

**Date Issued: 22 October 2020**

Members of the Scottish Social Services Council are advised that a meeting of the Council is to take place at 10.00 am on Tuesday 29 October 2020, by video conference.

This meeting is convened in order to consider and approve the Annual Report and Accounts.



**Sandra Campbell**  
**Convener**

## **AGENDA**

### **PUBLIC SESSION**

1. Welcome and apologies for absence
2. Declarations of interest
3. 2019/20 Annual Report and Accounts
4. Date of next meeting – 19 November 2020 at 10.00 am

<b>Title of report</b>	2019/20 Annual Report and Accounts
<b>Public/confidential</b>	Public
<b>Action</b>	For approval by Council
<b>Summary/purpose of report</b>	In line with the terms of reference for the Audit and Assurance Committee and the Scottish Government's Audit and Assurance Committee handbook, the Audit and Assurance Committee has contributed to the preparation of the Annual Report and Accounts. This report summarises that process, provides the Council with the Committee's annual report and recommendations and seeks the Council's approval of the Annual Report and Accounts.
<b>Recommendations</b>	<p>The Council is asked to:</p> <ol style="list-style-type: none"> <li>1. accept the recommendations from the Audit and Assurance Committee contained in their 2019/20 annual report to the Council</li> <li>2. approve the 2019/20 Annual Report and Accounts</li> <li>3. note the positive annual report for 2019/20 to the Council and Auditor General for Scotland from the external auditors</li> <li>4. agree that it is content with the assurances provided by the Accountable Officer in the letter of representation to the external auditors.</li> </ol>
<b>Author</b>	<p>Lynn Murray</p> <p>Interim Director of Finance and Resources</p>
<b>Responsible Officer</b>	<p>Lorraine Gray</p> <p>Chief Executive</p> <p>Tel: 01382 721945</p>
<b>Link to Strategic Plan</b>	<p>The information in this report links to:</p> <p>Outcome 1: People who use services are protected by ensuring the regulated workforce is fit to practise.</p>

	<p>Outcome 2: The SSSC supports and enhances the development of the registered workforce to deliver high standards of practice and drive improvement.</p> <p>Outcome 3: Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.</p>
<b>Link to the Risk Register</b>	<p>Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.</p> <p>Risk 5: We fail to provide value to our stakeholders and demonstrate our impact.</p>
<b>Equality Impact Assessment (EIA)</b>	<p>An EIA was not developed as the annual report and accounts summarises the work that is delivered across the organisation, which will have had EIAs carried out.</p>
<b>Documents attached</b>	<p>Appendix 1: 2019/20 Annual Report and Accounts</p> <p>Appendix 2: 2019/20 annual report of the Audit and Assurance Committee</p> <p>Appendix 3: External audit 2019/20 annual report to the Council and the Auditor General for Scotland for the financial year ended 31 March 2020</p> <p>Appendix 4: Letter of representation to Grant Thornton, external auditors</p>
<b>Background papers</b>	<p>None</p>

## **1. INTRODUCTION**

- 1.1 This report brings together the suite of governance documents, which are required for Council to fully approve the 2019/20 Annual Report and Accounts (appendix 1).
- 1.2 The 2019/20 annual report from the Audit and Assurance Committee (appendix 2) summarises the work of the Committee during the year and makes a number of recommendations to Council.
- 1.3 The 2019/20 annual report from Grant Thornton, external auditors (appendix 3) is prepared for the Council and the Auditor General for Scotland and includes an unmodified audit opinion on the audited elements of the Annual Report and Accounts as well as a summary of key findings and recommendations from the audit.
- 1.4 The letter of representation (appendix 4) is provided to the external auditors and provides assurances from the Accountable Officer and Council in connection with the audit of the financial statements.
- 1.5 Following approval of the Annual Report and Accounts, they will be laid before Parliament by 31 December 2020.

## **2. 2019/20 ANNUAL REPORT OF THE AUDIT AND ASSURANCE COMMITTEE AND 2019/20 ANNUAL REPORT AND ACCOUNTS**

- 2.1 The Audit and Assurance Committee has followed a process of reviewing the Committee's performance and priorities and the effectiveness of audit arrangements. They have reviewed the 2019/20 Annual Report and Accounts, including specific consideration of the governance statement and the external auditor's report on the Annual Report and Accounts.
- 2.2 The 2019/20 annual report of the Audit and Assurance Committee (appendix 2) was first presented for review by the Committee on 28 July 2020 and was approved by Committee members, after the external audit was complete, by email on 14 October 2020.
- 2.3 All Council members were invited to attend the Audit & Assurance Committee meeting on 6 October 2020 to provide feedback on the content of the draft 2019/20 Annual Report and Accounts and comments were incorporated into the final version of the report.
- 2.4 Subsequently, external audit carried out a final review and made some minor amendments. Paragraph 21.38 has been added to make clear that there have been no significant issues.
- 2.5 The Council is asked to accept the four recommendations within the Annual Report from the Committee, which include approving the 2019/20 Annual Report and Accounts (appendix 1) and agreeing that the Chief Executive, as Accountable Officer, signs the document at the appropriate points.

### **3. EXTERNAL AUDIT ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

- 3.1 Grant Thornton, SSSC's external auditors, gave an unmodified audit opinion and presented a very positive report to the Audit and Assurance Committee meeting on 6 October 2020 (appendix 3) confirming that there were no adjustments to the draft financial statements, only minor disclosure amendments, there was a good complete set of financial statements and working papers and responses were provided by the Finance team in a timely manner.
- 3.2 There was a private meeting between the Audit and Assurance Committee and Grant Thornton as part of the Committee meeting on 6 October 2020.
- 3.3 The Council is asked to note the annual report from the external auditors, which will also be sent to the Auditor General for Scotland.

