



ANNUAL REPORT AND  
ACCOUNTS **2013/14**

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## **[Annual Report and Accounts of the Care Inspectorate]**

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

1 April 2013 to 31 March 2014

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# [Foreword]

**This has been my first year chairing the Care Inspectorate, and it has been a year of change. A new management structure, a new approach to planning inspections and the development of specialist inspection teams all represent big change – but are extremely positive developments which improve the effectiveness and quality of the Care Inspectorate’s work.**

The changes put the focus of our scrutiny firmly on to the outcomes experienced by people who use care services. Without question, managing change and transition – whilst maintaining the delivery of core work – is a big challenge, but we have performed well.

The year 2013/14 was also the final year of our initial corporate plan. The plan, developed to guide the Care Inspectorate in its early days, has since been refreshed and will support our development over the coming years.

I am particularly pleased by our change to specialist inspection teams. This means that inspectors are, primarily, working in the subject discipline in which they have a practice background. While our previous approach was sufficient for the purposes of inspecting against defined national care standards, our new approach supports and drives improvement. It allows our inspectors to maintain their professional knowledge and expertise and – crucially – allows them to use these skills to help care services improve where necessary.

Some people have asked whether, in recent times, the Care Inspectorate has raised the bar of what we expect in social care. In many ways, we have – but we should remember that public expectation about care is constantly, and rightly, rising too. Some practices which may have been considered acceptable a decade ago are no longer acceptable today.

In that context, the review of the National Care Standards is apposite and welcome. The current standards are over a decade old and, in some areas, too chiselled. We wish to see a new approach to care standards set around a human rights agenda. This will allow care services to provide more person-centred care, and allow our inspectors to exercise more professional judgement when assessing the quality of that care.

The last year has also been a time of significant change for care in Scotland. Self-directed support is now activated, and new developments will emerge from the Children and Young People (Scotland) Act. Plans to ensure that health and social care services work more closely are now well advanced and the Care Inspectorate is playing a key role in the integration agenda. We are working with other scrutiny bodies to continue our programme of joint inspections of services in community planning partnership areas, and working to develop new ways of assessing the impact of strategic commissioning and the outcomes it provides for people using care and health services.

I would like to thank our Executive Team and all our staff for the vital work they do. There are people across Scotland who experience better quality care, and enhanced lives, as a result of their work. It is crucial that we continue to improve the work we do, so that vulnerable people are protected.

## **PAUL EDIE CHAIR**



I am particularly pleased by our change to specialist inspection teams.







# **[SECTION ONE: STRATEGIC REPORT]**

# [1.1 Introduction]

**I am pleased to introduce our annual report for 2013/14. This was the third year of operation for the Care Inspectorate and the report shows the progress made in developing an expert-led inspection body that acts swiftly and fairly to protect vulnerable people and improve the quality of care they experience.**

I would like to pay tribute to and thank our staff over a period of change. We have asked our staff to work in new ways, in an ever-changing environment, and they have performed with professionalism and resilience. I would also like to thank our board for their commitment and continued hard work. They provide effective and experienced scrutiny of our work and corporate performance.

This year we undertook an extensive programme of inspecting regulated care services. Our inspections are risk-based, mostly unannounced, and conducted against frequency criteria agreed by the Scottish Ministers. This was the first year of a new approach to planning inspections, which are now scheduled centrally rather than on a regional basis. This allows us to manage risk and resources across a wider area and respond more flexibly to changing circumstances.

Where standards are not up to scratch, we will continue to seek improvement where possible and use our legal powers to protect vulnerable people from harm where necessary. During the course of the inspection year, we dealt with some high-profile and challenging enforcement action, both in early years and older people's services.

As well as our regulated care service inspections, we have continued to develop a programme of joint inspections with other scrutiny partners, including Her Majesty's Inspectorate of Constabulary for Scotland, Healthcare Improvement Scotland, and Education Scotland. These joint inspections examine how well services are provided across any given community partnership planning area and how well those services are working together. During this period we completed the pilot phase of the inspections for children's services and, with Healthcare Improvement Scotland, piloted the methodology for joint inspections of services for older people. In addition, we continue to work with social work departments (including criminal justice social work) to help them evaluate their own practice and promote constructive challenge to help improvement.

I am determined to strike the right balance between regulation, inspection, assurance and improvement. Almost everyone will use a care service at some point in their life, so the public has a right to know how those services are performing. In addition, we will continue to focus scrutiny on the areas of greatest risk. That requires us to gather and assess intelligence from complaints, inspection and partners and adjust our scrutiny accordingly. This is an area of work we are currently reviewing, and will also inform the ongoing development of a new methodology for inspecting regulated care services.

The regulatory work we do cannot of itself guarantee quality, but is an essential ingredient of it. Our inspections cannot eliminate the possibility that poor quality care happens, but a strong focus on outcomes for people who use services means we can require changes where necessary and improve lives of hundreds of thousands of people across Scotland.



**ANNETTE BRUTON  
CHIEF EXECUTIVE**



I am determined to strike the balance right between regulation, inspection, assurance and improvement.

## [1.2 About the Care Inspectorate]

The Care Inspectorate is the official body responsible for inspecting standards of social work and social care in Scotland. That means we regulate and inspect care services to make sure they meet the right standards. We also carry out joint inspections with other bodies to check how well different organisations in local areas are working to support adults and children. We help ensure social work, including criminal justice social work, meets high standards.

It is our responsibility to provide assurance and protection for people who use services, their families and carers and the wider public. We play 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 Ministers but are accountable to them and are publicly funded. Our functions, duties and powers are set out in the Public Service Reform (Scotland) Act 2010 and associated regulations.

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

We regulate 14,090 care services. The bulk of these are childminders, care homes, care at home, daycare of children, and housing support. In addition, we also regulate adoption and fostering services, secure care, school accommodation, nurse agencies, and offender accommodation. You will find more information about the numbers and types of services we regulate in Appendix 4.

Our regulatory work includes registering and inspecting care services, dealing with complaints and carrying out enforcement action, where necessary, to make services improve.

During 2013/14, we began joint inspections for children's services and adults' services. The inspections of services for children and young people are led by the Care Inspectorate, working alongside education, health and police scrutiny partners. We examine how well services are provided in community planning partnership areas, and how well those services are working together to improve the outcomes for children and young people. Working with Healthcare Improvement Scotland, we began inspections of services for adults, focusing initially on services for older people. The fieldwork for the first two such inspections was conducted during the year.

We also provide scrutiny of social work services in Scotland's 32 local authorities and partners, including criminal justice social work. In 2013/14 we established a team of link inspectors, who work with each social work department. We help them evaluate their own practice, and promote constructive challenge to help improvement. If things go seriously wrong in criminal justice social work, we help make sure the right lessons are learned by providing scrutiny of serious incident reviews. Local authorities must also notify us about the death of a looked after child, and where necessary we review the circumstances surrounding the death.

## 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.

## 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 2013/14, the majority of inspections were unannounced. Using intelligence, our inspection plan focuses on poorer performing and high risk services. Inspectors use a variety of methods, depending on the type of service they are inspecting.

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 using a six-point scale from unsatisfactory to excellent across four themes: their quality of care and support, their quality of environment, their quality of staffing, and their quality of management and leadership.

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

Our methodology differs for joint inspections, which we carry out with other scrutiny bodies.

## [1.3 How we performed]

This section details how we performed against:

- the three outcomes in the corporate plan for 2011 to 2014
- the key performance indicators (KPIs) associated with the outcomes.

Key performance indicators measure how we performed against our three outcomes. This year the Audit Committee proposed significant changes to our KPIs, and the Board approved them in June 2013.

For the first time, we included quality indicators within our reporting framework. These include a mix of qualitative and quantitative measures, and incorporate KPIs along with other measures. This year, our main focus was to introduce our quality indicators, and build up our evidence base to inform them. In this section, as well as showing our performance against each KPI, we show the range of evidence we have begun to build about each quality indicator. In future years we will assess our performance against some of these quality indicators.

Regular monthly and quarterly reports on our performance, with a particular focus on our KPIs, provide our managers with information to monitor progress and take action where necessary. Quarterly reports are discussed by the Board of the Care Inspectorate.

### **Outcome 1: The quality of services in Scotland is improving**

#### **Quality Indicator 1 – Improvements to the quality of care**

At 31 March 2014, there were 14,090 registered care services operating in Scotland. The majority of these services perform well: 87% of services that had been inspected and graded by the end of the year had grades of good or better for every theme. Over the year, 10,086 (72%) had maintained or improved on grades of good or better for every quality theme since 1 April 2013. You will find more information about numbers and types of services, and their grades, in Appendix 4.

One of the key ways we require a service to improve is by making a requirement, which sets out clearly what must change, and by when. At each inspection, or earlier in certain circumstances, we consider all of the outstanding requirements and follow up any that have not been met. Inspection reports note 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. Each requirement met indicates that quality has improved. During the first half of 2013/14, we improved our recording systems so we know not just whether a requirement was met, but whether it was met within set timescales.

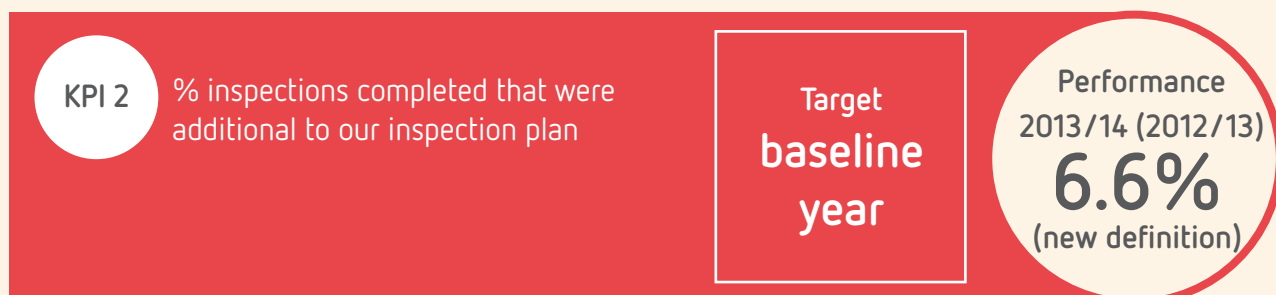
**KPI 1** gives an indication of whether care services are improving by measuring the percentage of the requirements made that had been met within set timescales. In 2013/14 we found that 62% of requirements had been met within the timescales set by the Care Inspectorate. (Note: that prior to the introduction of our revised recording template in September 2013, we included all requirements that were met as we could not identify those which were met outwith timescales. From this point, 60% of requirements were met within timescales, and a further 5% of requirements were met, but outwith the timescales set). Where requirements are not met, we will not hesitate to take formal action to improve the quality of care including serving an improvement notice or, in extreme cases, asking a sheriff to cancel a service's registration. At all times, the health, wellbeing and safety of people using the service are paramount.



This year, we introduced a 3-year inspection plan for all regulated care services. We did this to reduce the time our frontline inspection staff spend planning and scheduling inspections every year and to ensure that we were being consistent in our decisions about which services should be prioritised for inspection. This task is undertaken by a small team which coordinates all national inspection planning activity.

**KPI 2:** Our priority is to focus inspection on services that pose 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, or bringing forward an inspection that was not planned until future years. 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. Note that, with the move to a national planning approach, a more consistent definition of additional inspections has been taken which has contributed to the observed increase in additional inspections. This means comparisons to last year's performance is not appropriate.

We carried out an additional 513 care service inspections (6.6% of all the inspections we carried out) which had not been included in our plan at the start of the year. 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.



An important part of our care service inspections is to ask people who use the service and their relatives and carers about their experiences of the service. We do this directly through face to face interviews, group discussions and phone discussions. We also use questionnaires that people can fill out anonymously. We analysed questionnaires from 5,114 services in 2013/14. In 90% of care services, 90% or more respondents were satisfied or very satisfied with the overall quality of the service. This is in line with the 91% of respondents who were satisfied or very satisfied with the overall quality of service in the same period in 2012/13, and indicates a very high level of satisfaction with care services.

When we inspect a service, we want to give people some assurance that our inspections will help the service improve. Every year, at a sample of inspections, we ask people what they think of our inspections using a questionnaire. In 2013/14 we found that 93% of staff and 87% of service users thought that the quality of their care service would improve following the inspection (staff total: 822 respondents; service user: 366 respondents).

## Encouraging Improvement

Our scrutiny work is very much focused on encouraging improvement across the sector. Towards the end of 2013/14 we launched The Hub, an online resource available to Care Inspectorate staff and external stakeholders. The Hub provides 'one-stop-shop' access to a range of resources aimed at supporting improvement in the social care and social work sectors through the use and sharing of intelligence and research-led practice, including:

- a library of good practice guidance
- information on the latest developments in policy and legislation
- video-based examples of innovative practice
- guidance to help users carry out their own research
- toolkits and resources aimed at supporting improvement.

The Hub also supports a number of the Care Inspectorate's purposes, including by:

- acting as a catalyst for change and innovation
- supporting improvement and signposting good practice.

## **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**

### **Quality Indicator 2 - Involving people who use care 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. We expect services to involve people, and we have made significant steps to ensure that we also involve people in our own work.

When we inspect a service, we look at how it involves the people who use it, and their relatives and carers, in all aspects of the service. We found that 61% of services graded by 31 March 2014 received a grade of very good or excellent for how they involve people – an increase from 58% last year.

Our strategic inspections of children's and adults' services, which look at outcomes for people across a whole local authority area, include consultation with people who use services and carers.

Our inspections of regulated care services involve consulting with and speaking to people who use care services. This is done in a number of ways including face to face, by phone and through the use of questionnaires. In addition, we involve people with experience of using care services as part of an inspection team. Our inspection volunteers (formerly known as lay assessors) have experience of care, or looking after someone receiving care. They accompany inspectors to care services and speak to people using the care service.

Our involvement plan 'Involving people, improving services' was co-produced with people who use care services and their relatives and carers, and was approved by the Board in 2012/13. We held a successful event in June 2013 aimed at strengthening the involvement of young people in our work. In September 2013, we held our first annual involvement day, which brought together all of our involved people, including our inspection volunteers. At this event, we reviewed the work we had done over the previous year, and generated new ideas about how to implement the involvement action plan.

By 31 March 2014, we were supporting 55 inspection volunteers with another 13 in the final stage of recruitment. In total in 2013/14, inspection volunteers supported 506 inspections (6.5% of all inspections carried out in 2013/14, compared to 4.7% last year) and spoke with a total of 3362 service users and 1243 relatives, carers and friends. In 2013/14, we launched a recruitment drive to increase the number of inspection volunteers. These plans were informed by a consultation with people who use services.

In order for people to be able work with us to make a difference to care in Scotland, we need to make sure that people know about us, and what we do. Over the course of the year, we have exhibited at a range of conferences (around 30 different events) to promote knowledge and understanding of our work.

Towards the end of the year, we launched an advertising campaign to raise awareness about our work to investigate complaints. This has yet to be formally evaluated, but we have initial evidence of an increase in complaints about care services which suggests some success at reaching more people with the key messages about what we do and why they might want to contact us.

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

The Care Inspectorate has a budget of £33.697 million. Over the course of the year we:

- had over 14,000 care services on the care service list of registered services
- completed 7,825 care service inspections
- received 3,788 complaints
- registered 980 new services
- approved 2714 variations
- cancelled 1071 services from the care service list
- took enforcement action against 32 services
- inspected children’s services across 6 local authority areas
- inspected older people’s services across 2 local authority areas
- responded to over 450 external information requests
- received 22,357 calls to our national enquiry line
- developed working relationships with a wide range of other organisations including close working partnerships with other scrutiny bodies, in particular Health Improvement Scotland, Education Scotland and Audit Scotland.

This section provides further insight into how efficiently and effectively we have delivered this work, through developing our workforce, managing our finances, our scrutiny work, sharing and publishing information and our work with other scrutiny bodies and partners. You will find a range of statistical information about the services we regulate in Appendix 4.

### Financial Efficiencies

While the Scottish Government has not set a specific, formal efficiency target, the Cabinet Secretary has stated that public bodies are expected to deliver annual operational efficiency savings of at least 3%. We achieved 4.5% efficiency savings, well above the target of 3%.



