure review is intended to clarify roles, responsibilities and accountability and make the Care Inspectorate a more efficient and effective organisation.

New payroll/human resource management information system

A new payroll and human resource management information system will be implemented early in 2013/14. The new system will incorporate electronic self-serve and manager authorisation functionality that is more conducive to the geographically dispersed line management responsibilities that are in place. The new system will provide access to user-friendly management information appropriate to management and supervisory responsibilities throughout the organisation.

Development of a Care Inspectorate code of corporate governance

Although we believe the governance framework in place is working effectively there is no overarching document that brings all the different elements together to provide an overview of how the Care Inspectorate delivers effective governance. During 2012/13 work on developing a code of corporate governance for the Care Inspectorate was initiated. It is anticipated this work will be completed and a code of corporate governance agreed in 2013/14. This code will:
- describe the principles of good governance and how we aim to achieve these
- identify the policies and procedures that are essential to demonstrate compliance with these principles.

The existence of a code that brings all the different strands of corporate governance together will facilitate more effective and systematic governance reviews.

New management statement and financial memorandum (MSFM)

We are working with the sponsor department to develop a replacement for the current MSFM based on the Executive NDPB Model Framework Document. Once agreed this document will set out the broad framework within which we will operate and defines key roles and responsibilities which underpin the relationship between the Care Inspectorate and the Scottish Government. While this document will not confer any legal powers or responsibilities, it will form a key part of the accountability and governance framework.

Data Handling and Protection

There was one data protection breach for the year to 31 March 2013 which has been reported to the Information Commissioner.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2013 and up to the date of signing of the accounts.

It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Care Inspectorate's systems of governance. Although areas for further improvement have been identified the annual review has provided sufficient evidence that the Care Inspectorate's governance arrangements have operated effectively and that the Care Inspectorate complies with all relevant guidance and generally accepted best practice in all significant respects.

Annette Bruton

Annette Bruton
Chief Executive

3 October 2013

SECTION FIVE:
AUDITOR'S REPORT

Independent auditor's report to the members of the Care Inspectorate, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Care Inspectorate for the year ended 31 March 2013 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2012/13 Government Financial Reporting Manual (the 2012/13 FReM).

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

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements, irregularities or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2013 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 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.

Opinion on regularity

In my 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly 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 Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

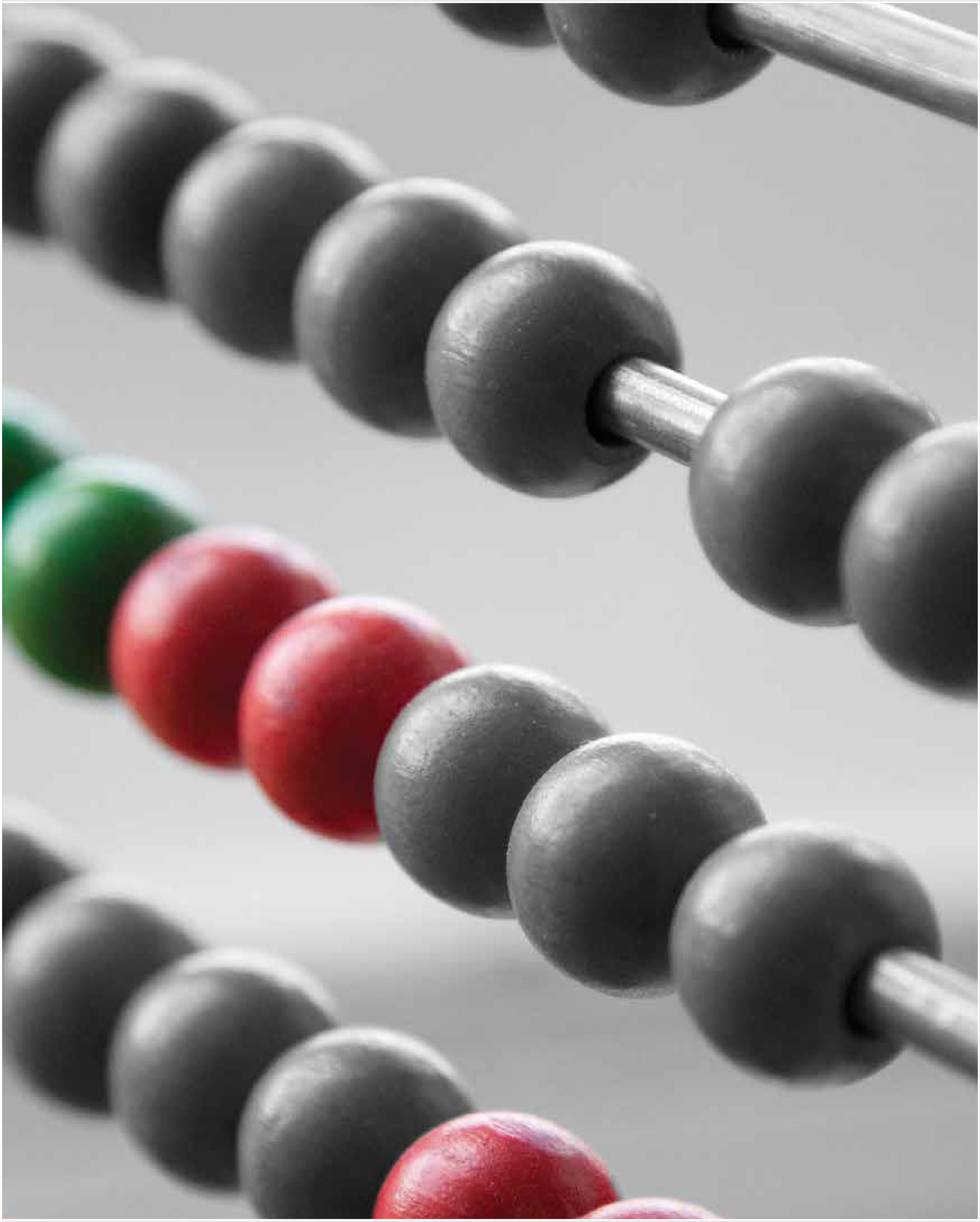
I have nothing to report in respect of these matters.

David McConnell

David McConnell, MA, CPFA
Assistant Director of Audit
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

3 October 2013

SECTION SIX:
FINANCIAL ACCOUNTS



Social Care and Social Work Improvement Scotland (Care Inspectorate)

Financial Accounts 1 April 2012 to 31 March 2013

Contents

Statement of comprehensive net expenditure for the year ended 31 March 2013

	Notes	2012/13 £000	2011/12 £000
Income			
Fees charged to service providers	2a	(11,807)	(12,424)
Other operating income	2b	(1,382)	(1,231)
		(13,189)	**(13,655)**
Expenditure			
Staff costs	3b	27,285	24,404
Operating expenditure	6	9,133	8,924
		36,418	**33,328**
Net Operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities		23,229	19,673
Bank charges (net of interest)		5	5
(Return)/cost on pension assets & liabilities	5b	291	(768)
Net Operating cost on ordinary activities after interest and (return)/cost on pension scheme assets and liabilities		23,525	18,910
Actuarial (gains)/losses on pensions assets/liabilities	5b	(5,023)	23,280
Total Comprehensive net expenditure before Scottish Government funding*		**18,502**	**42,190**

* Please refer to the table on page 27 for further explanation. All operations are continuing.

Statement of financial position as at 31 March 2013

	Notes	2012/13 £000	2011/12 £000
Non-current assets			
Property, plant and equipment	7	508	605
Intangible assets	8	164	218
Total non-current assets		**672**	**823**
Current assets			
Trade and other receivables	9	2,964	2,417
Cash and cash equivalents	10	1,517	1,217
Total current assets		**4,481**	**3,634**
Total assets		**5,153**	**4,457**
Current liabilities			
Trade and other payables	11	(3,383)	(2,591)
Total current liabilities		**(3,383)**	**(2,591)**
Non-current assets plus/less net current assets/liabilities		**1,770**	**1,866**
Non-current liabilities			
Other payables greater than 1 year	11	(164)	(191)
Pension assets/(liabilities)	5a	(34,890)	(38,187)
Total non-current liabilities		**(35,054)**	**(38,378)**
Assets less liabilities		**(33,284)**	**(36,512)**
Taxpayers Equity			
Pensions reserve	5a	(34,890)	(38,187)
General reserve	15	1,606	1,675
		(33,284)	**(36,512)**

Annette Bruton

Annette Bruton
Chief Executive
Date: 3 October 2013

The notes on pages 56-73 form an integral part of these accounts.