### **4. LETTER OF REPRESENTATION**

- 4.1 In accordance with the terms of reference of the Audit and Assurance Committee, the Committee were asked to consider the letter of representation contained at appendix 4. The Committee endorsed the letter via email correspondence in October 2020.
- 4.2 The Council is asked to agree that it is content with the assurances provided by the Chief Executive in her role as Accountable Officer in the letter of representation, after which the Convener will sign the letter on behalf of the Council alongside the Accountable Officer.

### **5. RESOURCE IMPLICATIONS**

- 5.1 There are no resource implications.

### **6. LEGAL IMPLICATIONS**

- 6.1 There are no legal implications.

### **7. STAKEHOLDER ENGAGEMENT**

- 7.1 Council members and external auditors contributed to the preparation of the Annual Report and Accounts. No other external stakeholders were directly engaged in the preparation of the Annual Report and Accounts or other governance documents included in this report.

### **8. IMPACT ON PEOPLE USING SOCIAL SERVICES AND CARERS**

- 8.1 There is no impact on people using social services and carers.

## **9. CONCLUSION**

- 9.1 All of the governance documents provided as appendices to this report support an unmodified audit opinion and satisfaction with the content of the Annual Report and Accounts. By accepting the recommendations in this report, the Council is satisfied that the Annual Report and Accounts is fair, balanced, understandable and provides the information necessary for stakeholders to assess the SSSC's performance in a number of areas.

# Annual Report and Accounts

1 April 2019 to 31 March 2020



Annual Report and Accounts of the  
Scottish Social Services Council

This report is laid before the Scottish  
Parliament by the Scottish Ministers  
under Schedule 2, Section 10(1) of the  
Regulation of Care (Scotland) Act 2001  
and Section 22(5) of the Public Finance  
and Accountability (Scotland) Act 2000.

1 April 2019 to 31 March 2020

SI number SG/

The Accountable Officer authorised  
these financial statements for issue after  
the Council meeting of 29 October 2020



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# Annual Report

## Chief Executive's foreword

Welcome to our 2019/20 Annual Report and Accounts. This is the final annual report of our 2017-20 strategy and sets out our achievements against our four strategic outcomes.

This year has seen a focus on concluding the final register parts - support workers in care at home and housing support. We now have 216,000 entries on our Register. We continue to work hard to improve our customer's experience to serve our expanded Register by developing our online registration platform 'MySSSC'.

Our achievements in support of a safe and skilled workforce include publishing revised social work standards for education and piloting new approaches to a supported year for newly qualified social workers. These will improve the learning experience of the workforce and protect the people who use social services.

In 2020 the Independent Care Review published The Promise. The findings of the Independent Care Review highlighted the need for regulatory bodies to do better. This work represents a wave of change for care experienced children and young people and we are committed to being part of the positive change. During 2019/20 we demonstrated our commitment to putting people with lived experience at the heart of what we do by publishing our Involving People Plan, and consulting widely to inform our 2020-2023 Strategic Plan.

When reflecting on this year, it is difficult to think of anything other than COVID-19 especially because of the terrible toll it's taken on this sector and the people they care for and support. The pandemic has highlighted deep rooted issues within the social service sector. We will work with our partners across the UK to bring about change.

Despite all of our work this year, set against the backdrop of COVID-19 and the well documented issues this sector will face because of Brexit, there is still much to value and celebrate.

The SSSC staff have worked tirelessly throughout the year, and in particular the last few months to ensure that people who use services can count on skilled and safe people to provide support and care. As an organisation our digital transformation and dedicated staff allowed us to immediately offer the same service to our registrants from our kitchen tables and spare rooms the minute we went into lockdown.

Our work throughout the course of our 2017-2020 strategy has ensured we have the foundations in place to rise to challenges ahead and continue to meet this need.



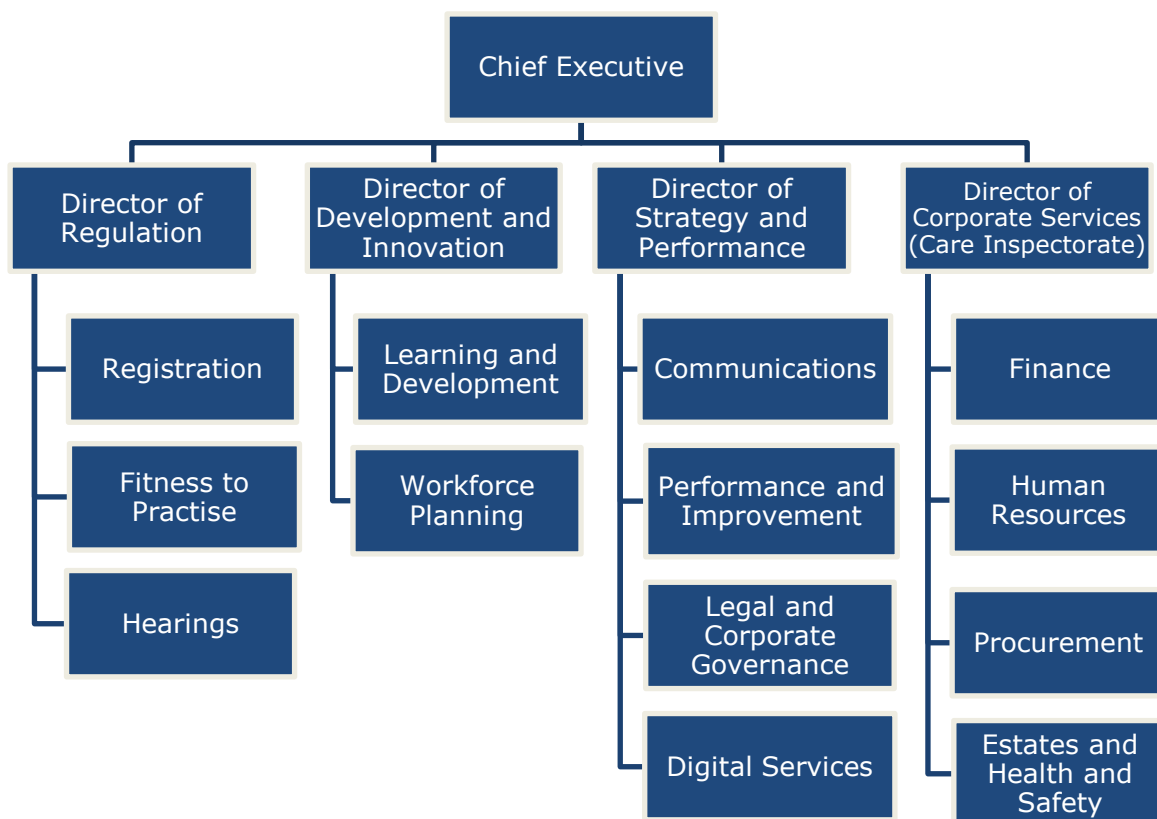
**Lorraine Gray Chief Executive  
Scottish Social Services Council**