## Efficiency of our processes

### Complaints

We received 3,788 complaints between 1 April 2013 and 31 March 2014. This is an increase of 17% on the 3,237 complaints we received over the same period in 2012/13. We formally registered 1,968 complaints, and completed 1,813 complaints investigations between April 2013 and March 2014. This includes complaints we received in 2012/13 but completed in 2013/14 and complaints about both the Care Inspectorate and registered care services. You will find more detailed statistical information about complaints in Appendix 4.

In 2013/14, we reviewed our complaints and registration functions, and as part of that considered the KPIs that we should have in place. The Board approved a new KPI to measure performance around investigating complaints about the Care Inspectorate. We agreed the nature of the measure, but did not agree the timescales for 2013/14. Since April 2014, we have aimed to complete investigations of complaints about us within 20 working days, which is in line with the expectations of the Scottish Public Services Ombudsman (SPSO) model complaints procedure. In 2013/14, we reported only on the volume of complaints received and completed.

In 2013/14 we received 64 complaints about the Care Inspectorate. We completed investigations into 30 complaints about the Care Inspectorate in 2013/14, some of which were complaints received in 2012/13. Of the 30 complaint investigations completed in 2013/14, 12 (40%) of these were either upheld or partially upheld.



Over the course of the year, the Board's Complaints Sub-Committee met six times to review nine cases. In four of these cases, the findings of the original complaint investigation was supported or partially supported and in the remaining five, the original findings were not supported. A new process for investigating complaints about the Care Inspectorate will apply in future, in order to comply with the SPSO model guidance.

### Complaints about registered care services

We dealt efficiently with complaints about care services. During 2013/14, 98% of complaints about care services were acknowledged within three days, which is the same level as last year. Of the complaints that we formally registered in 2013/14, 50% were registered within 12 working days. This was a new KPI, and we are working towards a target of 60%. We completed 99.1% of investigations within 20 working days or the complainant was notified of an extension to the timescale.

The top five specific reasons for complaints from April 2013 – March 2014 were:

1. general health and welfare
2. communication between staff and people using services/relatives/carers
3. staff levels
4. staff training and qualifications
5. policies & procedures – complaints procedures.

### **Registering care services**

At 31 March 2014 there were 14,090 registered care services. This is 91 (0.6%) fewer than the 14,181 registered services at 31 March 2013. By 31 March 2014 we had completed 980 new registrations, an increase of 78 (8.6%) on last year. Of these, the majority - 620 (63%) - were childminders. We have dealt efficiently with registrations, exceeding our target of 80% as follows:

- 93% of childminding registrations completed within three months
- 90% of registrations of other service types completed within six months
- Overall 92% completed within timescales.

Over the year to 31 March 2014, 1071 services had cancelled their registration or had had their registration cancelled by the Care Inspectorate.

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 2014 we completed 2,714 variations (2,232 in 2012/13). You will find more detailed statistical information about registrations and cancellations in Appendix 4.

**KPI 5**

Efficiency measure: % of registration and complaints activities completed within specific timescales

complaints about care services acknowledged within 3 days

Target  
**100%**

Performance  
2013/14 (2012/13)  
**98%**  
**(98%)**

complaints about care services registered within 12 days

Target  
**60%**

Performance  
2013/14 (2012/13)  
**50%**  
**(new KPI)**

complaints about care services completed within 20 days or complainant notified of an extension

Target  
**100%**

Performance  
2013/14 (2012/13)  
**99%**  
**(91%)**

registrations completed within:

3 months for childminders

6 months for other care services

Target  
**85%**  
**85%**

Performance  
2013/14 (2012/13)  
**93% (90%)**  
**90% (92%)**

### Care service inspections

In 2013/14, we completed 7,825 inspections of care services in total (8,835 in 2012/13). We increased the intensity of our inspections by examining all four quality themes (three in services where only three themes are due to be inspected) at all inspections throughout the year.

KPI 6a: At the start of each year, we have a plan of all inspections that we will carry out over the year. This plan then changes as services cancel, become inactive, register and decrease or increase in risk throughout the year. This KPI shows the proportion of these planned inspections that were still on our plan at the end of the year which we carried out. During the inspection year 2013/14 we completed 97.8% of our 7,999 planned inspections. 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. All of the services that required an inspection, or in some cases a second inspection, in 2013/14 but did not get one, were inspected in the first quarter of 2014/15.



KPI 6b: The inspection plan that we agreed with ministers for 2013/14 stipulated the maximum length of time between inspections. This ranges from one year for some service types such as care homes (the poorest performing services will be expected to have at least 2 inspections within a year), to 4 years for other service types, such as childminders providing high quality care. As part of our new national inspection planning approach, we set a date by which each service should be inspected next – we call this the “last possible date of inspection”. This new KPI (KPI6b) shows that we met this date 74% of the time, and we will continue to monitor our progress against this new measure closely over 2014/15.



When we inspect, we want see the service as it usually operates – the service that people experience on a daily basis. Therefore we try to carry out as many inspections as possible on an unannounced basis. A total of 5,084 care service inspections (65%) were carried out as unannounced inspections. A further 2,465 inspections (32%) were made at short notice and 276 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.

### Enforcements

Where a service does not make improvements as required, we can use our legal powers and take enforcement action. If necessary we can close services down as a last resort. We served 46 enforcement notices about the quality of care to 32 different services in 2013/14. This is 13 fewer than the number served in 2012/13, accounted for by a large decrease in enforcement notices relating to childminders. The number of enforcement notices served on care homes and daycare of children services increased by 5 and 3 respectively. (Note: These numbers exclude ‘technical’ enforcements which are not related to the quality of the service. Technical enforcement notices generally relate either to inactive services or where a service, usually a childminder, has moved and we cannot contact them and use our enforcement procedures to remove them from our register.) You can find further statistical information about enforcement in Appendix 4.

## **Developing a new way of inspecting childminders**

In 2013/14 we reviewed how we were inspecting childminders, and looked for ways that we could do this better. We focused on linking our inspection methodology with the SHANARRI outcomes for children which are: Safe, Healthy, Active, Nurtured, Achieving, Respected, Responsible and Included. We piloted this new approach late in 2013/14, in order to introduce it for all childminding inspections from 2014/15.

## **Joint inspections**

Over the past two years we have worked with a range of other partners to develop new models of inspection for children's services and adults' services. Our inspections examine the outcomes for people living in each community planning partnership area, looking at the way that the relevant statutory partners work together to improve outcomes for people.

In 2013/14, we completed strategic joint inspections of children's services in:

- North Ayrshire
- Argyll and Bute
- Midlothian
- East Dunbartonshire
- Highland
- East Lothian.

Our reports on these inspections are available on our website.

We also published reports for our inspections of Orkney and City of Edinburgh following fieldwork in 2012/13. Our fieldwork for inspections of Dumfries & Galloway, Stirling and Clackmannanshire was well underway by the end of the year. These inspections are led by the Care Inspectorate and conducted jointly with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland.

Working with Healthcare Improvement Scotland, we completed joint inspections of services for adults in Moray and Aberdeenshire, looking closely at the outcomes experienced by people using health and social care services. These followed work to develop our inspection methodology in development test sites in Perth & Kinross, Inverclyde and West Lothian, which spanned 2012/13 and 2013/14. Reports for the Moray and Aberdeenshire inspections will be published in 2014/15 on our website.

## **Serious incident reviews**

In January 2012 the Care Inspectorate took over responsibility for receiving notifications of circumstances when offenders who are 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 published our first annual report on serious incident reviews in 2013/14.

## **National Enquiry Line**

All external enquires are directed through our National Enquiry Line. In 2013/14, we handled 22,357 calls, 93% of which were handled within the agreed level of service. Common enquiries dealt with include staff or office enquiries, registration enquiries, complaints or website enquiries, and registration application requests.

## **Quality Indicator 3 - Partnership working**

We have worked with partners in a variety of ways over the course of the year, including to undertake joint inspections, one-off strategic inspections and evaluations. We have worked with other scrutiny bodies to plan scrutiny and develop new methodologies, seconded key staff to work on important projects, shared our information with others and used theirs to help us in our work.

We led a criminal justice social work services supported self-evaluation project to evaluate initial impact of the Level of Service/Case Management Inventory (LS/CMI) case management tool on the quality of assessment and planning in criminal justice social work services in Scotland. The assessment focused on young people and women who offend across all 32 local authority social work services. We worked with the Risk Management Authority and the Association of Directors of Social Work on this project, and our final report will be published on our website in 2014/15.

We led a multi-agency inspection of child protection and services for looked after children on the Isle of Man. The inspection followed closely the model of the joint inspections of services for children and was subject to full cost recovery.

In addition, we:

- were part of a working group led by Audit Scotland to develop a locality model for inspection with scrutiny partners
- chaired a working group to review all data and intelligence held by scrutiny bodies to enable more efficient, effective collection and sharing of information to inform risk; reduce duplication; and enable more proportionate, targeted scrutiny and improvement work
- seconded a member of staff to the Scottish Government to support the review of the National Care Standards and seconded a member of staff to the Joint Improvement Team
- met with partner scrutiny bodies looking at the Shared Risk Assessment (SRA) process including the Local Authority Networks (LANs) and National scrutiny plan
- planned and delivered four workshops as part of our review of our annual returns, with stakeholders and providers from a variety of care services represented.

We work closely with Scottish Government and the Information Services Division (ISD) (part of the NHS in Scotland) to host their care home census of long term residents every year. The most recent publication "Care Homes Census 2013" is available on the ISD website [www.isdscotland.org](http://www.isdscotland.org)

## **Memoranda 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 memoranda

of understanding, written agreements about how we will work with other bodies, and, if appropriate, what information we will share with them.

As at March 2014, we had MOUs or similar agreements in place with:

- SSSC data sharing agreement
- Scottish Housing Regulator
- Mental Welfare Commission
- Health and Safety Executive
- Office of the Public Guardian.

We also had a range of signed MOUs with fire and rescue and police services across Scotland. These services 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 commenced in 2013/14.

### **Sharing information**

We recognise that, as a by-product of our core scrutiny functions, we collect a range of unique information about social care in Scotland. Interest in our information is apparent from the volume of information requests we deal with each year.

During 2013/14 we dealt with:

- 238 freedom of information requests, of which 210 were sent out within the statutory 20 day deadline
- 86 data protection requests, of which 80 were sent out within the statutory 40 day deadline
- 84 parliamentary questions
- 50 Scottish Government requests.

We make a great deal of information available on our website, including detailed information about every registered care service in Scotland such as their current and previous grades, any complaints or enforcements, and copies of all inspection reports we have finalised.

Significant new publications released this year include:

- Corporate Plan 2014-18
- Quality and performance of adoption agencies 2011-13
- Child Protection Overview Report 2009-2012
- Childcare Statistics 2012
- Complaints about care services in Scotland 2008-2013
- Outcome of complaints – research report commissioned by the Care Inspectorate
- Criminal Justice Social Work Serious Incident Reviews
- Quarterly publications of Care News, our magazine for service providers.

## Quality Indicator 4 - Best value

The Care Inspectorate's approach to Best Value includes a programme of efficiency review projects, an efficiency focus within all of the major development reviews and greater integration of operations.

The Executive Team and other senior staff have developed an operational improvement plan in support of the corporate plan. All projects within this plan have to demonstrate compliance with best value principles.

Over the course of 2013/14 we reviewed a range of strategies with a view to becoming more efficient and delivering best value.

Our Efficiency and Best Value Strategy was reviewed during the year.

In 2013/14, budgeted efficiencies included changes to staff deployment so that we could provide more scrutiny of those care services with the highest risks and absorbing unavoidable cost pressures, such as staff pay awards and general inflation costs.

Further in-year efficiencies were achieved through developments to shared services, procurement efficiencies, ICT efficiencies and estate efficiencies.

We achieved 4.5% efficiency savings, well above the target of 3% - as stated in KPI3.

The shared services strategy was originally approved in 2011/12 and covered shared finance, estates, ICT and selected HR services with Scottish Social Services Council (SSSC). This was further developed over 2013/14 to include health and safety and equalities advice as well as continuing to provide financial accounting services to the Office of the Scottish Charities Regulator.

Work on an ICT sustainability review was undertaken in 2013/14 and will be considered by the relevant Board committees in 2014/15.

We developed a disaster recovery and business continuity plan, and associated training will be rolled out in 2014/15.

### Key decision making groups

Our key decision making group is the Executive Team, which generally meets fortnightly and comprises the Chief Executive, directors and the depute directors. All significant policy and strategy developments are considered by this group. The Programme Management Team, which comprises the Executive Team and all heads of service, takes oversight of the operational improvement plan which includes all significant projects and developments that we planned to work on over the year.

### Involving staff in policy and strategy development

The Executive Team, Partnership Forum and Resources Committee approved the approach and timeframe for development and deployment of revised HR policies and procedures.

We have established a Team Manager forum which has met quarterly since November. In 13/14 we established a Policy Review Group, which has representation from across the organisation and includes trade unions. This group meets quarterly, to review and revise our staff policies. Our review of our inspection methodology, which started with a review of childminders in 2013/14, has involved a significant cross section of our staff, and this level of staff involvement will continue as we review our wider inspection methodologies over the next two years.

Our review of complaints and registrations functions included insight from surveys of all staff about what works well, and what could be improved, as well as involvement of staff directly involved in registration and complaints.

We routinely canvass staff views on a number of topics, including the National Care Standards review, salary protection policy, the intelligence review, the new regulatory award and the legal services review.

A significant source of information about the impact of new or revised policies on staff will come from our employee survey in 2014/15.

## **Quality Indicator 5 - Staff experience**

### **Developing our workforce**

One of the most significant changes we made at the start of this year was to re-organise our workforce into specialist areas. We created four national teams, covering (a) older people, (b) adults, (c) criminal justice and young people, and (d) early years. Our inspection staff were allocated to teams based on their previous knowledge, experience and qualifications. We believe this structure puts us in the best position to effectively carry our scrutiny and improvement functions.

From the start of 2013/14 all inspection staff were allocated to their new inspection teams based on their specialist skills, knowledge and experience. Subsequently, our administrative staff structure was changed to better align with this new specialist team approach, and all administrative staff were in their new roles by the end of the year.

The Employee Development Plan and Strategy up to 31 March 2014 was approved by the Executive Team in June 2013. In addition to individual staff development opportunities, we held a wide range of events and programmes including:

- a national staff conference in September
- two development weeks at which many of our staff were offered learning and development opportunities tailored to their specialist areas of work
- induction training for new staff
- rolling out a programme to create a network of coaches and mentors amongst our staff to provide a coaching and mentoring service
- a development event for our link inspectors and contact managers to develop the nature and focus of these roles.

Our Youth Employment Strategy was approved in 2013/14. We have completed further research and benchmarking work and we will implement this strategy in 2014/15.

We have worked with partners and staff to review our professional regulator award, which we expect our frontline staff to hold. We are preparing to put out an invitation to tender for the delivery of the revised award in 2014/15. We started reviews of our homeworking policy and our staff performance appraisal system, and will complete these in 14/15. We completed an initial research, benchmarking and evidence gathering phase for the Healthy Working Lives award.

We introduced our new electronic corporate performance management system across the organisation. This system enables staff across the whole organisation to see performance information relevant to their role and, where appropriate, provide updates on a regular basis.

Over the course of the year we rolled out our new HR system, called Pulse, which staff now use for a range of purposes including keeping personal details up to date, recording leave and absence, claiming expenses, and viewing and downloading payslips. Further functionality will be made available in 2014/15.

Our recorded sickness absence level for the year was 4.9%, an increase from the 4.2% recorded last year. This is higher than the public sector benchmark from the Chartered Institute for Personnel and Development (CIPD) which was 3.0% for 2013/14, down significantly from their 4.5% benchmark for 2012/13.

We held a series of internal focus groups for staff to discuss how we communicate internally and how this could be improved to help the outcomes of our work. This informed a new Internal Communications and Engagement Strategy, which was agreed by the Executive Team in March 2014 and will be rolled out in coming years.

## **Quality Indicator 6 – Leadership and direction**

Our new Corporate Plan 2014-2018 followed extensive consultation with Board members and staff across the whole organisation, including group discussions and online feedback surveys. As part of this work, our Board approved a revised Performance Framework for 2014/15.