Statement of cash flows for the year ended 31 March 2013

	Note	2012/13 £000	2011/12 £000
Cash flows from operating activities			
Total comprehensive net expenditure before Scottish Government funding	SCNE	(18,502)	(42,190)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b	(3,297)	22,947
Depreciation & amortisation	7,8	200	302
Disposal of property plant & equipment	7	1	8
(Increase)/decrease in trade and other receivables	9	(547)	(605)
Increase/(decrease) in trade payables	11	792	(560)
Increase/(decrease) in non-current liabilities	11	(27)	(28)
Net cash outflow from operating activities		**(21,380)**	**(20,126)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(50)	(388)
Purchase of intangible assets	8	0	(273)
Net cash outflow from investing activities		(50)	(661)
Cash flows from financing activities			
Grants from Scottish Government	12	21,730	19,774
Net financing		**21,730**	**19,774**
Net increase/(decrease) in cash and cash equivalents in the period	10	300	(1,013)
Cash and cash equivalents at the beginning of the period	10	1,217	2,230
Cash and cash equivalents at the end of the period	10	1,517	1,217

Statement of changes in taxpayers' equity for the year ended 31 March 2013

	Note	Pension Reserve £000	General Reserve £000	Total Reserves £000
Balance at 31 March 2011		(15,240)	1,144	(14,096)
Changes in taxpayers equity 2011/2012				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments		(22,947)	22,947	0
Total comprehensive net expenditure			(42,190)	(42,190)
Total recognised income and expense for 2011/12		**(22,947)**	**(19,243)**	**(42,190)**
Grant from Scottish Government			19,774	19,774
Balance at 31 March 2012		**(38,187)**	**1,675**	**(36,512)**
Changes in taxpayers equity for 2012/13				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b	3,297	(3,297)	0
Total comprehensive net expenditure			(18,502)	(18,502)
Total recognised income and expense for 2012/13		**3,297**	**(21,799)**	**(18,502)**
Grants from Scottish Government			21,730	21,730
Balance at 31 March 2013		**(34,890)**	**1,606**	**(33,284)**

The notes on pages 56-73 form an integral part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of accounts

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

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

1.2 Accounting standards issued not yet effective

In accordance with IAS8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application. Other than an amendment to IAS 19 post-employment benefits which may affect the recognition and measurement of termination benefits, no significant impact on future periods' financial statements is anticipated.

1.3 Accounting convention

The accounts have been prepared under the historical cost convention except for certain financial instruments and pensions that have been measured at fair value as determined by the relevant accounting standard.

1.4 Going concern

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

1.5 Property plant and equipment

1.5.1 Capitalisation

The capitalisation threshold for all asset categories is £5,000.

1.5.2 Valuation

Property, plant and equipment assets are carried at cost, less accumulated depreciation and any recognised impairment value. The Care Inspectorate does not have any assets held under finance leases.

Depreciated historic cost has been used as a proxy for the current value. All property, plant and equipment have low values and short useful economic lives which realistically reflect the life of the asset, and a depreciation charge which provides a realistic reflection of consumption.

1.5.3 Depreciation

Depreciation is provided on property, plant and equipment on a straight line basis using the expected economic life of the asset. A full year's depreciation is charged in the year the asset is first brought into use and no depreciation is charged in the year of disposal. The economic life of an asset is determined on an individual asset basis.

1.6 Intangible assets

Acquired intangible assets are measured initially at cost and are amortised on a straight line basis over their estimated useful lives. Acquired intangible assets tend to be software. The economic life of an asset is determined on an individual basis.

1.7 Impairment of tangible and intangible assets

All tangible and intangible non-current assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Whenever there is an indication that an asset may be impaired, any losses/gains arising on the disposal of the asset are posted to the statement of comprehensive net expenditure.

1.8 Government grants receivable

Grants and grant-in-aid in respect of revenue and capital expenditure are treated as a source of financing and are credited to the general reserve.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Care Inspectorate currently only holds operating leases.

1.9.1 The Care Inspectorate as a lessor

The Care Inspectorate provides ICT and property services to the Scottish Social Services Council and this arrangement is disclosed as an operating lease. The Care Inspectorate also sub-lets offices to other public bodies.

Income from operating leases to the value of £1,243.9k has been recognised in the operating cost statement.

1.9.2 The Care Inspectorate as a Lessee

Costs in respect of operating leases are charged to the operating cost statement on a straight line basis over the term of the lease.

1.10 Cash and cash equivalents

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

1.11 Pensions

The Care Inspectorate accounts for pensions under IAS 19 'Employee Benefits' as adapted to the public sector.

The Care Inspectorate is an admitted body to the local government pension scheme and this is a defined benefit scheme. Obligations are measured at discounted present value whilst scheme assets are recorded at fair value. The operating and financing costs of such schemes are recognised separately in the statement of comprehensive net expenditure. 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 requires 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 revise the impact of the IAS 19 entries included in the statement of comprehensive net expenditure to ensure the general reserve balance is charged with the amount payable by the Care Inspectorate.

1.12 Short term employee benefits

The Care Inspectorate permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used.

1.13 Shared services

The Care Inspectorate shares its headquarters and some services with the Scottish Social Services Council (SSSC). There is a Service Level Agreement (SLA) between the SSSC and Care Inspectorate and the Care Inspectorate charges the SSSC for property costs, ICT costs, and professional services based on this SLA. The SLA contains arrangements akin to a lease for accommodation and ICT equipment.

1.14 Value Added Tax (VAT)

The Care Inspectorate can recover only a nominal value of VAT incurred on purchases, with irrecoverable VAT being charged to the operating cost statement.

1.15 Revenue and capital transactions

Revenue and capital transactions are recorded in the accounts on an income and expenditure basis i.e. 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 2013 have been brought into account.

1.16 Financial instruments

As the cash requirements of the Care Inspectorate are met through grant-in-aid provided by the Health and Social Care Integration Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and the Care Inspectorate is therefore exposed to little credit, liquidity or market risk.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Care Inspectorate becomes a party to the contractual provisions of the instrument.

1.16.1 Trade receivables

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

1.16.2 Trade payables

Trade payables are non-interest bearing and are stated at amortised cost.

1.17 Change in accounting policy

There are no changes in accounting policy under IAS 8 to report.

1.18 Operating segments

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

2. Operating income

2a	Fees charged to service providers	2012/13 £000	2011/12 £000
	Continuation of registration	11,310	11,564
	Application to register	497	860
		11,807	**12,424**

2b	Other operating income	2012/13 £000	2011/12 £000
	Recharges for services provided to other organisations		
	Secondee recharges	1,054	849
	Lease income	0	18
	Care Inspectorate/Health Improvement Scotland set up costs recovery	304	278
	Other income	24	86
		1,382	**1,231**

3. Staff numbers and costs

3a	Average number of staff employed (full time equivalent)	2012/13 FTE	2011/12 FTE
	Board members	10	10
	Senior management (Executive Team)	5	5
	Registration	48	46
	Complaints investigation	57	57
	Inspection & other scrutiny staff	331	320
	Support staff	103	100
	Agency & other workers	30	19
		584	**557**

3b	Analysis of Staff Costs	2012/13 £000	2011/12 £000
	Salaries	19,187	17,993
	Social security costs	1,599	1,497
	Pension current service costs	4,288	3,385
	Pension curtailments and settlements	177	0
	Total directly employed staff	**25,251**	**22,875**
	Secondment Inwards	259	343
	Agency Workers	921	716
	Sub Total	**26,431**	**23,934**
	Voluntary early severance/retirement costs	239	156
	Other staff costs	615	314
	Staff Costs	**27,285**	**24,404**
	Secondment outwards	0	(17)
	Net staff costs after secondment income	**27,285**	**24,387**

3c. Analysis of impact of actuarial pension valuation adjustments (See note 5)

	2012/13			2011/12		
	Local Government Scheme £000	NHS Scheme £000	Total £000	Local Government Scheme £000	NHS Schemes £000	Total £000
Employer pension contributions actually paid	2,961	69	3,030	2,886	64	2,950
Accounting entries (IAS19 note 5)						
Current service cost (actuarial basis)	4,219	69	4,288	3,321	64	3,385
Past service gain (actuarial basis)	177	0	177	0	0	0
IAS 19 costs	4,396	69	4,465	3,321	64	3,385
Pension costs included in staff costs (SCNE)	**4,396**	**69**	**4,465**	**3,321**	**64**	**3,385**
Variance between actual cost and accounting basis	1,435	0	1,435	435	0	435

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

The Care Inspectorate offered voluntary early severance/voluntary early retirement to help meet the planned reduced staffing requirements of the new regulatory body. The table below shows the number of departures and associated costs of operating the scheme.

Year to 31 March 2013		
Exit package cost band	Number of depatures agreed	Total cost £000
£25,000 to £50,000	2	68
£150,000 to £200,000	1	171
Totals	**3**	**239**

Year to 31 March 2012		
Exit package cost band	Number of depatures agreed	Total cost £000
£10,000 to £25,000	2	26
£50,000 to £100,000	2	130
Totals	**4**	**156**

Exit package costs include:
- redundancy payments
- payments to the pension fund where early retirement has been agreed
- pay in lieu of notice.

Exit costs are accounted for in full in the year of departure. Redundancy and other departure costs have been paid in accordance with the Care Inspectorate's retirement policy and the Local Government Pension Scheme Regulations for Scotland. Where the Care Inspectorate has agreed early retirements, the additional costs are met by the Care Inspectorate and not the Local Government Pension Scheme.

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 2013 the Care Inspectorate employed 14 people who were members of the NHS pension scheme. The NHS pension scheme provides benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government securities.