# **Section A: Performance report**

## **Performance overview**

# 1. Our organisation

- 1.1. The Scottish Social Services Council (SSSC) is the regulator for the social service workforce in Scotland. We deliver our vision: **our work means the people of Scotland can count on social services being provided by a trusted, skilled and confident workforce** by regulating, registering and developing the workforce.
- 1.2. We are a non-departmental public body, sponsored by the Office of the Chief Social Work Adviser at the Directorate for Children and Families and set up under the Regulation of Care (Scotland) Act 2001. We are governed by a Council of ten Members, including a Convener, who are appointed by Scottish Ministers.
- 1.3. The Council delegates some responsibilities to the Audit and Assurance Committee.
- 1.4. Our Chief Executive and directors make up our Executive Management Team (EMT). Our Operational Management Team (OMT) is made up of the heads of each department.
- 1.5. We have 272 full-time equivalent employees working across four directorates. Our Corporate Services directorate shares some staff and costs with the Care Inspectorate.
- 1.6. **Organisational structure**



## 2. Our work

- 2.1. With 216,000 register entries, the social service workforce is one of the largest employment groups in Scotland. This workforce includes social care workers, social workers, social work students and early learning and childcare workers. They work across a range of services, in residential and day centres, community facilities and in people's homes.
- 2.2. We protect the public by registering most of this workforce and making sure that those on our Register meet the standards set out in the SSSC Codes of Practice. Where people fall below the standards of practice and conduct, we can investigate and take action. We:
  - publish the national Codes of Practice for people working in social services and their employers
  - register people working in social services and make sure they adhere to our Codes of Practice
  - promote and regulate the learning and development of the social service workforce
  - are the national lead for workforce development and planning for social services in Scotland
  - are the Sector Skills Council for social services in Scotland.

2.3. Our 2017-2020 Strategic Plan sets out our vision and outcomes. Here is how our work contributes to the Scottish Government's purpose and national outcomes.

2.4. **Scottish Government's Purpose and National Outcomes**





### 3. Our business model

<p><b>Our key partners and stakeholders</b></p> <ul style="list-style-type: none"> <li>• Scottish Government sponsor – Office of the Chief Social Work Adviser</li> <li>• Social service employers' representative groups</li> <li>• People with lived experience</li> <li>• Learning providers and awarding bodies</li> <li>• NHS Education Scotland</li> <li>• Skills Development Scotland</li> <li>• Care Inspectorate</li> <li>• Other regulators within and out with social services and across the UK</li> <li>• Skills for Care and Development</li> <li>• Social Work Scotland</li> <li>• Convention of Scottish Local Authorities</li> </ul>	<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>• Maintain a register of eligible workers</li> <li>• Publish the codes of practice for people working in social services and their employers</li> <li>• Investigate concerns about the fitness to practise of registrants and applicants.</li> <li>• Sector skills council</li> <li>• Support the professional development of workers</li> <li>• National lead for workforce development and planning for social services in Scotland</li> <li>• Engage stakeholders through our Involving People Plan</li> </ul> <p><b>Key resources</b></p> <ul style="list-style-type: none"> <li>• Staff</li> <li>• IT systems and hardware</li> <li>• Office building including hearing rooms</li> <li>• Knowledge and experience</li> </ul>	<p><b>Value proposition</b></p> <p>Our work means the people of Scotland can count on social services being provided by a trusted, skilled and confident workforce.</p> <p>We protect the public by registering social service workers, setting standards for their practice, conduct, training and education and by supporting their professional development.</p> <p>Where people fall below the standards of practice and conduct we can investigate and take action.</p>	<p><b>Who we reach</b></p> <ul style="list-style-type: none"> <li>• Members of the public</li> <li>• People who use services and their carers</li> <li>• Social service user and carer representative groups</li> <li>• Advocacy and campaigning groups</li> </ul> <p><b>Our customers</b></p> <ul style="list-style-type: none"> <li>• Scotland's social service workforce</li> <li>• Workers applying for registration</li> <li>• Registered workers</li> <li>• Employers of registered workforce</li> </ul>
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#### Budget

Our budgeted expenditure is funded by grant in aid from Scottish Government and fees paid by those on the register. Our budgeted funding for 2019/20 was £17.5m from grant in aid and £5.3m from fees paid by registrants and other income of £0.3m. We also budgeted to use £0.2m of our general reserve balance to fund a marketing campaign for workers in the sector. Section 6 has more detail.