We developed our inspection plans for 2014/15 and these were approved by Ministers in February 2014.

We developed a new approach to inspecting childminders, which is outlined above. This new approach was tested in several pilot sites before being fully implemented from 1 April 2014. This was the first step in our programme to change the way we inspect care services over the next two years.

We work closely with our worked with our trade union Partnership Forum to explore and resolve issues within the workplace. Working with the Partnership Forum, we have commissioned a staff survey which will take place in 2014/15.

## Quality Indicator 7 – Quality assurance and improvement

We re-launched the Quality Assurance Group with representation from across the organisation, in line with the revised structure. We have reviewed and prioritised a number of actions aimed at improving the consistency of our approaches and clarifying the respective responsibilities of staff, managers and admin support in regards to quality assurance.

Our significant move to specialist teams, and the introduction of national inspection planning, will improve both consistency and effectiveness of our inspection work. Our specialist team structure in particular will facilitate our improvement agenda across the care sector.

This year we reviewed our complaints handling processes to ensure they were compliant with the SPSO model complaints procedure. We reviewed our complaints and registration teams, making use of our internal information and intelligence as well as conducting an internal survey of our staff to get their views about how these teams operate, and ideas about future improvements. This review also took into account the Queen Margaret University and University of Stirling study, 'Outcome of Complaints Research for the Care Inspectorate' which we commissioned, and which was published in summer 2013.

Our Board approved a public reporting strategy in 2012/13 which has a detailed action plan for 2013-15 and has resulted in measures to improve and enhance the strategic reputation and awareness of the Care Inspectorate, for example public information campaigns and a new pro-active media strategy to improve public assurance about care.

To constantly improve the quality of our work, we ran a number of online surveys over the year, asking external customers and our own staff for their views on how we might improve. These included surveys about:

- evaluations of events for staff, such as induction events and development events
- evaluations of some of our policies and procedures for staff
- registration and complaints
- a review of legal services
- the National Care Standards, during the initial engagement phase
- the new inspection, regulation and scrutiny award
- childcare statistics consultation 2013
- central allocation of complaints
- our legislative framework
- evaluation of dementia informed services
- our methodology for inspection (for the public, providers and staff)
- the intelligence review.

## [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 to 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.

### **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.

Inspection volunteers – 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. During 2013/14, we launched a recruitment programme for inspection volunteers in order to support a desired increase in the number of inspections involving an inspection volunteer.

### **Providers of care services**

We regularly communicate and engage with people who provide care services. This includes direct communication through inspectors, a series of contact managers for larger providers with multiple services, and the use of our e-forms system for direct communication between the Care Inspectorate and staff in services. Relevant information for professionals is uploaded to our website. Printed materials used to engage with providers of care services in 2013/14 include Care News and occasional direct printed materials on corporate issues involving the Care Inspectorate or practice materials for

staff in care services. In 2013/14, we launched The Hub, an online depository of effective practice, showcasing knowledge, innovation and improvement in the sectors in which we operate.

### **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. In 2013/14, we significantly expanded the work we do with the media and brought our press office in-house. We agreed a new approach of proactively alerting the public, through the media, when services perform very well or very poorly.

### **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. Work has been undertaken to replace the Management Statement and Financial Memorandum with an NDPB model framework agreement. We held a joint development session between senior staff in the Care Inspectorate and officials in our sponsor branch to explore emerging policy and practice issues, and hold regular update meetings.

### **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 apprised of our work. During 2013/14, we published a new guide to set out how the Care Inspectorate can help MPs, MSPs and their researchers in their parliamentary activities.

### **Our employees**

As at 31 March 2014, we employed 624 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 homeworking. 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. In 2013/14 our new Organisational Development department began a structured process of reviewing staff policies and procedures to ensure they remain up-to-date and reflect best practice. A new Internal Communications and Engagement Strategy was agreed, which set out four high-level principles of internal communication and a change programme for improvement. A joint employer – trade union staff survey has been planned by the Partnership Forum.

The table below details the gender breakdown of Care Inspectorate staff as at 31 March 2014.

Role	Male headcount	Female headcount
Directors	2	1
Senior managers	5	12
Employees	110	480
<b>All staff</b>	<b>117</b>	<b>493</b>

### Other scrutiny bodies

We work closely with other scrutiny bodies and have a duty of co-operation arising from the Public Services Reform (Scotland) Act 2010. We carry out joint inspections with Education Scotland, Healthcare Improvement Scotland, and Her Majesty's Inspectorate of Constabulary in Scotland. Our Chair sits on the boards of Healthcare Improvement Scotland and the Scottish Social Services Council; reciprocal arrangements exist for their chairs to sit on our Board. We work closely with the Mental Welfare Commission and are reviewing our memoranda of understanding with other partners, including the new police and fire services.

Our staff participate widely in external groups and committees, and we pursue secondments with partner bodies when they are mutually beneficial.

We continue to forge effective relationships with sister scrutiny partners in other parts of the UK, including the Regulation and Quality Improvement Authority (RQIA) in Northern Ireland, the Care and Social Services Inspectorate Wales (CSSIW), and the Care Quality Commission (CQC) in England.

## [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 consider whether to undertake equality impact assessments on all our policies and procedures, and do so where necessary.

In April 2013 we published *Towards Equality: Fairer Care, Support and Social Work Services in Scotland and Equality Outcomes 2013–2017*. These publications show the progress we have made towards the public sector equality duty, and our aims and objectives for achieving equality outcomes in the future. Our equalities work is based on the views of service users, our staff and national equality groups representing all of the protected characteristics.

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. During 2013/14 we undertook work to refresh our dignity at work policy.

# [1.7 Financial review – current and future]

## Funding

Care Inspectorate budgets of £33.697m for 2013/14 and £34.034m for 2014/15 have been agreed by Scottish Ministers. We have assumed that our funding and budget will remain broadly stable for the remaining three years of our current corporate plan period of 2015–18. 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.

For 2013/14, we have identified quantifiable efficiencies of £1.6m (4.7% of approved budget).

These efficiencies were used to:

- increase inspection frequency for some care service types
- absorb cost increases such as incremental pay progression, a cost of living award for staff earning less than £22,000 per annum and general inflationary cost increases
- bring forward planned developments from future financial years.

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 in accordance with the Accounts Direction issued by Scottish Ministers. The Accounts Direction (reproduced at Appendix 1) requires compliance with the Government Financial Reporting Manual (FRoM). 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 as shown in the Statement of Comprehensive Net Expenditure (SCNE) for three reasons.

First, for budgeting purposes we consider grants and grant-in-aid to be income. The accounting position must present grants and grant-in-aid as sources of funds and are credited to the general reserve on the Statement of Financial Position. Second, 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. Third, 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 £233k includes depreciation of £210k and losses on the disposal of assets of £23k.

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	38,680
Revenue funding from grants and grant-in-aid	Note 15	(21,640)
Reverse IAS 19 pension accounting adjustments	Note 5b	(16,917)
To fund depreciation and assets disposals	Note 6	(233)
<b>(Surplus)/Deficit on funding and budgeting basis</b>		<b>(110)</b>

	Budget £000	Actual £000	Variance £000
<b>Operating income</b>			
Fee income	(11,876)	(11,878)	(2)
Other income	(1,349)	(1,459)	(110)
<b>Total operating income</b>	<b>(13,225)</b>	<b>(13,337)</b>	<b>(112)</b>
<b>Operating expenditure</b>			
Staff costs	27,389	26,657	(732)
Other operating expenditure	7,884	8,438	554
<b>Total operating expenditure</b>	<b>35,273</b>	<b>35,095</b>	<b>(178)</b>
<b>Net bank charges/(interest)</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Net revenue expenditure</b>	<b>22,053</b>	<b>21,763</b>	<b>(290)</b>
<b>Funded by:</b>			
Grants and grant-in-aid	(21,820)	(21,640)	180
Transfer from general reserve to fund depreciation	(233)	(233)	0
<b>Total revenue funding</b>	<b>(22,053)</b>	<b>(21,873)</b>	<b>180</b>
<b>Funding deficit/(surplus)</b>	<b>0</b>	<b>(110)</b>	<b>(110)</b>

The Care Inspectorate had a total of £21.821m grant-in-aid approved by the Scottish Government that it could access and draw down throughout the year. We recognised early in the financial year that due mainly to recruitment delays for inspection staff and the appointment of senior managers to our new organisational structure that we would not require our full allocation of our grant-in-aid. We agreed with our Sponsor Department that we would not draw down £0.18m of our authorised grant-in-aid as part of our response to this non-recurring budget saving.

Therefore we drew down grant-in-aid of £21.641m. Of this, £0.254m was used to fund capital purchases. Funding for revenue purposes was £21.387m grant-in-aid and other grants of £0.253m i.e. total grant funding of £21.640m. In addition we hold £0.233m in the general reserve to fund depreciation. Therefore the total funding available for 2013/14 revenue purposes was £21.873m.

The total revenue expenditure of £21.763m is less than the available funding and therefore there was a surplus of £0.110m.

During 2013/14 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 £1.055m for these services. We also share accommodation with other public sector organisations in several of our offices across Scotland and we received income of £0.217m 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 2014 shows net liabilities of £50.1m (2012/13: £33.3m). 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 2014.

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. The liability, therefore, 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 562 employees who were active members of the Tayside Superannuation Fund as at 31 March 2014.

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 2014, we employed 13 people who are in the NHS pension scheme. The majority of these 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.

## Auditor's 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 2013/14 was £30.9k (2012/13 £30.9k).

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 2013/14 was £33.1k (2012/13: £59.2k).

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](http://www.careinspectorate.com)

### **Supplier payment policy**

The Care Inspectorate is committed to the Confederation of British Industry's 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 97.35% (2012/13: 96.70%) of invoices within ten days.

### **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 2014) that require disclosure.



## [1.8 Sustainability report]

This section uses a new style of reporting which includes carbon management and environmental sustainability activities and measures. This approach is taken in order to show how, as a public body, the Care Inspectorate, can demonstrate progress towards achieving the targets and actions set out in the Climate Change (Scotland) Act 2009 and other relevant legislation.

The Care Inspectorate produced its first Carbon Management Plan in 2011, which we now report on annually. As a regulatory body, our core business is to inspect care services throughout Scotland. This incurs high travel-related CO<sub>2</sub> emissions. We have a presence in 16 locations from as far north as Shetland to as far south as Dumfries. These properties are of varying sizes, from 30m<sup>2</sup> to 2819m<sup>2</sup>, on a variety of lease terms, making control of our stationary CO<sub>2</sub> emissions difficult.

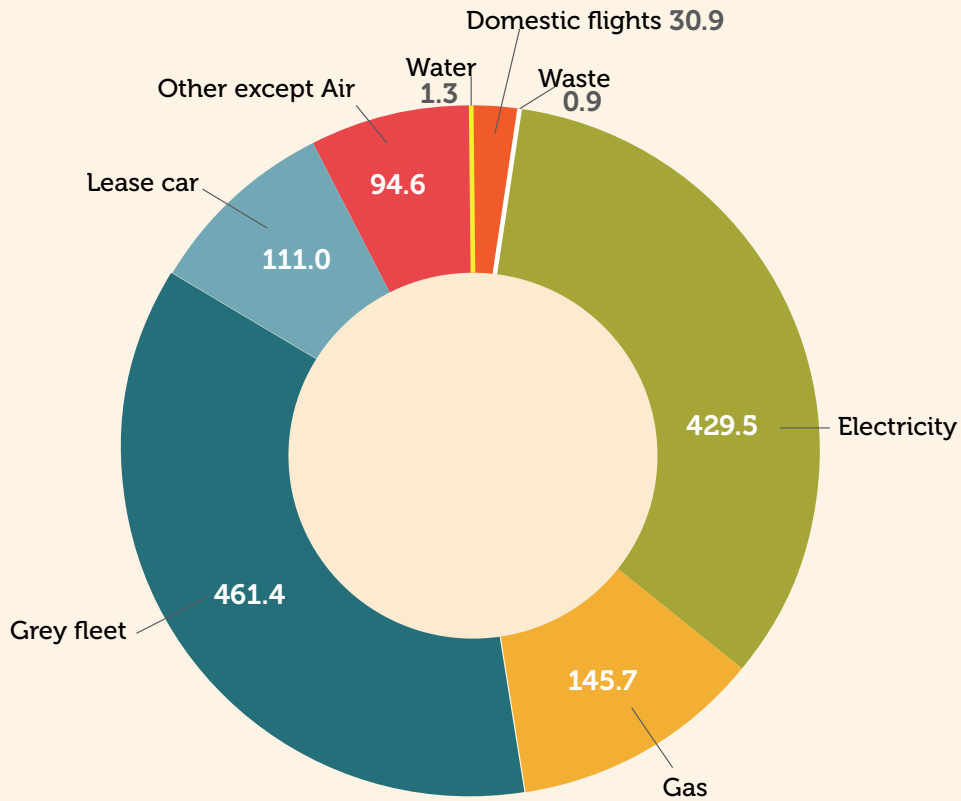
We do not have the direct energy consumption and costs from all of our landlords, so the figures for electricity, gas, water and rates are aggregated from offices for which we have accurate figures. This approach has been consistent for all years from 2011/12 onwards.

### Summary of performance

Area	Performance	Status
Total CO <sub>2</sub> e	Carbon emissions have increased by 6% from the 2011/12 baseline	●
Travel	Carbon emissions have increased by 27% from the 2011/12 baseline	●
Gas, water and electricity	Carbon emissions have decreased by 11% from the 2011/12 baseline	●
Waste and recycling	Carbon emissions have decreased by 19% from the 2011/12 baseline	●

Area	2011/12 baseline	Actual performance	Target performance by 2016
Total CO <sub>2</sub> emission	1,203 tCO <sub>2</sub> e	1,275 tCO <sub>2</sub> e	1,083 tCO <sub>2</sub> e
Travel related CO <sub>2</sub>	551 tCO <sub>2</sub> e	698 tCO <sub>2</sub> e	496 tCO <sub>2</sub> e
Total travel cost	–	£915,743	–
Total energy CO <sub>2</sub>	646 tCO <sub>2</sub> e	575 tCO <sub>2</sub> e	581 tCO <sub>2</sub> e
Energy consumption (gas and electricity)	–	1.756 MWh	–
Energy expenditure (gas and electricity)	–	£160,197	–
Total waste CO <sub>2</sub>	1.1 tCO <sub>2</sub> e	0.90 tCO <sub>2</sub> e	0.99 tCO <sub>2</sub> e
Waste	–	42 tonnes	–
Waste expenditure	–	£14,167	–
Total Water CO <sub>2</sub>	4.6 tCO <sub>2</sub> e	1.3 tCO <sub>2</sub> e	4.1 tCO <sub>2</sub> e
Water consumption	–	3,727m <sup>3</sup>	–
Water expenditure	–	£35,702	–