The NHS scheme is an unfunded multi-employer defined benefit scheme, however the Care Inspectorate is unable to identify its share of the underlying assets and liabilities. The last full actuarial valuation was carried out at 31 March 2009, details of which are published by the Scottish Public Pensions Agency.

During the year ended 31 March 2013, the Care Inspectorate paid an employer's contribution of £69k (2011/12 £64k) into the NHS scheme at a rate of 13.5% of pensionable pay (2011/12 13.5%). The employer contribution rate for the year to 31 March 2014 will remain at 13.5%.

Employer contribution rates are reviewed every five years following a scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

Tayside superannuation fund
The fund is administered by Dundee City Council and the pension scheme is part of the Local Government Pension Scheme. It is a defined benefit scheme, which means that the benefits to which members and their spouses are entitled are determined by final pensionable pay and length of service.

The contributions paid by the Care Inspectorate for the year to 31 March 2013 were £2,961k (2011/12 £2,885k) representing 18.0% of pensionable pay. The employer contribution rate for the year to 31 March 2014 will remain at 18.0%. Employee contribution rates were in the range 5.5% to 12% based on earnings bands.

The Tayside Superannuation Fund is a multi-employer scheme which includes local authorities and admitted bodies.

5a. Employee benefits – statement of financial position recognition

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Present value of funded obligation	(143,368)	(128,038)
Fair value of Scheme assets (bid value)	108,478	89,851
Net Liability	(34,890)	(38,187)

5b. Costs recognised in the Statement of Comprehensive Net Expenditure (SCNE) for the year to 31 March 2013

The amounts recognised in the SCNE are as follows:

	Year to 31 March 2013		Year to 31 March 2012	
	£000	£000	£000	£000
Current service cost		**4,219**		**3,321**
Interest on obligation	5,897		5,772	
Expected return on Scheme assets	(5,606)		(6,540)	
(Return)/cost on pension assets & liabilities		**291**		**(768)**
Past service gain		–		–
Losses (gains) on curtailments and settlements		**177**		
Difference between actual employer's contributions and actuarial employer's contributions	36		(152)	
Actuarial (gains)/losses	(5,059)		23,432	
Total Actuarial (gains)/losses		**(5,023)**		**23,280**
Total		**(336)**		**25,833**
Actual return on Scheme Assets		**15,403**		**362**

The Care Inspectorate recognises the cost of retirement benefits in the reported operating cost when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made under the Care Inspectorate's funding rules is based on the cash payable in the year. This requires the real cost of post employment/retirement benefits to be reversed out of the general reserve via the statement of changes in taxpayers' equity. The following transactions have been made in the SCNE and the general reserve balance via the statement of changes in taxpayers' equity during the year:

Actuarial Adjustments for:	**Note**	**2012/13 £000**	**2011/12 £000**
Staff Costs	3c	1,435	435
Return or cost on pension assets and liabilities		291	(768)
Total actuarial gains and losses		(5,023)	23,280
		(3,297)	**22,947**

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate.

For the year to 31 March 2013, the expected return was 6.1% per annum, which has been used to determine the profit and loss charge for the year ended 31 March 2013.

5c. Benefit obligation reconciliation for the year to 31 March 2013

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

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Opening defined benefit obligation	128,038	120,228
Service cost	4,219	3,321
Interest cost	5,897	5,772
Actuarial losses/(gains)	4,738	1,763
Estimated benefits paid net of transfers in	(847)	(4,181)
Losses/(gains) on curtailments	177	0
Contributions by Scheme participants	1,146	1,135
Closing defined benefit obligation	143,368	128,038

5d. Fair value of scheme assets reconciliation for the year to 31 March 2013

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

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Opening fair value of scheme assets	89,851	104,988
Expected return on scheme assets	5,606	6,540
Actuarial gains/(losses)	9,797	(21,669)
Employer contributions (including unfunded pensions)	2,925	3,038
Contributions by scheme participants	1,146	1,135
Estimated benefits paid net of transfers in (including unfunded pensions)	(847)	(4,181)
Closing fair value of scheme assets	108,478	89,851

5e. Opening and closing surplus reconciliation for the year to 31 March 2013

Changes in the opening and closing surplus are as follows:

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Surplus/(deficit) at beginning of year	(38,187)	(15,240)
Current service cost	(4,219)	(3,321)
Employer contributions	2,925	3,038
Other finance income	(291)	768
Settlements and curtailments	(177)	0
Actuarial gains/(losses)	5,059	(23,432)
Surplus/(deficit) at end of year	(34,890)	(38,187)

5f. **Projected pension expense for the year to 31 March 2014**

	Year to 31 March 2014
	£000
Service cost	4,404
Interest cost	1,505
Return on assets	54
Total	**5,963**
Employer contributions	2,911

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2013.

5g. **Care Inspectorate fund assets**

The table below provides details of the estimated asset allocation of the fund for the Care Inspectorate.

	Assets as at 31 March 2013		Assets as at 31 March 2012	
Asset class	**£000**	**%**	**£000**	**%**
Equities	77,019	71	61,098	68
Gilts	7,593	7	7,188	8
Other bonds	11,933	11	9,884	11
Property	9,763	9	9,884	11
Cash	2,170	2	1,797	2
Total	**108,478**	**100**	**89,851**	**100**

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

5h. **Financial assumptions as at 31 March 2013**

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2013. The estimated duration of the Care Inspectorate's liabilities is 22 years. The discount rate is the annualised yield at the 22 year point on the Merill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Care Inspectorate's liabilities. This approach has been updated from previous disclosures when the yield on the iBox AA rated over 15 year corporate bond index was used as a standard assumption for most employers in the fund.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 22 year point on the BoE spot inflation curve. Previously, the 20 year point was used and so this has been updated to reflect that the Care Inspectorate's liabilities have a longer duration than average.

This measure has historically overestimated future increases in the RPI and so the actuary has made a deduction of 0.25% to get the RPI assumption of 3.4%. As future pension increases are expected to be based on CPI rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.8% below RPI ie 2.6%. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

Salary increases are then assumed to be 1.4% above RPI in addition to a promotional scale. This is a slightly lower long-term assumption than last year to reflect the continuing climate of low salary increases.

Assumptions as at	31 March 2013		31 March 2012		31 March 2011	
	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.
RPI increases	3.4	–	3.3	–	3.5	–
CPI increases	2.6	(0.8)	2.5	(0.8)	2.7	(0.8)
Salary increases	4.8	1.4	4.8	1.5	5.0	1.5
Pensions increases	2.6	(0.8)	2.5	(0.8)	2.7	(0.8)
Discount rate	4.5	1.1	4.6	1.3	5.5	1.9

5i. Demographic/statistical assumptions

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2011 have been adopted. The post retirement mortality tables used were the S1PA tables with a 120% multiplier, making allowance for future improvement factors in line with the CMI 2011 projections, with a long term rate of 1%.The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 March 2013	31 March 2012
Retiring today	Males	20.6	20.6
	Females	22.9	22.8
Retiring in 20 years	Males	21.9	21.8
	Females	24.5	24.4

The actuary has also made the following assumptions:

- members will exchange half of their commutable pension for cash at retirement
- active members will retire one year later than they are first able to do so without reduction.

5j. Sensitivity analysis

The following table sets out the impact of a change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	140,163	143,368	146,659
Projected service cost	4,268	4,404	4,544
Adjustment to mortality age rating assumption	+ 1yr	None	- 1 yr
Present value of total obligation	137,997	143,368	148,801
Projected service cost	4,197	4,404	4,613

5k. Amounts for the current and previous periods

The amounts for the current and previous four periods are detailed below:

Year to:	March 2013 £000	March 2012 £000	March 2011 £000	March 2010 £000	March 2009 £000
Defined benefit obligation	(143,368)	(128,038)	(120,228)	(132,788)	(74,628)
Scheme assets	108,478	89,851	104,988	94,234	66,418
Surplus/(deficit)	(34,890)	(38,187)	(15,240)	(38,554)	(8,210)
Experience adjustments on Scheme liabilities		15,912			2,330
Percentage of Liabilities		12.4%			3.1%
Experience adjustments on Scheme assets	9,797	(21,669)	581	19,327	(28,224)
Percentage of assets	9.0%	(24.1%)	0.6%	20.5%	(42.5%)
Cumulative actuarial gain/(loss)	(30,015)	(35,074)	(11,642)	(26,135)	4,308

6. Analysis of operating costs

Operating expenditure

	2012/13 £000	2011/12 £000
Property costs	3,825	3,618
Administration costs	2,266	2,180
Supplies & services	1,676	1,742
Transport costs	1,165	1,074
Depreciation & amortisation of assets	200	302
Asset Disposals	1	8
	9,133	**8,924**

The above total includes £30.9k for external auditor's remuneration (2011/12 £35.0k) and £59.2k (2011/12 £46.8k) for internal auditor's remuneration. External audit received no fees in relation to non-audit work. We also received credits in respect of external audit fees for 2011/12 and 2010/11 of £3.1k and £2.1k respectively.

