

Social Care and Social Work Improvement Scotland, known as the

Care Inspectorate

Annual Report and Accounts

2016/17

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

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Foreword by Paul Edie, Chair

Almost everyone will use a care service at some stage in their life. The Care Inspectorate is the scrutiny and improvement body for social care and social work in Scotland. We exist to ensure these services are of the highest quality and meet people's needs.

The Care Inspectorate works across early learning and childcare, services for children and young people, integrated health and social care, social care that is not integrated, social work, and community justice, which means we have an unparalleled wealth of data and information and experience of how people, families and communities are affected by the provision and quality of such services.

I am pleased to report that the organisation continued to work with an increasing number of existing and new partners and stakeholders across these areas, with innovation and transformation at the forefront of many of our scrutiny and improvement activities. Wider change across these sectors continued apace and, in order to ensure flexibility, adaptability and sustainability, the organisation published 'Building a better organisation, a transformation plan for the Care Inspectorate'. This sets out the organisation's commitments for the final two years of our corporate plan and highlights the Care Inspectorate's direction of travel and how we will get there, whilst continuing to drive change and improvement on work aligned to other legislation, such as the Regulatory Reform (Scotland) Act 2014.

In terms of the expansion of early learning and childcare, the organisation supported the Scottish Government's aim to make Scotland the best place in the world to grow up, and to give all of our children the best possible start in life. We continued to support the expansion of provision of 600 hours of early learning and childcare to all three and four year olds and eligible two year olds. I look forward to the Care Inspectorate continuing to play a major role in the further expansion of provision to 1,140 hours per year by 2020; this transformative change will almost double the free entitlement over the next few years.

The integration of health and social care will be supported by Scotland's new Health and Social Care Standards, formerly known as the National Care Standards. The Care Inspectorate led the review and development of these, in partnership with Healthcare Improvement Scotland, working with a broad range of stakeholders from the public, private, voluntary and third sector. The review of the standards exemplified effective and innovative partnership working and stakeholder engagement and participation, including the public, providers, professionals and, most importantly, people who experience care. I believe the new standards will be amongst the most progressive anywhere in the world and I look forward to their roll out across health and social care settings during 2018 and beyond.

The Care Inspectorate published the first ever thematic report on inspections of services for adults with learning disabilities in Scotland. The report showed that the overwhelming majority of care is performing well and, in most cases, is continuing to improve. There are some outstanding examples of care which is designed to meet people's individual needs and choices and enable them to live as independently as possible. The results are the findings of focused inspection work by the Care

Inspectorate over a two year period, which examined the quality of care experienced by adults with learning disabilities and the impact of Keys to Life in care homes and care at home services.

During 2016, the Care Inspectorate was commissioned by Scottish Government to lead the development of a Quality Improvement Framework (QIF) for community justice partners. The primary purpose of a QIF is to support and build capacity for self-evaluation for improvement. This was developed in close consultation with community justice partners in all 32 local authority areas. From April 2017, the model of community justice in Scotland shifted from eight Community Justice Authority Areas (CJAs) to local strategic planning and delivery of community justice services in collaboration with local partners (local authorities, health boards, police, fire & rescue, health and social care joint integration boards etc.). A new body, Community Justice Scotland has been created to provide strategic leadership and support innovation, learning and development and professional assurance and advice to Scottish Ministers.

The QIF/self-evaluation guide for community justice in Scotland is a key element of the new National Strategy for Community Justice. This guide will be part of the OPI Framework (Outcomes, Performance and Improvement Framework) that was launched by the Scottish Government along with the national strategy on 24 November 2016.

I would like to thank our chief executive, board and executive team for their vision and leadership. I would also like to thank the Care Inspectorate's staff for the important work they do to ensure that hundreds of thousands of people across the country experience better quality care. They are dedicated and professional in their approach. It is due to their efforts that the organisation is able to provide assurance and protection to some of the most vulnerable people in our society. The achievements highlighted in this annual report are testament to the outstanding commitment of the Care Inspectorate's workforce, one of the most dedicated groups of professionals that I have had the privilege to work alongside. I hope you will find this report interesting and insightful and an opportunity to reflect on the organisation's success and its vitally important contribution over this reporting period.

Paul Edie
Chair

Annual report

Section A: Performance report

1. Performance Overview

1.1 Statement by Chief Executive on performance in the period 2016/17

I am pleased to introduce our annual report for 2016/17. This was the sixth year of operation for the Care Inspectorate and this report highlights our performance in providing public protection and supporting improvement in care across the almost 14,000 registered care services that we regulate and inspect across Scotland. The achievements of our staff and partners demonstrate the dedication of our workforce and of colleagues across the public, private, voluntary and third sectors.

The Care Inspectorate has continued to make an important contribution to improving care and social work across Scotland and ensuring that our activities are intelligence-led, targeted, proportionate and risk based. Our vision is that people across the country receive high-quality, safe and compassionate care that meets their needs, rights and choices. We have demonstrated resilience, flexibility and adaptability and, at the same time, have delivered rigorous scrutiny work that is directed at supporting improvement in care. All of this is underpinned by four strategic themes; consolidating excellence in all that we do, cultural change, investment in a competent, confident workforce and collaborative working with partner agencies and others.

Our scrutiny and improvement activities continued to provide public assurance and to build confidence that social care and social work in Scotland is rights-based, through robust and independent scrutiny and improvement processes. We played an active role in informing policy development and implementation to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based and evidence-based approaches to scrutiny and improvement.

Our broad range of activities, in collaboration and partnership with others at a local and national level enabled us to support people's understanding of high quality, safe and compassionate care, including by promoting standards and quality of service they should expect and by helping to ensure their voices are heard. Increasingly, our focus is directed to reducing health and social inequalities and raising attainment.

Our collaborative working and putting people who use care at the heart of everything we do allowed us to support the delivery of safe and compassionate, rights-based care. The implementation of Scotland's new Health and Social Care Standards, which will be rolled out from April 2018, will allow us to continue to build on this.

As well as collaborating with other scrutiny bodies, the new standards have been produced with organisations representing people who both use and provide care.

Following publication of the new standards, we will consider the impact this will have on our scrutiny methodology and improvement activities. The new standards will apply across all health and social care provision, rather than just in regulated settings, and are significantly more rights based and outcome-focused, allowing Scotland to innovate and lead the way in establishing some of the most radical standards of their kind anywhere.

With over 88% of services assessed as providing good, very good or excellent care, our work has focused on supporting more proportionate scrutiny in highly performing services. We have achieved this whilst maintaining robust approaches to ensuring quality and helping people make decisions about care.

Partnership working

Collaboration has been the watchword for the organisation. A central tenet of our work has been the breadth and level of our partnership working, as we continued to build a collaborative alliance by engaging and working with a broad range of partners across different sectors. This allowed us to develop new and innovative projects and initiatives and to think about conventional issues in unconventional ways, with a view to designing systems and processes that ensure a meaningful outcome for individuals and scrutiny and assurance of the place where care happens.

We established our twelfth memorandum of understanding with the Office of the Chief Social Work Adviser to the Scottish Government. We also agreed a memorandum of understanding with other partners, including the Health and Safety Executive, HM Revenues and Customs, the Nursing and Midwifery Council and the Scottish Public Services Ombudsman and we continued to explore the creation or updating of such memoranda with integrated joint boards, health and social care partners, health boards and local authorities for strategic and service focused information sharing.

The Scottish Government asked us to advise on the implementation of the duty of candour. We chaired the monitoring sub-group, which advises government on how the arrangements for monitoring the implementation of the duty should be structured and arranged across health and social care

We continued to support joint work between Scottish Government's Chief Social Work Advisor, Scottish Social Services Council (SSSC) and a wide range of partners, to develop new national guidance on safer recruitment in care. This delivered on an action from the Scottish Government's Vision and Strategy for Social Services.

We published a report on social work spend in Scotland, which highlighted how different elements of social work spend has increased and decreased in each local authority, providing an important evidence base for planning public policy.

Our work supported the Scottish Government in the key policy development of increasing access of early learning and childcare from 600 hours to 1,140 hours for all eligible children, by 2020. We led a national programme for people who want to become childminders and began developing a childminding induction framework for new childminders.

On our 'Getting Ready to Read' guide, we worked in partnership with Save the Children to develop and publish this new resource, to enable services and Inspectors to support early language skills and literacy for young children, and to support wider efforts to break the intergenerational cycle of speech, language and communications.

In collaboration with colleagues in Scottish Government, we developed guidance to support the implementation of elements of the Children and Young People (Scotland) Act. We continued to work with the SSSC in considering the implications of Self-Directed Support (SDS) for our regulatory role.

We worked with Scottish Government and key stakeholders from across community justice services to develop a self-evaluation framework for Community Justice, in support of the new Community Justice Strategy. We also continued our partnership with Her Majesty's Inspectorate of Prisons, supporting them in their inspection of Barlinnie, Kilmarnock and Edinburgh prisons. We also supported a follow-up inspection of Polmont prison.

Continuing to develop world-leading scrutiny

Our inspections are not about compliance but are designed to evidence the impact that care has on a person's individual experience, seeking also to ensure that care is person-led, not just person centred. Our inspection methodology continued to evolve to be intelligence-led and risk based, drawing on what we know about the outcomes for people using the care provided. This helps us to target scrutiny activity more against known risks and concerns in services with greater scrutiny.

We introduced new, shorter inspection reports, which are easier to read and make it easier to understand our scrutiny findings. The reports now focus on the experiences of people using care. We continued to support services to take more ownership for improvement - with our support where necessary - rather than simply complying with regulatory expectations. It is increasingly important that we consider what positive difference care is making to people's lives and give more choice to them and their carers about what type of care is right for them.

In our strategic scrutiny work, as well as working with individual care services, we worked closely with all 31 integration authorities for health and social care and with all 32 local councils and community planning partnerships, in order to examine performance and support improvement in care and social work provision.

In May, we completed a progress review of the performance of children's services in the Isle of Man at the request of the Chief Minister and the Council of Ministers of the Government of the Isle of Man. In 2013, the Care Inspectorate had undertaken the first joint inspection of children's services on the island. We had been invited to do so because of our experience in scrutiny of services for children and in evaluating partnership working, and because of the credibility of the model used. The inspection, which was carried out on a full cost recovery basis, also served to support the professional development of strategic inspectors who greatly valued the

opportunity to learn at first hand about how services are planned and delivered outside the UK.

As part of the evolution of our older people's joint inspection model, we began preparations to exercise our new joint responsibilities with Healthcare Improvement Scotland to inspect, and support improvements in, strategic commissioning. We continued to progress our joint inspections of services for children and young people, and began sectoral discussions on developing the next-stage scrutiny model for these.

There is a growing recognition that the transformation of public services can only happen by engaging and empowering the people using services, enabling them to actively shape decisions which affect them and their communities – and this golden thread runs throughout all of our activities. Public engagement remained a key priority and we continued to involve people and their carers in our work. Their involvement is crucial in our understanding of how services are performing and how they could improve. Our inspection volunteers continued to play an important part in our work, building on their help in developing our involvement strategy. One significant development in our inspections this year was the involvement of inspection volunteers living with dementia. Three people with dementia were trained as inspection volunteers and they took part in 12 care home inspections. Also, we completed our first inspection focus area on dementia, involving 150 care homes for older people.

I am delighted that the Care Inspectorate attained some externally recognised awards; the Carer Awareness award, the Silver Healthy Working Lives award, the Investors in Young People award and the Investors in Volunteers accreditation award. We were also successful in gaining accreditation as a Living Wage Employer. These demonstrate our commitment to attracting the best talent, supporting our workforce and the sectors we work with.

Performing efficiently and effectively

The health and social care sector will need to continue to adapt to the various challenges it faces and the Care Inspectorate is adapting too, becoming more agile, efficient and sustainable. Like many organisations in the public sector, we recognise the need to continue to operate efficiently and ensure that there is maximum impact from the way we use our resources. During their year, we reduced our senior management team significantly to focus resources and we developed a transformation plan to set out our direction of travel and our commitment to continue to deliver best value. We put in place new, but leaner, management structures with a focus on quality and supporting our staff to excel in their roles. This includes a continued commitment to professional development of our staff, including the development of new career pathways and authoring a Professional Development Award which has been accredited by the Scottish Qualifications Authority. This restructuring is an important part of achieving financial stability in future years.

Future work

It is important that we build on this successes of this past year and that we continue to work together with partners on our continued commitment to deliver transformative

change, so that together, we can all ensure that people have access to the best possible care when and where they need it most.

I am grateful to our staff and to our partner organisations, for their ongoing dedication and commitment and for their collective achievements in helping us to develop sector leading approaches to all our work which makes a positive impact for hundreds of thousands of people.

Karen Reid
Chief Executive

1.3 Purpose of overview section

The overview section provides information on the statement of purpose and activities of the Care Inspectorate and on key issues and risks affecting the organisation. This section also reports on any going concern and provides a performance summary against the organisation's strategic aims.

1.3 Statement of purpose and activities of the organisation

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

It is our responsibility to 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, improvement, innovation and promoting good practice.

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

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

We regulate 13,542 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 on our website.

Our regulatory work includes registering and inspecting care services, dealing with complaints and carrying out enforcement action, where necessary. We also play a significant role in supporting improvement in care services and local partnerships.

We work with a range of partners to apply strategic scrutiny in children's services, community justice, and health and social care. This involves us working with local authorities, community planning partnerships, and integration authorities.

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.

Care Inspectorate Strategic Objectives

1. We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.
2. We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.
3. We will support peoples' understanding of high quality, safe and compassionate care by promoting standards and quality of service they should expect and help make sure their voices are heard.
4. We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

How we register care services

Every care service falling within the definition in the Public Services Reform (Scotland) Act 2010 must be registered with the Care Inspectorate. We register all new care services to ensure that they meet legal requirements, evidence their ability to provide good quality care and take into account the national care standards. We may make variations to any conditions of registration. When a service cancels its registration or is faced with sudden closure, our regulatory approach aims to safeguard the people who are using the service by working with the provider, local authority and others to ensure changes are planned and uncertainty is minimised.

How we inspect care

Our scrutiny and improvement plan is agreed annually by Scottish Ministers. In 2016/17, 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 to examine the experiences of, and outcomes for people as a result of using a care service.

With regulated care services, 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 may make recommendations and requirements, or take enforcement action if necessary. We take account of self-evaluation from the service itself and assess the performance of the service against the national care standards (which from 1 April 2018 will be replaced by the new Health and Social Care Standards). We grade care services using a six-point scale from unsatisfactory to excellent across four themes: their quality of care and support; their quality of environment; their quality of staffing; and their quality of management and leadership.

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

During 2016/17, we continued with our joint inspections for children's services and older people' 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, reduce health and social inequalities and raise attainment Working with Healthcare Improvement Scotland, we have continued our work on inspections of services for older people during 2016/17. We also reviewed our joint methodology, to build a methodology that reflects the integrated landscape and to allow us to examine the quality of strategic commissioning in Scotland.

These joint inspections allow us to undertake scrutiny of social work services in local authorities, including criminal justice social work. 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. We also review inter-country adoptions on behalf of Scottish Ministers. . We review significant case reviews, and have agreed new processes with the Scottish Government for doing this in respect of such reviews about children and young people.

1.4 Key issues and risks affecting the organisation

Every year, as part of our corporate planning process, we consider the major risks that might prevent us from achieving our objectives, and look at how we can reduce these risks. On an annual basis, the Board undertakes a strategic review of risk to examine the major risks facing the Care Inspectorate and maintains and receives the resulting risk register throughout the year. The board also undertakes an annual strategic review of risk.