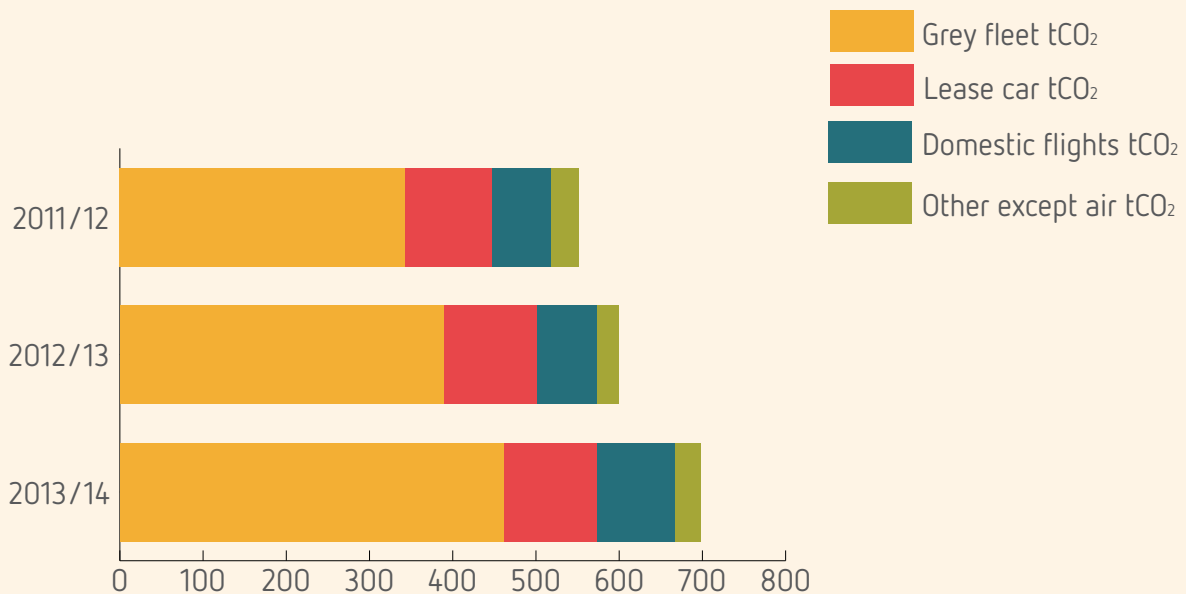
## Summary of Performance



## Travel

Year	Grey fleet tCO <sub>2e</sub>	Lease car tCO <sub>2e</sub>	Other except air tCO <sub>2e</sub>	Domestic flights tCO <sub>2e</sub>
2011/12	342.6	103.7	71.9	32.9
2012/13	388.5	112.0	72.2	27.4
2013/14	461.4	111.0	94.6	30.9

## Travel year on year



### Performance commentary

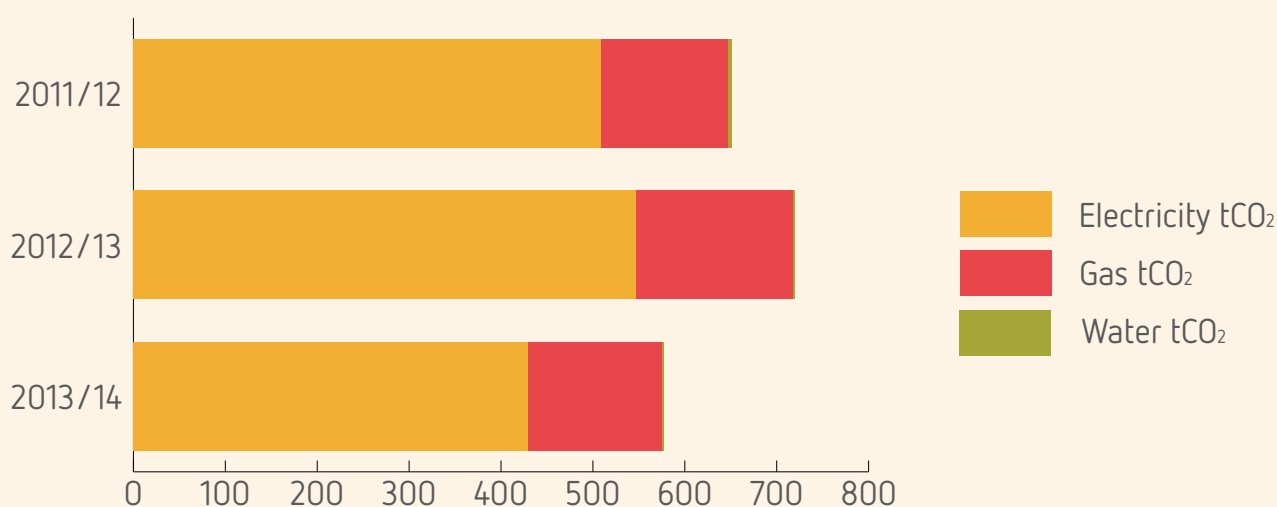
There has been a year-on-year increase in car travel, totalling 126 tCO<sub>2</sub>e from baseline, the majority of which results from the use of private vehicles (grey fleet). The 'other' category includes trains, ferries, buses and taxis and emissions from this category have risen noticeably in the last year. Emissions from flights reduced in 2012/13 but increased again last year. Overall, there has been an increase of 27% in emissions from the baseline. This contributed to us not making progress towards our reduced tCO<sub>2</sub>e target of 1,083 tCO<sub>2</sub>e by 2016.

### Direct impact commentary

The Care Inspectorate is going through a process of changing from broadly generic geographically based inspection teams to national teams that focus on specific service types (specialist teams). At the same time we have significantly increased the number of regulated care service and strategic inspections undertaken since the baseline year. Our complaints investigation activity has also increased over the same period. We have collected data and will be analysing this during 2014/15 with a view to ensuring our travel arrangements can be made as efficient as possible both in terms of cost and environmental impact. However, it is our core business to visit regulated care services and local authorities and to meet service users and their carers. Therefore travel throughout Scotland will always be required.

### Gas, water and electricity

Year	Electricity tCO <sub>2</sub> e	Gas tCO <sub>2</sub> e	Water tCO <sub>2</sub> e
2011/12	508.9	137.4	4.6
2012/13	547.3	170.4	1.4
2013/14	429.5	145.7	1.3



### Performance commentary

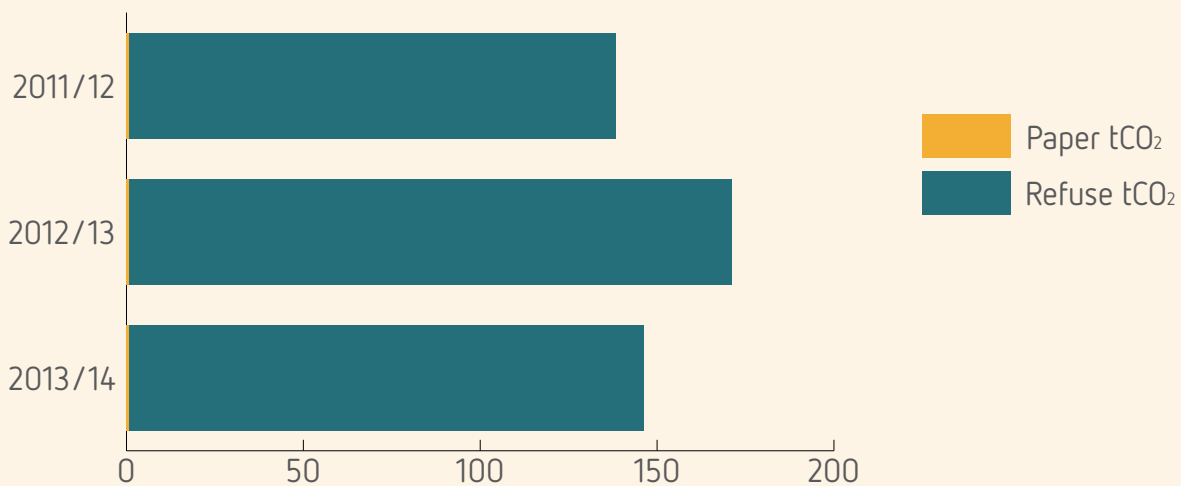
There was an increase in energy consumption in 2012/13 due to the prolonged period of cool, dull weather, resulting in higher heating and lighting costs. However, last year showed a marked improvement on previous years, resulting in the tCO<sub>2</sub> being below the 2016 target level of 581 tCO<sub>2</sub>.

### Direct impact commentary

The high water value in 2011/12 resulted from a leak in the mains pipe at Compass House, Dundee which was historical in nature. It was only when the Scottish Government water contract started that our consumption was benchmarked and found to be high. After investigation and repair of the leak, there was a significant reduction in billed water consumption and cost. Since then, water consumption has decreased but may increase if there is an increase in staff numbers. The reduction in energy consumption coincided with reduced light and heating settings, new ICT equipment and changing light fittings and lamps for more energy efficient ones.

### Waste and recycling

Year	Paper tCO <sub>2</sub>	Refuse tCO <sub>2</sub>
2011/12	0.8	0.3
2012/13	0.8	0.4
2013/14	0.6	0.3



### Performance commentary

There is a clear reduction in emissions from waste and recycling, especially in the areas of paper waste; emissions from refuse are relatively stable.

### Direct impact commentary

A change in processes has contributed to the reduction in paper use and waste. With the new waste regulations for 2014-15 onwards, we hope that the figure for refuse will reduce in future.

### 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 in a way which is relevant and proportionate to the procurement process.

## [1.9 Property]

As at 31 March 2014, the Care Inspectorate leased 16 properties. Of these, nine are shared with other public sector bodies. 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  
Chief Executive  
24 October 2014



**[SECTION TWO:  
DIRECTORS' REPORT]**

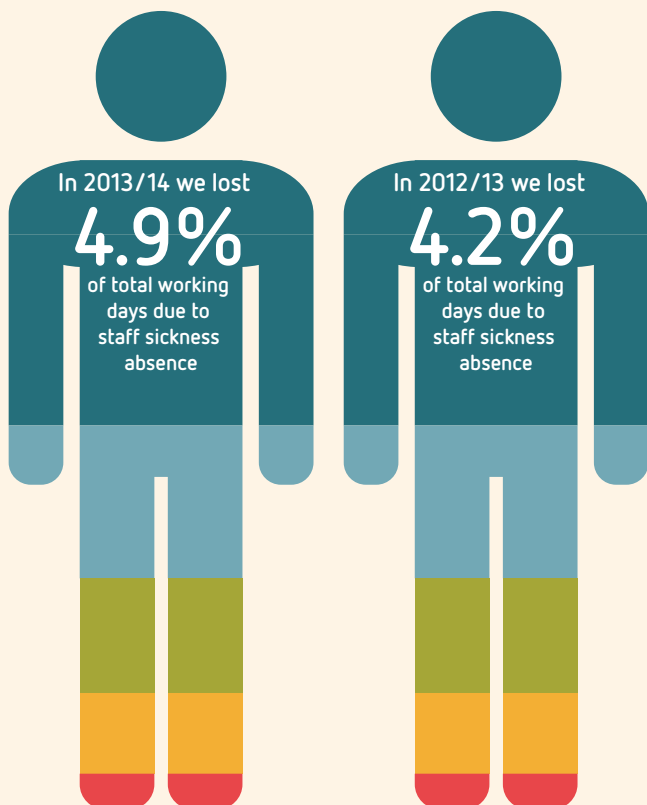
The Directors' Report sets out the key aspects of the internal senior management operations within the Care Inspectorate over the course of the year to 31 March 2014.

## [2.1 Senior officers]

The senior officers of the Care Inspectorate are:

- Annette Bruton, Chief Executive
- Karen Anderson, Director of Strategic Development (Depute Chief Executive)
- Robert Peat, Director of Inspection
- Gordon Weir, Director of Corporate Services
- Sue Neilson, Depute Director – Adult Services
- Sarah Blackmore, Depute Director – Children's Services & Criminal Justice

## [2.2 Sickness absence data]



## [2.3 Personal data incidents]



*Annette Bruton*

Annette Bruton  
Chief Executive  
24 October 2014



**[SECTION THREE:  
REMUNERATION REPORT]**

## [3.1 Remuneration report]

This section provides information on the remuneration of Care Inspectorate Board members and senior managers. The senior managers in 2013/14 were:

- Annette Bruton, Chief Executive
- Karen Anderson, Depute Chief Executive and Director of Strategic Development
- Robert Peat, Director of Inspection
- Gordon Weir, Director of Corporate Services
- Sue Neilson, Depute Director – Adult Services
- Sarah Blackmore, Depute Director – Children’s Services and Criminal Justice.

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:

- Paul Edie (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
- Depute Chief Executive / Director of Strategic Development
- Director of Corporate Services
- Head of Organisational Development.

### 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

The Depute Chief Executive and Director of Strategic Development was on a fixed salary point of £85k and directors were on fixed salary points of £82k throughout the year. There is no incremental progression or performance related pay adjustments to directors’ pay.

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

## Notice periods

### Members

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

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

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

Name	Current term	Date of initial appointment	Date of termination of appointment
Edie, Paul (Chair)	1st	15 April 2013	14 April 2015
Allison, Theresa	1st	1 March 2011	28 February 2014
Brown, Morag	1st	1 March 2011	28 February 2014
Cairns, Mike	1st	1 March 2011	28 February 2015
Coia, Denise	1st	1 March 2011	5 September 2014
Coutts, Garry	1st	1 March 2011	31 August 2013
Dunlop, Christine	1st	10 March 2014	9 March 2018
McGoldrick, James	1st	1 September 2013	31 August 2016
Doig, Ian	1st	1 August 2012	28 February 2015
Haddow, Anne	2nd	1 March 2011	28 February 2018
Houston, Anne	1st	10 March 2014	9 March 2018
Hutchens, Douglas	1st	1 March 2011	28 February 2014
Meiklejohn, Cecil	1st	1 March 2011	28 February 2015
Pollock, Linda	1st	10 March 2014	9 March 2018
Wiseman, David	1st	1 March 2011	28 February 2015
Witcher, Sally	1st	1 March 2011	28 February 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 6.0 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 three directors and two depute directors during the year:

- Depute Chief Executive and Director of Strategic Development
- Director of Inspection
- Director of Corporate Services
- Depute Director – Adult Services
- Depute Director – Children’s Services and Criminal Justice.

All directors and depute 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 Strategic Development (Deputy Chief Executive)	1 December 2012	20.6
Robert Peat	Director of Inspection	6 May 2013	6.8
Gordon Weir	Director of Corporate Services	1 December 2012	16.9
Sue Neilson	Depute Director – Adult Services	1 January 2013	10.9
Sarah Blackmore	Depute Director – Children’s Services and Criminal Justice	7 May 2013	25.9

## 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 6½ 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.

Name	Salary 2013/14 £000	Salary 2012/13 £000
Edie, Paul (Chair)	40–45	–
Allison, Theresa	5–10	5 – 10
Brown, Morag	0–5	0 – 5
Cairns, Mike	5–10	5 – 10
Coia, Denise	–	–
Coutts, Garry	–	–
Doig, Ian	0–5	0 – 5
Dunlop, Christine	0–5	n/a
Haddow, Anne	0–5	0 – 5
Houston, Anne	0–5	n/a
Hutchens, Douglas	0–5	5 – 10
McGoldrick, James	–	–
Meiklejohn, Cecil	0–5	5 – 10
Pollock, Linda	0–5	–
Wiseman, David	5–10	5 – 10
Witcher, Sally	0–5	0 – 5

Board members are not eligible to join the pension scheme available to employees of the Care Inspectorate. Denise Coia, James McGoldrick and Garry Coutts are Board members through reciprocal membership arrangements with Healthcare 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.

	Single total figure of remuneration							
	Salary		Benefits in kind (to nearest £100)		Pension benefits*		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£000	£000	£	£	£000	£000	£000	£000
Annette Bruton** Chief Executive	105-110	105-110	1,100	0	0	n/a	110-115	n/a
Karen Anderson Director of Strategic Development and Depute Chief Executive	85-90	70-75	700	0	32	21	115-120	90-95
Rober Peat*** Director of Inspection	70-75 (part year)	n/a	0	n/a	n/a	n/a	70-75	n/a
Gordon Weir**** Director of Corporate Services	80-85	75-80	0	0	43	24	125-130	100-105
Sarah Blackmore*** Depute Director Children's Services and Criminal Justice	65-70 (part year)	n/a	2,000	n/a	n/a	n/a	65-70	n/a
Sue Neilson***** Depute Director Adult Services	70-75	n/a	0	n/a	n/a	n/a	70-75	n/a

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

\*\* Annette Bruton transferred in service from a previous employer in 2012/13. This impacts on the pension benefit calculation to such an extent that disclosure of the value would be misleading.

\*\*\* Robert Peat commenced on 6 May 2013 and Sarah Blackmore commenced on 7 May 2013. The table above shows the part year salaries actually paid. The full year equivalents are in the bands £80k - £85k and £70k - £75k respectively.

\*\*\*\* Gordon Weir, the Director of Corporate Services, provided professional services to the Scottish Social Services Council (SSSC) during the year through a Service Level Agreement (SLA). The charge to the SSSC for this service was £19.2k (exc VAT).

\*\*\*\*\* Sue Neilson was employed for the full year but was not a member of the Executive Team in 2012/13 and therefore no 2012/13 comparative figures are available.