7. Property, plant & equipment

	Information Technology £000	Plant and Equipment £000	Furniture and Fittings £000	Total £000
Cost or Valuation:				
At 1 April 2012	878	219	478	1,575
Additions	50	0	0	50
Disposals	0	(8)	(39)	(47)
At 31 March 2013	928	211	439	1,578
Depreciation:				
At 1 April 2012	(618)	(111)	(241)	(970)
Charged in year	(88)	(24)	(34)	(146)
Disposals	0	7	39	46
At 31 March 2013	(706)	(128)	(236)	(1,070)
Net book value:				
At 31 March 2013	**222**	**83**	**203**	**508**
At 31 March 2012	260	108	237	605

Asset Financing: All assets are owned

	Information Technology £000	Plant and Equipment £000	Furniture and Fittings £000	Total £000
Cost or Valuation:				
At 1 April 2011	725	169	1,522	2,416
Additions	287	101		388
Disposals	(134)	(51)	(1,044)	(1,229)
At 31 March 2012	878	219	478	1,575
Depreciation:				
At 1 April 2011	(624)	(118)	(1,246)	(1,988)
Charged in year	(126)	(38)	(39)	(203)
Disposals	132	45	1,044	1,221
At 31 March 2012	(618)	(111)	(241)	(970)
Net book value:				
At 31 March 2012	**260**	**108**	**237**	**605**
At 31 March 2011	101	51	276	428

Asset Financing: All assets are owned

8. Intangible assets

	Information technology £000	Computer software licences £000	Total intangible assets £000
Cost or Valuation:			
At 1 April 2012	465	62	527
Additions	0	0	0
Disposals	(49)	0	(49)
At 31 March 2013	416	62	478
Amortisation:			
At 1 April 2012	(247)	(62)	(309)
Charged in year	(54)	0	(54)
Disposals	49	0	49
At 31 March 2013	(252)	(62)	(314)
Net book value:			
At 31 March 2013	**164**	**0**	**164**
At 31 March 2012	218	0	218

	Information technology £000	Computer software licences £000	Total intangible assets £000
Cost or Valuation:			
At 1 April 2011	201	72	273
Additions	273	0	273
Disposals	(9)	(10)	(19)
At 31 March 2012	465	62	527
Amortisation:			
At 1 April 2011	(157)	(72)	(229)
Charged in year	(99)	0	(99)
Disposals	9	10	19
At 31 March 2012	(247)	(62)	(309)
Net book value:			
At 31 March 2012	**218**	**0**	**218**
At 31 March 2011	44	0	44

9. Trade and other receivables

	2012/13		2011/12	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		1,076		1,160
Trade receivables	1,301		1,066	
Other receivables	587		191	
		1,888		1,257
		2,964		**2,417**

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. There are no amounts receivable after more than one year.

Provision for impairment of receivables	2012/13 £000	2011/12 £000
As at 1 April	(601)	(91)
Charge for the year	(99)	(629)
Unused amounts reversed	10	44
Uncollectable amounts written off	625	75
As at 31 March	**(65)**	**(601)**

As at 31 March 2013, trade and other receivables of £65k (2011/12 £601k) were past due and impaired. The amount of the provision was £65k (2011/12 £601k). The aging analysis of these receivables is as follows:

	2012/13 £000	2011/12 £000
Up to 3 months past due	7	65
3 to 6 months past due	3	417
Over 6 months past due	7	85
Over 12 months past due	48	34
	65	**601**

As at 31 March 2013, trade and other receivables of £1,888k (2011/12 £1,257k) were due but not impaired. The aging analysis of these receivables is as follows:

	2012/13 £000	2011/12 £000
Not yet due	1,557	879
Up to 3 months past due	139	111
3 to 6 months past due	60	72
Over 6 months past due	66	94
Over 12 months past due	66	101
	1,888	**1,257**

Analysis of trade and other receivables	2012/13 £000	2011/12 £000
Bodies external to government	2,277	2,102
Other central government bodies	584	175
Local authorities	72	115
NHS bodies	31	25
	2,964	**2,417**

10. Cash and cash equivalents

	2012/13 £000	2011/12 £000
Balance as at 1 April	1,217	2,230
Net change in cash & cash equivalent balances	300	(1,013)
Balance as at 31 March	**1,517**	**1,217**
The following balances as at 31 March were held at:		
Government Banking Service	1,507	877
Commercial banks and cash in hand	10	340
Balance as at 31 March	**1,517**	**1,217**

11. Trade and other payables

	2012/13 £000	2011/12 £000
Amounts falling due within one year:		
Trade payables	1,479	986
Accruals and deferred income	1,358	1,107
VAT	12	9
Other taxation and social security	506	462
Other payables	28	27
	3,383	**2,591**
Amounts falling due after more than one year:		
Early departure cost liability transferred from SWIA	**164**	**191**

Analysis of trade and other payables	2012/13 £000	2011/12 £000
Due within one year:		
Bodies external to government	2,047	1,397
Other central government bodies	789	835
Local authorities	497	340
NHS bodies	50	19
	3,383	**2,591**
Falling due after more than one year:		
Other central government bodies	**164**	**191**
	3,547	**2,782**

The additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retired early were met by paying the required amounts to the PCSPS over the period between early departure and normal retirement date. This was provided for in full when the early retirement programme became binding by establishing a liability for the estimated payments.

12. Grants from Scottish Government

Scottish Government grants	2012/13 £000	2011/12 £000
Grant in aid funding	21,488	19,463
Other Scottish Government grant	242	311
Total grants from Scottish Government	**21,730**	**19,774**

13. Capital commitments

Contracted capital commitments not otherwise included in these financial statements.

	2012/13 £000	2011/12 £000
Property, plant & equipment	0	25

14. Commitments under leases

14a. Operating leases

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

	2012/13 £000	2011/12 £000
Obligations under operating leases comprise:		
Buildings:		
Within 1 year	1,421	1,348
Within 2 to 5 years	4,873	4,991
Beyond 5 years	3,219	1,683
	9,513	**8,022**
Other:		
Within 1 year	146	177
Within 2 to 5 years	110	98
Beyond 5 years	0	0
	256	**275**

14b. Operating Lease Receivables

The Care Inspectorate provides shared services to the Scottish Social Services Council (SSSC) and the Office of the Scottish Charities Regulator (OSCR). Shared services relating to the provision of facilities and information and communications technology (ICT) are disclosed as lease arrangements. Sub lease arrangements are also in place with the National Health Service and Scottish Government.

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

	2012/13 £000	2011/12 £000
Commitments under operating leases comprise:		
Buildings:		
Within 1 year	910	852
Within 2 to 5 years	2,833	2,323
Beyond 5 years	3,581	1,630
	7,324	**4,805**
Other:		
Within 1 year	155	156
Within 2 to 5 years	620	623
Beyond 5 years	783	305
	1,558	**1,084**

14c. Finance leases

There are no obligations or commitments under finance leases.

15. Sources of financing

General Reserves 2011/12 £000		Revenue Transactions 2012/13 £000	Capital Transactions 2012/13 £000	General Reserve 2012/13 £000
1,144	Opening balance	852	823	1,675
(42,190)	Surplus/(deficit) for the year	(18,301)	(201)	(18,502)
22,947	Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	(3,297)	0	(3,297)
19,463	Grant in aid funding	21,438	50	21,488
311	Other government grants	242	0	242
1,675		**934**	**672**	**1,606**

16. Contingent liabilities

There were no contingent liabilities identified as at 31 March 2013.

17. Related-party transactions

The Care Inspectorate is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government Health Department. The Care Inspectorate has shared services arrangements with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. In addition, the Care Inspectorate sub-lets accommodation to the National Health Service and Scottish Government. There are no other bodies or organisations that are regarded as related parties with which the Care Inspectorate has had material transactions during the year.

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

Related Party	2012/13 £000	2011/12 £000
Scottish Social Services Council	927	729
Office of the Scottish Charities Regulator	127	120
National Health Service	108	103
Scottish Government	196	175
Total	**1,358**	**1,127**

18. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2012/13 financial year.

19. Losses statement

There were no losses or special payments made in the year.

APPENDIX 1:
ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS

SCOTTISH CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

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

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

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

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

APPENDIX 2:
CARE INSPECTORATE BOARD AND COMMITTEES

The Care Inspectorate Board is made up of a Chair and 11 members – all of whom were appointed by Scottish Ministers through open competition.

The following members served on the Board during 2012/13.

Frank Clark, CBE (Chair)

Professor Clark entered the NHS in Scotland in 1965 as an administrative trainee in the field of Mental Health and his career has progressed through a number of senior administrative appointments including Administrator of Glasgow Royal Infirmary and Secretary of Lanarkshire Health Board. In 1985 he became Chief Executive the first of the new general management positions in Scotland.

Professor Clark has undertaken numerous roles across health and social care including secondment to NHS Lothian in 1990 to assist in the resolution of a significant overspend. In 1996 he became Director of Strathcarron Hospice and in 2000 he was appointed by Ministers to head the Task Force which was set up to assist NHS bodies in Tayside in the resolution of financial and other challenges.

In 2001 he was appointed as Chairman of the newly formed Forth Valley NHS Board, a position which he vacated in 2002 when he was invited to serve on a Ministerial Advisory Panel set up to look at Management and Decision making in NHS Scotland. In 2003 he was elected Chairman of the Scottish Partnership for Palliative Care.