The risk register details each major risk that has been identified, the likelihood of it occurring and the scale of impact were it do to so. The register then identifies specific objectives deriving from, or linked to, the corporate plan that may help to mitigate the impact on the Care Inspectorate were any or all of the risks to materialise. Each risk is scored in its raw state and re-assessed after consideration of mitigating factors. This facilitates a clearer understanding of where executive and management level scrutiny and preventative measures need to be focused. Eight strategic risks are included on the risk register. These can be grouped into the following themes:

- reputational risks which could lead to a loss of confidence in the Care Inspectorate as a national scrutiny and improvement body and authoritative voice on the standard of care and social work services.
- resource risks which could affect the Care Inspectorate's capacity to deliver its strategic objectives.
- external environment influences including political, legislative and partnership working influences.

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

We undertook some preparatory work for the new duties for public bodies in relation to the United Nations Convention on the Rights of the Child (UNCRC) and in terms of the Children and Young People (Scotland) Act 2014.

1.5 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 2017 shows net liabilities of £45.7m (2015/16: £26.0m). 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 2017.

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

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

1.6 Performance summary

Over the year, we have made significant progress against our strategic aims in a number of ways. The following is a summary of some of our main achievements, all of which are covered in more detail in Section 2 of this report.

Strategic objective 1: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.

Improved our scrutiny process through our 'Excellence in Care' programme of methodology developments to ensure our inspections are more outcomes-focused and inspection reports are more accessible.

Provided public assurance and supported improvement through 15,807 scrutiny interventions, plus additional improvement interventions.

Collaboration with a wide range of partners including Education Scotland, Healthcare Improvement Scotland, HM Inspectorate of Prisons, Audit Scotland, Mental Welfare Commission, HM Inspectorate of Constabulary in Scotland, adding value to our activity and supporting sector-wide improvement activity

Identified areas of strength and areas for developed across local areas through completing 5 joint inspections of older people's services and 6 joint inspections of children's services, plus 2 progress reviews.

Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

Jointly leading development of the Health and Social Care Standards, to ensure these are relevant across health and social care and relevant for inspecting how well people's care needs are met on both a strategic and an individual service level.

Improved shared knowledge and collaborative working around intelligence with others to be more risk-based and intelligence-led in our scrutiny.

Supported learning and good practice through major reports, including:

- a self-evaluation guide for community justice
- the impact of Keys to Life in care settings
- findings from significant case reviews 2012-15

Continued to ensure people in the care sector can access a wide range of information and materials online through The Hub.

New resources launched to build capacity included: Come on In, Arts in Care, Ready to Read, Playlist for Life.

Strategic objective 1: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.

Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

 99.2% of statutory inspection completed (exceeded our 99% target)

 15,807 (2015/16: 15,411) scrutiny interventions including:

- 910 new registrations completed
- 7,577 care service inspections completed
- 4,277 complaints about care services received
- 43 enforcement letters issued
- 3,000 variations completed

 88% of services were assessed as being good or better for all quality themes

 96% of high performing services maintained or continued to improve (no change from last year)

 98% of care staff and 96% of people experiencing care thought scrutiny would improve their care (similar to 98% and 95% respectively last year)

97 Freedom of Information requests and 56 Data Protection requests received this year.

Strategic objective 3: We will support peoples' understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect, and help make sure their voices are heard.
To support peoples' understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect and make sure their voices are heard

Strategic objective 4: We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

Achieved Investors in Volunteers status.

Expanded the range of our inspections volunteers scheme, to pilot inspection volunteers living with dementia and involving inspection volunteers in our complaint investigations.

7.2% of all inspections included an inspection volunteer.

Developed a new complaints handling procedure for complaints about care services.

Completed organisational restructure to reduce size and overall costs

Introduced our transformational change programme which has four themes:

- Consolidating excellence in all that we do
- Cultural change
- Investing in our competent, confident workforce
- Collaboration

Commenced a significant business and digital transformation project.

Streamlined our registration process.

Introduced a new set of measures for reporting our success.

 7.2% of inspections involve an inspection volunteer (slight drop from 7.6% last year)

 76% of complaints about care services investigated within timescales (increase from 67% last year)

 Received 4,277 complaints about care services

 86% registrations completed in timescales

 64% of complaints about the Care Inspectorate investigated within timescales (increase from 59% last year)

Key

 Met/exceeded KPI  Almost met KPI

 Increased since last year  Decreased  no change since last year

Financial performance

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

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

Our grant funding position for 2016/17 was as follows:

	Budgeted Position	Actual Funding
Grant in aid	£21.729m	£21.729m
Other government grant	£0.194m	£0.253m
Grant Funding 2016/17	£21.923m	£21.982m
CAPA Grant future years (see below)		£0.914m
Total Grant Funding (Note 13)		£22.896m

During 2016/17 we received grant from the Scottish Government to fund the 'Care About Physical Activity' (CAPA) programme. This was not included in the budget and £0.914m of this funding is for activity that will take place in 2017/18 and 2018/19. As this funding is for future years it has been excluded from the 2016/17 budget analysis below.

The Scottish Government provided transitional funding of £1.500m during 2015/16 and we added to this via a planned underspend in 2015/16 of £0.694m. This provided total transitional funding of £2.194m that was carried forward to 2016/17 in the general reserve balance. The transitional funding was to invest in budget reduction measures such as a voluntary early retirement or voluntary severance scheme to assist with the implementation of a revised organisational structure, reduce our estates costs and invest in information and communication technology to create efficiencies.

Our expenditure budget was set with the aim of using all of the available 2016/17 funding and the transitional funding within the general reserve. The ultimate aim of our expenditure budget is to maximise the benefits the Care Inspectorate provides to people who use care and social work services and their carers.

The table below shows our revenue budget position.

	Budget £000	Actual £000	Variance £000
Revenue expenditure	35,632	35,547	(85)
Fee income	(11,850)	(11,877)	(27)
Other revenue income	(1,550)	(1,668)	(118)
Net expenditure before grant funding	22,232	22,002	(230)
Grant in Aid	(21,729)	(21,729)	0
Specific grant funded projects	(194)	(253)	(59)
Total 2016/17 grant funding	(21,923)	(21,982)	(59)
Net expenditure after grant funding	309	20	(289)
Investment in budget reduction and efficiency measures (transitional expenditure)	1,885	1,700	(185)
Net Expenditure (budget basis)	2,194	1,720	(474)

The £0.474m of transitional funding not used in 2016/17 is required to fund transitional expenditure that will now be incurred in 2017/18.

Reconciliation to Statement of Comprehensive Net Expenditure (SCNE)

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

1. For budgeting purposes we consider grants and grant in aid to be income. The accounting position must present grants and grants in aid as sources of funds and are credited to the general reserve on the Statement of Financial Position.
2. Post-employment benefits (pensions) must be accounted for using International Accounting Standard 19 'Employee Benefits' (IAS 19). IAS 19 requires accounting entries for pensions to be based on actuarial pension expense calculations. Our funding position is based on the cash pension contributions we make as an employer to the pension scheme.
3. Grant in aid used for the purchase of non-current assets is credited to the general reserve and the balance is reduced by the amount of depreciation charged each year. The current year depreciation charge is £89k.

The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the surplus recognised for funding and budgeting purposes. This surplus will be carried forward in the General Reserve and used to fund budget reduction and efficiency measures that will be incurred in 2017/18.

	Ref	£000	£000
Deficit per the SCNE	SCNE		42,600
Revenue funding from grants & grant-in-aid	Note 16	(22,896)	
Less future years CAPA grant 2016/17 Grant funding		<u>914</u>	(21,982)
Reverse IAS 19 pension accounting adjustments	Note 5b		(18,758)
To fund depreciation and asset disposals	Note 7		(140)
(Surplus)/Deficit on budget basis			<u><u>1,720</u></u>
Movement of General Reserve Balance:			
Accumulated revenue reserve		1,082	
Capital reserve		462	
Transitional funding		<u>2,194</u>	
Opening General Reserve Balance	Note 16		3,738
2016/17 Revenue Budget Deficit		(20)	
Transitional expenditure		<u>(1,700)</u>	
(Surplus)/Deficit on budget basis			(1,720)
Depreciation			(140)
Future years CAPA grant			914
Closing General Reserve Balance	Note 16		<u><u>2,792</u></u>

Supplier payment policy

The Care Inspectorate is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within 10 days. We paid 96.63% (2015/16: 98.49%) of invoices within 10 days.

The Scottish Regulators' Strategic Code of Practice

The Care Inspectorate is subject to the Scottish Regulators' Strategic Code of Practice ('the Code'). The Code is made by the Scottish Ministers and laid before the Scottish Parliament in accordance with the provisions of the Regulatory Reform (Scotland) Act 2014. It sets out how regulators should exercise their functions in a

way which is consistent with the principles of better regulation and promotes sustainable economic growth. The Care Inspectorate is committed to mainstreaming compliance with the Code in all of its regulatory work. The Care Inspectorate continues to take account of the Code in reviewing its policies, procedures and methodologies. The Care Inspectorate ensures that it complies with the Code in making regulatory decisions, particularly in relation to registration and enforcement actions, which may impact significantly upon businesses.

2. Performance Analysis

2.1 How do we measure performance

We monitor our performance against:

- the four strategic objectives in the revised corporate plan for 2016 to 2018
- the key performance indicators (KPIs) associated with our strategic objectives.

Regular monthly and quarterly reports on our performance, structured around our strategic objectives, priorities and KPIs, provide our Executive Team and managers with information to monitor progress and take action where necessary. Quarterly performance reports are discussed by the Board of the Care Inspectorate and are published on our website. The following section provides a summary of our performance over the year – fuller detail is available in our quarterly reports on our website.

<http://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers>

2.2 Detailed analysis of development and performance

Our corporate plan sets out four strategic objectives for 2016-18, with a number of priorities and performance measures under each. The following is a summary of key work and achievements under each strategic objective.

Strategic objective 1: We will give public assurance and build confidence that social care and social work in Scotland is rights-based and world class, through robust and independent scrutiny and improvement processes.

Delivering our scrutiny and improvement programme

From 1 July 2016 we implemented a number of changes to our regulated care services scrutiny under our Excellence in Care programme. In particular, our inspections were even more focussed on outcomes for people who experience care, and we changed our inspection reports to reflect this better as well as making our reports shorter and easier to read. We also introduced a revised complaints report, which provides clearer information about decisions and has received positive feedback from complainants and providers.

You can find more information about Excellence in Care on our website:

<http://www.careinspectorate.com/index.php/publications-statistics/75-professionals-registration/excellence-in-care-publications>

Registered care services

At 31 March 2017, there were 13,542 registered care services operating in Scotland. The majority of these services perform well: 88% of services that had been inspected and graded by the end of the year were good or better for every theme. Over the year, 96% (96% in 2015/16) of those services that started the year with grades of good or better for every theme maintained or improved on those grades. You will find

more information about numbers and types of services, and their grades, on our website.

<http://www.careinspectorate.com/index.php/statistics-and-analysis>

Care service scrutiny and improvement

We agree a scrutiny and improvement plan with Scottish Ministers, which sets out how we will undertake inspections during the period ahead.

Our plan is dynamic and will change, responding to new registrations, cancellations, services becoming inactive, and risks increasing or decreasing through the year depending on the intelligence we collect about each service.

Over the year we inspected 99.2% of the statutory care service inspections on our plan, exceeding our 99% target. In total, we undertook 15,807 care service scrutiny interventions this year (15,411 in 2015/16), including inspections, new registrations, complaints, enforcements and variations. At a sample of inspections, we ask people whether they think our inspection will help the service to improve: 96% of people experiencing care and 98% of staff who responded, thought that it would.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 1	% of first statutory inspections completed	99%	99.2% (99.9%)
KPI 2	% of people who tell us our scrutiny interventions help services to improve:		
	<ul style="list-style-type: none"> a) People experiencing care b) Staff in care services 	<ul style="list-style-type: none"> 90% 90% 	<ul style="list-style-type: none"> 96% (95%) 98% (98%)

Enforcements

Where a service does not make improvements as required, we can use our legal powers and take enforcement action. If necessary we can take steps to close services as a last resort, subject to an appeal to a sheriff, but this is a power we use rarely and with great care. We served a total of 22 (32 in 2015/16) non-technical enforcement notices about 17 different services in 2016/17. You can find further statistical information about enforcement on our website.

<http://www.careinspectorate.com/index.php/statistics-and-analysis>

Joint inspection of children's services

Our joint inspections of children's services are led by the Care Inspectorate and conducted jointly with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland.

In 2016/17, we published findings from our joint inspections of children's services in:

- Falkirk
- Scottish Borders
- Dumfries and Galloway (progress review)
- South Ayrshire
- Angus
- Shetland
- Moray
- West Dunbartonshire

As well as our inspection reports we published a summary of our findings from joint inspection in our report “Joint inspections of services for children and young people, 2014-16”. You can find a copy of this publication on our website.

http://www.careinspectorate.com/images/documents/3354/Review_of_findings_of_joint_inspections_children_and_young_people_2014-16.pdf

Joint inspection of adult services

With Healthcare Improvement Scotland, we set up a joint operational group to review, refine and improve our methodology for joint inspections of services for older people, and will implement changes in 2017/18.

Working jointly with Healthcare Improvement Scotland, we published findings from our joint inspections of services for older people in:

- East Lothian
- South Lanarkshire
- Aberdeen City
- Dumfries and Galloway
- Orkney

Collaboration with partners

In addition to the above joint inspections, we worked in collaboration with a number of partners over the year to maximise the impact our collective scrutiny interests, while keeping the presence of scrutiny bodies in services to a minimum. The following are examples of collaborations with other scrutiny and public bodies, government, providers and with academic and research institutions.

Early learning and childcare

- We work with Education Scotland to continue our annual programme of inspections of day care of children services that offer pre-school education, and to develop a shared approach to evaluation of childminders providing funded early learning and childcare.
- The planned expansion of early learning and childcare to deliver 1,140 hours of free provision by 2020 will require significant changes to delivery and capacity across the early years sector. We have supported this in a number of ways this year including: our registration teams working with local authorities who are responsible for delivery of the additional free hours; working with Scottish Government to support the evaluation of the 14 trials set up to meet the demands of this expansion; we seconded an inspector to the Scottish Government to support the research and delivery of the ‘design principles for

daycare of children services' resource and a further inspector was seconded to develop an induction framework for new childminders.

- During the past year we have worked together with the Convention of Scottish Local Authorities (COSLA) and Scottish Government to support a number of local authorities in providing a helpful response to the refugee crisis in Europe and provide safe refuge for young people coming to Scotland from France following the disbandment of the transit camp in Calais. The Care Inspectorate's Registration Team supported innovative practices to support and accommodate these vulnerable young people in high quality care settings that meet their individual needs.

Children and young people

- Working with Education Scotland to develop a shared methodology for future scrutiny of schoolcare accommodation, and running two successful pilots of this.

Community and Criminal Justice

- Under the Duty of Cooperation, we supported Her Majesty's Inspectorate of Prisons with their inspections of prisons in Scotland.
- We published a new self-evaluation framework for community justice authorities, and we have continued to work in partnership and collaboration with community justice partners, including Community Justice Scotland.

Adults and older people

- We have continued to support research on physical activity for people with dementia in care homes and understanding sedentary behaviour in partnership with two separate studies at Stirling University and Glasgow Caledonian University.