## Salary

Salary includes gross salary, overtime, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Care Inspectorate as recorded in the annual accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Care Inspectorate and treated by HM Revenue and Customs as a taxable emolument. All benefits in kind are associated with leased cars.

## Pay multiples

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 2013/14. 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 2.92 times greater than the median remuneration of the workforce. In 2013/14, no employees received remuneration in excess of the Chief Executive.

	2013/14	2012/13
Band of highest paid employee	£105,000 – £110,000	£105,000 – £110,000
Median remuneration	£36,801	£36,435
Remuneration ratio	2.92	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.

## Local Government Pension Scheme (LGPS)

Details of the LGPS and the Care Inspectorate's status as an admitted body to Tayside Superannuation Fund are contained in Note 5 of the annual accounts. The Chief Executive, directors and depute directors are all members of the LGPS.

	Accrued pension at age 60 and related lump sum £000	Real increase in pension and related lump sum at age 60 £000	Cash Equivalent Transfer Values (CETV)		
			As at 31 March 2014 £000	As at 31 March 2013 £000	Real increase £000
Chief Executive*	85-90	(2.5-5.0)	1,052	995	28
Director of Strategic Development (Depute Chief Executive)	25-30	2.5-5.0	73	49	22
Director of Inspection**	0-5	n/a	19	n/a	n/a
Director of Corporate Services	110-115	2.5-5.0	454	398	44
Depute Director Children's Services and Criminal Justice**	25-30	n/a	10	n/a	n/a
Depute Director Adult Services**	90-95	n/a	496	n/a	n/a

\*The 2012/13 published accounts disclosed a CETV value of £891k for the Chief Executive. The calculation of this figure contained an error and the table above shows the correct figure of £995k.

\*\* The Director of Inspection and Depute Directors were not members of the Executive Team last year and therefore no comparative figures are available.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the LGPS. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Payment of compensation for loss of office**

No Board members or senior management received any payment or other compensation for loss of office.

*Annette Bruton*

Annette Bruton  
Chief Executive  
24 October 2014



**[SECTION FOUR:  
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  
Chief Executive  
24 October 2014

# [SECTION FIVE: 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 and social work. 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, the code of conduct for members, the reservation of powers and scheme of delegation, and financial regulations. It must approve the annual report and accounts, budget, corporate plan, risk register and risk management strategy for each financial year.

The Board is also responsible for the approval of the appointment of internal auditors to the Care Inspectorate.

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**

During 2013/14, the Care Inspectorate had an Appeals Subcommittee and a Complaints Review Subcommittee. Board members may also be required to attend these sub committees.

### **Board members and attendance**

Board members are subject to the Ethical Standards in Public Life (Scotland) Act 2000 and the Care Inspectorate Code of Conduct which has been approved by Scottish Ministers. The 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
- 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](http://www.careinspectorate.com)

Christine Dunlop, Anne Houston and Linda Pollock all commenced their term of office late in the reporting year (10 March 2014) and therefore had limited opportunities to attend Board and committee meetings.

Board member	Board	Strategy and performance		Audit		Resources		Remuneration		Complaints*	Appeals
	Attend- ed	Member	Attend- ed	Member	Attend- ed	Member	Attend- ed	Member	Attend- ed	Attended	Attend- ed
Paul Edie, Chair	4	Yes	4	No	–	No	–	Yes	1	0	0
Theresa Allison	2	Yes	2	Yes	3	Yes	4	Yes	2	7	1
Morag Brown	2	No	–	Yes	2	Yes	4	No	–	1	0
Mike Cairns	4	Yes	4	Yes	5	No	–	Yes	2	8	0
Denise Coia	1	No	–	No	–	No	–	No	–	0	0
Garry Coutts	0	No	–	No	–	No	–	No	–	0	0
Christine Dunlop	1	No	–	Yes	0	Yes	0	No	–	0	0
Ian Doig	4	No	–	Yes	4	Yes	5	No	–	3	1
Anne Haddow	4	Yes	3	No	–	No	–	No	–	7	0
Anne Houston	0	Yes	0	No	–	Yes	0	No	–	0	0
Douglas Hutchens	1	Yes	2	No	–	No	–	No	–	3	0
James McGoldrick	2	No	–	No	1 (ob- server)	No	1 (ob- server)	No	–	0	0
Cecil Meiklejohn	1	Yes	3	Yes	4	Yes	5	No	–	5	1
Linda Pollock	1	Yes	0	Yes	0	No	–	No	–	0	0
David Wiseman	3	Yes	3	Yes	4	Yes	4	No	–	5	0
Sally Witcher	4	No	–	Yes	4	Yes	3	No	–	5	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 supports the Chief Executive in her Accountable Officer role through the formal scheme of delegation. In addition to the Chief Executive, the Executive Team comprises:

- Karen Anderson, Director of Strategic Development and Depute Chief Executive
- Robert Peat, Director of Inspection
- Gordon Weir, Director of Corporate Services
- Sue Neilson, Deputy Director – Adult Services
- Sarah Blackmore, Deputy Director – Children's Services and Criminal Justice.

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 on-going basis to reflect evolving risks and changes.

## Key elements of the Care Inspectorate's governance arrangements

The following are key elements of our 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 and 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 provides 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 are assessed by the Chair, meaning all Board members have personal development plans which are periodically supplemented by additional training for members; the Chair is similarly assessed by senior officials within the sponsor department

- board members are appointed by Scottish Ministers and 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 and staff performance is reviewed on an annual basis in accordance with our personal development and review scheme
- 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 forecasts
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against the forecasts
- clearly defined capital expenditure guidelines.

## **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 (Scottish Government)
- Management Statement and Financial Memorandum of the Care Inspectorate (Scottish Government)
- On Board: A Guide for Board Members of Public Bodies in Scotland (Scottish Government)
- The Model Code of Conduct for Members of Devolved Public Bodies (Scottish Government)
- Best Value in Public Services: Guidance for Accountable Officers (Scottish Government)
- The Role of Boards (Audit Scotland).

## **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**

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. A Code of Corporate Governance, together with a revised process for reviewing corporate governance arrangements, will be considered by the Audit Committee and subsequently the Board in early 2014/15. 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
- set out the corporate governance review process.

### **Personal data incidents**

There were no data protection breaches for the year to 31 March 2014.

### **Certification**

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2014 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  
Chief Executive  
24 October 2014





**[SECTION SIX:  
INDEPENDENT AUDITOR'S  
REPORT]**

# **[Independent 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 2014 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 2013/14 Government Financial Reporting Manual (the 2013/14 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 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 2013/14 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:

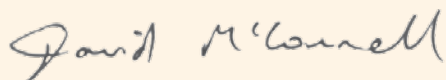
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial 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, MA, CPFA**

Assistant Director of Audit

Audit Scotland

4th Floor, South Suite

The Athenaeum Building

8 Nelson Mandela Place

GLASGOW

G2 1BT

29 October 2014



# [SECTION SEVEN: FINANCIAL ACCOUNTS]



Social Care and Social Work Improvement Scotland  
(Care Inspectorate)

Financial Accounts

1 April 2013 to 31 March 2014

## **[Contents]**

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## Statement of comprehensive net expenditure for the year ended 31 March 2014

	Notes	2013/14 £000	Restated 2012/13 £000
<b>Income</b>			
Fees charged to service providers	2a	(11,878)	(11,807)
Other operating income	2b	(1,459)	(1,382)
		<b>(13,337)</b>	<b>(13,189)</b>
<b>Expenditure</b>			
Staff costs	3b	28,124	27,285
Operating expenditure	6	8,497	9,181
		<b>36,621</b>	<b>36,466</b>
Net Operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities		23,284	23,277
Bank charges (net of interest)		5	5
Net interest on defined pension liability/(asset)		5b 1,500	1,691
Net Operating cost on ordinary activities after interest and net interest on pension scheme net liabilities		24,789	24,973
Total actuarial re-measurements on defined pensions liability		5b 13,891	(6,471)
<b>Total comprehensive net expenditure before Scottish Government funding*</b>		<b>38,680</b>	<b>18,502</b>

\* Please refer to the table on page 30 for further explanation.

2012/13 figures have been restated from the published 2012/13 position to reflect the change in IAS 19 Pensions accounting. This has no impact on the total comprehensive net expenditure position.

All operations are continuing.

The notes on pages 72 to 92 form an integral part of these accounts.

## Statement of financial position as at 31 March 2014

	Notes	2013/14 £000	2012/13 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	552	508
Intangible assets	8	141	164
<b>Total non-current assets</b>		<b>693</b>	<b>672</b>
<b>Current assets</b>			
Trade and other receivables	9	2,936	2,964
Cash and cash equivalents	10	1,767	1,517
<b>Total current assets</b>		<b>4,703</b>	<b>4,481</b>
<b>Total assets</b>		<b>5,396</b>	<b>5,153</b>
<b>Current liabilities</b>			
Trade and other payables	11	(3,510)	(3,383)
<b>Total current liabilities</b>		<b>(3,510)</b>	<b>(3,383)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>1,886</b>	<b>1,770</b>
<b>Non-current liabilities</b>			
Other payables greater than 1 year	11	(149)	(164)
Pension assets/(liabilities)	SOCTE	(51,807)	(34,890)
<b>Total non-current liabilities</b>		<b>(51,956)</b>	<b>(35,054)</b>
<b>Assets less liabilities</b>		<b>(50,070)</b>	<b>(33,284)</b>
<b>Taxpayers Equity</b>			
Pensions reserve	SOCTE	(51,807)	(34,890)
General reserve	15	1,737	1,606
		<b>(50,070)</b>	<b>(33,284)</b>

*Annette Bruton*

Annette Bruton  
Chief Executive  
24 October 2014

The notes on pages 72 to 92 form an integral part of these accounts.

## Statement of cash flows for the year ended 31 March 2014

	Note	2013/14 £000	2012/13 £000
<b>Cash flows from operating activities</b>			
Total comprehensive net expenditure before Scottish Government funding	SCNE	(38,680)	(18,502)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b	16,917	(3,297)
Depreciation and amortisation	7,8	210	200
Disposal of property plant and equipment	7	23	1
(Increase)/decrease in trade and other receivables	9	28	(547)
Increase/(decrease) in trade payables	11	127	792
Increase/(decrease) in non-current liabilities	11	(15)	(27)
<b>Net cash outflow from operating activities</b>		<b>(21,390)</b>	<b>(21,380)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(214)	(50)
Purchase of intangible assets	8	(40)	0
<b>Net cash outflow from investing activities</b>		<b>(254)</b>	<b>(50)</b>
<b>Cash flows from financing activities</b>			
Grants from Scottish Government	12	21,894	21,730
<b>Net financing</b>		<b>21,894</b>	<b>21,730</b>
Net increase/(decrease) in cash and cash equivalents in the period	10	250	300
Cash and cash equivalents at the beginning of the period	10	1,517	1,217
Cash and cash equivalents at the end of the period	10	1,767	1,517

The notes on pages 72 to 92 form an integral part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2014

	Note	Pension Reserve £000	General Reserve £000	Total Reserves £000
<b>Balance at 31 March 2012</b>		<b>(38,187)</b>	<b>1,675</b>	<b>(36,512)</b>
<b>Changes in taxpayers equity 2012/2013</b>				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments		3,297	(3,297)	0
Total comprehensive net expenditure			(18,502)	(18,502)
<b>Total recognised income and expense for 2012/13</b>		<b>3,297</b>	<b>(21,799)</b>	<b>(18,502)</b>
Grant from Scottish Government			21,730	21,730
<b>Balance at 31 March 2013</b>		<b>(34,890)</b>	<b>1,606</b>	<b>(33,284)</b>
<b>Changes in taxpayers equity for 2013/14</b>				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b	(16,917)	16,917	0
Total comprehensive net expenditure			(38,680)	(38,680)
<b>Total recognised income and expense for 2013/14</b>		<b>(16,917)</b>	<b>(21,763)</b>	<b>(38,680)</b>
Grants from Scottish Government	12		21,894	21,894
<b>Balance at 31 March 2014</b>		<b>(51,807)</b>	<b>1,737</b>	<b>(50,070)</b>

The notes on pages 72 to 92 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. No significant impact on future periods' financial statements is anticipated. The following standards have been considered:

- IFRS10 - Consolidated financial statements
- IFRS11 - Joint arrangements
- IFRS12 - Disclosure of interests in other entities
- IFRS13 - Fair value measurement

### 1.3 Accounting convention

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

### 1.4 Going concern

The accounts have been prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future. Further explanation of the going concern basis is contained in the Financial Review section (pages 29 to 33).

## **1.5 Property, plant and equipment**

### **1.5.1 Capitalisation**

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

### **1.5.2 Valuation**

Property, plant and equipment assets are carried at cost, less accumulated depreciation and any recognised impairment value. The Care Inspectorate does not have any assets held under finance leases. Depreciated historic cost has been used as a proxy for the current value. All property, plant and equipment have low values and short useful economic lives which realistically reflect the life of the asset, and a depreciation charge which provides a realistic reflection of consumption.

### **1.5.3 Depreciation**

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

## **1.6 Intangible assets**

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

## **1.7 Impairment of tangible and intangible assets**

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

The recoverable amount is the higher of fair value, less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses this is recognised as income immediately.

## **1.8 Government grants receivable**

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

## **1.9 Leases**

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

The Care Inspectorate currently only holds operating leases.

### **1.9.1 The Care Inspectorate as a lessor**

The Care Inspectorate provides 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 £1.126m has been recognised in the SCNE.

### **1.9.2 The Care Inspectorate as a lessee**

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

Costs for operating leases to the value of £1.685m have been recognised in the SCNE.

## **1.10 Cash and cash equivalents**

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

## **1.11 Pensions**

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

The Care Inspectorate is an admitted body to the local government pension scheme and this is a defined benefit scheme. Obligations are measured at discounted present value whilst scheme assets are recorded at fair value. The operating and financing costs of such schemes are recognised separately in the statement of comprehensive net expenditure (SCNE). Service costs are spread systematically over the expected service lives of employees. Financing costs and actuarial gains and losses are recognised in the period in which they arise.

The Care Inspectorate's funding rules require the general reserve balance to be charged with the amount payable by the Care Inspectorate to the pension scheme and not the amount calculated according to the application of IAS 19. Therefore there are appropriations to/from the pensions reserve shown in the statement of changes in taxpayers' equity to reverse the impact of the IAS 19 entries included in the statement of comprehensive net expenditure to ensure the general reserve balance is charged with the amount payable by the Care Inspectorate.

## **1.12 Short term employee benefits**

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

### **1.13 Shared services**

The Care Inspectorate shares its headquarters and some services with the Scottish Social Services Council (SSSC). There is a Service Level Agreement (SLA) between the SSSC and Care Inspectorate and the Care Inspectorate charges the SSSC for property costs and ICT costs 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 SCNE.

### **1.15 Revenue and capital transactions**

Revenue and capital transactions are recorded in the accounts on an income and expenditure basis, that is they are recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the Care Inspectorate as at 31 March 2014 have been brought into account.

### **1.16 Financial instruments**

The Care Inspectorate does not hold any complex financial instruments. As the cash requirements of the Care Inspectorate are met through grant-in-aid provided by the Health and Social Care Integration Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and the Care Inspectorate is therefore exposed to little credit, liquidity or market risk.

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

#### **1.16.1 Trade receivables**

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

#### **1.16.2 Trade payables**

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

### **1.17 Change in accounting policy**

A revised IAS 19 standard applies for company accounting periods beginning on or after 1 January 2013. The main changes are:

- removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expenditure on the liabilities, which are both calculated with

reference to the discount rate

- some labelling changes to the Profit and Loss charge, for example 'Service Charge' now includes what was previously described as the 'Current Service Cost' plus the 'Past Service Cost' plus any 'Curtailments' plus any 'Settlements'
- administration charges are now accounted for within the Profit and Loss charge; previously we made a deduction to the actual and expected return on assets.

The main changes are to the amounts recognised in the SCNE and we have shown the figures for the year to 31 March 2013 as they would have been under the revised standard.

### 1.18 Operating segments

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

### 1.19 Contingent Liabilities

In the event that the Care Inspectorate had contingent liabilities, these would be disclosed in accordance with IAS37.