## **4. Key issues and risk management**

4.1. Our Council is accountable for overseeing risk management. Responsibility for managing our strategic risk is delegated to the Audit and Assurance Committee, who ensure we have effective risk management processes in place. To manage risk, we:

- review our risk policy annually
- agree a risk appetite statement annually
- review and update the strategic risk register quarterly
- review directorate risk registers monthly.

4.2. We identified the following strategic risks in 2019/20 that could have prevented us from achieving our outcomes.

1. Failures in our regime of registration or fitness to practise leads to public protection failure.
2. We are not able to demonstrate to our stakeholders (including the Scottish Government) that our operational activity is fulfilling our strategic outcomes.
3. Ineffective working relationships with partner bodies impact significantly on our ability to deliver our organisational objectives.
4. The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers.
5. The SSSC does not have sustainable resources to support the delivery of the 2017–2020 Strategic Plan objectives (ie the strategic planning growth assumptions are not financially sustainable).
6. The SSSC experiences disruption or loss or reputational damage from a failure in its IT systems, physical security or information governance arrangements.

4.3. At each step in our risk management process we identify, review, record and assess risks to identify ways to mitigate their impacts. Risk management is embedded throughout the organisation with the OMT initiating the monthly risk management cycle by completing directorate risk registers for EMT to review and escalate as appropriate. Our processes allow us to escalate and de-escalate risks when required.

## **5. Key issues and risk moving forward**

5.1. The COVID-19 pandemic hit the UK at the beginning of March 2020. The Scottish Government asked us to rapidly implement changes to some of our functions to allow maximum response from the sector. These unprecedented changes brought about a temporary repurposing of some areas of the organisation. By the end of March 2020, we were developing a new temporary

register and had made significant changes to social work student placements among other key activity to support the COVID-19 response in Scotland. The full extent of the impact of COVID-19 will not be realised until 2020/21 annual report.

5.2. We will continue to focus on risks and issues that include:

- ensuring that our system of regulation meets the needs of people who use services and workers
- ensuring that our workforce development function supports the workforce and employers to achieve the right standards and qualifications to gain and maintain registration
- continuing to meet corporate governance, external scrutiny and legal obligations
- planning and resourcing our activities to deliver our digital strategy
- providing value to our stakeholders and demonstrating our impact
- developing and supporting SSSC staff appropriately to ensure we have a motivated and skilled workforce to achieve our strategic outcomes
- securing sufficient budget resources to fulfil the financial plans required to deliver the strategic plan
- monitoring our ability to operate under the effects of global pandemic COVID-19
- continued monitoring of our progress to achieve a service level agreement for our shared service
- continuing to monitor the impact of Brexit and the effects on the social service workforce
- continuing to monitor the impact of COVID-19 and the effects on the social service workforce.

## **6. Performance summary**

6.1. This Annual Report and Accounts presents the high-level assessment of our 2019/20 work to achieve the final year of our 2017-2020 Strategic Plan. The report provides the 2019/20 achievement towards the following outcomes:

- The right people are on the Register
- Our standards lead to a safe and skilled social service workforce
- Our resources support the professional development of the social service workforce
- Our stakeholders value our work.

6.2. Council Members monitored delivery of the Strategic Plan via the annual Strategic Performance Report (SPR). In 2019/20 we introduced a new set of key performance indicators (KPIs) that demonstrated achievement against the current strategic plan. This was in response to an independent review of our governance and performance arrangements, highlighted later in this report.

- 6.3. Our Council agreed these new data sets to report on 2019/20 performance and we presented the final SPR for the 2017-2020 period to Council in May 2020.

# Performance analysis

## 7. Our year at a glance



- 7.1. The remaining Fitness to Practise cases (from 4,122) have either been concluded at another stage in the process or are ongoing investigations.

## 8. Financial performance

- 8.1. Our budget is funded mainly by a mixture of grant in aid, specific grants from the Scottish Government and fees paid by registrants (grant in aid means the Scottish Government provides funding 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.
- 8.2. Under section 57 of the Regulation of Care (Scotland) Act 2001, the SSSC can set reasonable fees through changes to our Registration Rules. This requires

the consent of Scottish Ministers. The last increase in fee rates was effective from 1 September 2017.

- 8.3. Our budgeted income and funding for 2019/20 was as follows:

	2019/20 Budgeted Income £000	2019/20 Budgeted Funding £000	2019/20 Total Income and Funding £000
Grant in aid		15,519	15,519
Specific grants		1,937	1,937
Registration fees	5,314		5,314
Other income	251		251
<b>Total income and funding</b>	<b>5,565</b>	<b>17,456</b>	<b>23,021</b>

- 8.4. Our expenditure budget was set with the aim of using all available income and funding to maximise the benefits the SSSC provides to people who use care, social work services, carers and SSSC registrants.
- 8.5. The 2019/20 expenditure budget was set at £23.252m. This is £0.231m more than the 2019/20 available funding of £23.021m. In 2018/19 the Sponsor provided £0.231m of additional grant in aid to be retained in the General Reserve and used for a marketing campaign for workers in the sector during 2019/20. This was fully utilised in 2019/20.
- 8.6. Our actual surplus for 2019/20 was £0.661m ie £0.892m more than the budgeted deficit position of £0.231m.
- 8.7. The outturn position reflects the Sponsor providing £0.159m additional grant in aid funding which will be used in 2020/21 to provide a Hardship Fund for postgraduate bursary students (£129k) and fund the 2019/20 Expo event (£30k). This means the General Reserve will not reduce as much as was anticipated when the 2019/20 budget was set. The closing balance of £1.583m (note 12) is 6.8% of gross expenditure. The SSSC's target range for the revenue element of the General Reserve is 2.0% (£0.465m) to 2.5% (£0.581m) of our gross expenditure budget.
- 8.8. The higher than normal General Reserve balance will fund our continued digital transformation (£202k) in 2020/21, provide a Hardship Fund for postgraduate bursary students (£129k) who are ineligible for a bursary under the normal rules, to support them during the COVID-19 pandemic, as well as help deal with in-year budget pressures. Scottish Government has approved carry forward of our reserves.
- 8.9. There was no capital expenditure during the 2019/20 financial year. The following table shows our revenue budget position.