Enabling flexible and innovative models of care

- We worked with providers across a range of service types who are seeking to meet the needs of people experiencing care in innovative and flexible ways, and adapting our registration approaches to enable this.

Multi-agency intelligence sharing

- We contributed to the Audit Scotland-led annual shared risk assessment process, compiling our intelligence to highlight risks in each of the 32 local authority areas in Scotland.
- We shared intelligence we hold about care and the care systems within NHS board areas as part of the Sharing Intelligence for Health and Care multi-agency group, which includes Healthcare Improvement Scotland, NHS Education Scotland, the Mental Welfare Commission, Audit Scotland and Public Health and Intelligence Scotland.
- The Care Inspectorate is part of the United Kingdom's National Preventive Mechanism (NPM), which is responsible for the independent monitoring of all places of detention throughout the UK. It comprises the 20 bodies which have powers to enter places of detention for the purpose of providing oversight and scrutiny of the treatment of detainees and the conditions in which they are held.

Such scrutiny is designed both to prevent harm occurring to people in detention and to encourage good practice in the care of detainees.

Improvement focus

We have a significant, statutory role in supporting improvement across the care sector. A core part of our inspections include time spent with the service focusing on how it can develop and improve in a sustainable way. Our inspectors provide, arrange and signpost towards improvement as required. Our designated link inspectors for each local partnership area provide support, constructive challenge and help focus improvement through self-evaluation. We have continued to develop The Hub: our online centre giving access to a wide range of improvement resources, which is now used widely across the sector. We continued to work in partnership with Healthcare Improvement Scotland on a number of improvement projects, including dementia, urgent care and tissue viability.

Building capacity

We secured funding from Scottish Government, through Active Scotland, to lead an improvement programme, called the Care About Physical Activity (CAPA) improvement programme, across local partnerships supporting physical activity amongst older people and prepared to implement this in 2017/18.

We worked with a number of partners over the year to develop, or support the development of, a range of resources including:

- “Come on in”, jointly developed with Life Changes Trust, Scottish Care and Abbeyfield to support friends and family of people living in care homes to make the most of their time together (published April 17)
- Arts in Care, developed in partnership with Creative Scotland and Luminate, and which won “best campaign” and was runner up in “best design” at the Creative exchange awards.
- “Ready to read”, promoting literacy in young children and developed in collaboration with Save the Children.
- “Playlist for life”, a project which helps families and their loved ones with dementia connect through music, and which we have supported by creating a short film highlighting its benefits.

Strategic objective 2: We will inform local and national policy to contribute to ensuring a world class care system in Scotland, through intelligence-led, risk-based, and evidence-based approaches to scrutiny and improvement.

Informing policy development and implementation

We continued our active involvement in the development of a number of key policies, and their implementation.

- In conjunction with Healthcare Improvement Scotland we led the National Care Standards Review Development Group tasked with co-producing the new National Care Standards, working alongside people who use services, providers and other organisations. The Development Group’s contribution was acknowledged as a successful example of collaborative working over the past

two years and a number of Care Inspectorate staff have been funded to support the next implementation phase, along with other stakeholders. As well as collaboration with other scrutiny bodies, the new standards have been co-produced with organisations that represent people who use as well as provide care.

- We made a significant contribution to the Child Protection Improvement Programme systems review, which was reported to Ministers in December 2016. The Scottish Government committed to increasing the early learning and childcare provision from 600 hours to 1140 hours for all three and four year olds and eligible two year olds, by 2020. To support the expansion programme, Scottish Ministers produced an action plan to support the expansion of quality early learning services to all children. The Care Inspectorate worked with a range of stakeholders to develop a set of design principles to support the provision of high quality settings. We published the joint Scottish Government and Care Inspectorate resource 'Space to Grow', the first of 31 actions delivered to support the expansion.
- We were members of working groups informing and developing policy in a number of areas such as the implementation of carers' legislation, Buurtzorg model of care, palliative and end of life care, drugs and alcohol strategy quality group and the development of the care home contract.
- We were commissioned by the Scottish Government to develop and publish 'A guide to self-evaluation for community justice in Scotland' – which will be used by partners to strive for continuous improvement and excellence in services.
- We were commissioned by the Scottish Government to undertake a programme of validated self-assessment involving all 29 drug and alcohol partnerships in Scotland, publishing a report of our findings early in 2017/18.
- We have worked with the Scottish Government and others to improve awareness, especially in the new health and social care partnerships, of the extensive information the Care Inspectorate holds about social care. This has particularly focussed on access to the Care Inspectorate datastore, which has been improved following feedback from people experiencing care, and which we plan to make more publicly available in 2017/18.
- We launched a new short film on our work, which was co-produced with NHS24 and features prominently on the Care Information Scotland website.
- We provided evidence to a number of Scottish parliamentary committees, and responded to a wide range of relevant consultations over the year.

Developing our intelligence-led approaches

As part of our overall transformation plan, we have developed a new intelligence model for the Care Inspectorate, and will begin to implement this in the coming year. This will be a longer term implementation plan, and will be closely aligned to our business and digital transformation plans.

Publishing our findings

- We continue to undertake significant case reviews, and this year published a summary of our findings 'Significant case reviews in Scotland, 2012-15'. These findings were considered in the National Child Protection Improvement Programme.

- Our 'Keys to life' publication presents our findings about the experiences of adults with learning disabilities who use care at home, housing support and care homes in Scotland.
- We published our latest 'Early Learning and Childcare Statistics' publication in November 2016, and have shared the extensive data we hold on this sector with Scottish Government to help inform the planned expansion of the sector to deliver the additional hours of early learning and childcare.
- This year we added to our statistical publications with 'Complaints Statistics 2011-16' and 'Expenditure and Activity Statistics, 2006-15', the latter including a separate report for every local authority area in Scotland.

Throughout the year, we collected additional information in a number of key areas during our inspections and will publish our findings in 2017/18. These areas were:

- an audit of how good the quality of care is for school-aged children
- an examination of child sexual exploitation in residential settings for children and young people
- an assessment of outcomes for people with dementia who live in care homes in Scotland.

Working in partnership

During the year, we worked extensively with scrutiny partners in many ways:

- inspecting jointly at service, partnership and locality levels
- producing joint reports
- collaborating on new methodologies
- participating in cross scrutiny body coordination, planning and scheduling work to reduce the overall impact of scrutiny
- sharing information to reduce duplication and enhance intelligence about the sector.

Good practice – The Hub

We have continued to develop The Hub, our '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 people experiencing care carry out their own research
- toolkits and resources aimed at supporting improvement.

The Hub 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.

Inspectors regularly signpost managers and providers to our website and The Hub for guidance and examples of good practice.

You can access The Hub at hub.careinspectorate.com

Sharing information

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.

We have regular information sharing arrangements in place with an extensive range of other bodies, including public bodies such as Scottish Government, the Scottish Social Services Council, local authorities, Public Health and Intelligence Scotland, and Her Majesty's Revenue and Customs.

During 2016/17, we received:

- 97 freedom of information requests, of which 82 were sent out within the statutory 20 day deadline
- 56 data protection requests, of which 49 were sent out within the statutory 40 day deadline

Strategic objective 3: We will support peoples' understanding of high quality, safe and compassionate care by promoting the standards and quality of service they should expect, and help make sure their voices are heard.

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 who experience care in their work, and we have made significant steps to ensure that we involve people in our own work. This includes supporting people to know and understand what good care looks like through providing information on public inspection reports and thematic reports, through our website, The Hub and the media, as well as through public and community events. We continue to hold regular forums with our stakeholders, including people who experience care and service provider representatives through our Quality Conversations and other fora.

This year, we achieved Investors in Volunteers status, reflecting our commitment in this area, and the wide range of ways we involve people who experience care in our work, some of which are outlined below.

We involve people who experience care in our own work in many ways. Our Board includes members who experience care. Our strategic inspections of children's and adult's services, which look at outcomes for people across a whole local authority area, include consultation with people who experience care.

Our inspections of regulated care services involve consulting with and speaking to people who experience care. This is done in a number of ways including face-to-face, by phone and through the use of questionnaires. Through these questionnaires, 93% of respondents told us they were happy or very happy with the quality of care they received in 2016/17.

We ran a successful pilot of a new online questionnaire for children and young people in mainstream schoolcare accommodation, and this has now been adopted for all inspections of this type of service.

During inspections, our inspectors have used different ways to engage with different types of people who experience care, for example, using the Short Observational Framework Inspection (SOFI) tool. For example our early years inspectors use talking mats on their computer tablets and have found children enjoy engaging with them in this way.

We involve people with experience of using care as part of our inspection teams as inspection volunteers. Our inspection volunteers have experience of care. They accompany inspectors to care services and speak to people using the care service – 7.2% of all inspections in 2016/17 included an inspection volunteer, a slight drop compared with 2015/16. In total, our inspection volunteers spoke with 5,014 people who experience care over the year, an increase on the 4,862 in 2015/16.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 4	% of inspections involving an inspection volunteer	Not applicable	7.2% (7.6%)

The following are some of the new developments in how we involve people that have taken place over the course of the year.

- We held focus groups with inspection volunteers to discuss recent methodology changes, and subsequently implemented a range of suggested actions.
- We completed a test of involving people living with dementia as inspection volunteers, and we started to involve inspection volunteers in our complaint investigations.
- The development of the new national care standards involved wide discussion with a range of individual and groups of people who experience care.

Concerns and complaints

We have been developing our complaints handling procedure for complaints about care services. This procedure meets advice on best practice from the Scottish Public Services Ombudsman and ensures compliance with the Scottish Regulators' Strategic Code of Practice. This has included consultation with care service providers at a series of workshops across the country covering both complaints handling and 'duty of candour'.

We investigated 76% of complaints about care services within the relevant timescales, just under our target of 80%, and a considerable increase from 67% last year.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 5	% of complaints about Care Services that are investigated within the relevant timescales	80%	76% (67%)

Strategic objective 4: We will perform as an independent, effective and efficient scrutiny and improvement body, working to consolidate excellence, deliver cultural change, invest in a competent, confident workforce and work collaboratively with partner agencies to support the delivery of safe and compassionate, rights-based care.

Delivering best value

Last year, we began a significant re-structure of our organisation to ensure we can continue to become more effective and efficient in anticipation of tighter budget constraints. We continued to implement this new structure over the course of 2016/17, including a significant restructure of our inspection teams.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 10	Audit recommendations met within timescale	not applicable	2 met within timescale, 1 within revised timescale (new)

Developing an open, transparent and enabling culture

We continued to develop an open, transparent and enabling organisational culture. We developed our 'unwritten ground rules' programme, which demonstrated a noticeable improvement in our working environment. We also considered the introduction of a new programme of coaching conversations training for all staff, to help support the shift towards stronger empowerment and support across all that we do. We also developed a new Engage in Change forum for our managers. We continued to invest in our staff, including reviewing learning and development, developing our assessment centre to support the launch of our new professional development award, supporting the Nursing and Midwifery Council revalidation of the nurses we employ and offering stronger support for Continuous Professional Development. We also developed and implemented new career pathways, with a view to making these permanent.

Our staff continued to help make improvements across the organisation by actively suggesting ideas and proposals through the chief executive's Bright Ideas scheme; on the success of this, we developed an Innovation Scheme, which supports and develops staff suggestions for innovation and improvement in the workplace.

We undertook a biennial review of our equality strategy and action plan, and developed a new set of equality outcomes in consultation with a wide range of equality organisations and groups.

We reviewed a number of our staff policies as part of a rolling review process, and delivered training sessions to ensure they are consistently and correctly deployed across our organisation.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 7	Staff absence rate	To be agreed	4.4% (4.8%)
KPI 8	Staff vacancy levels	To be agreed	Inspectors 2.6% (2.1%) Non-inspectors 0.7% (0.4%)

Effective and efficient systems and processes

We are continually exploring ways to make our processes more efficient and effective. The following illustrate some examples of how we have built efficiencies into our key processes this year.

During the year, we explored options to transform the ICT and digital services that support our business needs and the needs of our stakeholders. This includes the potential to collaborate with other public sector bodies. We will take this forward under our wider business transformation plan in the coming years.

We developed and implemented our customer services strategy, which will help us better identify our internal and external customers, understand their requirements and meet their needs.

We amalgamated our contact centre and eForms helpdesk to operate a single point of contact for most incoming calls from the public.

We have worked hard to expand our social media presence, and have run successful social media campaigns to raise awareness of our work and our resources, including Arts in Care, Playlist for Life and Care News.

We started to develop a new organisation wide quality assurance framework which will promote a consistent approach to quality assurance and improvement across all of our activity, including our scrutiny and assurance work. This will support one of our key leadership and transformation themes, consolidating excellence in everything we do.

With Healthcare Improvement Scotland, we established a high level advisory group to inform the review of the methodology of the joint inspections of services for older people to take account of The Public Bodies (Joint Working) (Scotland) Act 2014 which gave the Care Inspectorate and Healthcare Improvement Scotland (HIS) new responsibilities from 1 April 2017 to inspect the planning, organisation or co-ordination of the services that health boards and local authorities delegate, as set out within their integration schemes to integration authorities. Through this work we identified areas requiring particular focus, including adult support and protection and adults and self-directed support.

We introduced a new quality assurance process for our joint inspections of services for adults, and continued to refine our inspection approach along with colleagues in Health Improvement Scotland.

The Scottish Government has asked the Care Inspectorate to lead a short life working group to develop a proposal for scrutiny of services for children and young people from 1 April 2018, following the conclusion of the current inspection programme. To inform this work the Care Inspectorate has established a high level advisory group in March 2017

We worked with Quality Scotland to streamline our registration process using lean principles. We completed 910 new registrations and processed 3,000 variations to registration during the year. Of those new registrations, we completed 86% within the agreed timescales, an improvement on last year and exceeding our target of 80%.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 6	% registrations completed within timescales	80%	86% (75%)

Transformational change programme

We developed and published our transformational change programme and widely communicated this to our workforce. There are four themes in the plan

- consolidating excellence in all that we do
- cultural change
- investing in our competent, confident workforce
- collaboration

Strengthened governance and accountability

Mid-way through the year we undertook a CIPFA governance review which highlighted significant areas of strength and identified areas of governance where we could improve further.

We reviewed the governance arrangements to support the Board's reconfigured structures.

Following last year's review of how we measure and report on performance, we implemented a new set of success measures which are reported on regularly to our

board in our quarterly performance reports which are available publicly on our website.

<http://www.careinspectorate.com/index.php/publications-statistics/35-corporate-annual-reports-accounts/corporate-board-meeting-papers>

Complaints

We completed 53 complaint investigations about the Care Inspectorate, 64% of which we investigated within 20 days, an increase on last year's performance.

Measure	Description	Target	Performance 2016/17 (2015/16)
KPI 9	% of complaints investigated about the Care Inspectorate that were completed within SPSO-recommended timescales	Baseline year	64% (59%)

2.3 Sustainability report 2016/2017

This report details the Care Inspectorate's sustainability performance for 2016/17. The format follows Scottish Government's guidance on public sector sustainability reporting to include key carbon management and other environmental sustainability aspects of how public bodies 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. The objectives of the plan are considered annually alongside the sustainability report. As a regulatory body, our core business is to inspect care and social work services throughout Scotland, leading to high travel related CO₂ emissions. We also have a presence in 15 locations from as far north as Shetland to as far south as Dumfries. These properties are of varying sizes, from 30m² to 2819m² on a variety of lease terms, making control of our stationary CO₂ emissions difficult. We are planning to re-baseline using the 2015-16 data as the new baseline and are in the process of developing a new Carbon Management Plan for 2017 to 2020.