## 2. Operating income

	2013/14	2012/13
2a Fees charged to service providers	£000	£000
Continuation of registration	11,270	11,310
Application to register	608	497
	<b>11,878</b>	<b>11,807</b>

	2013/14	2012/13
2b Other operating income	£000	£000
Recharges for services provided to other organisations	1,055	1,054
Secondee recharges	92	0
Lease income	217	304
Other income	95	24
	<b>1,459</b>	<b>1,382</b>

## 3. Staff numbers and costs

3a Average number of staff employed (full time equivalent)	2013/14	2012/13
	FTE	FTE
Board members	10	10
Senior management (Executive Team)	6	5
Registration, complaints and legal	108	105
Inspection and other scrutiny staff	354	331
Support staff	101	103
Agency and other workers	24	30
	<b>603</b>	<b>584</b>

	2013/14	2012/13
3b Analysis of staff costs	£000	£000
Salaries	20,247	19,187
Social security costs	1,685	1,599
Pension service costs	4,710	4,288
Pension curtailments and settlements		177
<b>Total directly employed staff</b>	<b>26,642</b>	<b>25,251</b>
Secondment inwards	362	259
Agency workers	680	921
<b>Sub total</b>	<b>27,684</b>	<b>26,431</b>
Voluntary early severance/retirement costs	1	239
Other staff costs	439	615
<b>Staff costs</b>	<b>28,124</b>	<b>27,285</b>
Secondment outwards	(92)	0
<b>Net staff costs after secondment income</b>	<b>28,032</b>	<b>27,285</b>

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

	2013/14			2012/13		
	Local	NHS	Total	Local	NHS	Total
	Government	Scheme		Government	Schemes	
	Scheme	Scheme	£000	Scheme	Schemes	£000
	£000	£000	£000	£000	£000	£000
Employer pension contributions actually paid	3,171	72	3,243	2,961	69	3,030
<b>Accounting entries (IAS19 note 5)</b>						
Service cost (actuarial basis)	4,638	72	4,710	4,396	69	4,465
<b>Pension costs included in staff costs (SCNE)</b>	<b>4,638</b>	<b>72</b>	<b>4,710</b>	<b>4,396</b>	<b>69</b>	<b>4,465</b>
Variance between actual cost and accounting basis	1,467	0	1,467	1,435	0	1,435

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

The Care Inspectorate granted voluntary early retirement to one employee during the year.

In 2012/13, the Care Inspectorate offered voluntary early severance/voluntary early retirement to help meet the planned staffing requirements of the senior management structure of the revised organisational structure.

Year to 31 March 2014		
Exit package cost band	Number of departures agreed	Total cost £000
<£10,000	1	1
<b>Totals</b>	<b>1</b>	<b>1</b>

Year to 31 March 2013		
Exit package cost band	Number of departures agreed	Total cost £000
£25,000 to £50,000	2	68
£150,000 to £200,000	1	171
<b>Totals</b>	<b>3</b>	<b>239</b>

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 2014 the Care Inspectorate employed 13 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 2012, details of which are published by the Scottish Public Pensions Agency.

During the year ended 31 March 2014, the Care Inspectorate paid an employer's contribution of £72k (2012/13 £69k) into the NHS scheme at a rate of 13.5% of pensionable pay (2012/13 13.5%). The employer contribution rate for the year to 31 March 2015 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 2014 were £3,171k (2012/13 £2,961k) representing 18.0% of pensionable pay. The employer contribution rate for the year to 31 March 2015 will remain at 18.0%. Employee contribution rates for the LGPS were in the range 5.5% to 12.0% based on earnings bands.

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

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

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

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

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

The 2012/13 disclosures have been restated where required to allow meaningful comparison of the impact of the revised IAS 19 which applies for reporting periods beginning on or after 1 January 2013. The main changes are detailed in 1.17 and have no impact on the total charges to the SCNE.

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

	Year to 31 March 2014 £000	Year to 31 March 2013 £000
Present value of funded obligation	(171,446)	(143,368)
Fair value of Scheme assets (bid value)	119,639	108,478
<b>Net Liability</b>	<b>(51,807)</b>	<b>(34,890)</b>

## 5b. Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2014

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

	Year to 31 March 2014		Restated Year to 31 March 2013	
	£000	£000	£000	£000
Service cost		4,638		4,396
Administration expenses		59		48
Net interest on the defined liability/(asset)		1,500		1,691
Difference between actual employer's contributions and actuarial employer's contributions	30		36	
Return on plan assets in excess of interest	(3,252)		(11,245)	
Change in financial assumptions	12,652		4,738	
Change in demographic assumptions	4,461		0	
Experience loss/(gain) on defined benefit obligation	-		-	
Total re-measurements		13,891		(6,471)
<b>Total</b>		<b>20,088</b>		<b>(336)</b>
Actual return on scheme assets		<b>8,201</b>		<b>15,451</b>

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	2013/14	Restated
		£000	2012/13 £000
Staff costs	3c	1,467	1,435
Administration expenses	5b table 1	59	48
Net interest on defined liability/(asset)	5b table 1	1,500	1,691
Total re-measurements	5b table 1	13,891	(6,471)
<b>Total actuarial adjustment</b>		<b>16,917</b>	<b>(3,297)</b>

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate (note 5g).

### 5c. Benefit obligation reconciliation for the year to 31 March 2014

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

	Year to 31 March 2014		Year to 31 March 2013	
	£000	£000	£000	£000
Opening defined benefit obligation		143,368		128,038
Service cost	4,635		4,219	
Losses/(gains) on curtailments	<u>3</u>		<u>177</u>	
Total service cost		4,638		4,396
Interest cost		6,449		5,897
Estimated benefits paid net of transfers in	(1,329)		(847)	
Contributions by scheme participants	<u>1,207</u>		<u>1,146</u>	
Total scheme transactions		(122)		299
Changes in financial assumptions	12,652		4,738	
Changes in demographic assumptions	4,461		–	
Experience loss/(gain) on defined benefit obligation	<u>–</u>		<u>–</u>	
Total actuarial (gains)/losses		17,113		4,738
<b>Closing defined benefit obligation</b>		<b>171,446</b>		<b>143,368</b>

## 5d. Fair value of scheme assets reconciliation for the year to 31 March 2014

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

	Year to 31 March 2014		Restated Year to 31 March 2013	
	£000	£000	£000	£000
Opening fair value of scheme assets		108,478		89,851
Interest on assets		4,949		4,206
Estimated benefits paid net of transfers in	(1,329)		(847)	
Employer contributions	3,141		2,925	
Contributions by scheme participants	<u>1,207</u>		<u>1,146</u>	
Total scheme transactions		3,019		3,224
Return on assets less interest		3,252		11,245
Administration expenses		<u>(59)</u>		<u>(48)</u>
<b>Closing defined benefit obligation</b>		<b>119,639</b>		<b>108,478</b>

## 5e. Projected pension expense for the year to 31 March 2015

	Year to 31 March 2015
	£000
Service cost	5,142
Net interest on the defined liability	2,263
Administration expenses	65
<b>Total</b>	<b>7,470</b>
Employer contributions	3,064

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2014.

## 5f. Care Inspectorate fund assets

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

Asset class	Assets as at 31 March 2014		Assets as at 31 March 2013	
	£000	%	£000	%
Equities	84,944	71	77,019	71
Gilts	5,982	5	7,593	7
Other bonds	15,552	13	11,933	11
Property	10,768	9	9,763	9
Cash	2,393	2	2,170	2
<b>Total</b>	<b>119,639</b>	<b>100</b>	<b>108,478</b>	<b>100</b>

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

## 5g. Financial assumptions as at 31 March 2014

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2014. 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 Merrill 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.

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.

The above assumptions are consistent with the approach used at the last accounting date. The RPI assumption used by the actuary is 3.7%. 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 2.9%. 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.

Assumptions as at	31 March 2014		31 March 2013		31 March 2012	
	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.	% p.a.	real rate % p.a.
RPI increases	3.7	–	3.4	–	3.3	–
CPI increases	2.9	(0.8)	2.6	(0.8)	2.5	(0.8)
Salary increases	5.1	1.4	4.8	1.4	4.8	1.5
Pension increases	2.9	(0.8)	2.6	(0.8)	2.5	(0.8)
Discount rate	4.5	0.8	4.5	1.1	4.6	1.3

## 5h. 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. These base tables are then projected using the CMI 2013 Model, allowing for a long term improvement of 1.5% per annum. This has been updated from previous years to use a newer set of CMI projections which allow for recent improvements which then blend into a long term assumption. The actuary has set the long term rate at 1.5% per annum rather than the previous rate of 1.0% per annum to reflect evidence that suggests the rate of improvement is likely to be higher than previously expected.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 March 2014	31 March 2013
Retiring today	Males	21.0	20.6
	Females	23.3	22.9
Retiring in 20 years	Males	23.2	21.9
	Females	25.6	24.5

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.

## 5i. 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	167,876	171,446	175,095
Projected service cost	5,004	5,142	5,283
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	173,409	171,446	169,511
Projected service cost	5,221	5,142	5,063
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	173,186	171,446	169,752
Projected service cost	5,206	5,142	5,080
Adjustment to mortality age rating assumption	+ 1yr	None	-1yr
Present value of total obligation	165,200	171,446	177,753
Projected service cost	4,956	5,142	5,329

## 6. Analysis of operating costs

### Operating expenditure

	2013/14 £000	Restated 2012/13 £000
Property costs	3,416	3,825
Administration costs	1,756	2,802
Supplies and services	1,638	1,676
Transport costs	1,445	1,165
Pension administration costs (IAS 19)	59	48
Depreciation and amortisation of assets	210	200
Asset disposals	23	1
Changes in debt impairment allowance	(50)	(536)
	<b>8,497</b>	<b>9,181</b>

The above total includes £30.9k for external auditor's remuneration (2012/13 £30.9k) and £33.1k (2012/13 £59.2k) for internal auditor's remuneration. External audit received no fees in relation to non-audit work.

## 7. Property, plant and equipment

	2013/14			Total £000
	Information Technology £000	Plant and Equipment £000	Furniture and Fittings £000	
<b>Cost or Valuation:</b>				
At 1 April 2013	928	211	439	1,578
Additions	0	0	214	214
Disposals	(443)	(68)	(36)	(547)
<b>At 31 March 2014</b>	<b>485</b>	<b>143</b>	<b>617</b>	<b>1,245</b>
<b>Depreciation:</b>				
At 1 April 2013	(706)	(128)	(236)	(1,070)
Charged in year	(71)	(24)	(52)	(147)
Disposals	420	68	36	524
<b>At 31 March 2014</b>	<b>(357)</b>	<b>(84)</b>	<b>(252)</b>	<b>(693)</b>
<b>Net book value:</b>				
<b>At 31 March 2014</b>	<b>128</b>	<b>59</b>	<b>365</b>	<b>552</b>
At 31 March 2013	222	83	203	508

**Asset Financing:** All assets are owned

2012/13				
	Information Technology £000	Plant and Equipment £000	Furniture and Fittings £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April 2012	878	219	478	1,575
Additions	50	0	0	50
Disposals	0	(8)	(39)	(47)
<b>At 31 March 2013</b>	<b>928</b>	<b>211</b>	<b>439</b>	<b>1,578</b>
<b>Depreciation:</b>				
At 1 April 2012	(618)	(111)	(241)	(970)
Charged in year	(88)	(24)	(34)	(146)
Disposals	0	7	39	46
<b>At 31 March 2013</b>	<b>(706)</b>	<b>(128)</b>	<b>(236)</b>	<b>(1,070)</b>
<b>Net book value:</b>				
<b>At 31 March 2013</b>	<b>222</b>	<b>83</b>	<b>203</b>	<b>508</b>
At 31 March 2012	260	108	237	605

Asset Financing: All assets are owned

## 8. Intangible assets

2013/14			
	Information technology £000	Computer software licences £000	Total intangible assets £000
<b>Cost or Valuation:</b>			
At 1 April 2013	416	62	478
Additions	40	0	40
Disposals	(137)	(41)	(178)
<b>At 31 March 2014</b>	<b>319</b>	<b>21</b>	<b>340</b>
<b>Amortisation:</b>			
At 1 April 2013	(252)	(62)	(314)
Charged in year	(63)	0	(63)
Disposals	137	41	178
<b>At 31 March 2014</b>	<b>(178)</b>	<b>(21)</b>	<b>(199)</b>
<b>Net book value:</b>			
<b>At 31 March 2014</b>	<b>141</b>	<b>0</b>	<b>141</b>
At 31 March 2013	164	0	164

2012/13			
	Information technology £000	Computer software licences £000	Total intangible assets £000
<b>Cost or Valuation:</b>	465	62	527
At 1 April 2012	0	0	0
Additions	(49)	0	(49)
Disposals			
<b>At 31 March 2013</b>	416	62	478
<b>Amortisation:</b>			
At 1 April 2012	(247)	(62)	(309)
Charged in year	(54)	0	(54)
Disposals	49	0	49
<b>At 31 March 2013</b>	(252)	(62)	(314)
<b>Net book value:</b>			
<b>At 31 March 2013</b>	<b>164</b>	<b>0</b>	<b>164</b>
At 31 March 2012	218	0	218

## 9. Trade and other receivables

	2013/14		2012/13	
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Prepayments and accrued income		1,172		1,076
Trade receivables	1,393		1,301	
Other receivables	<u>371</u>		<u>587</u>	
		1,764		1,888
		<b>2,936</b>		<b>2,964</b>

Trade and other receivables are non-interest bearing. Credit terms are generally 30 days. Trade and other receivables are recorded at fair value, reduced by appropriate allowances for estimated irrecoverable amounts. There are no amounts receivable after more than one year.

Provision for impairment of receivables	2013/14	2012/13
	£000	£000
As at 1 April	(65)	(601)
Charge for the year	(43)	(99)
Unused amounts reversed	28	10
Uncollectable amounts written off	65	625
<b>As at 31 March</b>	<b>(15)</b>	<b>(65)</b>

As at 31 March 2014, trade and other receivables of £15k (2012/13 £65k) were past due and impaired. The amount of the provision was £15k (2012/13 £65k). The aging analysis of these receivables is as follows:

	2013/14 £000	2012/13 £000
Up to 3 months past due	2	7
3 to 6 months past due	3	3
Over 6 months past due	5	7
Over 12 months past due	5	48
	<b>15</b>	<b>65</b>

As at 31 March 2014, trade and other receivables of £1,764k (2012/13 £1,888k) were due but not impaired. The aging analysis of these receivables is as follows:

	2013/14 £000	2012/13 £000
Not yet due	1,366	1,557
Up to 3 months past due	195	139
3 to 6 months past due	46	60
Over 6 months past due	81	66
Over 12 months past due	76	66
	<b>1,764</b>	<b>1,888</b>

	2013/14 £000	2012/13 £000
<b>Analysis of trade and other receivables</b>		
Bodies external to government	2,462	2,277
Other central government bodies	393	584
Local authorities	77	72
NHS bodies	4	31
	<b>2,936</b>	<b>2,964</b>

## 10. Cash and cash equivalents

	2013/14 £000	2012/13 £000
Balance as at 1 April	1,517	1,217
Net change in cash & cash equivalent balances	250	300
<b>Balance as at 31 March</b>	<b>1,767</b>	<b>1,517</b>
The following balances as at 31 March were held at:		
Government Banking Service	1,600	1,507
Commercial banks and cash in hand	167	10
<b>Balance as at 31 March</b>	<b>1,767</b>	<b>1,517</b>

## 11. Trade and other payables

	2013/14	2012/13
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade payables	1,528	1,479
Accruals and deferred income	1,410	1,358
VAT	30	12
Other taxation and social security	514	506
Other payables	28	28
	<b>3,510</b>	<b>3,383</b>
<b>Amounts falling due after more than one year:</b>		
Early departure cost liability transferred from SWIA	136	164
Future property dilapidations	13	0
	<b>149</b>	<b>164</b>

	2013/14	2012/13
	£000	£000
<b>Analysis of trade and other payables</b>		
<b>Due within one year:</b>		
Bodies external to government	2,220	2,047
Other central government bodies	771	789
Local authorities	445	497
NHS bodies	74	50
	<b>3,510</b>	<b>3,383</b>
<b>Falling due after more than one year:</b>		
Bodies external to government	13	0
Other central government bodies	136	164
	<b>149</b>	<b>164</b>

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

	2013/14	2012/13
	£000	£000
<b>Scottish Government grants</b>		
Grant-in-aid funding	21,641	21,488
Other Scottish Government grant	253	242
<b>Total grants from Scottish Government</b>	<b>21,894</b>	<b>21,730</b>

### 13. Capital commitments

Contracted capital commitments not otherwise included in these financial statements.