Following his retirement from the Hospice in 2006 he was appointed as Convener of the Care Commission and a member of the Scottish Social Services Council. In 2009 he led the independent scrutiny Panel set up by the Cabinet Secretary for Health and Wellbeing to review the NHS Dumfries and Galloway Clinical Services Strategy. In 2010 he was one of a group of three set up by the permanent Secretary to look at the effectiveness of Scottish Government. He was appointed in 1990 a Commander of the Order of the British Empire, in 1991 Visiting Professor to Glasgow Caledonian University and in 1996 an Honorary Professor at the University of Stirling.

Anne Haddow

Anne looks after her daughter who has profound physical and intellectual disabilities. She is Vice Chair of the Princess Royal Trust Fife Carers Centre and a family member of PAMIS, an organisation who provide support for people with profound and multiple learning disabilities, their family and paid carers. Dr Haddow is involved in health and social work groups which aim to deliver high quality services to people with disabilities and their families and is a member of the Scottish Social Services Council (SSSC). Dr Haddow brings strong skills to this role in relation to team working and constructive challenge along with skills in engagement, listening and analysis. She will bring intellectual rigour coupled with first hand experience and knowledge on behalf of users and carers.

Cecil Meiklejohn

Cecil has been the main carer for her partner who has a chronic health condition that has affected his mobility and is wheelchair dependent. She has worked voluntarily with disabled people to design and develop their own enabling services. In her working life, Mrs Meiklejohn has worked in a local authority as a services provider, assessing people with particular needs and delivering appropriate interventions, mainly housing assessments, advice, information and adaptations. As a current elected member with Falkirk Council, she also has experience of working with committees, scrutiny and governance. Mrs Meiklejohn brings strong skills in analysis, engagement and listening, along with extensive experience both as a carer/user and as a provider of services.

David Wiseman

David started his social care career as a care officer in a home for older people before going on to work for Strathclyde Region in a variety of positions. He then joined South Lanarkshire Council, as Head of Strategic Services in the Social Work Department, where he also had responsibility for the Registration and Inspection Unit. Following a period of secondment to COSLA, he returned to South Lanarkshire as Head of Older People's Services before joining the Care Commission as Director of Operations in February 2002, becoming the Director of Strategic Development and Depute Chief Executive of the Care Commission in 2005. Mr Wiseman is a member of the U.K. wide Residential Forum, whose purpose is to promote the achievement of high standards of care for children and adults in care homes and schools, and to contribute to improving the quality of service to the public. He is a Board member of a charity, the Institute for Research and Innovation in Social Services (IRISS). Mr Wiseman brings strong skills in analysis and challenging constructively, strategic business planning and a good understanding of developing new risk based approaches to scrutiny.

Denise Coia

Dr Coia is a Consultant Psychiatrist. She is currently Principal Medical Advisor (Mental Health) within the Scottish Government and was appointed as Chair of Healthcare Improvement Scotland (HIS) in September 2010. Previously she was Vice President of the Royal College of Psychiatrists (London) and Chair of the College in Scotland. She was a Board member of the Clinical Standards Board and latterly Quality Improvement Scotland for 7 years. As Honorary Senior Lecturer at Glasgow University she has a long standing research interest in health care service redesign and public involvement in health care provision and was a Board member of Medical Research Scotland. She has worked in an advisory capacity with a range of voluntary organisations. .

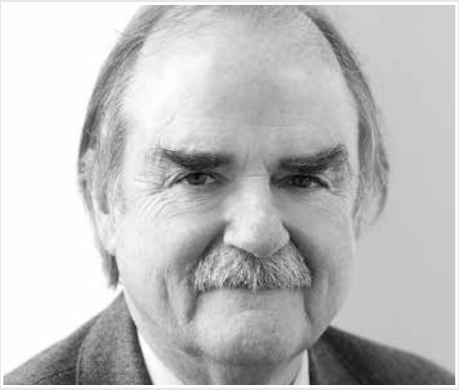
Douglas Hutchens

Douglas is a director of a consultancy organisation working mainly with public sector and third sector organisations, having retired from the Scottish Health Service where he was Director of Planning and Corporate Affairs of a national NHS Board. Mr Hutchens is a non-executive of the Scottish Government, Vice Chair of the Scottish Association for Mental Health, a Disability Qualified member of the UK Judiciary Appeals Tribunal and a member of the Children's Hearing System in South Lanarkshire. He cares for two service users and is a strong supporter of disability rights and enhancing the lives of people with disabilities in Scotland. Mr Hutchens brings strong skills particularly in listening, influencing and challenging constructively with a good understanding of equality issues. He has the ability and experience to bring a carer perspective to the Care Inspectorate Board along with a good understanding of the bigger picture.

Garry Coutts

Garry is Convener of the Scottish Social Services Council and chair of NHS Highland. He has previously been an elected councillor in both Edinburgh and Highland where he chaired the Housing and Social Work Committee. Garry has worked in the voluntary sector and has also worked as a self employed consultant. He runs a small training company specialising in media and communication training for clients in the voluntary, private and public sectors.

Michael Cairns



Michael has extensive experience as a social work practitioner and manager in local authorities in England and Scotland. He has also worked in the voluntary sector as Director for Age Concern and Director of RNIB Scotland. He was seconded from RNIB to Scottish Government from 2004 to 2007 to help coordinate the review of community eye care services. For the past three years he has been a member of the Scottish Social Services Council. Mr Cairns has broad experience of managing and developing services in the statutory and voluntary sectors and brings strong financial and risk management knowledge to this role. He has strong experience of change management and possesses strong skills in influencing, engagement, persuasion and analysis.

Morag Brown MA

Morag has over 30 years experience in public service, demonstrating skills at operational, development and strategic levels. She has practiced as a qualified social worker, community worker, senior training officer and senior manager of social work, social care and health services. Ms Brown has demonstrated the capacity to increase and improve on the range of services and quality of care, improve partnership approaches and lead service change. She has been a member of the Mental Health and Wellbeing Support Group and is soon to take up appointment as a non-executive member with Greater Glasgow and Clyde NHS Board. Ms Brown brings her extensive experience of social work delivery along with strong skills in engagement, influencing, analysis and constructive challenge.

Sally Witcher OBE

Sally has wide-ranging experience in the fields of equality and social inclusion, child poverty, disability and independent living. She has senior-level management and leadership experience gained in both public and voluntary sectors and as an advisory body Chair, with the Disability Employment Advisory Committee - Westminster Government. Dr Witcher currently works as a freelance consultant in Edinburgh and her previous roles include Deputy Director in the Office for Disability Issues with the Department of Work and Pensions, Director of the Child Poverty Action Group and Campaign Worker for Disability Alliance. She has a doctorate on social inclusion and diversity and has been a member of many research advisory bodies, including the Centre for Analysis of Social Exclusion at the London School of Economics. As a disabled person she is a user of social care services. She was awarded an OBE in 2006 for services to disabled people. Dr Witcher brings to this role high level skills in communication, team working and challenging constructively along with a strong ability to deal with complexity, a strong user focus and a commitment to reflect the social needs of disabled people in the business of the Care Inspectorate.

Theresa Allison

Theresa has worked with children and their families in a variety of settings within different local authorities over the last 10 years. She is currently the General Manager of the largest voluntary sector childcare organisation in Edinburgh. As an Associate of the Chartered Management Institute she has a proven track record of effective leadership at both strategic and operational levels and extensive experience of influencing organisational development to bring about transformational change and positive learning cultures. Mrs Allison brings strong skills of analysis, engagement, listening, negotiation and influencing to this role. She also has a strong understanding of the relevance and importance of team working and will bring a provider perspective to bear.

Ian Doig

Ian Doig is an experienced non-executive board member. He is committed to developing the effectiveness and accountability of public bodies and to the modernisation of public services.

His practical experience includes strategy development, financial management, audit committees and risk management. He is experienced in building partnership working between public services, partnerships at the interface between the public, private and charity sectors and with professional bodies.

Ian has served as a non-executive director on a range of Scottish Government bodies, including the Scottish Environment Protection Agency, the National Records of Scotland, the Scottish Court Service and the Scottish Social Services Council.

He is a Chartered Public Finance Accountant and admitted member of the Chartered Institute of Public Finance and Accountancy and the Association of Chartered Certified Accountants. Previously he held executive posts as CIPFA Director for Scotland and senior finance directorate posts with a range of local authorities.

Board Subcommittees

There are five Board sub-committees.