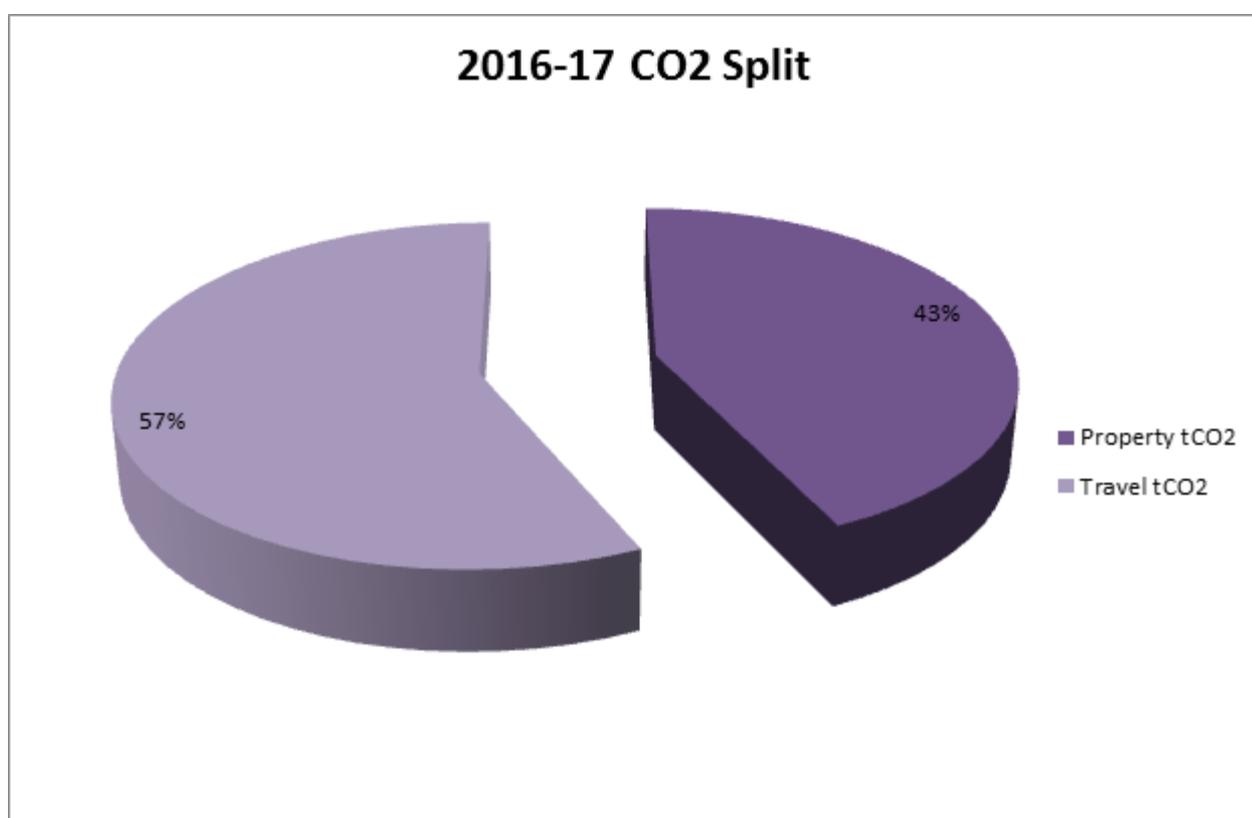
We do not have the direct energy consumption and costs from all of our landlords so the figures for electricity, gas, water and rates are aggregated from offices for which we have accurate figures. This approach has been consistent for all years from 2011-12 onwards.

Summary of Performance

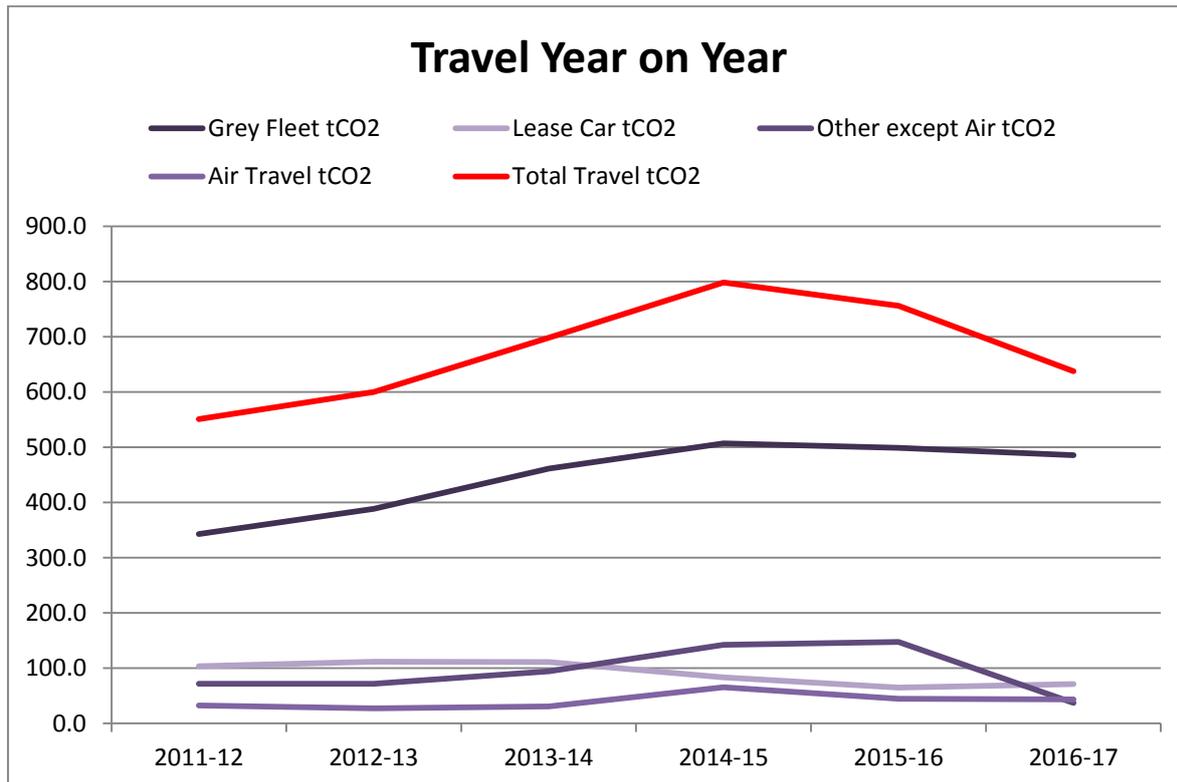
Area	Performance 2016-17	Status
Total CO ₂ e	Carbon emissions have increased by 4% from the 2011-12 target.	
Travel	Carbon emissions have increased 29% from the 2011-12 target.	
Gas, Water and Electricity	Carbon emissions have decreased by 17% from the 2011-12 target.	
Waste and Recycling	Carbon emissions have increased by 92% from the 2011-12 target.	

Area	Actual Performance	Target Performance By 2016
Total CO₂ Emissions	1,126.7 tCO ₂ e	1,083 tCO ₂ e
Travel Related CO₂	638 tCO ₂ e	496 tCO ₂ e
Total Travel Cost	£918,864	-
Total Energy CO₂	486 tCO ₂ e	581 tCO ₂ e

Area	Actual Performance	Target Performance By 2016
Energy Consumption (gas & electricity)	1,582 MWh	-
Energy Expenditure (gas & electricity)	£135,002	-
Total Waste CO ²	1.9 tCO ² e	0.99 tCO ² e
Waste	91.4 tonnes	-
Waste Expenditure	£24,448	-
Total Water CO ²	1.5 tCO ² e	4.1 tCO ² e
Water consumption	4,423 m ³	-
Water expenditure	£39,416	-



Travel					
Year	Grey Fleet tCO ₂ e	Lease Car tCO ₂ e	Other except Air tCO ₂ e	Air Travel tCO ₂	Total Travel tCO ₂ e
2011-12	342.6	103.7	71.9	32.9	551.1
2012-13	388.5	112.0	72.2	27.4	600.1
2013-14	461.4	111.0	94.6	30.9	698.0
2014-15	506.7	83.3	142.3	65.6	797.9
2015-16	498.7	65.0	147.3	44.6	755.6
2016-17	485.5	71.3	37.4	43.4	637.6



Performance Commentary

Grey Fleet is private car use and has marginally reduced this year. Overall, car travel has continued to decrease and we are hoping for a continued reduction next year due to geographical alignment of inspection staff to services. 'Other' includes trains, ferries, buses and taxis. There has been a significant reduction this year. This is partly due to more detailed reporting of carbon emissions by transport type in 2016/17. Overall there has been an increase of 16% from the baseline, however there is a reduction of 16% since last year. Travel is the largest obstacle the Care Inspectorate faces towards reducing carbon emissions. This is challenging as the nature of the Care Inspectorate's work means staff need to travel to regulate services.

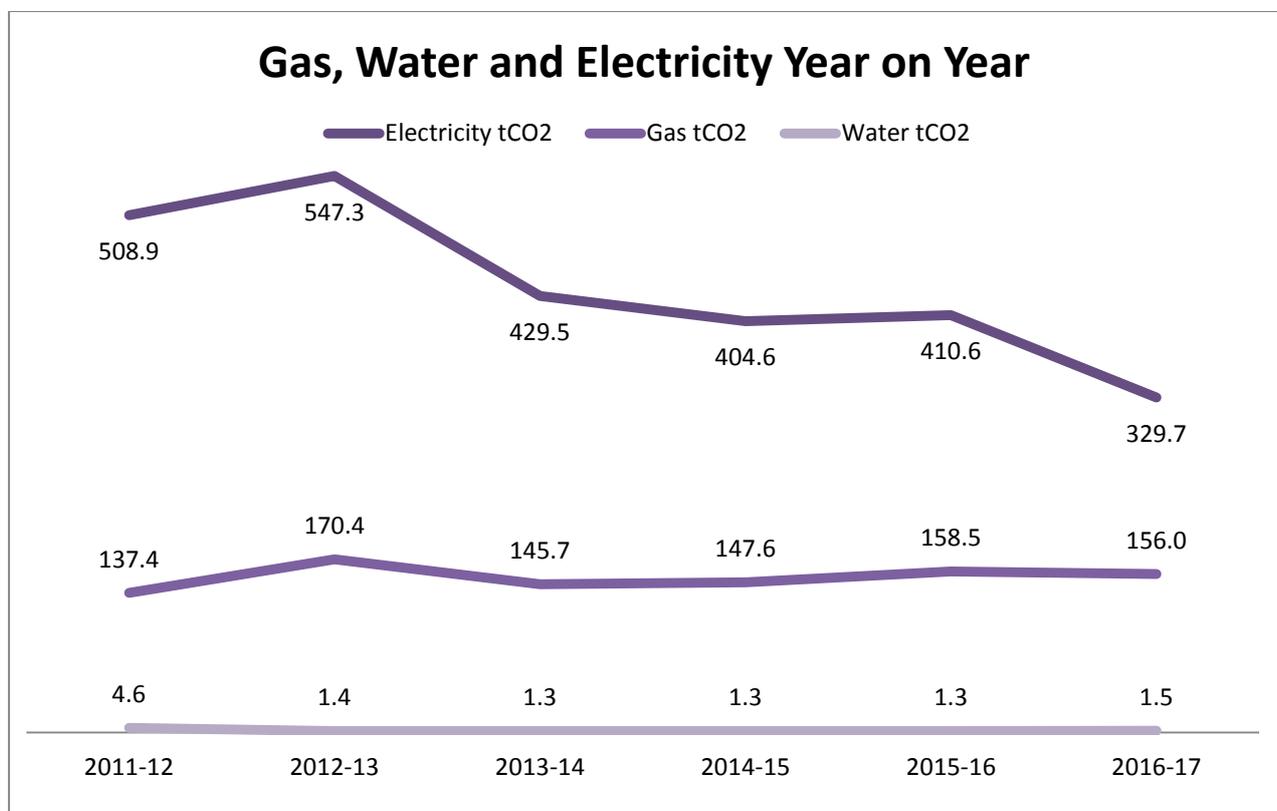
Direct Impact Commentary

The continuing reduction in car travel reflects a steadying of the impact of the change in inspection methodology which will give us a good baseline for the next Carbon Management Plan. Our published business travel and subsistence policy details our preferred methods of business travel being that employees must consider the most efficient and cost effective way of meeting objectives. We have achieved this by actively encouraging alternative means of participating at meetings by using telephone and video conferencing facilities and the use of public transport.

There is considerable travel between our Stornoway, Lerwick and Kirkwall

locations and the mainland which is likely to continue. However, an exercise in geographic alignment of inspectors to services is ongoing, so we anticipate there being a continued reduction in business travel for the next year.

Year	Electricity tCO2e	Gas tCO2e	Water tCO2e
2011-12	508.9	137.4	4.6
2012-13	547.3	170.4	1.4
2013-14	429.5	145.7	1.3
2014-15	404.6	147.6	1.3
2015-16	410.6	158.5	1.3
2016-17	329.7	156.0	1.5



Performance Commentary

There has been a considerable decrease in electricity consumption, with both gas and water remaining about the same. Water usage is unlikely to change without either a significant change in the number of staff we have or a period of significant water wastage eg a long term leak.

Direct Impact Commentary

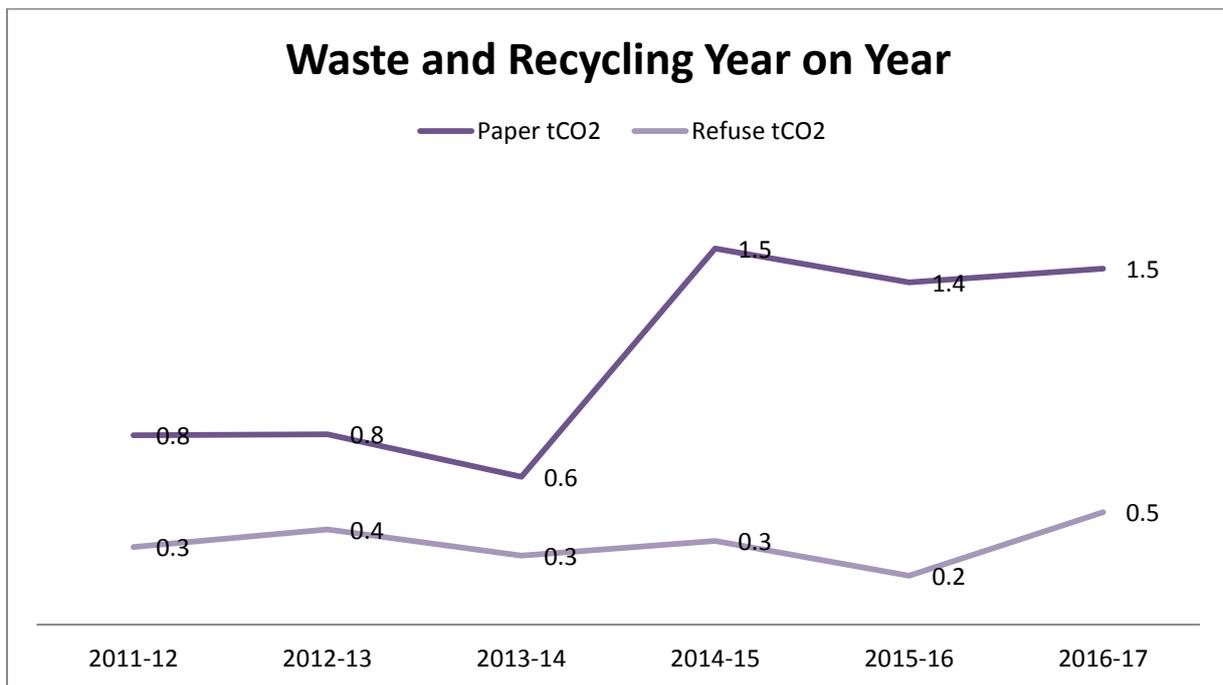
We are not able to measure all our energy consumption accurately as our property portfolio includes occupation of areas of buildings that are not separately metered. We

therefore use an apportionment across the estate based on the actual direct energy consumption and costs.