	2019/20 Budget £000	2019/20 Actual £000	Variance £000
Revenue expenditure	23,252	22,600	(652)
Fee income	(5,314)	(5,387)	(73)
Other income	(251)	(418)	(167)
<b>Net expenditure</b>	<b>17,687</b>	<b>16,795</b>	<b>(892)</b>
Grant in aid (revenue)	(15,519)	(15,519)	0
Specific grant funded projects	(1,937)	(1,937)	0
<b>Total funding</b>	<b>(17,456)</b>	<b>(17,456)</b>	<b>0</b>
<b>(Surplus)/deficit for the year</b>	<b>231</b>	<b>(661)</b>	<b>(892)</b>
<b>Transfer to/(from) General Reserve</b>	<b>(231)</b>	<b>661</b>	<b>892</b>

#### 8.10. Reconciliation to Statement of Comprehensive Net Expenditure

8.11. 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.

- i. For budgeting purposes, we consider grants and grant in aid to be income. The accounting position must present grants and grant in aid as sources of funds and they are credited to the General Reserve on the Statement of Financial Position (SFP).
- ii. Post-employment benefits (pensions) must be accounted for using International Accounting Standard 19 'Employee Benefits'. 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.
- iii. 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 2019/20 depreciation charge is £10k.



- 8.12. The table below reconciles the deficit shown on the Statement of Comprehensive Net Expenditure (SCNE) to the planned deficit for funding and budgeting purposes. This deficit is funded from the General Reserve.

	Ref/note	2019/20 £000
Deficit per the SCNE	SCNE	16,291
Funding from grants and grant in aid	13a	(17,456)
Reverse IAS 19 pension accounting adjustments	5b table 2	514
To fund depreciation of assets	6a	(10)
<b>Surplus on funding and budgeting basis</b>		<b>(661)</b>

8.13. **Supplier payment policy**

- 8.14. The SSSC is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments in accordance with the Scottish Government's instructions on prompt payment and a target of payment within ten days. In 2019/20 we paid 99.48% (2018/19: 99.67%) of invoices within ten days.

8.15. **Going concern**

- 8.16. The Statement of Financial Position at 31 March 2020 shows net liabilities of £5.777m (2018/19: £6.942m). The net liabilities are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19.
- 8.17. The SSSC 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.
- 8.18. The liability will therefore 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.
- 8.19. The SSSC has no reason to believe the Sponsor Department and Scottish Ministers have any intention to withdraw or reduce support to the organisation. In addition, the Sponsor has confirmed grant in aid figures for 2020/21. It is therefore considered appropriate to prepare the accounts on a going concern basis.

## 9. Strategic Outcome 1: The right people are on the Register

### 9.1. Registration

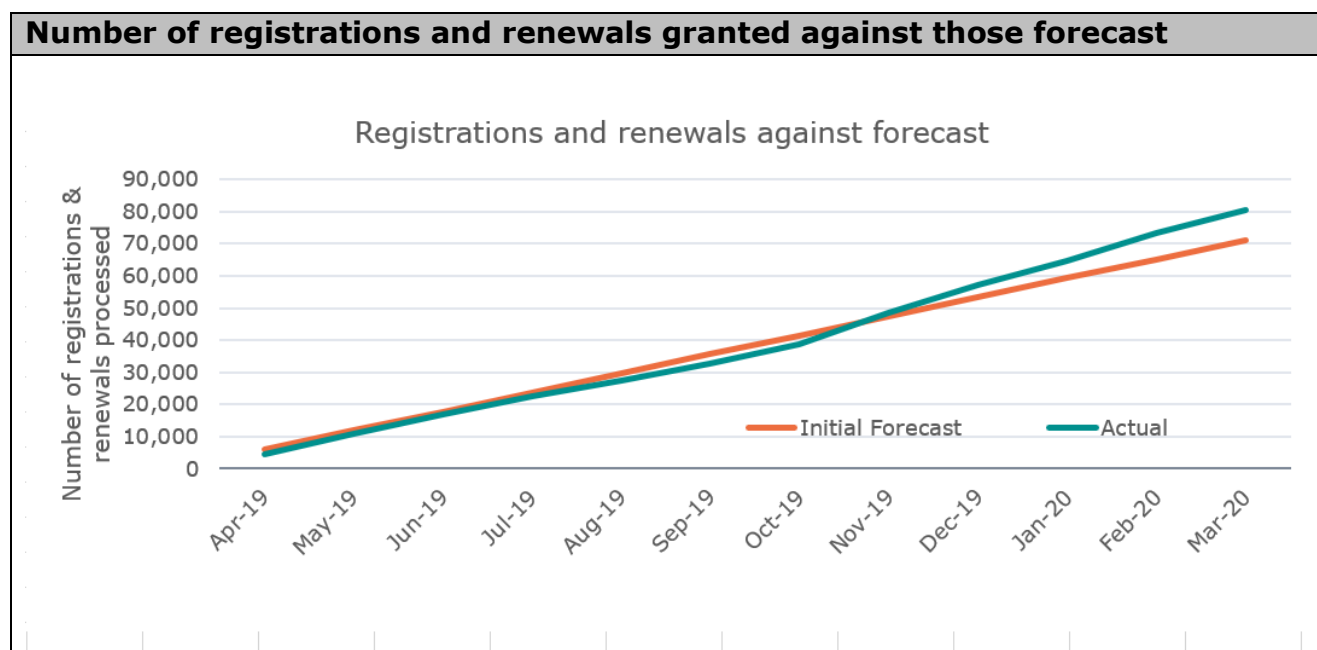
9.2. Over 2019/20 we have improved our registration services in the following ways:

- successfully managed the last phase of registration for support workers in care at home and housing support
- improved user experience by further developing our online registration platform MySSSC
- strengthened our business intelligence processes to understand the extent to which registered workers are not gaining qualifications and the potential risk to the sector.