Strategy and Performance Committee

Convener:	Professor Frank Clark
Members:	Theresa Allison
	Mike Cairns
	Anne Haddow
	Douglas Hutchens
	Cecil Meiklejohn
	David Wiseman

Resources Committee

Convener:	Theresa Allison
Members:	Morag Brown
	Ian Doig
	Cecil Meiklejohn
	David Wiseman
	Sally Witcher

Audit Committee

Convener:	Mike Cairns
Members:	Theresa Allison
	Morag Brown
	Cecil Meiklejohn
	David Wiseman
	Sally Witcher

Remuneration Committee

Convener:	Frank Clark
Members:	Mike Cairns
	Theresa Allison

Complaints Sub Committee

Convener:	Douglas Hutchens
Vice Conveners:	Anne Haddow
	Sally Witcher
Members:	All other Board members

APPENDIX 3:
KEY PERFORMANCE INDICATORS 2012/13

Inspectorate	Purpose	Reporting frequency	Source
KPI 1: % of regulated care services with grades of 3 or less for every quality theme	To show the quality of regulated care services, and look for improvements over time	Quarterly	Inspection reports (IRT)
KPI 2: % of inspections completed against planned number of inspections	This indicator demonstrates the Care Inspectorate's performance with respect to its inspection target.	Monthly	PMS
KPI 3: % of non-programmed additional inspections completed against planned number of inspections	To demonstrate the additional focus the CI has on poorer services	Quarterly	Inspection reports (IRT)
KPI 4: % of unannounced inspections as % of inspections completed	To demonstrate the CI commitment to undertaking the majority of inspections as unannounced	Quarterly	Inspection reports (IRT)
KPI 5: % of requirements in 2011/12 that were met in 2012/13	To measure improvements in quality of service and impact of Care Inspectorate. This will demonstrate how successful requirements and enforcements are in influencing providers to improve the quality of their service.	Annual	Inspection Reports (IRT)
KPI 6: % of LA receiving positive reports for Child Protection Inspections	To establish levels of positive Child Protection	Quarterly	Inspection reports
KPI 7: % of local authorities receiving minimum number of scrutiny sessions following ISLA	To establish levels of positive Social Work services	Quarterly	Inspection reports
KPI 8: % services with greater than 90% of respondents happy or very happy with the overall quality of the service they receive.	This will provide an indication, especially over time, of how people who use care services feel about the quality of the service they receive. They will enable the Care Inspectorate to demonstrate how the quality of services, as defined by those using the services, is changing over time.	Quarterly	Care Standard Questionnaires
KPI 9: % of services with 5/6 grades for involving people quality statements	This shows initially how well services are doing at involving people, and then how they are improving over time.	Quarterly	Grading data from inspections with reports finalised in 2009/10
KPI 10: % of child protection and local authority reports that identify positive multi-agency working	To demonstrate the extent of positive multi-agency working in LAs	Annual	Inspection reports

Inspectorate	Purpose	Reporting frequency	Source
KPI 11: % of final regulated care service and child protection inspection reports and ISLA scrutiny reports published within specific timescales.	Efficiency in getting information about services, which is contained in inspection reports, available to the public.	Quarterly	Inspection reports and inspection plans
KPI 12: % of people who use services and their carers who are confident that scrutiny improves the service.	This indicator will demonstrate how people who have been involved in or present at an inspection have found the process, and whether or not they believe it will result in an improved service.	Bi-Annual (Twice Per Year)	Inspection Satisfaction Questionnaire (ISQ) datasets collated from a sample of inspections
KPI 13: % of inspections/scrutiny sessions that involve people who use services and their carers	Demonstrates the extent to which the Care Inspectorate listens to people who use care services and their carers in its work	Quarterly	Inspection reports
KPI 14: % of staff sickness absence	To monitor staff sickness/absence trends over time	Quarterly	HR records
KPI 15: % of efficiency savings achieved	To demonstrate sound financial management and value for money	Annually	Financial records
KPI 16: % of variance from planned budget	To demonstrate sound financial management	Quarterly	Financial records
KPI 17: Composite measure: % of registration and complaints activities completed within specific timescales (complaints acknowledged within 3 days; complaints completed within 28/20 days; registrations completed within 3 months for childminders and 6 months for other care services)	These measures demonstrate the efficiency of the Care Inspectorate in dealing with two of its key processes – complaints and registrations.	Monthly	PMS
KPI 18: Memorandum of Understanding agreements in place with relevant bodies and measures identified to review their efficiency in practice	To demonstrate the extent to which the Care Inspectorate has formalised its working relationships with other organisations	Quarterly	CI records

APPENDIX 4:
STATISTICAL INFORMATION

1. Registration

The following table shows the number of services, and places in, registered care services at the end of the annual report period. Some categories of service, such as agencies, housing support and care at home (domiciliary care), are registered to provide a service rather than a specific number of places.

31 March 2013: number of registered care services and places offered by service type

Type of care service	Number of services	% of all services	Number of registered places	% of all places	Average places per service	Highest places per service
Adoption service*	39	0.3%				
Adult placement service*	37	0.3%				
Care home service	1,527	10.7%	44,009	18.2%	28.8	225
Childcare agency*	34	0.2%				
Childminding	6,192	43.5%	37,945	15.7%	6.1	27
Daycare of children	3,817	26.8%	154,741	63.8%	40.5	425
Fostering service*	63	0.4%				
Housing support service*	1,047	7.4%				
Nurse agency*	42	0.3%				
Offender accommodation service	9	0.1%	197	0.1%	21.9	60
School care accommodation service	67	0.5%	5,388	2.2%	80.4	602
Secure accommodation service	5	0.0%	104	0.0%	20.8	29
Support service*	**1,352**	**9.5%**				
Total	**14,231**	**100.0%**	**242,384**	**100.0%**	**17.0**	**602**

(Source: PMS 2 April 2013)

Notes:
We use a computer system called the Practice Management System (PMS), to hold the registration and complaints data we collect about care services. Much of the information we use in this report is taken from the PMS.

* These services are registered to provide the service and no limits are placed on the volume of service users or places they have, therefore this information is not applicable.

31 March 20132: number of care providers by sector

Type of care service	Data	Health Board	Local Authority	Private	Voluntary or Not for Profit	Grand Total
Adoption service	Services (%)	0 (0.0%)	32 (82.1%)	0 (0.0%)	7 (17.9%)	39 (100.0%)
Adult placement service	Services (%)	0 (0.0%)	27 (73.0%)	0 (0.0%)	10 (27.0%)	37 (100.0%)
Care home service	Services (%)	19 (1.2%)	297 (19.4%)	791 (51.8%)	420 (27.5%)	1,527 (100.0%)
Childcare agency	Services (%)	0 (0.0%)	1 (2.9%)	19 (55.9%)	14 (41.2%)	34 (100.0%)
Childminding	Services (%)	0 (0.0%)	0 (0.0%)	6,192 (100.0%)	0 (0.0%)	6,192 (100.0%)
Daycare of children	Services (%)	3 (0.1%)	1,731 (45.3%)	1,075 (28.2%)	1,008 (26.4%)	3,817 (100.0%)
Fostering service	Services (%)	0 (0.0%)	33 (52.4%)	6 (9.5%)	24 (38.1%)	63 (100.0%)
Housing support service	Services (%)	6 (0.6%)	183 (17.5%)	202 (19.3%)	656 (62.7%)	1,047 (100.0%)
Nurse agency	Services (%)	0 (0.0%)	0 (0.0%)	39 (92.9%)	3 (7.1%)	42 (100.0%)
Offender accommodation service	Services (%)	0 (0.0%)	2 (22.2%)	0 (0.0%)	7 (77.8%)	9 (100.0%)
School care accommodation service	Services (%)	0 (0.0%)	9 (13.4%)	36 (53.7%)	22 (32.8%)	67 (100.0%)
Secure accommodation service	Services (%)	0 (0.0%)	1 (20.0%)	0 (0.0%)	4 (80.0%)	5 (100.0%)
Support service	Services (%)	24 (1.8%)	396 (29.3%)	331 (24.5%)	601 (44.5%)	1,352 (100.0%)
Total services (%)		**52 (0.4%)**	**2,712 (19.1%)**	**8,691 (61.1%)**	**2,776 (19.5%)**	**14,231 (100.0%)**

(Source: PMS 2 April 2013)

31 March 2013: number of care providers by category of care service

Type of care service	Number of providers of services	Max number of services per provider	Total number of services
Adoption service	39	1	39
Adult placement service	27	2	37
Care home service	559	42	1,527
Childcare agency	29	3	34
Childminding	6,192	1	6,192
Daycare of children	1,592	164	3,817
Fostering service	57	3	63
Housing support service	472	26	1,047
Nurse agency	39	4	42
Offender accommodation service	6	3	9
School care accommodation service	54	8	67
Secure accommodation service	5	1	5
Support service	517	32	1,352
Total services (%)	**8,885****	**221***	**14,231**

(Source: PMS 2 April 2013)

Notes

* While many providers may run only one service (usually the case with childminders) others run many services and categories of service. This figure means that one provider was operating 221 services across several categories of service at the end of the year.

** Because some providers operate services in more than one category, the total number of providers is less than the sum of the number of providers within each category.

Changes to registered services from 31 March 2012 to 31 March 2013

Type of care service	Services at 31 March 2011 (revised)	Registrations	Cancellations	Services at 31 March 2012	% change
Adoption service	39			39	0.0%
Adult placement service	37	1	1	37	0.0%
Care home service	1,539	59	71	1,527	-0.8%
of which: Care homes for older people	912	33	40	905	-0.8%
Childcare agency	37	1	4	34	-8.1%
Childminding	6,155	644	607	6,192	0.6%
Daycare of children	3,880	97	160	3,817	-1.6%
Fostering service	63	1	1	63	0.0%
Housing support service	1,065	27	45	1,047	-1.7%
Nurse agency	51	3	12	42	-17.6%
Offender accommodation service	9			9	0.0%
School care accommodation service	67	2	2	67	0.0%
Secure accommodation service	6		1	5	-16.7%
Support service	1,346	67	61	1,352	0.4%
All types of care service	**14,294**	**902**	**965**	**14,231**	**-0.4%**

(Source: PMS 2 April 2013)

2. Complaints

Complaints we received, registered and completed in 2012/13.