The decrease in electricity is attributable to the fact that we have a full year's impact of the LED replacement lighting and the use of these figures in the apportionment across the estate. Minor changes in gas and water consumption are likely down to differing weather conditions between the years.

There are further significant reductions in future years due to a 35% reduction in the size of our estate through rationalisation.

Waste and Recycling		
Year	Paper tCO2	Refuse tCO2
2011-12	0.8	0.3
2012-13	0.8	0.4
2013-14	0.6	0.3
2014-15	1.5	0.3
2015-16	1.4	0.2
2016-17	1.5	0.5



Performance Commentary

There has been a small increase in the recycling of paper. The increase in waste is due to a change in information provided by the supplier.

Direct Impact Commentary

There will be a new cleaning and confidential paper recycling contract put in place during the next year as well as a rationalisation / reduction in size of offices. These changes should contribute to a reduction in carbon emissions.

Sustainable Procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. The Care Inspectorate will, when preparing and evaluating tenders, consider sustainability in a way which is relevant and proportionate to the procurement process.

Karen Reid
Chief Executive
28 September 2017

Section B: Accountability Report

3. Corporate Governance Report

3.1 Directors' report

Care Inspectorate Board

Members sitting on the Care Inspectorate Board during 2016/17 were:

- Paul Edie (Chair)
- Mike Cairns
- Denise Coia (Chair of Healthcare Improvement Scotland)
- Gavin Dayer
- Christine Dunlop
- James McGoldrick (Convener of the Scottish Social Services Council)
- Ian Doig
- Anne Haddow
- Anne Houston
- Cecil Meiklejohn
- Linda Pollock
- David Wiseman.

Board members are appointed by Scottish Ministers. Further detail on Board members' periods of appointment and remuneration is contained in the Remuneration Report (Section 4.1).

Executive Team

The Executive Team is employed by the Care Inspectorate and the following individuals served on the Executive Team during 2016/17:

Name	Post Title	ET Member	From	To
Karen Reid	Chief Executive	Y	18/05/2015	
Kevin Mitchell	Executive Director of Scrutiny and Assurance	Y	22/02/2016	
Rami Okasha	Executive Director of Strategy and Improvement	Y	22/02/2016	
Gordon Weir	Executive Director of Corporate and Customer Services	Y	01/12/2012	

Two deputy directors were members of the Executive Team in 2015/16 but left following a senior management structure early in 2016/17.

Sarah Blackmore	Depute Director – Children’s Services and Criminal Justice	Y	07/05/2013	15/04/2016
Sue Neilson	Depute Director – Adult Services	Y	01/01/2013	29/04/2016

Register of interests

A register of members’ interests is maintained and is available for inspection by members of the public. Declarations of conflicts of interest are standing agenda items at each Board and Committee meeting.

Personal data related incidents

There were no data protection breaches reported to the Information Commissioner’s Office for the year to 31 March 2017.

Disclosure of information to auditors

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

Non audit fees

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

Pensions

The Care Inspectorate is an admitted body to the local government pension scheme and accounts for pensions under IAS 19 ‘Employee Benefits’ standard as adapted for the public sector. Further information on pensions can be found in the remuneration and staff report, accounting policy note 1.11 and the accounting disclosure note 5.

Property

As at 31 March 2017, the Care Inspectorate occupied 15 properties. Of these, eight are shared with other public sector bodies. The Estate Management Plan for 2017-20 was approved by the Resources Committee in September 2016 and sets out our commitment to reduce our estate through shared opportunities and more flexible ways of working where possible.

3.2 Statement of Accountable Officer’s responsibilities

Under paragraph 14(1) of Schedule 11 to the Public Services Reform (Scotland) Act 2010, the Care Inspectorate is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Care Inspectorate and of its net resource outturn, application of resources, changes in taxpayers’ equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the Care Inspectorate will continue in operation.

Scottish Ministers designated the Chief Executive as the Accountable Officer for the Care Inspectorate. The responsibilities of the Chief Executive as Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Care Inspectorate's assets, are set out in the Non-Departmental Public Bodies' Accountable Officer Memorandum issued by the Scottish Government and published in the Scottish Public Finance Manual.

The Accountable Officer has confirmed that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

For the purposes of the audit, so far as the Accountable Officer is aware, there is no relevant audit information of which the auditors are unaware and all necessary steps have been taken by the Accountable Officer to ensure awareness of relevant audit information and to establish that the Care Inspectorate's auditors are aware of that information.

3.3 Governance Statement

Introduction

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 the public sector appointment process. The Convener of the Scottish Social Services Council and the Chair of Healthcare Improvement Scotland also sit on the Board. 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.

At 31 March 2017, the following committees operated and reported to the Board.

Policy Committee

The Policy Committee monitors and considers internal and external developments and events and identifies themes and trends in all scrutiny activity with a view to making recommendations to the Board to inform strategy formulation and strategic policy development.

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.

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.

The **Appeals Sub-Committee** is a sub-committee of the Resources Committee. Its purpose is to determine appeals from members of staff in relation to any grievance concerning their terms and conditions or in relation to disciplinary matters.

Remuneration Committee

This committee approves the Care Inspectorate's pay remit for all employees in accordance with the public sector pay policy guidance.

Complaints Committee

This committee monitors and contributes to the development of the Care Inspectorate's Complaints Procedure and complaints policy and practice, monitors performance and identifies themes and trends in respect of the Care Inspectorate's Complaints Procedure, and monitors the outcomes of any complaint relating to the Care Inspectorate which has been referred to the Scottish Public Services Ombudsman.

Committee Structure Review

The annual review of Board and Committee effectiveness identified that a change to the Committee structure was appropriate.

The Board at its meeting of 30 March 2017 agreed to replace the Policy Committee and the Complaints Committee with a new Quality and Strategy Committee.

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') and have been expanded by the Scottish Government.

The key principles are:

- duty
- 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 people experiencing care
- 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

Board Member Attendance at Meetings 1 April 2016 to 31 March 2017

Board Member	Board	Policy Committee		Audit		Resources	
Number of Meetings	4	4		5		6	
	Attended	Member	Attended	Member	Attended	Member	Attended
Paul Edie, Chair	4	Yes	4	No	4	No	5
Mike Cairns	2	Yes	2	Yes	5	No	0
Denise Coia	2	No	0	No	0	No	0
Christine Dunlop	4	No	0	Yes	5	Yes	3
Gavin Dayer	4	No	0	No	0	Yes	3
Ian Doig	4	No	1	Yes	5	Yes	4
Anne Haddow	3	Yes	4	No	1	No	0
Anne Houston	4	Yes	2	No	0	No	0
James McGoldrick	3	No	0	No	1	No	0
Cecil Meiklejohn	3	No	0	Yes	5	No	0
Linda Pollock	4	No	0	Yes	5	Yes	4
David Wiseman	3	Yes	4	No	0	Yes	6

	Remuneration		Complaints		Appeals Sub Committee	Total
Number of Meetings	2		4		1	
	Member	Attended	Member	Attended	Attended	Attendances
Paul Edie, Chair	Yes	2	No	0	1	20
Mike Cairns	Yes	1	Yes	2	0	12
Denise Coia	No	0	No	0	0	2
Christine Dunlop	No	0	No	0	0	12
Gavin Dayer	No	0	Yes	4	0	11
Ian Doig	No	0	No	0	1	15
Anne Haddow	No	0	Yes	4	0	12
Anne Houston	No	0	Yes	3	0	9
James McGoldrick	No	0	No	0	0	4
Cecil Meiklejohn	No	0	Yes	3	0	11
Linda Pollock	No	1	No	0	1	15
David Wiseman	Yes	2	No	0	0	15

* Paul Edie, as Chair, often attends Audit and Resources Committees but is not a member of these Committees.

Accountable Officer

The Care Inspectorate's Chief Executive, Karen Reid, is the designated Accountable Officer taking up this responsibility with effect from 18 May 2015. The Accountable Officer is personally responsible to the Scottish Parliament, for securing propriety and regularity in the management of public funds and for the day-to-day operations and management of the Care Inspectorate.

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

Executive 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 for the financial year 2016/17 comprised:

- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Rami Okasha, Executive Director of Strategy and Improvement

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

Internal audit

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

Each year our internal auditors provide the Audit Committee with assurance on the whole system of internal control. In assessing the level of assurance to be given for 2016/17, our internal auditors take into account:

- All reviews undertaken as part of the 2016/17 internal audit plan;
- Matters arising from previous reviews and the extent of follow-up action taken;
- The effect of any significant changes in the Care Inspectorate's objectives or systems; and
- The proportion of the Care Inspectorate's review needs covered to date.

The internal auditors overall opinion for 2016/17 was:

“the Care Inspectorate has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks, and appropriate arrangements are in place to promote value for money and deliver best value.”

Code of Corporate Governance

The Care Inspectorate has a Code of Corporate Governance which is reviewed each year.

The Code of Corporate Governance includes a register of key governance policies. The annual review of this register helps to ensure that policies remain current and relevant.

Whistleblowing

Our employee Staff Code of Conduct Policy and associated Whistleblowing Guidance informs and encourages staff to raise serious concerns about wrongdoing or alleged impropriety. The policy is consistent with, and makes explicit references to the Public Interest Disclosure Act 1998.

Risk 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. Directorate, department and team plans are being developed to more clearly link operational risks with strategic objectives and strategic risk. As a result, there will be an improvement in embedding risk management throughout the organisation.

A review of the strategic risk register was undertaken by the Board at the Board development event in February 2017.

The strategic risk register is available on the Care Inspectorate website (www.careinspectorate.com).

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.

Information security

The Care Inspectorate has a duty to ensure that the personal information entrusted to it is safeguarded properly.

During 2016/17 we commissioned a review of Information Governance with the objective of strengthening current practice and preparing for the introduction of the General Data Protection Regulations in May 2018. We are currently implementing the recommendations identified from this review.

There have been no incidents of personal data loss which required to be notified to the Information Commissioner.

Business Continuity Planning

Disaster recovery and business continuity planning tools have been developed and

appropriate staff have received training in their use. A plan for the maintenance of the Business Continuity Plan and the planning of exercises to test business continuity plans has been developed.

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
- the work of the member/officer Corporate Governance Review Group
- 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.
- periodic staff surveys.

During 2016/17, the Chartered Institute of Public Finance and Accountancy (CIPFA) undertook a review of our corporate governance. An action plan for improvement has been agreed. CIPFA will review and validate progress during 2017/18 and it is hoped we will be awarded the accreditation "Excellence in Governance Chartermark".

This review process has identified the areas detailed in the section below where the governance framework can be developed.

Developing the governance framework

The following developments have been identified for 2017/18:

Information Governance Review

We will fully implement the recommendations from the information governance review.

CIPFA Corporate Governance Review

We will implement the action plan agreed following the CIPFA corporate governance review in order to move towards the excellence mark.

Preparation for General Data Protection Regulation (GDPR)

We will undertake preparatory work during 2017/18 to ensure compliance with GDPR. The GDPR will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the European Union will not affect the commencement of the GDPR.

Counter Fraud and Corruption

It is intended to review and revise our Prevention of Fraud and Prevention of Bribery Policies to move towards compliance with the CIPFA Code of Practice on Managing the risk of Fraud and Corruption.

Significant issues

We commissioned an external review of our information governance function that reported in February 2017. This report identified significant areas for improvement. We have engaged external resources to address the issues identified, review the resources required for this function and support improvement in this area.

Certification

The Care Inspectorate's governance framework has been in place for the year ended 31 March 2017 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, with the exception of information governance (as detailed in the "Significant Issues" section above), the Care Inspectorate's governance arrangements have operated effectively and that the Care Inspectorate complies with all relevant laws, regulations, guidance and generally accepted best practice in all significant respects.

4. Remuneration and Staff Report

4.1 Remuneration report

Unaudited information

This section provides information on the remuneration of Care Inspectorate Board members and senior managers. The senior managers in 2016/17 were:

- Karen Reid, Chief Executive
- Gordon Weir, Executive Director of Corporate and Customer Services
- Kevin Mitchell, Executive Director of Scrutiny and Assurance
- Rami Okasha, Executive Director Strategy and Improvement

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)
- David Wiseman (Convener, Resources Committee)
- Mike Cairns (Convener, Audit Committee).

The committee agrees the pay strategy for all staff excluding Board members and the Chief Executive.

The pay strategy for staff is decided within the framework provided by the Scottish Government's Public Sector Pay Policy for Staff Pay Remits.

The pay strategy for the Chair, Board members and the Chief Executive is decided within the framework provided by the Scottish Government's Public Sector Pay Policy for Senior Appointments.

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

- Chief Executive
- Executive Director of Corporate and Customer Services.

Remuneration policy

Members

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

Chief Executive

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

Directors

Directors were on a fixed salary point of £85k throughout the year.

There is no incremental progression or performance related pay adjustments applied 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)	3rd	15 April 2013	30 September 2018
Cairns, Mike	2nd	1 March 2011	28 February 2019
Coia, Denise	2nd	1 March 2011	5 September 2018
Dayer, Gavin	1st	20 July 2015	28 February 2019
Dunlop, Christine	1st	10 March 2014	9 March 2018
McGoldrick, James	2nd	1 September 2013	31 August 2019
Doig, Ian	2nd	1 August 2012	28 February 2019
Haddow, Anne	2nd	1 March 2011	28 February 2018
Houston, Anne	1st	10 March 2014	9 March 2018

Meiklejohn, Cecil	2nd	1 March 2011	28 February 2019
Pollock, Linda	1st	10 March 2014	9 March 2018
Wiseman, David	2nd	1 March 2011	28 February 2019

Chief Executive

Karen Reid was appointed as the Care Inspectorate's Chief Executive on 18 May 2015. The local government pension scheme's normal retirement age for this post is 65 and the current post holder will attain normal retirement age in 17.6 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 has three Executive Director posts:

- Executive Director of Scrutiny and Assurance
- Executive Director of Strategy and Improvement
- Executive Director Corporate and Customer Services.

All executive directors have permanent contracts and are subject to the local government pension scheme's 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. The Executive Management Team as at 31 March 2017 was as detailed in the table below:

Name	Title	Date of Appointment	Years to Normal Retirement Age
Kevin Mitchell	Executive Director of Scrutiny and Assurance	22 Feb 2016	8.7
Rami Okasha	Executive Director of Strategy and Improvement	22 Feb 2016	27.5
Gordon Weir	Executive Director Corporate and Customer Services	1 Dec 2012	13.9

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 which remained effective up to 31 March 2017 allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than five years' pensionable service and meet an age related criteria. The award of additional pensionable service is limited in order to ensure employees will not receive an enhancement that will take their service beyond that which would be earned up to normal retirement age, nor would take them beyond 40 years' service.