9.3. As part of our 2019 customer survey, 70% of respondents (5,539 of 7,965) believe registration with the SSSC provides positive benefits to them. This level of engagement reassures us that the right people are on the register.

### 9.4. Strategic performance indicator results

Figure 1: Increase the amount of registrations and renewals granted



9.5. Figure 1 measures the amount of applications we processed against our forecast. This helps us make sure the correct people are on the Register.

9.6. During 2019/2020 the number of registrations and renewals granted increased in line with our forecast. December 2019 was the deadline for support workers

in care at home and housing support services to submit their applications for registration by the statutory date of 1 October 2020. While Figure 1 represents both registration and renewal data, the significant increase in registrations between September 2019 and March 2020 can in part be attributed to the high number of support worker applications being received.

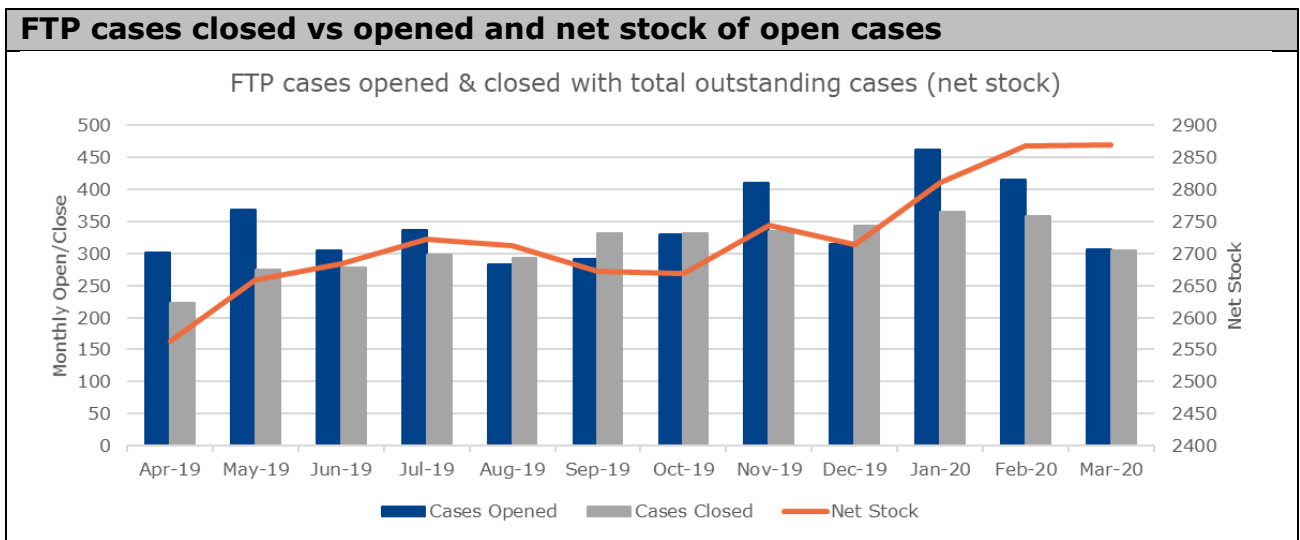
#### 9.7. **Fitness to Practise**

9.8. Over 2019/20 we have improved our Fitness to Practise department in the following ways:

- worked with law clinics and centres to promote awareness in the workforce of existing sources of representation and explore the feasibility of new sources
- successfully launched a case management system that has significantly improved the lifecycle of a case
- consulted on the introduction of opt-in hearings
- improved our approach to screening, enabling us to resolve cases earlier.