	Received	Registered	Completed
Registered service	3,172	1,877	1,800
Care Inspectorate	65	20	15
All complaints	**3,237**	**1,897**	**1,815**

(Source: PMS 2 August 2013)

Complaints against registered services 2012/13

Type of care service	Complaints completed	% of all complaints completed	Number upheld or partially upheld	Upheld or partially upheld as % of all complaints[1]	Upheld or partially upheld per 1,000 services[1]	Upheld or partially upheld per 1,000 places[1,2]
Adoption service						
Adult placement service	1	0.1%				
Care home service	884	49.1%	608	68.8%	398.2	13.8
Childcare agency	2	0.1%	1			
Childminding	165	9.2%	84	50.9%	13.6	2.2
Daycare of children	325	18.1%	173	53.2%	45.3	1.1
Fostering service	5	0.3%	3			
Housing support service	104	5.8%	78	75.0%	74.5	
Nurse agency	5	0.3%	4			
Offender accommodation service						
School care accommodation service	24	1.3%	17	70.8%	253.7	3.2
Secure accommodation service	3	0.2%	2			
Support service	282	15.7%	216	76.6%	159.8	
Total	**1,800**	**100.0%**	**1,186**	**65.9%**	**83.3**	**3.6**

(Source: PMS 2 August 2013)

Notes:

(1) Figures based on fewer than ten upheld complaints are represented in italics and should be interpreted with caution. Figures based on fewer than 5 cases are excluded from the table.

(2) The total rate per 1,000 places does not include complaints made against adult placement services childcare agencies, fostering services, adoption services, nurse agencies, housing support services, support services or service providers as these types of services are not all based on places available.

Services that had complaints upheld against them in 2012/13

	Number of different services	% of registered services
Number of services with at least one complaint upheld	763	5.4%
Number of services with more than one complaint upheld	220	1.5%
Number of services with more than two complaints upheld	95	0.7%
Maximum number of complaints upheld against a service	13	

(Source: PMS 2 August 2013)

2012/13 – area of complaint (based on complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
General health and welfare	502	22.4%
Communication - between staff and service users/relatives/carers	205	9.2%
Staff - levels	156	7.0%
Staff - other	93	4.2%
Healthcare - medication issues	84	3.8%
Policies and procedures - complaints procedure	78	3.5%
Staff - training/qualifications	77	3.4%
Healthcare - nutrition	63	2.8%
Record keeping - personal plans/ agreements	61	2.7%
Healthcare - inadequate healthcare or healthcare treatment	57	2.5%
Environment - fitness of premises/environment	50	2.2%
Policies and procedures - other	47	2.1%
Communication - other	45	2.0%
Heathcare - tissue viability	44	2.0%
Record keeping - other	42	1.9%
Healthcare - continence care	39	1.7%
Staff - recruitment procedures (including Disclosure Checks)	39	1.7%
Healthcare - infection control issues	39	1.7%
Conditions of registration - exceeding capacity	37	1.7%
Environment - other	35	1.6%
Healthcare - hydration	33	1.5%
Choice - activities	33	1.5%
Privacy and dignity	31	1.4%
Communciation - information about the service	27	1.2%
Property - care of	27	1.2%
Environment - security	22	1.0%
Protection of people - adults	21	0.9%
Choice - dignity and privacy	18	0.8%
Property - loss of/missing	18	0.8%
Healthcare - oral health	18	0.8%
Choice - care and treatment	17	0.8%
Protection of people - children	17	0.8%
Environment - inadequate facilities	16	0.7%
Choice - other	15	0.7%
Staff - other fitness issues	15	0.7%
Financial Issues	12	0.5%
Conditions of registration - other	11	0.5%
Protection of people - restraint	11	0.5%
Access - to other services eg advocacy/health	10	0.4%
Food - quality	9	0.4%
Food - availability	9	0.4%
Food - choice	8	0.4%
Protection of people - policies and procedures	8	0.4%
Food - other	7	0.3%
Property - other	6	0.3%
Protection of people - other	5	0.2%

Area of Complaint	Number	Percentage %
Healthcare - palliative care	4	0.2%
Access - other	3	0.1%
User participation - other	3	0.1%
Death and dying	3	0.1%
Conditions of registration - type of service provided	2	0.1%
Healthcare - clinical governance	2	0.1%
Staff - unfit to work with vulnerable people	2	0.1 %
Care Commission - communication	1	0.0%
User participation - in managing/developing the service	1	0.0%
Total number of sub-complaints upheld or partially upheld	**2,238**	**100.0%**

(Source: PMS 2 August 2013)

Note:
This table is not comparable to the similar tables presented in previous annual reports. It includes each sub-complaint that was upheld or partially upheld whereas previous tables included all sub-complaints if the overall outcome was upheld or partially upheld.

2012/13 – Summary of areas of complaint (based on complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
General health and welfare	502	22.4%
Healthcare	383	17.1%
Staff	382	17.1%
Communication	278	12.4%
Policies and procedures	125	5.6%
Environment	123	5.5%
Record keeping	103	4.6%
Choice	83	3.7%
Protection of people	62	2.8%
Property	51	2.3%
Conditions of registration	50	2.2%
Food	33	1.5%
Privacy and dignity	31	1.4%
Access	13	0.6%
Financial issues	12	0.5%
Service user participation	4	0.2%
Death and dying	3	0.1%
Grand Total	**2,238**	**100.0%**

(Source: PMS 2 August 2013)

Note:
This table is not comparable to the similar tables presented in previous annual reports. It includes each sub-complaint that was upheld or partially upheld whereas previous tables included all sub-complaints if the overall outcome was upheld or partially upheld.

3. Enforcements

Number of enforcement notices issued 2012/13

Type of care service	S62 Improvement Notice	S64 Proposal to cancel	S73 Decision to cancel	S66 Proposal to impose/ vary/ remove conditions	S73 (Decision to impose/ vary/ remove conditions)	S67 Emergency condition notice	S65 Emergency cancellation	Total
Care home service	16			2	1	1		20
Childminding	13	9		3	1	1		28
Daycare of children	5	1	1					7
Housing support service	1		1					1
Support service	2			1				3
Total	**37**	**10**	**2**	**6**	**2**	**2**	**0**	**59**

Number of services* that had enforcement notices issued against them 2012/13

Type of care service	S62 Improvement Notice	S64 Proposal to cancel	S73 Decision to cancel	S66 Proposal to impose/ vary/ remove conditions	S73 (Decision to impose/ vary/ remove conditions)	S67 Emergency condition notice	S65 Emergency cancellation	Total
Care home service	14			2	1	1		14
Childminding	13	9	1	3	1	1		24
Daycare of children	4	1	1					5
Housing support service	1							1
Support service	2			1				2
Total	**34**	**10**	**2**	**6**	**2**	**2**	**0**	**46**

Number of services* that had enforcement notices issued against them 2012/13, by sector

Type of care service	Local Authority	Private	Voluntary or Not for Profit	Total number of services that received a notice
Care home service		13	1	14
Childminding		24		24
Daycare of children	1	4		5
Housing support service		1		1
Support Service		2		2
Total	**1**	**44**	**1**	**46**

(Source: enforcement dataset 02/07/2013)

Notes:
These tables do not include enforcement procedures we use to cancel services if we cannot contact them any longer or procedures relating to inactive services.
The section numbers 62, 64, 73, 66, 67 and 65 in the table refer to sections of the Public Services Reform (Scotland) Act 2010.
* Some services will have had more than one notice issued, for example 20 notices were issued against 14 different Care Homes.

4. Grades at 31 March 2013

Summary of grades by service type at 31 March 2013

Note: all grades are from inspection reports finalised by 31 March 2013.