Alternatively, pension scheme members aged over 18 with more than two years' pensionable service may be paid compensation of up to 104 weeks' pay.

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

Audited information

Care Inspectorate Board members' remuneration

	Salary 2016/17	Salary 2015/16
	£000	£000
Edie, Paul (Chair)	40-45	40-45
Cairns, Mike	0-5	5-10
Coia, Denise	0-5	0-5
Dayer, Gavin	5-10	5-10
Doig, Ian	0-5	0-5
Dunlop, Christine	5-10	0-5
Haddow, Anne	0-5	0-5
Houston, Anne	0-5	5-10
McGoldrick, James	0-5	0-5
Meiklejohn, Cecil	0-5	0-5
Pollock, Linda	5-10	5-10
Wiseman, David	5-10	5-10

Board members are not eligible to join the pension scheme available to employees of the Care Inspectorate. Denise Coia and James McGoldrick are Board members through reciprocal membership arrangements with Healthcare Improvement Scotland and the Scottish Social Services Council respectively and receive no remuneration from the Care Inspectorate.

Chief executive 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	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	£000	£000	£	£	£000	£000	£000	£000
Karen Reid** Chief Executive	110-115	105-110	0	0	41	73	150-155	180-185
Kevin Mitchell** Executive Director of Scrutiny and Assurance	100-105	85-90	0	0	29	37	130-135	120-125
Rami Okasha** Executive Director of Strategy and Improvement	80-85	80-85	2,900	2,500	28	n/a	110-115	80-85
Gordon Weir*** Executive Director Corporate and Customer Services	80-85	80-85	0	0	14	17	95-100	100-105

* 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.

** Karen Reid, Kevin Mitchell and Rami Okasha were all employed by the Care Inspectorate for the full year in 2015/16 but changed post during this time. Kevin Mitchell receives an additional payment to compensate him for having to move from the Civil Service Pension Scheme to the Local Government Pension Scheme when his employment transferred at the commencement of the Care Inspectorate. The 2016/17 remuneration for Kevin Mitchell includes one-off pension supplement arrears.

*** 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 £21.9k (exc VAT).

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.

Fair pay disclosure

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 2016/17. The full-time annual salary for the chief executive is in the salary band £110,000 to £115,000. The mid-point of this band is £112,500 which is 2.97 times greater than the median remuneration of the workforce. In 2016/17, no employees received remuneration in excess of the chief executive.

	2016/17	2015/16
Band of Highest Paid employee	£110,000 - £115,000	£110,000 - £115,000
Staff Median Remuneration	£37,920	£37,542
Remuneration Ratio	2.97	3.00
Staff Minimum Full-Time Equivalent Remuneration	£16,308	£15,906
Staff Maximum Full-Time Equivalent Remuneration	£92,005	£88,584

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

Local Government Pension Scheme (LGPS)

Details of the LGPS and the Care Inspectorate's status as an admitted body to Tayside Superannuation Fund are contained in note 5 of the annual accounts. The chief executive and executive directors are all members of the LGPS.

	As at 31 March 2017		As at 31 March 2017		Cash Equivalent Transfer Values (CETV)		
	Accrued Pension at Age 65 £000	Related Lump Sum at Age 65 £000	Real Increase in Pension at Age 65 £000	Real Increase in Related Lump Sum at Age 65 £000	As at 31 March 2017 £000	As at 31 March 2016 £000	Real Increase £000
Karen Reid Chief Executive	55-60	0-5	0-2.5	0-2.5	180	138	38
Kevin Mitchell Executive Director of Scrutiny and Assurance*	20-25	0	0-2.5	0	127	94	30
Rami Okasha Executive Director of Strategy and Improvement	50-55	0	0-2.5	0	54	36	17
Gordon Weir Director of Corporate and Customer Services	55-60	65-70	(0-2.5)	(0-2.5)	580	524	42

* The Executive Director of Scrutiny & Assurance is in the process of transferring pension rights from the Civil Service Pension Scheme. When this transfer is completed the pension entitlements disclosed above will increase accordingly.

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

Payment of compensation for loss of office

The Care Inspectorate restructured management arrangements during 2016/17. As part of this restructure Sue Neilson (Depute Director Adult Services) and Sarah Blackmore (Depute Director Children's Services & Criminal Justice) both agreed to voluntary severance. Both individuals were members of the 2015/16 Executive Team but did not have a role in the restructured Executive Team.

The following payments were made as compensation for loss of office:

Name	Redundancy / Discretionary Compensation Payment £000	Strain on Pension Fund Payment £000	Compensation for Reduced Notice £000	Total Severance Payment £000
Sue Neilson	40	97	13	150
Sarah Blackmore	65	-	12	77
Total	105	97	25	227

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

4.2 Staff report

4.2.1 Staff numbers by permanent and other

The table below provides analysis of permanent and non-permanent staff engaged to work for the Care Inspectorate during 2016/17. Staff numbers are expressed as the average Full Time Equivalent (FTE) employed during the year.

	2016/17		Total
	Permanently Employed	Others	
Senior Managers	23		23
Other employees	542	9	551
Agency Workers		12	12
Secondments Inward		3	3
Total staff engaged	565	24	589
Secondments Outwards		(2)	(2)
Net staff engaged on Care Inspectorate activity	565	22	587
	£000	£000	£000
Salaries	20,771	272	21,043
Social security costs	2,207	22	2,229
Pension service costs	5,814	34	5,848
Total cost directly employed staff	28,792	328	29,120
Board members ¹		94	94
Agency Workers		565	565
Secondments Inward		182	182
Total cost of staff engaged	28,792	1,169	29,961
Voluntary early severance/retirement costs	1,080	13	1,093
Other staff costs	392		392
Staff costs (SCNE)	30,264	1,182	31,446
Secondments Outwards	(80)		(80)
Net Staff Costs	30,184	1,182	31,366

- ¹ There were 11 Board members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the CI. The Chair and 9 remunerated Board members are office holders and are not included in the staff numbers.

2015/16 Comparative Information

	2015/16		
	Permanently Employed	Others	Total
Senior managers	21		21
Other employees	543	14	557
Agency workers		16	16
Secondments inward		4	4
Total staff engaged	564	34	598
Secondments outwards		(3)	(3)
Net staff engaged on Care Inspectorate activity	564	31	595
	£000	£000	£000
Salaries	20,403	433	20,836
Social security costs	1,669	33	1,702
Pension service costs	6,120	45	6,165
Total cost directly employed staff	28,192	511	28,703
Board members ²		93	93
Agency workers		724	724
Secondments inward		287	287
Total cost of staff engaged	28,192	1,615	29,807
Voluntary early severance/retirement costs	29	100	129
Other staff costs	445		445
Staff costs (SCNE)	28,666	1,715	30,381
Secondments outwards	(118)		(118)
Net Staff Costs	28,548	1,715	30,263

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

- ² There were 11 Board members and a Chair contributing during the year. The Chair of HIS and the Convener of the SSSC are not remunerated by the CI. The Chair and 9 remunerated Board members are office holders and are not included in the staff numbers.

4.2.2 Staff breakdown by gender

The table below provides a gender breakdown of directly employed staff as at 31 March 2017. Staff numbers are provided on a head count basis.

Role	Permanent		Other Staff		Total	
	Male	Female	Male	Female	Male	Female
Executive Team	3	1			3	1
Other Senior Managers	5	13	1	2	6	15
Other Staff	115	454	7	13	122	467
Total	123	468	8	15	131	483

4.2.3 Sickness absence

In 2016/17, we lost 4.4% (2015/16: 4.8%) of the total working days available due to sickness absence.

4.2.4 Policies in relation to disabled persons

The Equality Act 2010 introduced a positive general duty on public authorities in Scotland, in the exercise of their functions to give due regard to the need to:

- eliminate discrimination, harassment victimisation or any other prohibited conduct
- advance equality of opportunity
- foster good relations, by tackling prejudice and promoting understanding.

To support better performance of the general duty, Scottish Ministers published the specific duties. Details of how we are meeting these obligations and of the six equality outcomes we are working towards can be found in our Equality Outcomes and Mainstreaming Report 2015-17

http://www.careinspectorate.com/images/documents/2796/Equalities_report_2015_to_17.pdf

Our commitment to equality takes into consideration all nine protected characteristics in the Equality Act and it is our aim that everyone who comes into contact with the Care Inspectorate is treated equitably regardless of age, disability, gender, gender reassignment, marital status, maternity and pregnancy, race, religion or belief and sexual orientation.

We are required to monitor our workforce by protected characteristic and publicly report on this every two years. This allows us to ensure that we know the demographics of our workforce and can address any imbalances that are highlighted by the data.

In terms of our recruitment, selection and training processes, our policies ensure we are giving full and fair regard to our employees or potential employees with disabilities as well as the other protected characteristics. We are a forward thinking employer keen to explore different ways of working and supporting employees to

have a good work/life balance. To ensure that we do this in practice we have developed a number of policies as detailed below.

Equality and Diversity Policy

This policy covers all protected characteristics. We have also developed specific guidance for managers and provide appropriate training.

This policy sets out how we will manage and advance equality and diversity within our organisation. We are committed to creating an inclusive and respectful workforce by preventing and eliminating unlawful and unfair discrimination, harassment and victimisation. We will prevent these in every way possible. This policy aims to provide clear advice on how to promote equality and diversity within our organisation and employee responsibility when using our key employment processes (for example, disciplinary, learning and development, managing sickness absence, maternity, paternity and adoption leave, our Performance and Development Review System (PDRS), requests for flexible working and recruitment and selection).

We will treat all workers and job applicants with dignity and respect recognising the value of each individual and embracing the values of diversity. Equality and diversity is not about treating everyone the same. It's about acknowledging and respecting differences and changing the way we work if necessary. We will ensure all our people management policies follow the guiding principles set out in this policy.

The aim of this policy is to create a working environment where:

- all people have the opportunity and support to give their best
- there is no discrimination (direct or indirect), harassment or victimisation
- all decisions are merit-based.

In addition to the Equality & Diversity policy, we also have a range of other policies that cover certain protected characteristics. These include the following:

- Carers Leave- disability by association.
- Adoption, fostering, maternity, paternity & parental leave- family friendly policies- so that regardless of gender/sexual orientation there is a leave option available.
- Flexible working/flexi time to help people balance their personal life with their working life.
- Capability, Maximising Attendance, Recruitment & Special Leave also have provisions to help disabled applicants/employees.
- Guaranteed Job Interview Scheme.

4.2.5 Expenditure on consultancy

Consultancy expenditure of £51k was incurred in 2016/17 as follows:

- Job evaluation services (£5k)
- information governance review (£18k)
- develop our Health and Safety policy and procedures (£3k)
- tax advisory services (£4k)
- space utilisation services (£21k).

In 2015/16 there was consultancy expenditure of £125k as follows:

- Care Inspectorate organisation and structure review (£57k)
- job evaluation services (£50k)
- review our recruitment process (£7k)
- develop our Health and Safety policy and procedures (£5k)
- tax advisory services (£6k).

4.2.6 Exit packages

The Care Inspectorate granted compensatory payments to 26 (2015/16: 13) individuals leaving the organisation during the year.

The tables below show the number of departures and associated costs of operating the scheme. The majority of these arose from an organisational restructure which was designed to reduce the overall salary bill in future years.

Year to 31 March 2017		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
<£10,000	8	42
£10,000 to £25,000	2	37
£25,000 to £50,000	7	230
£50,000 to £100,000	7	525
£100,000 to £150,000	1	109
£150,000 to £200,000	1	150
TOTALS	26	1,093

Year to 31 March 2016		
Exit Package Cost Band	Number of Departures Agreed	Total Cost £000
<£10,000	7	45
£10,000 to £25,000	6	84
TOTALS	13	129

Exit package costs include:

- redundancy payments
- payments to the pension fund where early retirement has been agreed (strain on fund)
- compensation for reduced notice.

Exit costs are accounted for in full when the decision to grant compensation cannot be withdrawn. Redundancy and other departure costs have been paid in accordance

with the Care Inspectorate's retirement policy, the Local Government Pension Scheme Regulations for Scotland and the NHS Pension Scheme Regulations. Where the Care Inspectorate has agreed early retirements, the additional costs are met by the Care Inspectorate and not the Local Government Pension Scheme.

5. Parliamentary Accountability Report

5.1 Losses and special payments

There were no losses and special payments incurred by the Care Inspectorate in the year to 31 March 2017 (nil for the year to 31 March 2016).

5.2 Fees and charges

Fees

The Care Inspectorate charges fees to care service providers applying to register a service and once registered an annual continuation of registration fee is charged.

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

The Care Inspectorate has authority to charge care service providers for new certificates, variations to conditions of service and for the cancellation of a service. Currently no charge is made for these activities.

Our budget is funded mainly by a mixture of grant in aid from the Scottish Government and fees paid by service providers. The 2016/17 budget was based on funding of 65% from grant in aid and 35% from fees charged to service providers (2015/16 65% grant in aid; 35% fees).

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

	2016/17			2015/16		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Application to Register	536	568	32	505	607	102
Continuation of Registration	11,314	11,309	(5)	11,345	11,335	(10)
Total	11,850	11,877	27	11,850	11,942	92

Charges

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

Income from shared services and property sharing charges was £1.5m in 2016/17 (2015/16; £1.5m).

5.3 Remote contingent liabilities

There were no contingent liabilities as at 31 March 2017 which require disclosure under IAS 37 or the Scottish Public Finance Manual (nil as at 31 March 2016).

Karen Reid
Chief Executive
28 September 2017

6. Independent Auditor's Report

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

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Care Inspectorate for the year ended 31 March 2017 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2017 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting

Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Accountable Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Joanne Brown, CPFA, (for and on behalf of Grant Thornton UK LLP)

110 Queen Street

Glasgow

G1 3BX

October 2017

7. Annual Accounts

Social Care and Social Work Improvement Scotland (Care Inspectorate)
Annual Accounts

1 April 2016 to 31 March 2017

**SOCIAL CARE and SOCIAL WORK IMPROVEMENT SCOTLAND (CARE
INSPECTORATE)**

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

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**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2016/17 £000	2015/16 £000
<u>Income</u>			
Fees charged to service providers	2a	(11,877)	(11,942)
Other operating income	2b	(1,668)	(1,836)
		(13,545)	(13,778)
<u>Expenditure</u>			
Staff costs	3a	31,446	30,381
Operating expenditure	6	8,446	8,207
		39,892	38,588
<i>Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>		26,347	24,810
Bank charges (net of interest)		8	7
Net interest on defined pension liability/(asset)	5b	1,047	1,020
<i>Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities</i>		27,402	25,837
Total actuarial re-measurements on defined pensions liability	5b	15,198	(6,642)
Total comprehensive net expenditure before Scottish Government funding*		42,600	19,195

* Please refer to the table on page 21 for further explanation.

All operations are continuing.