	2013/14 £000	2012/13 £000
Property, plant and equipment	10	0

### 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.

	2013/14 £000	2012/13 £000
<b>Obligations under operating leases comprise:</b>		
Buildings:		
Within 1 year	1,515	1,421
Within 2 to 5 years	4,458	4,873
Beyond 5 years	2,714	3,219
	<b>8,687</b>	<b>9,513</b>
Other:		
Within 1 year	135	146
Within 2 to 5 years	101	110
	<b>236</b>	<b>256</b>

#### 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.

	2013/14 £000	2012/13 £000
<b>Commitments under operating leases comprise:</b>		
Buildings:		
Within 1 year	970	910
Within 2 to 5 years	3,011	2,833
Beyond 5 years	3,052	3,581
	<b>7,033</b>	<b>7,324</b>
Other:		
Within 1 year	206	155
Within 2 to 5 years	823	620
Beyond 5 years	834	783
	<b>1,863</b>	<b>1,558</b>

In Dundee, our buildings are shared with the Scottish Social Services Council and the Office of the Scottish Charities Regulator. The anticipated rental commitments are based on these lease arrangements continuing until the end of the lease terms

#### Finance leases

There are no obligations or commitments under finance leases.

### 15. Sources of financing

General Reserves 2012/13 £000		Revenue Transactions 2013/14 £000	Capital Transactions 2013/14 £000	General Reserve 2013/14 £000
1,675	Opening balance	934	672	1,606
(18,502)	Surplus/(deficit) for the year	(38,447)	(233)	(38,680)
(3,297)	Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	16,917	0	16,917
(20,124)	Total before grants	(20,596)	439	(20,157)
21,488	Grant-in-aid funding	21,387	254	21,641
242	Other government grants	253	0	253
<b>21,730</b>	<b>total grants</b>	<b>21,640</b>	<b>254</b>	<b>21,894</b>
<b>1,606</b>	<b>Total reserves</b>	<b>1,044</b>	<b>693</b>	<b>1,737</b>

### 16. Contingent liabilities

There were no contingent liabilities identified as at 31 March 2014.

## 17. Related-party transactions

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

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

Related party	2013/14 £000	2012/13 £000
Scottish Social Services Council	933	927
Office of the Scottish Charities Regulator	122	127
National Health Service	0	108
Scottish Government	216	196
<b>Total</b>	<b>1,271</b>	<b>1,358</b>

## 18. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2013/14 financial year.

## 19. Losses statement

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



**[APPENDIX ONE:  
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 direction.
2. The statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

*Geoff Higgins*

Signed by the authority of the Scottish Ministers

Dated 1 June 2012



**[APPENDIX TWO:  
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 2013/14.



**Paul Edie, Chair**

Paul Edie has served as a Liberal Democrat Councillor in Edinburgh since 1994. From 2007 he served as Convenor of Health, Social Care and Housing Committee, and as a Non-Executive Director of NHS Lothian for that time. He was also a Member of the Lothian and Border Community Justice Partnership. Prior to becoming a full-time councillor, Paul worked with the Scottish National Blood Transfusion Service, mainly in quality assurance.



**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.

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 brings 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 which 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 UK- 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 seven 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**

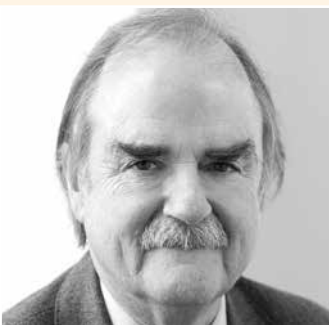
Douglas is a director of a consultancy organisation working mainly with public sector and third sector organisations, having retired from the Scottish Health Service where he was Director of Planning and Corporate Affairs of a national NHS Board. Mr Hutchens is vice chair of the Scottish Association 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.

Douglas's term as a Care Inspectorate Board member ended on 28 February 2014.



### **Garry Coutts**

Garry is the 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. Garry was a Care Inspectorate Board member through a reciprocal arrangement where the Care Inspectorate Chair is a member for the Scottish Social Services Council (SSSC) and the Convener of the SSSC is a Care Inspectorate Board member. Garry's term as a Care Inspectorate Board member and Convener of the SSSC ended on 31 August 2013.



### **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.

Morag's term as a Care Inspectorate Board member ended on 28 February 2014.



### **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 UK Government's Disability Employment Advisory Committee. Dr Witcher is Chief Executive of Inclusion Scotland. 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 ten 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 brings a provider perspective to bear.

Theresa's term as a Care Inspectorate Board member ended on 28 February 2014.



### **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.



### **Professor James McGoldrick**

Professor James McGoldrick was appointed as Convener of the Scottish Social Services Council in August 2013. He was Chairman of the Fife NHS Board and Vice Chair of the Fife Community Planning Partnership Board until the end of April 2013. He has also served as a Member on the NHS National Services Scotland board and Scottish Higher Education Funding Council. He was the Vice Principal of the University of Abertay and Professor of Human Resource Management at Nottingham Business School. He is a Chartered Companion of the Chartered Institute of Personnel and Development (previously serving as Vice President) and retains an active academic interest in strategic human resource development. He is a leadership and management consultant in health and higher education and a key associate of the Leadership Foundation for Higher Education.



### **Anne Houston**

Anne brings to the board over 24 years of experience in social care organisations. Anne was formerly Chief Executive of Children 1st, leading Scottish child welfare charity. Her particular area of expertise is in work with children and young people including child protection and early years/early intervention and she has been a member of the Scottish Government Early Years Task Force since its inception. A qualified social worker, Anne has worked in the voluntary and statutory sectors in Scotland and England, managing young offenders, children and families and mental health teams. She brings extensive experience of boards – from ‘both sides’ – as a chief executive and also as a board member having served on a variety of boards and trusts. Anne also brings a passion for ensuring that feedback from those who rely on social care services is listened to and acted upon.



### **Christine Dunlop**

Christine is a registered mental health nurse and has worked in various hospital based mental health and learning disability services. After leaving the NHS, Christine gained experience both in nursing homes and supported living services and is currently employed in a senior management role with a private health and social care provider organisation. She has 17 years of experience of devising, implementing and delivering innovative solutions to meet the identified needs of individuals with complex needs in community based settings. Christine brings to the board a proven record and a positive reputation in the management of care services and workforce ensuing positive outcomes for individuals with complex and multiple support needs. Christine has completed advanced studies in medical law and ethics and has an active interest in ensuring the rights of vulnerable adults are promoted and respected. Christine also brings to the board a wealth of experience in engaging with health and social care professionals and multi-disciplinary primary care teams.



### **Linda Pollock**

Linda brings to the board experience in the public sector in clinical, research, teaching and management roles, and from high profile leadership roles as an NHS Executive Nurse Director and a Mental Welfare Commissioner where she influenced national policy direction. Since retiring, Linda has continued with governance and scrutiny work with the Accounts Commission, the Nursing and Midwifery Council and Scottish Legal Complaints Commission. Linda is passionate about improving the delivery and provision of high quality and joined-up services in the community and primary care to vulnerable people. This underlies work that she does with Enable and Pain Concern (setting up two weekly radio programmes), NHS Education, and as an Associate with the Dementia Services Development Centre. Linda has also been an informal carer for a mother with dementia, and worked with the local advocacy services, and the Office of the Public Guardian to enhance her care.

## **Board Subcommittees**

There are five Board sub-committees.

### **Strategy and Performance Committee**

Convener: Paul Edie  
Members: Mike Cairns  
Anne Haddow  
Anne Houston  
Cecil Meiklejohn  
Linda Pollock  
David Wiseman

### **Resources Committee**

Convener: David Wiseman  
Members: Ian Doig  
Christine Dunlop  
Anne Houston  
Cecil Meiklejohn  
Sally Witcher

### **Audit Committee**

Convener: Mike Cairns  
Members: Ian Doig  
Christine Dunlop  
Cecil Meiklejohn  
Linda Pollock  
David Wiseman  
Sally Witcher

### **Remuneration Committee**

Convener: Paul Edie  
Members: Mike Cairns  
David Wiseman

### **Complaints Sub Committee**

Convener: Paul Edie  
Vice  
Conveners: Anne Haddow  
Sally Witcher

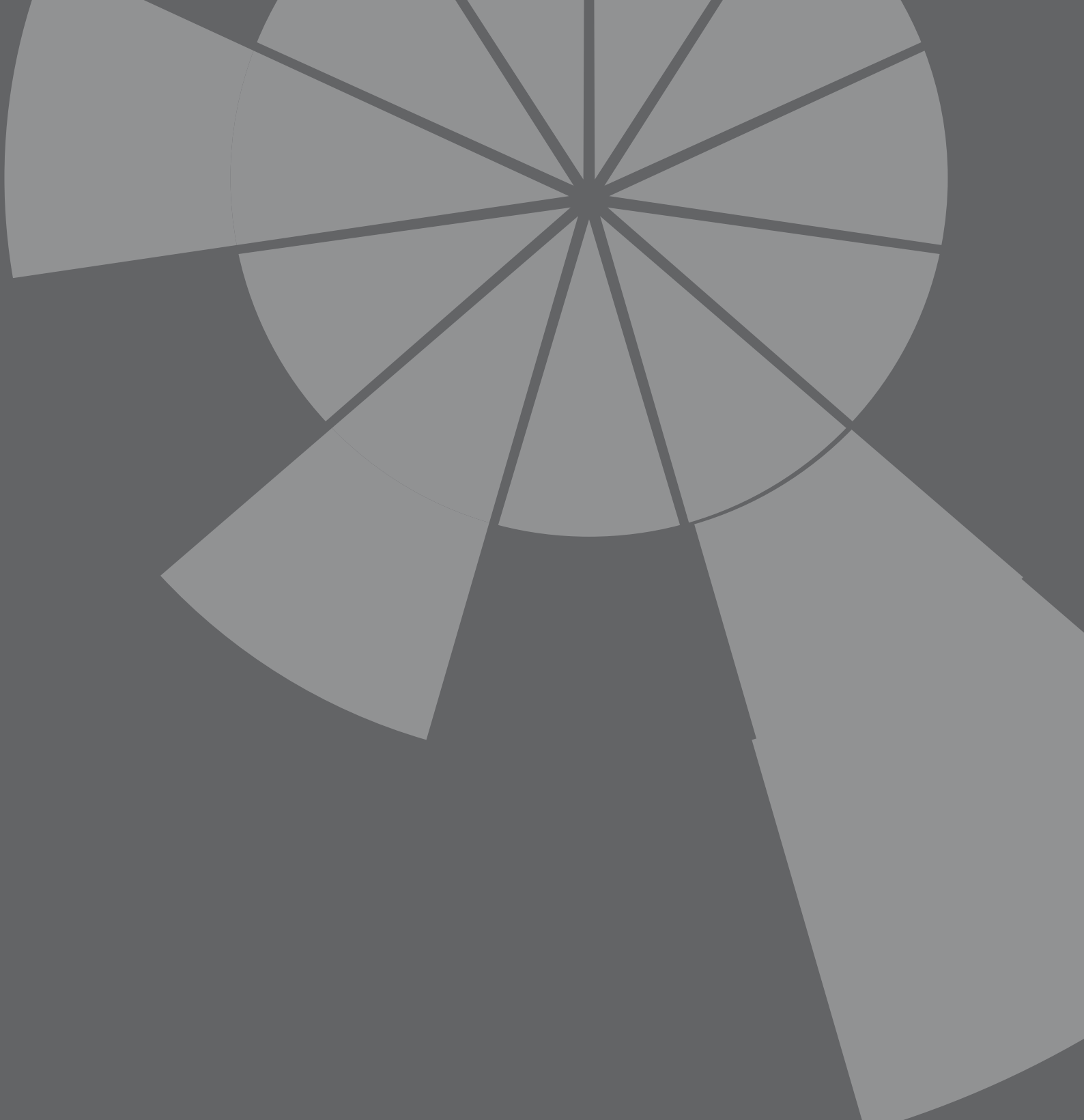
The background is a solid teal color. In the upper portion, there are several overlapping, semi-transparent geometric shapes in a lighter shade of teal. These shapes include large triangles and circular sectors, creating a layered, architectural effect.

**[APPENDIX THREE:  
KEY PERFORMANCE  
INDICATORS AND  
QUALITY INDICATORS  
2013/14]**

Key performance indicator (KPI)	Purpose	Reporting frequency	Source
KPI 1: % of requirements met within the timescales set by the Care Inspectorate	To measure improvements in quality of service and impact of Care Inspectorate. This will demonstrate how successful requirements are in influencing providers to improve the quality of their service.	Quarterly	Inspection Reports (IRT)
KPI 2: % of inspections completed that were additional to our inspection plan	To demonstrate the additional focus the Care Inspectorate has on poorer services	Quarterly	Inspection Reports (IRT)
KPI 3: % of efficiency savings achieved	To demonstrate sound financial management and value for money	Annually	Financial records
KPI 4: % of complaints investigated against the Care Inspectorate that were completed within timescales	To demonstrate the Care Inspectorate's prompt response to complaints about its work	Quarterly	PMS
KPI 5: Composite measure: % of registration and complaints activities completed within specific timescales (complaints against services acknowledged within 3 days; complaints against services registered within 12 days ;complaints against services completed within 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 6: KPI6a: % required inspection completed KPI6b: % inspections completed by last possible date of inspection KPI6c: inspections completed as a % of total planned inspections	This indicator demonstrates the Care Inspectorate's performance with respect to its inspection target. Note, KPI6a is the headline measure reported in this annual report.	Annually Monthly Monthly	PMS

Quality indicator (QI)	Focus
QI 1: Improvements to the quality of care	The quality and effectiveness of the Care Inspectorate's work in supporting improvement in the quality of quality of care, support and protection provided to children and adults throughout Scotland who use services, their families and carers and the wider public.
QI 2: Involving people who use services and their carers	Involving children and adults throughout Scotland who use services, their families and carers and the wider public in the design and delivery of our scrutiny functions (Duty of User focus – S. 112 PSR Act 2010).
QI 3: Partnership working	Partnership working and how we work together in an atmosphere of mutual trust and respect to improve the quality of care, support and protection provided to children and adults throughout Scotland who use services, their families and carers and the wider public (Duty of Cooperation S 114 PSR Act 2012).
QI 4: Best value	Best value - developing, implementing and reviewing our strategies and policies, and managing our resources effectively.
QI 5: Staff experience	Staff experience – developing and deploying our staff in line with corporate aims and objectives.
QI 6: Leadership and direction	Leadership and Direction - Developing our vision, values and principles and acting as role models.
QI 7: Quality assurance and improvement	Our Quality assurance and improvement processes.