Theme 1: quality of care and support

% of services with each grade

	1	2	3	4	5	6
Adoption	0.0%	0.0%	5.1%	38.5%	53.8%	2.6%
Adult Placement	0.0%	0.0%	5.6%	30.6%	58.3%	5.6%
Care Home	0.8%	4.4%	14.7%	34.9%	40.0%	5.2%
Childcare Agency	0.0%	0.0%	10.0%	33.3%	40.0%	16.7%
Childminding	0.1%	0.6%	4.3%	24.8%	59.4%	11.0%
Daycare of Children	0.2%	1.2%	5.4%	27.2%	57.6%	8.5%
Fostering	0.0%	1.7%	1.7%	35.0%	58.3%	3.3%
Housing Support	0.2%	1.8%	5.2%	31.3%	52.3%	9.2%
Nurse Agency	2.9%	2.9%	5.7%	28.6%	54.3%	5.7%
Offender Accommodation	0.0%	0.0%	0.0%	22.2%	66.7%	11.1%
School Care Accommodation	0.0%	3.1%	3.1%	33.8%	41.5%	18.5%
Secure Accommodation	0.0%	0.0%	0.0%	40.0%	40.0%	20.0%
Support	0.2%	2.0%	5.2%	31.7%	50.9%	10.1%
Grand total	**0.2%**	**1.4%**	**5.9%**	**27.9%**	**55.1%**	**9.4%**

Theme 2: quality of environment

% of services with each grade

	1	2	3	4	5	6
Care Home	1.0%	3.3%	15.0%	38.4%	39.0%	3.3%
Childminding	0.1%	0.4%	4.4%	35.7%	52.9%	6.5%
Daycare of Children	0.3%	1.4%	5.3%	38.7%	50.0%	4.3%
Offender Accommodation	0.0%	0.0%	0.0%	42.9%	57.1%	0.0%
School Care Accommodation	0.0%	1.5%	3.1%	35.4%	52.3%	7.7%
Secure Accommodation	0.0%	20.0%	20.0%	0.0%	60.0%	0.0%
Support	0.0%	1.2%	2.7%	44.4%	46.5%	5.3%
Grand total	**0.3%**	**1.2%**	**6.0%**	**37.5%**	**49.8%**	**5.3%**

(Source: CI grades at 31 March 2013 extract 2 April 2013)

Theme 3: quality of staffing

% of services with each grade

	1	2	3	4	5	6
Adoption	0.0%	0.0%	2.6%	53.8%	43.6%	0.0%
Adult Placement	0.0%	0.0%	2.8%	47.2%	47.2%	2.8%
Care Home	0.3%	3.2%	14.8%	37.0%	41.8%	2.9%
Childcare Agency	0.0%	0.0%	16.7%	20.0%	60.0%	3.3%
Childminding	3.6%	0.6%	5.4%	30.3%	52.7%	7.3%
Daycare of Children	0.3%	1.1%	5.2%	39.5%	49.0%	4.8%
Fostering	0.0%	0.0%	0.0%	36.7%	61.7%	1.7%
Housing Support	0.2%	1.4%	6.1%	39.8%	46.7%	5.8%
Nurse Agency	2.8%	2.8%	5.6%	33.3%	47.2%	8.3%
Offender Accommodation	0.0%	0.0%	0.0%	22.2%	66.7%	11.1%
School Care Accommodation	0.0%	0.0%	4.6%	35.4%	47.7%	12.3%
Secure Accommodation	0.0%	0.0%	0.0%	20.0%	60.0%	20.0%
Support	0.2%	1.6%	6.2%	39.0%	48.0%	5.0%
Grand total	**1.7%**	**1.2%**	**6.5%**	**35.4%**	**49.5%**	**5.8%**

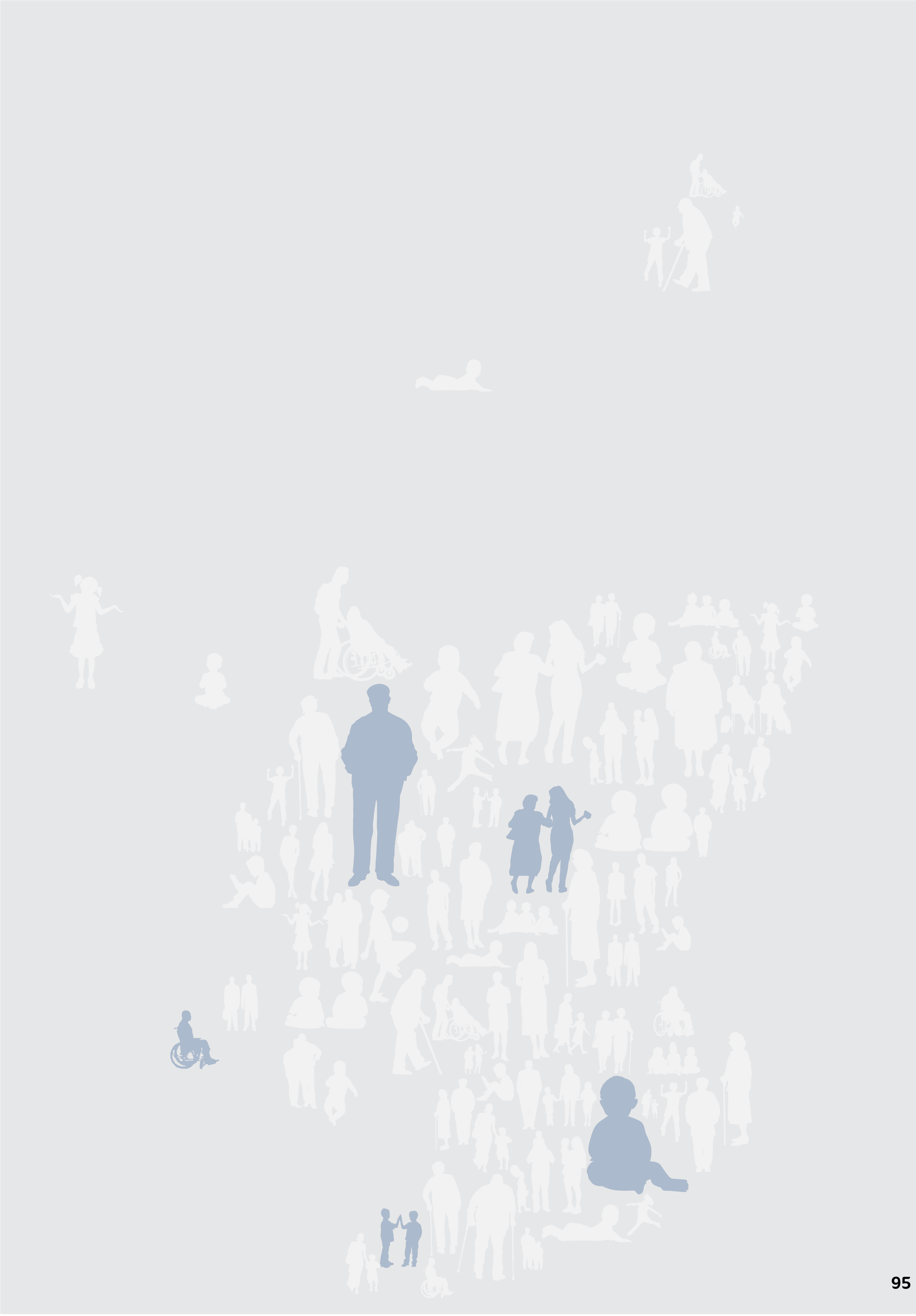
(Source: CI grades at 31 March 2013 extract 2 April 2013)

Theme 4: quality of management and leadership

% of services with each grade

	1	2	3	4	5	6
Adoption	2.6%	0.0%	5.1%	46.2%	46.2%	0.0%
Adult Placement	0.0%	0.0%	11.1%	41.7%	44.4%	2.8%
Care Home	1.0%	4.5%	16.5%	39.3%	35.1%	3.6%
Childcare Agency	3.3%	0.0%	10.0%	40.0%	40.0%	6.7%
Daycare of Children	0.4%	1.1%	10.9%	47.0%	38.7%	2.0%
Fostering	1.1%	2.1%	7.0%	40.9%	44.7%	4.2%
Housing Support	0.0%	1.7%	6.7%	40.0%	46.7%	5.0%
Nurse Agency	0.6%	1.3%	8.0%	41.2%	43.8%	5.1%
Offender Accommodation	2.9%	2.9%	8.8%	32.4%	47.1%	5.9%
School Care Accommodation	0.0%	0.0%	0.0%	55.6%	44.4%	0.0%
Secure Accommodation	0.0%	1.5%	4.6%	27.7%	58.5%	7.7%
Support	0.0%	0.0%	20.0%	40.0%	0.0%	40.0%
Grand total	**1.0%**	**1.6%**	**8.8%**	**42.5%**	**41.4%**	**4.6%**

(Source: CI grades at 31 March 2013 extract 2 April 2013)



Headquarters
Care Inspectorate
Compass House
11 Riverside Drive
Dundee
DD1 4NY
Tel: 01382 207100
Fax: 01382 207289

Website: www.careinspectorate.com
Email: enquiries@careinspectorate.com
Care Inspectorate Enquiries: 0845 600 9527

This publication is available in other formats and other languages on request.

Tha am foillseachadh seo ri fhaighinn ann an cruthannan is cànain eile ma nithear iarrtas.

অনুরোধসাপেক্ষে এই প্রকাশনাটি অন্য ফরম্যাট এবং অন্যান্য ভাষায় পাওয়া যায়।

یہ اشاعت گزارش پر دیگر شکلوں اور دیگر زبانوں میں دستیاب ہے-

ਬੇਨਤੀ ‘ਤੇ ਇਹ ਪ੍ਰਕਾਸ਼ਨ ਹੋਰ ਰੂਪਾਂ ਅਤੇ ਹੋਰਨਾਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਉਪਲਬਧ ਹੈ।

هذا المنشور متوافر عند الطلب بتنسيقات وبلغات أخرى.

本出版品有其他格式和其他語言備索。

Na życzenie niniejsza publikacja dostępna jest także w innych formatach oraz językach.

Published by: Communications