The notes on pages 80 to 101 form an integral part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2016/17 £000	Restated 2015/16 £000
Non-current assets			
Property, plant and equipment	7	288	407
Intangible assets	8	34	55
Trade and other receivables falling due after more than one year	9	320	504
Total non-current assets		642	966
Current assets			
Trade and other receivables	9	2,555	2,984
Cash and cash equivalents	10	3,521	3,097
Total current assets		6,076	6,081
Total assets		6,718	7,047
Current liabilities			
Trade and other payables	11	(3,367)	(2,868)
Provisions	12	(292)	0
Total current liabilities		(3,659)	(2,868)
Non-current assets plus/less net current assets/liabilities		3,059	4,179
Non-current liabilities			
Other payables greater than one year	11	(267)	(441)
Pension assets/(liabilities)	5a	(48,509)	(29,751)
Total non-current liabilities		(48,776)	(30,192)
Assets less liabilities		(45,717)	(26,013)
Taxpayers' equity			
Pensions reserve	SOCTE	(48,509)	(29,751)
General reserve	16	2,792	3,738
		(45,717)	(26,013)

Karen Reid
Chief Executive
28 September 2017

The notes on pages 80 to 101 form an integral part of these accounts.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2016/17 £000	Restated 2015/16 £000
Cash flows from operating activities			
Total comprehensive net expenditure before Scottish Government funding	SCNE	(42,600)	(19,195)
Adjustments for non-cash items:			
Pension actuarial adjustments	5b (table 2)	18,758	(2,802)
Depreciation and amortisation	7,8	89	230
Asset disposal costs	7,8	51	0
(Increase)/decrease in trade and other receivables	9	613	(405)
Increase/(decrease) in trade and other payables	11	499	(49)
Increase/(decrease) in non-current liabilities	11	(174)	(375)
Increase/(decrease) in provisions	12	292	0
Net cash outflow from operating activities		(22,472)	(22,596)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	0	(9)
Net cash outflow from investing activities		0	(9)
Cash flows from financing activities			
Grants from Scottish Government	13	22,896	23,970
Net financing		22,896	23,970
Net increase/(decrease) in cash and cash equivalents in the period	10	424	1,365
Cash and cash equivalents at the beginning of the period	10	3,097	1,732
Cash and cash equivalents at the end of the period	10	3,521	3,097

The notes on pages 80 to 101 form an integral part of these accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

		Pension Reserve £000	General Reserve £000	Total Reserves £000
Balance at 31 March 2015		(32,553)	1,765	(30,788)
Changes in taxpayers' equity for 2015/16				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	2,802	(2,802)	0
Total comprehensive net expenditure			(19,195)	(19,195)
Total recognised income and expense for 2015/16		2,802	(21,997)	(19,195)
Grants from Scottish Government	13		23,970	23,970
Balance at 31 March 2016		(29,751)	3,738	(26,013)
Changes in taxpayers' equity for 2016/17				
Adjustment between accounting basis and funding basis for actuarial pension valuation adjustments	5b (table 2)	(18,758)	18,758	0
Total comprehensive net expenditure			(42,600)	(42,600)
Total recognised income and expense for 2016/17		(18,758)	(23,842)	(42,600)
Grants from Scottish Government	13		22,896	22,896
Balance at 31 March 2017		(48,509)	2,792	(45,717)

The notes on pages 80 to 101 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:

- IFRS 9 Financial instruments (from January 2018)
- IFRS 15 Revenue from contracts with customers (from January 2018)
- IFRS 16 Leases (from January 2019).

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 Performance section (pages 20 to 22).

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 £1.344m 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 £1.512m 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 2017 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.

1.16.3 Provisions

Provisions are recognised when the Care Inspectorate has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provisions is presented in the Statement of Comprehensive Net Expenditure net of any reimbursement.

1.17 Change in accounting policy

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

1.18 Operating segments

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

1.19 Contingent Liabilities

In the event that the Care Inspectorate had contingent liabilities, these would be disclosed in accordance with IAS 37.

2. Operating income

	2016/17	2015/16
	£000	£000
2.a Fees charged to service providers		
Continuation of registration	11,309	11,335
Application to register	568	607
	11,877	11,942

	2016/17	2015/16
	£000	£000
2.b Other operating income		
Recharges for services provided to other organisations	1,250	1,306
Secundee recharges	79	118
Lease income	235	240
Other income	104	172
	1,668	1,836

3. Staff numbers and costs

3.a Analysis of staff costs

An analysis of staff numbers and costs is disclosed in Section 4.2.1 (staff numbers by permanent and other) of this report. A summary of cost is provided in the table below:

Staff cost summary	2016/17	Restated
	£000	2015/16
		£000
Directly employed staff	29,120	28,703
Indirectly employed staff	841	1,104
Severance costs	1,093	129
Other staff costs	392	445
Total staff costs	31,446	30,381

The 2015/16 staff costs have been restated to separately identify 'directly' and 'indirectly' employed staff.

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

The table below provides details of the difference between the employers contributions we actually paid to the pension scheme administrator and the service cost disclosed in the Annual Report and Accounts. Our budget is based on employer contributions payable. Service cost is a figure derived from actuarial analysis in accordance with IAS19.

	2016/17			2015/16		
	Local Government Scheme	NHS Scheme	Total	Local Government Scheme	NHS Schemes	Total
	£000	£000	£000	£000	£000	£000
Employer pension contributions actually paid	3,330	56	3,386	3,302	57	3,359
Accounting entries (IAS19 note 5)						
Service cost (actuarial basis)	5,792	56	5,848	6,108	57	6,165
Pension costs included in staff costs (SCNE)	5,792	56	5,848	6,108	57	6,165
Variance between actual cost and accounting basis	2,462	0	2,462	2,806	0	2,806

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

The total cost of exit packages in 2016/17 was £1,093k (2015/16: £129k). Details of exit packages are disclosed in Section 4.2.6 (exit packages) of this report.

5. Post employment benefits: pension

International Accounting Standard 19 (IAS 19) 'Employee Benefits' sets out the accounting treatment to be followed when accounting for the costs of providing a pension scheme.

NHS pension scheme

As at 31 March 2017 the Care Inspectorate employed 10 people who were members of the NHS Superannuation Scheme (Scotland). The scheme is an unfunded multi-employer defined benefit scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019. The Care Inspectorate is unable to identify its share of underlying assets and liabilities, therefore is treated for accounting purposes as a defined contribution scheme.

- The Care Inspectorate has no liability for other employer's obligations to the multi-employer scheme.
- As the scheme is unfunded there can be no deficit or surplus to distribute the wind-up of the scheme or the withdrawal from the scheme.

During the year ended 31 March 2017, the Care Inspectorate paid an employer's contribution of £56k (2015/16 £57k) into the NHS scheme at a rate of 14.9% of pensionable pay (2015/16 14.9%). The employer contribution rate for the year to 31 March 2018 will remain at 14.9%.

Tayside Superannuation Fund

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2017. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The contributions paid by the Care Inspectorate for the year to 31 March 2017 were £3,330k (2015/16 £3,302k) representing 17.0% of pensionable pay. The employer contribution rate for the year to 31 March 2018 will remain at 17.0%. Employee contribution rates for the LGPS were in the range 5.5% to 10.1% based on earnings bands.

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

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

In addition, as many unrelated employers participate in the fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the Care Inspectorate, for example higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

5.a Employee benefits – statement of financial position recognition

	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Present value of funded obligation	(204,872)	(156,758)
Fair value of scheme assets (bid value)	156,363	127,007
Net liability	(48,509)	(29,751)

5.b Statement of comprehensive net expenditure (SCNE) costs for the year to 31 March 2017

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

	Year to 31 March 2017		Year to 31 March 2016	
	£000	£000	£000	£000
Service cost		5,792		6,108
Administration expenses		51		14
Net interest on the defined liability/(asset)		1,047		1,020
Difference between actual employer's contributions and actuarial employer's contributions	(83)		7	
Return on plan assets in excess of interest	(24,407)		5,398	
Change in financial assumptions	39,688		(12,047)	
Total re-measurements		15,198		(6,642)
Total		22,088		500
Total return on scheme assets		29,112		(1,192)

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

Table 2		2016/17	2015/16
Actuarial adjustments for:	Note	£000	£000
Staff costs	3b	2,462	2,806
Administration expenses	5b Table 1	51	14
Net interest on defined liability/(asset)	5b Table 1	1,047	1,020
Total re-measurements	5b Table 1	15,198	(6,642)
Total actuarial adjustment		18,758	(2,802)

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

5.c Benefit obligation reconciliation for the year to 31 March 2017

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

	Year to 31 March 2017		Year to 31 March 2016	
	£000	£000	£000	£000
Opening defined benefit obligation		156,758		159,240
Current service cost	5,492		6,108	
Past service costs, including curtailments	300		-	
Total service cost		5,792		6,108
Interest cost		5,752		5,226
Estimated benefits paid net of transfers in	(4,508)		(3,233)	
Contributions by scheme participants	1,390		1,464	
Total scheme transactions		(3,118)		(1,769)
Changes in financial assumptions	39,688		(12,047)	
Total actuarial (gains)/losses		39,688		(12,047)
Closing defined benefit obligation		204,872		156,758

5.d Fair value of scheme assets reconciliation for the year to 31 March 2016

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

	Year to 31 March 2017		Year to 31 March 2016	
	£000	£000	£000	£000
Opening fair value of scheme assets		127,007		126,687
Interest on assets		4,705		4,206
Estimated benefits paid net of transfers in	(4,508)		(3,233)	
Employer contributions	3,413		3,295	
Contributions by scheme participants	1,390		1,464	
Total scheme transactions		295		1,526
Return on assets less interest		24,407		(5,398)
Other actuarial gains/(losses)				-
Administration expenses		(51)		(14)
Closing defined benefit obligation		156,363		127,007

5.e Projected pension expense for the year to 31 March 2018

	Year to 31 March 2018
	£000
Service cost	7,561
Net interest on the defined liability	1,263
Administration expenses	63
Total	8,887
Employer contributions	3,483

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2017.

5.f Care Inspectorate fund assets

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

Asset class	Assets as at 31 March 2017		Assets as at 31 March 2016	
	£000	%	£000	%
Equities	112,568	72	87,069	69
Gilts	10,365	6	6,648	5
Other bonds	15,423	10	16,400	13
Property	15,427	10	15,496	12
Cash	2,580	2	1,394	1
Total	156,363	100	127,007	100

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

5.g Financial assumptions as at 31 March 2017

The financial assumptions used for IAS19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2017. The estimated duration of the Care Inspectorate's liabilities is 19 years. The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Care Inspectorate's liabilities. This is consistent with the approach used at the last accounting date.

The Retail Prices Index (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 19 year point on the Bank of England market implied inflation curve. The RPI assumption used by the actuary is 3.6%. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.9% below RPI ie 2.7% per annum. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is consistent with the approach used at the last accounting date.

Salary increases are then assumed to be 1.0% above CPI in addition to a promotional scale. This has been updated since last year to be in line with the anticipated assumption to be adopted for the 2017 actuarial valuation.

Assumptions as at	31 March 2017	31 March 2016	31 March 2015
	% p.a.	% p.a.	% p.a.
RPI increases	3.6	3.3	3.2
CPI increases	2.7	2.4	2.4
Salary increases	3.7	4.2	4.2
Pensions increases	2.7	2.4	2.4
Discount rate	2.7	3.7	3.3

5.h Demographic/statistical assumptions

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2014 have been adopted. The post retirement mortality tables used were the S2PA tables with a multiplier of 120%. These base tables are then projected using the CMI 2013 Model, allowing for a long-term improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

Life Expectancy from Age 65 (years)		31 March 2017	31 March 2016
Retiring today	Males	21.4	21.3
	Females	23.5	23.3
Retiring in 20 years	Males	23.7	23.5
	Females	25.8	25.6

The actuary has also made the following assumptions.

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- 10% of active members will take up the option under to pay 50% of contributions for 50% of benefits.

5.i Sensitivity analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	201,043	204,872	208,778
Projected service cost	7,406	7,561	7,719
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	205,505	204,872	204,242
Projected service cost	7,565	7,561	7,557
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	208,140	204,872	201,669
Projected service cost	7,715	7,561	7,410
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	212,226	204,872	197,781
Projected service cost	7,802	7,561	7,327

6. Analysis of operating costs

Operating expenditure

	2016/17 £000	2015/16 £000
Property costs	3,659	3,534
Administration costs ¹	1,532	1,727
Supplies & services	1,309	1,122
Transport costs	1,473	1,593
Pension administration costs (IAS 19)	51	14
Provision provided for in year	292	0
Depreciation & amortisation of assets	89	230
Asset disposal costs	51	0
Changes in debt impairment allowance	(10)	(13)
	8,446	8,207

1. Administration costs includes £31.4k for external auditor's remuneration (2015/16 £31.2k). External audit provided no services in relation to non-audit work.

7. Property, plant and equipment

	2016/17			Total £000
	Furniture and fittings £000	Plant and equipment £000	Information technology £000	
Cost or Valuation:				
At 1 April 2016	718	143	540	1,401
Additions	0	0	0	0
Disposals	(156)	0	(16)	(172)
At 31 March 2017	562	143	524	1,229
Depreciation:				
At 1 April 2016	(361)	(128)	(505)	(994)
Charged in year	(53)	(2)	(13)	(68)
Disposals	105	0	16	121
At 31 March 2017	(309)	(130)	(502)	(941)
Net book value:				
At 31 March 2017	253	13	22	288
At 31 March 2016	357	15	35	407

Asset Financing: All assets are owned

	2015/16			Total £000
	Furniture and Fittings £000	Plant and Equipment £000	Information technology £000	
Cost or Valuation:				
At 1 April 2015	709	143	540	1,392
Additions	9	0	0	9
Disposals	0	0	0	0
At 31 March 2016	718	143	540	1,401
Depreciation:				
At 1 April 2015	(297)	(106)	(437)	(840)
Charged in year	(64)	(22)	(68)	(154)
Disposals	0	0	0	0
At 31 March 2016	(361)	(128)	(505)	(994)
Net book value:				
At 31 March 2016	357	15	35	407
At 31 March 2015	412	37	103	552

Asset financing: All assets are owned

8. Intangible assets

	Computer software licences	2016/17 Information technology	Total intangible assets
	£000	£000	£000
Cost or valuation:			
At 1 April 2016	21	385	406
Additions	0	0	0
Disposals	0	(158)	(158)
At 31 March 2017	21	227	248
Amortisation:			
At 1 April 2016	(21)	(330)	(351)
Charged in year	0	(21)	(21)
Disposals	0	158	158
At 31 March 2017	(21)	(193)	(214)
Net book value:			
At 31 March 2017	0	34	34
At 31 March 2016	0	55	55

	Computer software licences	2015/16 Information technology	Total intangible assets
	£000	£000	£000
Cost or valuation:			
At 1 April 2015	21	385	406
Additions	0	0	0
Disposals	0	0	0
At 31 March 2016	21	385	406
Amortisation:			
At 1 April 2015	(21)	(254)	(275)
Charged in year	0	(76)	(76)
Disposals	0	0	0
At 31 March 2016	(21)	(330)	(351)
Net book value:			
At 31 March 2016	0	55	55
At 31 March 2015	0	131	131

There are no internally developed intangible assets.

9. Trade and other receivables

	2016/17		Restated 2015/16	
	£000	£000	£000	£000
Amounts falling due within one year:				
Prepayments and accrued income		859		877
Trade receivables	1,488		1,670	
Other receivables	208		437	
Total unimpaired receivables		<u>1,696</u>		<u>2,107</u>
		2,555		2,984
Amounts falling due after more than one year:				
Prepayments		320		504
Total trade and other receivables		<u>2,875</u>		<u>3,488</u>

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

The 2015/16 comparator has been restated to show prepayments falling due after more than one year separately.