**[APPENDIX FOUR:  
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 2014: 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*	39	0.3%				
Care home service	1,499	10.6%	43,959	18.2%	29.3	225
Childcare agency*	32	0.2%				
Childminding	6,122	43.4%	37,578	15.5%	6.1	27
Daycare of children	3,768	26.7%	154,982	64.0%	41.1	425
Fostering service*	62	0.4%				
Housing support service*	1,050	7.5%				
Nurse agency*	41	0.3%				
Offender accommodation service	8	0.1%	167	0.1%	20.9	60
School care accommodation service	67	0.5%	5,370	2.2%	80.1	602
Secure accommodation service	5	0.0%	94	0.0%	18.8	27
Support service*	1,358	9.6%				
<b>Total</b>	<b>14,090</b>	<b>100.0%</b>	<b>242,150</b>	<b>100.0%</b>	<b>17.2</b>	<b>602</b>

(Source: PMS 1 April 2014)

#### 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 2014: number of care providers by sector

Type of care service	Health Board		Local Authority		Private		Voluntary or Not for Profit		Total services	Grand Total
	Service	%	Service	%	Service	%	Service	%		
Adoption service		0.0%	32	82.1%		0.0%	7	17.9%	39	100.0%
Adult placement service		0.0%	27	69.2%		0.0%	12	30.8%	39	100.0%
Care home service	19	1.3%	286	19.1%	792	52.8%	402	26.8%	1,499	100.0%
Childcare agency		0.0%	1	3.1%	17	53.1%	14	43.8%	32	100.0%
Childminding		0.0%		0.0%	6,122	100.0%		0.0%	6,122	100.0%
Daycare of children	3	0.1%	1,721	45.7%	1,074	28.5%	970	25.7%	3,768	100.0%
Fostering service		0.0%	33	53.2%	6	9.7%	23	37.1%	62	100.0%
Housing support service	6	0.6%	192	18.3%	203	19.3%	650	61.8%	1,051	100.0%
Nurse agency		0.0%		0.0%	38	92.7%	3	7.3%	41	100.0%
Offender accommodation service		0.0%	2	25.0%		0.0%	6	75.0%	8	100.0%
School care accommodation service		0.0%	8	11.9%	37	55.2%	22	32.8%	67	100.0%
Secure accommodation service		0.0%	1	20.0%	1	20.0%	3	60.0%	5	100.0%
Support service	24	1.8%	377	27.8%	346	25.5%	610	45.0%	1,357	100.0%
<b>Total services (%)</b>	<b>52</b>	<b>0.4%</b>	<b>2,680</b>	<b>19.0%</b>	<b>8,636</b>	<b>61.3%</b>	<b>2,722</b>	<b>19.3%</b>	<b>14,090</b>	<b>100.0%</b>

(Source: PMS 1 April 2014)

### 31 March 2014: 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	29	3	39
Care home service	562	42	1,499
Childcare agency	27	3	32
Childminding	6,122	1	6,122
Daycare of children	1,556	165	3,768
Fostering service	57	3	62
Housing support service	464	27	1,051
Nurse agency	38	4	41
Offender accommodation service	5	3	8
School care accommodation service	54	8	67
Secure accommodation service	5	1	5
Support service	527	31	1,357
<b>Total services (%)</b>	<b>8,779**</b>	<b>218*</b>	<b>14,090</b>

(Source: PMS 1 April 2014)

#### 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 218 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. **109**

## Changes to registered services from 31 March 2013 to 31 March 2014

Type of care service	Services at 31 March 2013 (revised)	Registrations	Cancellations	Services at 31 March 2014	% change
Adoption service	39			39	0.0%
Adult placement service	37	3	1	39	5.4%
Care home service	1,524	66	91	1,499	-1.6%
of which:					
Care homes for older people	903	44	53	894	-1.0%
Childcare agency	32	1	1	32	0.0%
Childminding	6,160	620	658	6,122	-0.6%
Daycare of children	3,815	121	168	3,768	-1.2%
Fostering service	63		1	62	-1.6%
Housing support service	1,042	71	63	1,050	0.8%
Nurse agency	42	3	4	41	-2.4%
Offender accommodation service	9		1	8	-11.1%
School care accommodation service	67	1	1	67	0.0%
Secure accommodation service	5	1	1	5	0.0%
Support service	1,346	93	81	1,358	0.9%
<b>All types of care service</b>	<b>14,181</b>	<b>980</b>	<b>1,071</b>	<b>14,090</b>	<b>-0.6%</b>

(Source: PMS 1 April 2014)

## 2. Complaints

### Complaints we received, registered and completed in 2013/14

	Received	Registered	Completed
Registered service	3,724	1,943	1,783
Care Inspectorate	64	25	30
<b>All complaints</b>	<b>3,788</b>	<b>1,968</b>	<b>1,813</b>

(Source: PMS 2 April 2014)

## Complaints against registered services 2013/14

Type of care service	Complaints completed	% of all complaints completed	Number upheld or partially upheld	Upheld or partially upheld as % of all complaints	Upheld or partially upheld per 1,000 services <sup>(1)</sup>	Upheld or partially upheld per 1,000 places <sup>(1,2)</sup>
Adoption service	1	0.1%	1	100.0%		
Adult placement service		0.0%		0.0%		
Care home service	856	48.0%	567	66.2%	378.3	12.9
Childcare agency	1	0.1%	1	100.0%		
Childminding	168	9.4%	76	45.2%	12.4	2.0
Daycare of children	353	19.8%	204	57.8%	54.1	1.3
Fostering service	8	0.4%	6	75.0%	96.8	
Housing support service	118	6.6%	70	59.3%	66.7	
Nurse agency	6	0.3%	3	50.0%		
Offender accommodation service		0.0%		0.0%		
School care accommodation service	13	0.7%	7	53.8%	104.5	1.3
Secure accommodation service	4	0.2%	3	75.0%		
Support service	255	14.3%	191	74.9%	140.6	
<b>Total</b>	<b>1,783</b>	<b>100.0%</b>	<b>1,129</b>	<b>63.3%</b>	<b>80.1</b>	<b>3.5</b>

(Source: PMS 2 April 2014)

### 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 2013/14

	Number of different services	% of registered services
Number of services with at least one complaint upheld	724	5.1%
Number of services with more than one complaint upheld	220	1.6%
Number of services with more than two complaints upheld	91	0.6%
Maximum number of complaints upheld against a service	12	

(Source: PMS 2 April 2014)

## 2013/14 – area of complaint (based on complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
General health and welfare	441	22.3%
Communication - between staff and service users/relatives/carers	163	8.2%
Staff - levels	154	7.8%
Staff - training/qualifications	87	4.4%
Policies and procedures - complaints procedure	86	4.3%
Healthcare - medication issues	80	4.0%
Staff - other	66	3.3%
Record keeping - personal plans/agreements	63	3.2%
Healthcare - continence care	57	2.9%
Healthcare - inadequate healthcare or healthcare treatment	48	2.4%
Healthcare - nutrition	43	2.2%
Communication - other	42	2.1%
Policies and procedures - other	42	2.1%
Environment - other	41	2.1%
Healthcare - tissue viability	40	2.0%
Healthcare - infection control issues	39	2.0%
Environment - fitness of premises/environment	38	1.9%
Staff - recruitment procedures (including Disclosure Checks)	37	1.9%
Record keeping - other	37	1.9%
Choice activities	35	1.8%
Healthcare - hydration	30	1.5%
Conditions of registration - exceeding capacity	23	1.2%
Privacy and dignity	21	1.1%
Choice - care and treatment	19	1.0%
Choice - other	17	0.9%
Communication - information about the service	17	0.9%
Environment - inadequate facilities	17	0.9%
Healthcare - oral health	14	0.7%
Choice - dignity and privacy	13	0.7%
Property - care of	13	0.7%
Conditions of registration - other	12	0.6%
Protection of people - children	12	0.6%
Environment - security	12	0.6%
Property - loss of/missing	11	0.6%
Protection of people - adults	10	0.5%
Staff - other fitness issues	9	0.5%
Food - quality	8	0.4%
Care Inspectorate - efficiency	7	0.4%
Care Inspectorate - communication	7	0.4%
Food - other	6	0.3%

Area of Complaint	Number	Percentage %
Access - to other services eg advocacy/health	6	0.3%
Protection of people - restraint	6	0.3%
Healthcare - palliative care	5	0.3%
Financial issues	4	0.2%
Protection of people - other	4	0.2%
Communication - language difficulties	3	0.2%
User participation - in managing/developing the service	3	0.2%
Food - availability	3	0.2%
User participation - other	3	0.2%
Healthcare - Mental Health Care	3	0.2%
Staff - unfit to work with vulnerable people	3	0.2%
Property - other	2	0.1%
Equality Issues	2	0.1%
Staff - registration with professional bodies	2	0.1%
Faith	2	0.1%
Food - choice	2	0.1%
Cultural	2	0.1%
Choice - service not meeting religious	2	0.1%
Social needs	2	0.1%
Protection of people - policies and procedures	2	0.1%
Care Inspectorate - conduct	1	0.1%
Access - other	1	0.1%
Staff - unfit to be in proximity of children	1	0.1%
Death and dying	1	0.1%
<b>Total number of sub-complaints upheld or partially upheld</b>	<b>1,982</b>	<b>100.0%</b>

(Source: PMS 2 April 2014)

2013/14 – Summary of areas of complaint (based on sub complaints that were upheld or partially upheld)

Area of Complaint	Number	Percentage %
General health and welfare	441	22.3%
Staff	359	18.1%
Healthcare	359	18.1%
Communication	225	11.4%
Policies and procedures	128	6.5%
Environment	108	5.4%
Record keeping	100	5.0%
Choice	86	4.3%
Conditions of registration	35	1.8%
Protection of people	34	1.7%
Property	26	1.3%
Privacy and dignity	21	1.1%
Food	19	1.0%
Care Inspectorate	15	0.8%
Access	7	0.4%
Service user participation	6	0.3%
Financial issues	4	0.2%
Faith	2	0.1%
Cultural	2	0.1%
Social needs	2	0.1%
Equality issues	2	0.1%
Death and dying	1	0.1%
<b>Grand Total</b>	<b>1,928</b>	<b>100.0%</b>

(Source: PMS 2 April 2014)

### 3. Enforcements

#### Number of enforcement notices issued 2013/14

Type of care service	S62 Improve- ment 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 cancel- lation	Total
Care home service	23	1	1					25
Childminding	5	1			1	2	2	11
Daycare of children	8			1	1			10
<b>Total</b>	<b>36</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>46</b>

#### Number of services\* that had enforcement notices issued against them 2013/14

Type of care service	S62 Improve- ment Notice	S64 Proposal to cancel	S73 Decision to cancel	S66 Proposal to impose/ vary/ remove conditions	S73 (Decision to impose/ vary/ remove conditions)	S67 Emergen- cy condi- tion notice	S65 Emergency cancel- lation	Total
Care home service	17	1	1					17
Childminding	4	1			1	2	2	8
Daycare of children	6			1	1			7
<b>Total</b>	<b>27</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>32</b>

#### Number of services\* that had enforcement notices issued against them 2013/14, by sector

Type of care service	Local Authority	5 Private	Voluntary or Not for Profit	Total number of services that received a notice
Care home service		17		17
Childminding		8		8
Daycare of children	1	5	1	7
<b>Total</b>	<b>1</b>	<b>30</b>	<b>1</b>	<b>32</b>

(Source: enforcement dataset 26/06/2014)

#### 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 22 notices were issued against 15 different Care Homes.

## 4. Grades at 31 March 2014

### Summary of grades by service type at 31 March 2014

Note: all grades are from inspection reports finalised by 31 March 2014.

#### Theme 1: quality of care and support

##### % of services with each grade

	1 Unsatisfactory	2 Weak	3 Adequate	4 Good	5 Very good	6 Excellent
Adoption service	0.0%	2.6%	5.1%	30.8%	56.4%	5.1%
Adult placement service	0.0%	0.0%	2.8%	27.8%	58.3%	11.1%
Care home service	1.2%	3.5%	14.9%	37.8%	38.4%	4.2%
Childcare agency	0.0%	0.0%	9.7%	45.2%	41.9%	3.2%
Childminding	0.1%	0.4%	4.4%	29.0%	57.0%	9.1%
Daycare of children	0.1%	0.9%	4.3%	29.1%	57.9%	7.7%
Fostering service	0.0%	1.6%	4.8%	30.6%	59.7%	3.2%
Housing support service	0.2%	1.6%	6.3%	30.5%	51.1%	10.3%
Nurse agency	2.8%	0.0%	11.1%	33.3%	47.2%	5.6%
Offender accommodation service	0.0%	0.0%	0.0%	12.5%	75.0%	12.5%
School care accommodation service	1.6%	4.7%	0.0%	23.4%	54.7%	15.6%
Secure accommodation service	0.0%	0.0%	0.0%	25.0%	75.0%	0.0%
Support service	0.1%	1.7%	7.1%	30.9%	50.2%	9.9%
<b>Grand total</b>	<b>0.2%</b>	<b>1.1%</b>	<b>5.9%</b>	<b>30.3%</b>	<b>54.0%</b>	<b>8.3%</b>

(Source: Care Inspectorate grades at 31 March 2014 extract 1 April 2014)

#### Theme 2: quality of environment

##### % of services with each grade

	1 Unsatisfactory	2 Weak	3 Adequate	4 Good	5 Very good	6 Excellent
Care home service	0.8%	3.8%	12.4%	38.9%	41.3%	2.8%
Childminding	0.1%	0.5%	4.1%	36.2%	53.1%	6.0%
Daycare of children	0.1%	1.0%	4.2%	37.5%	52.9%	4.4%
Offender accommodation service	0.0%	0.0%	0.0%	42.9%	57.1%	0.0%
School care accommodation service	0.0%	3.1%	1.6%	18.8%	68.8%	7.8%
Secure accommodation service	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Support service	0.0%	1.2%	4.7%	37.3%	50.4%	6.4%
<b>Grand total</b>	<b>0.2%</b>	<b>1.2%</b>	<b>5.2%</b>	<b>36.9%</b>	<b>51.5%</b>	<b>5.1%</b>

(Source: Care Inspectorate grades at 31 March 2014 extract 1 April 2014)

### Theme 3: quality of staffing

% of services with each grade

	1 Unsatisfactory	2 Weak	3 Adequate	4 Good	5 Very good	6 Excellent
Adoption service	0.0%	0.0%	5.1%	48.7%	41.0%	5.1%
Adult placement service	0.0%	0.0%	2.8%	27.8%	63.9%	5.6%
Care home service	0.6%	2.7%	14.0%	35.8%	43.9%	3.1%
Childcare agency	0.0%	0.0%	12.9%	41.9%	41.9%	3.2%
Childminding	3.3%	0.5%	4.5%	34.1%	51.3%	6.3%
Daycare of children	0.1%	1.1%	3.7%	34.6%	54.5%	6.0%
Fostering service	0.0%	0.0%	3.3%	34.4%	55.7%	6.6%
Housing support service	0.1%	1.1%	7.1%	31.7%	52.7%	7.3%
Nurse agency	0.0%	2.8%	11.1%	38.9%	41.7%	5.6%
Offender accommodation service	0.0%	0.0%	0.0%	12.5%	75.0%	12.5%
School care accommodation service	0.0%	0.0%	1.6%	23.4%	60.9%	14.1%
Secure accommodation service	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Support service	0.1%	1.5%	6.3%	33.7%	51.9%	6.4%
<b>Grand total</b>	<b>1.5%</b>	<b>1.0%</b>	<b>5.7%</b>	<b>34.2%</b>	<b>51.6%</b>	<b>6.0%</b>

(Source: Care Inspectorate grades at 31 March 2014 extract 1 April 2014)

### Theme 4: quality of management and leadership

% of services with each grade

	1 Unsatisfactory	2 Weak	3 Adequate	4 Good	5 Very good	6 Excellent
Adoption service	0.0%	0.0%	7.7%	48.7%	41.0%	2.6 %
Adult placement service	0.0%	0.0%	8.3%	38.9%	50.0%	2.8 %
Care home service	1.0%	4.2%	15.9%	38.4%	37.2%	3.3 %
Childcare agency	0.0%	0.0%	9.7%	48.4%	38.7%	3.2 %
Daycare of children	0.7%	1.9%	6.7%	39.0%	47.3%	4.4 %
Fostering service	0.0%	4.8%	4.8%	43.5%	41.9%	4.8 %
Housing support service	0.3%	2.2%	9.6%	35.5%	45.2%	7.3 %
Nurse agency	2.8%	0.0%	19.4%	30.6%	38.9%	8.3 %
Offender accommodation service	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%
School care accommodation service	0.0%	3.1%	0.0%	32.8%	53.1%	10.9 %
Secure accommodation service	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%
Support service	0.5%	2.4%	9.3%	37.9%	44.1%	5.7 %
<b>Grand total</b>	<b>0.7%</b>	<b>2.5%</b>	<b>9.3%</b>	<b>38.3%</b>	<b>44.5%</b>	<b>4.8 %</b>

(Source: Care Inspectorate grades at 31 March 2014 extract 1 April 2014)

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