#### 9.9. **Strategic performance indicator results**

Figure 2: Reduce the number of fitness to practise (FTP) cases open

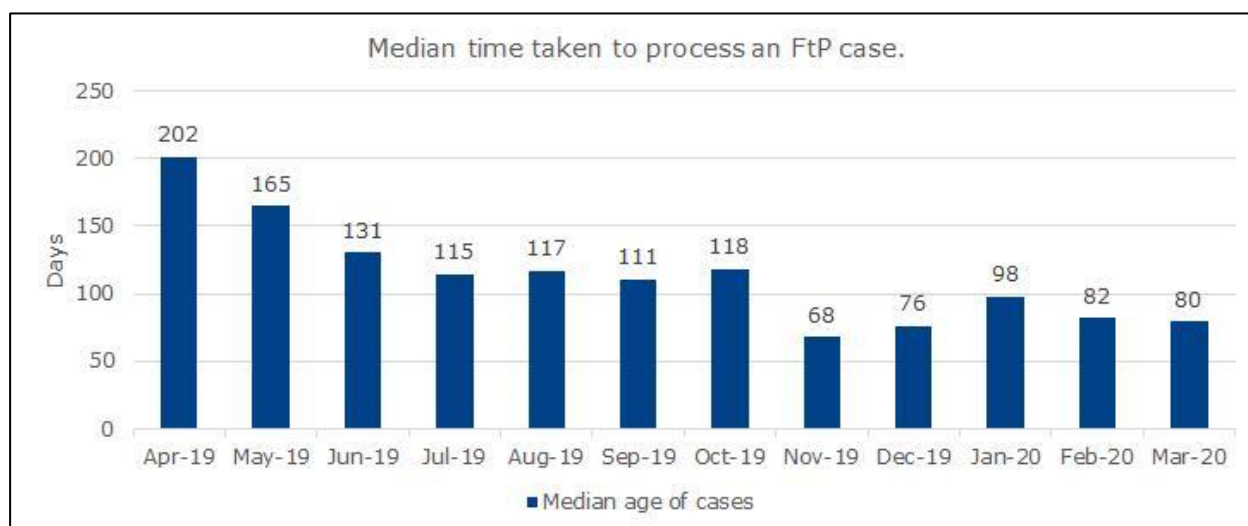


9.10. This indicator measures our delivery of Strategic Outcome 1: the right people are on the Register. By measuring our ability to process fitness to practise cases, we ensure we have capacity to effectively address concerns raised.

9.11. The last year was a period of rapid expansion to the Register as the deadline for support workers in housing support and care at home was December 2019. Due to a high number of applications being received, fitness to practise cases also increased.

- 9.12. Figure 2 shows that we gradually reduced the gap between cases we opened and closed between April 2019 to March 2020. Figure 3 indicates that over this time the median length/age of a case also decreased. The data represented in Figures 2 and 3 demonstrates that improvements to our system and screening processes have reduced the time taken to conclude an investigation and had an overall positive impact on the delivery of our fitness to practise service.
- 9.13. Our investigations must be robust and progress as quickly as possible to both minimise the impact on the worker and provide operational efficiency. In February 2019, we launched a dedicated system to manage fitness to practise referrals. We recruited more staff to our intake and engagement team and designed new processes to complete preliminary investigations before opening a case. As a result, we increased our capacity to make early decisions on whether a referral met our threshold.

Figure 3: Median time taken to process a fitness to practise (FTP) case.



- 9.14. Figure 2 shows that we gradually reduced the gap between cases we opened and closed between April 2019 to March 2020. Figure 3 indicates that over this time the median length/age of a case also decreased. The data represented in Figures 2 and 3 demonstrates that improvements to our system and screening processes have reduced the time taken to conclude an investigation and had an overall positive impact on the delivery of our fitness to practise service.

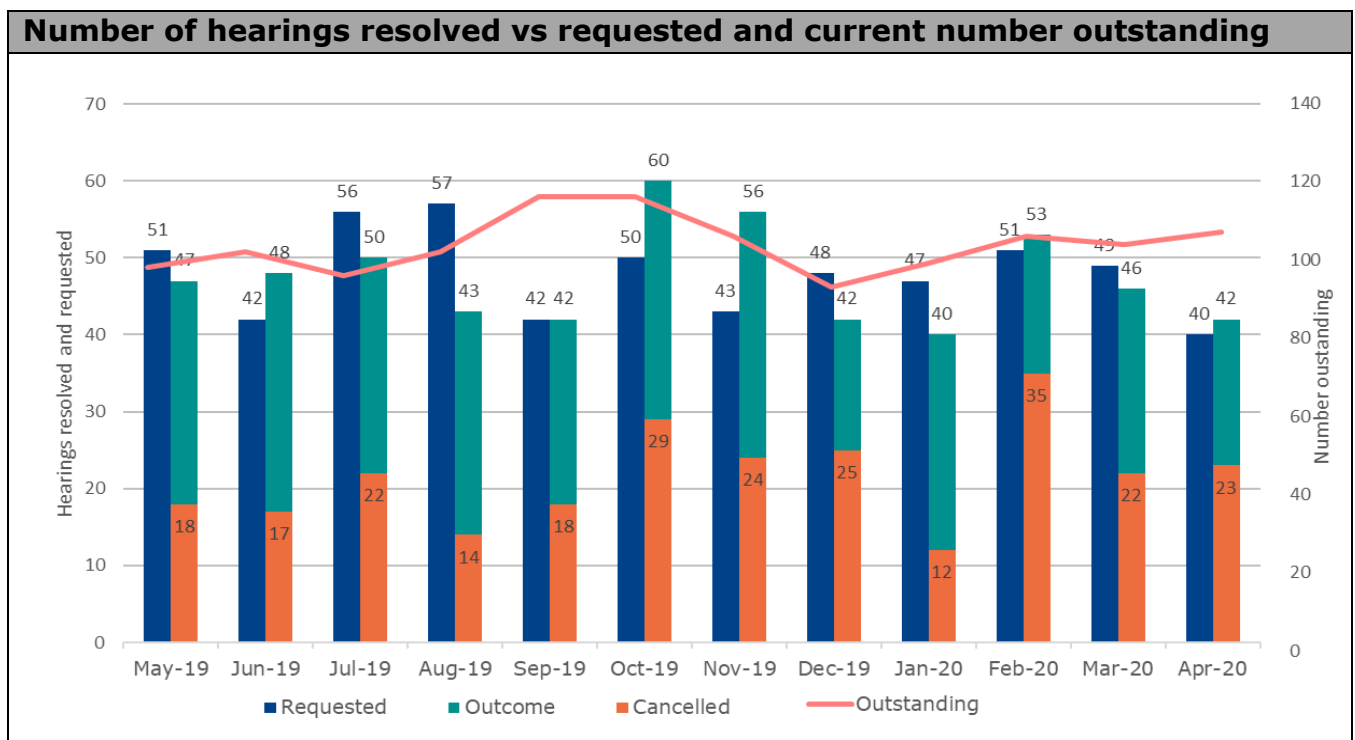
### 9.15. Hearings

9.16. Our Hearings department made several changes to their service:

- held hearings remotely through video conferencing technology
- introduced financial support for workers to attend hearings
- introduced improved facilities for those attending hearings.