Provision for impairment of receivables:	2016/17	2015/16
	£000	£000
As at 1 April	(20)	(33)
Charge for the year	(39)	(31)
Unused amounts reversed	5	12
Uncollectable amounts written off	44	32
As at 31 March	<u>(10)</u>	<u>(20)</u>

As at 31 March 2017, trade and other receivables of £10k (2015/16 £20k) were past due and impaired. The amount provided is £10k (2015/16 £20k). The aging analysis of these receivables is as follows:

	2016/17	2015/16
	£000	£000
Up to 3 months past due	2	3
3 to 6 months past due	1	8
Over 6 months past due	3	1
Over 12 months past due	4	8
	<u>10</u>	<u>20</u>

As at 31 March 2017, trade and other receivables of £1,696k (2015/16 £2,107k) were due but not impaired. The aging analysis of these receivables is as follows:

	2016/17	2015/16
	£000	£000
Not yet due	1,503	1,789
Up to 3 months past due	56	71
3 to 6 months past due	9	9
Over 6 months past due	52	163
Over 12 months past due	76	75
	1,696	2,107

Analysis of trade and other receivables:

Amounts falling due within one year:	2016/17	Restated 2015/16
	£000	£000
Bodies external to government	2,276	2,390
Other central government bodies	151	330
Local authorities	128	264
NHS bodies	0	0
	2,555	2,984

Amounts falling due after more than one year

Bodies external to Government	320	504
Total trade and other receivables	2,875	3,488

10. Cash and cash equivalents

	2016/17	2015/16
	£000	£000
Balance as at 1 April	3,097	1,732
Net change in cash and cash equivalent balances	424	1,365
Balance as at 31 March	3,521	3,097

The following balances as at 31 March were held at:

Government Banking Service	3,234	2,837
Commercial banks and cash in hand	287	260
Balance as at 31 March	3,521	3,097

11. Trade and other payables

	2016/17	Restated 2015/16
	£000	£000
Amounts falling due within one year:		
Trade payables	783	447
Accruals and deferred income	1,085	939
Other taxation and social security	649	545
Other payables	850	937
	3,367	2,868

Amounts falling due after more than one year:

Early departure cost liability transferred from SWIA	54	81
Lease incentives	213	347
Future property dilapidations	0	13
	267	441

Analysis of trade and other payables:

	2016/17	Restated
Due within one year:	£000	2015/16
		£000
Bodies external to government	2189	1,713
Other central government bodies	709	709
Local authorities	439	395
NHS bodies	30	51
	3,367	2,868

Falling due after more than one year:

	2016/17	Restated
	£000	2015/16
		£000
Bodies external to government	211	360
Other central government bodies	56	81
	267	441

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.

Our Hamilton office sub tenant prepaid an appropriate share of dilapidation costs at the end of their lease period. The amount prepaid by the sub tenant will be offset against the dilapidations that will become payable at the end of our lease period in 2017/18.

The 2015/16 comparators have been restated to show the lease incentives falling due within one year and more than one year.

12. Provision for dilapidations

	2016/17	2015/16
	£000	£000
Opening balance at 1 April	0	0
Movement on provision for the year	292	0
Closing balance at 31 March falling due within one year	292	0

Property dilapidation costs are due on the expiry of the lease of our Paisley office in March 2017. Negotiations to agree the final dilapidations schedule of charges

with the landlord are ongoing. The amount provided for is a reasonable estimate based on an average dilapidation cost per square foot. Due to the short term nature of the provision, no discounting has been applied.

13. Grants from Scottish Government

Scottish Government grants	2016/17	2015/16
	£000	£000
Grant in aid operating costs	21,729	22,158
Development criminal justice self-evaluation grant	50	50
Development of childminding induction grant	71	0
Development of early learning & childcare guidance grant	30	0
Development of national care standards grant	35	
Grant in aid transitional funding	0	1,500
Total grant in aid funding	21,915	23,708
Other Scottish Government grant ¹	981	262
Total grants from Scottish Government	22,896	23,970

1 Other Scottish Government grant includes prepaid grant funding of £914k for a 'Care About Physical Activity' project covering a 2 year period, ending in 2018/19.

14. Capital commitments

There were no capital commitments as at 31 March 2017.

15. Commitments under leases

15.a Operating leases

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

	2016/17	2015/16
	£000	£000
Obligations under operating leases comprise:		
Buildings:		
Within 1 year	901	1,168
Within 2 to 5 years	2,810	2,359
Beyond 5 years	1,340	912
	5,051	4,439
Other:		
Within 1 year	126	138
Within 2 to 5 years	93	112
	219	250

15.b Operating lease receivables

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

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

Commitments under operating leases comprise:	2016/17 £000	2015/16 £000
Buildings:		
Within 1 year	770	886
Within 2 to 5 years	2,688	2,643
Beyond 5 years	709	1,357
	4,167	4,886
Other:		
Within 1 year	428	410
Within 2 to 5 years	1,711	1,641
Beyond 5 years	451	843
	2,590	2,894

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.

15.c Finance leases

There are no obligations or commitments under finance leases.

16. Sources of financing

General Reserves		Revenue Transactions	Capital Transactions	General Reserve
2015/16		2016/17	2016/17	2016/17
£000		£000	£000	£000
1,765	Opening balance	3,276	462	3,738
(19,195)	Surplus/(deficit) for the year	(42,460)	(140)	(42,600)
(2,802)	Pension actuarial adjustments	18,758	0	18,758
(20,232)	Total before grants	(20,426)	322	(20,104)
23,708	Grant in aid funding	21,915	0	21,915
262	Other government grants ¹	981	0	981
23,970	Total grants	22,896	0	22,896
3,738	Total reserves	2,470	322	2,792

¹ Government grant of £914k has been received to fund the 'Care About Physical Activity' programme costs. This is a 2 year programme ending 2018/19.

17. Contingent liabilities

There were no contingent liabilities identified as at 31 March 2017.

18. Related-party transactions

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

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

Related party	2016/17 £000	2015/16 £000
Scottish Social Services Council	1,120	1,150
Office of the Scottish Charities Regulator	140	151
Scottish Government	235	240
Total	1,495	1,541

We also received procurement services from the Scottish Government's Central Government Procurement Shared Service to the value of £18k (2015/16: £15k)

19. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2016/17 financial year.

Appendix One: Accounts Direction by the Scottish Ministers



SOCIAL CARE AND SOCIAL WORK IMPROVEMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 14(1) of Schedule 11 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRcM) 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.

Gen (L) 12

Signed by the authority of the Scottish Ministers

Dated 1 June 2012

Appendix 2: Board and committees

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

The following members served on the Board during 2016/17.

Paul Edie, Chair

Paul Edie has been the Chairperson of the Care Inspectorate since April 2013. He served for 23 years as a Councillor on the City of Edinburgh Council where he was Chair of the Health, Social Care and Housing Committee before becoming Leader of the Liberal Democrat Group. He also served as a Non Executive Director of NHS Lothian. Prior to becoming a full time councillor, Paul worked for the Scottish National Blood Transfusion Service. As well as Chairing the Care Inspectorate, Paul sits on the Scottish Social Services Council and is a Non Executive Director of Healthcare Improvement Scotland.

Dr Anne Haddow

Anne looks after her daughter who has profound physical and intellectual disabilities. She was Vice Chair of the Princess Royal Trust Fife Carers Centre and is currently 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 was a member of the Scottish Social Services Council. She is involved in health and social work groups which aim to deliver high quality services to people with disabilities and their families.

Cecil Meiklejohn

Cecil 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 for her partner who had complex needs and as user and 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. After a period as Acting Chief Executive of the Care Commission he retired in 2011. Mr Wiseman is a Trustee/Director of the UK- wide Residential Forum, a charity 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. Up until November 2016, he was a Board member of another charity, the Institute for Research and Innovation in Social Services (IRISS). Mr Wiseman brings strong skills in analysis and challenging constructively, strategic business planning, community development and a good understanding of developing new risk based approaches to scrutiny.

Dr Dame Denise Coia

Dr Dame Denise Coia is Chair of Healthcare Improvement Scotland and a Board Member of The Care Inspectorate in Scotland. She is also the Chair of NHS Scotland Board Chairs Group, the Chair of the General Medical Council Quality Scrutiny Group in London and the Convener of the Children of Scotland Board.

A psychiatrist by background she was previously Senior Principal Medical Officer Mental Health (2006- 2011) to Scottish Government, Mental Health Advisor to Greater Glasgow Health Board (1998 – 2006). She has a long standing interest in professional and service regulation and was Vice President of the Royal College of Psychiatrists (UK), Chair of the Royal College of Psychiatrists Scotland, Secretary of the Academy of Royal Medical Colleges in Scotland and Board member of the Allied Health Professions Council UK.

Her research interests have been in supporting individual and families of those with schizophrenia and she was Medical Advisor to the National Schizophrenia fellowship in Scotland. She has supported the work of young researchers through her position as a former Board member of Medical Research Scotland.

Mike Cairns

Mike Cairns 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 five years up until 2012, Mike was a member of the Scottish Social Services Council. He 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.

Ian Doig

Ian is committed to strengthening the effectiveness and accountability of public services, and to increasing stakeholder satisfaction and value for money. At the Care Inspectorate, Ian is a non-executive director and serves on the Board, Resources Committee and Audit Committee. Ian has wide experience of public services, including previous Public Appointments by Ministers to the governance of Scottish Social Services Council, Scottish Environment Protection Agency, National

Records of Scotland and Scottish Court Service. He is also a Trustee Board Member of the National Trust for Scotland and Member of Merchiston Community Council in Edinburgh. Ian's practical experience includes strategy development to deliver corporate objectives, and governance scrutiny in financial management, audit committees, and risk management. He is experienced in building partnership working between public services, co-operation between public, private and charity sectors and with professional bodies. Ian is a Chartered Accountant by profession and holds CA, CIPFA and FCCA financial management qualifications. He previously held senior executive management posts as CIPFA Director for Scotland, and financial management 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 (HRD). 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 39 years of experience in social care organisations. Anne was formerly Chief Executive of Children 1ST, a 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 was a member of the Scottish Government Early Years Task Force from its inception until she retired from CHILDREN 1ST in June 2014.

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 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. She is currently Independent Chair of North Ayrshire's Child Protection Committee, Chair of the Child Protection Committees Scotland and Vice Chair of the Cattanach Charitable Trust.

Christine Dunlop

Christine is a registered mental health nurse and has worked in various hospitals 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 20 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.

Dr 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, where she was a Board Member from 2009 to 2015, the Nursing and Midwifery Council and the 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 underpinned the work that she did with Enable, where she was a Board Member from 2012 to 2015, and underlies the work she currently does, as Chair of an advisory board with Pain Concern (setting up two weekly radio programmes, and evaluative research) and as an independent Prison Monitor. Linda is also a Trustee and Vice Chair of the Queen's Nursing Institute of Scotland (QNIS). 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.

Gavin Dayer

Gavin believes strongly in a person-centred approach to all care provision and has more than ten years experience of working in the voluntary sector in a mixture of voluntary and paid positions. In the last 15 years, Gavin has been involved in the employment sector working in partnership with individuals with disabilities to assist them gain employment. Gavin also has experience of counselling individuals in the field of addiction. Gavin has a disability and receives individual support from a care provider on a daily basis which allows him to live independently. He believes that this mix of experience both professionally and personally will enable him to make a valuable contribution to the Board of the Care Inspectorate. Gavin holds a BA (Hons) in Politics and Social Policy and a Post-Graduate Diploma in Careers Guidance from the University of the West of Scotland. In September 2015, Gavin graduated from the University of Strathclyde with a Post-Graduate Diploma in Person-Centred Counselling.

Board committees

There are five Board committees.

Policy Committee*

Convener: Paul Edie
Members: Mike Cairns
Dr Anne Haddow
Anne Houston
David Wiseman

Resources Committee

Convener: David Wiseman
Members: Gavin Dayer
Ian Doig
Christine Dunlop
Dr Linda Pollock

Audit Committee

Convener: Mike Cairns
Members: Ian Doig
Christine Dunlop
Cecil Meiklejohn
Dr Linda Pollock

Complaints Committee

Convener: Dr Anne Haddow
Members: Mike Cairns
Gavin Dayer
Anne Houston
Cecil Meiklejohn

Remuneration Committee

Convener: Paul Edie
Members: Mike Cairns
David Wiseman

Appendix 3: Key performance indicators 2016/2017

Key performance indicator (KPI)	Purpose	Reporting frequency (public)	Source
KPI1: % statutory inspection completed	Demonstrates the Care Inspectorate's performance against our inspection targets.	Quarterly	Inspection reports (IRT) and Inspection Plan (WMT)
KPI2: % of providers, health and social care partnerships, people who experience care who tell us that scrutiny interventions help services to improve.	Our scrutiny provides assurance to people who experience care that services will improve and high quality be maintained.	Quarterly	Inspection questionnaires
KPI 3: % of people who say our national reports and publications are useful	That our reports have an impact and that we are listening to customers' views about our publications, and are responsive to feedback.	Quarterly	Data collection to commence in 2017/18
KPI 4: % of inspections involving an inspection volunteer	Demonstrating our commitment to involving people in our work	Quarterly	RMS
KPI 5: % of complaints about care services that were investigated within the relevant timescales	Shows that we are committed to investigating complaints quickly so that any improvements required to services are made.	Quarterly	PMS
KPI 6: % of Registrations completed within timescales	Demonstrates the efficiency of the Care Inspectorate in dealing with registrations.	Quarterly	PMS
KPI7: staff absence	Our two staff measures	Quarterly	HR systems

Key performance indicator (KPI)	Purpose	Reporting frequency (public)	Source
rate, segmented by type of absence	demonstrate our investment in our staff, their working environment and work-life balance, and our attractiveness as an employer.		
KPI 8: staff vacancy rate, segmented by inspection and non-inspection staff.		Quarterly	HR systems
KPI 9: % of complaints investigated about the Care Inspectorate that were completed within SPSO recommended timescales	To demonstrate the Care Inspectorate's prompt response to complaints about its work.	Quarterly	PMS
KPI 10: % of agreed audit recommendations that are met within timescales	To demonstrate improvement focus in our own organisation.	Quarterly	Corporate services directorate

Glossary

CETV	Cash equivalent transfer value
CIPFA	Chartered Institute of Public Finance and Accountancy
CMI	The continuous mortality investigation
COSLA	Convention of Scottish Local Authorities
CPI	Consumer price index
FOI	Freedom of Information
FReM	Government financial reporting manual
FTE	Full time equivalent
HIS	Healthcare Improvement Scotland
HMICS	Her Majesty's Inspectorate of Constabulary in Scotland
HMIP	Her Majesty's Inspectorate of Prisons
HMRC	Her Majesty's Revenue and Customs
IAS	Internal Accounting Standard
ICT	Information and communications technology
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IRISS	The Institute for Research and Innovation in Social Services
IRT	Inspection Report Template
KPI	Key performance indicator
LGPS	Local Government Pension Scheme
NES	NHS Education for Scotland
NMC	Nursing and Midwifery Council
OSCR	Office of the Scottish Charity Regulator
PCSPS	Principal Civil Service Pension Scheme
PDRS	Performance Development Review System
PMS	Practice Management System
PSR Act 2010	Public Services Reform Act (2010)
PVG	Protecting vulnerable groups
RNIB	Royal National Institute of Blind People
RPI	Retail price index
RQIA	Regulation and Quality Improvement Authority
SCNE	Statement of comprehensive net expenditure
SLA	Service level agreement
SOCTE	Statement of changes in taxpayers equity
SQA	Scottish Qualifications Authority
SSSC	Scottish Social Services Council
SWIA	Social Work Inspection Agency
VAT	Value added tax
WMT	Workload Management Tool