### 9.17. Strategic performance indicator results

Figure 4: Decrease the number of hearings outstanding and balance the monthly ratio



9.18. The indicator at Figure 3 reflects our delivery of Strategic Outcome 1: the right people are on the Register. It measures our ability to conclude hearings, ensure the right workers are on the Register, and that they have access to justice. We do this by taking steps to progress scheduled hearings to avoid a backlog. The median time to schedule a fitness to practise referral for a hearing is 91 days. Any cancelled hearings are mainly the result of the worker deciding to accept the proposed sanction which then removes the need for a hearing.

9.19. Figure 4 when considered with Figure 3 illustrates that during a time of increasing fitness to practise referrals, we have maintained a stable throughput of hearings given the spike in referrals received in January and February 2020.

## **10. Strategic Outcome 2: our standards lead to a safe and skilled social service workforce**

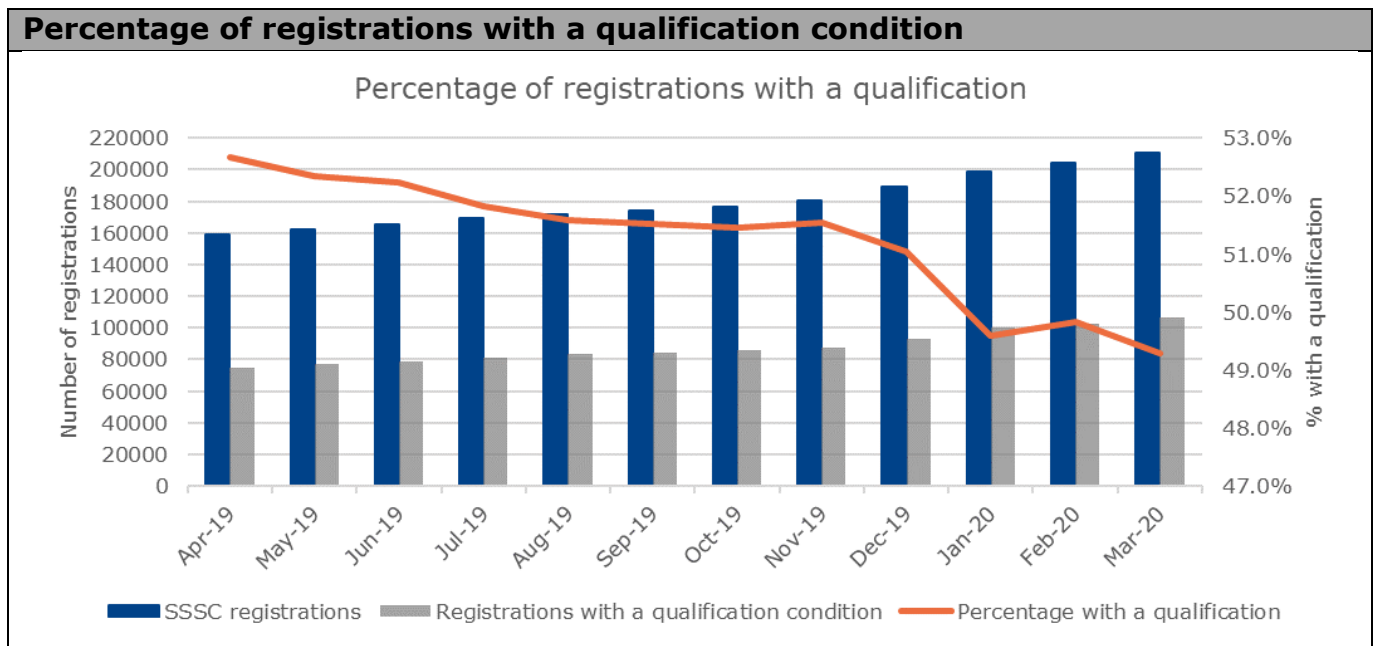
10.1. Achievements over the last 12 months include:

- reviewing the post registration training and learning regulatory requirements and worked with the sector to design our new continuous learning standard
- working with the University sector to establish and administer a COVID-19 student hardship fund
- working with Local Authority test sites we published learning resources and practice standards for newly qualified social workers.

10.2. We update the resources and training we offer to support the development of skills each year, this includes developing new resources to meet the needs of new register parts and government policy. In our 2019 customer survey, 48% of respondents (3,831 of 7,943) replying to a question concerning skills reported that the SSSC is recognised as an organisation that contributes to social service workers having the skills needed for their jobs. This is a decrease; a factor in this reduction was the timing of the survey, which we carried out when housing support and care at home workforce were new to the register and not as familiar with resources. To improve performance, we have promoted our resources to this part of the workforce. We have also consulted employers on the development of practice guidance and learning resources to improve the SSSC's contribution to supporting the workforce develop the skills needed.

### 10.3. Strategic performance indicator results

Figure 5: Increase the percentage of the registered workforce with the correct qualification



10.4. Figure 5 reflects our delivery of Strategic Outcome 2: our standards lead to a safe and skilled social service workforce, by measuring the proportion of qualified registered workers. Social service workers can enter the SSSC Register without a qualification and are registered with a condition to obtain a relevant award within a five-year period.

10.5. Around 50% of the SSSC registered workforce currently have a qualification. The number of workers registered with a qualification condition has increased due to the Register expanding in the last year to include support workers in care at home and housing support services.

10.6. Qualifications and standards are an integral part of creating a professional workforce. As the newly registered workers gain their qualifications over the next five years, there will be a higher percentage of qualified workers in the sector providing safe, effective care.

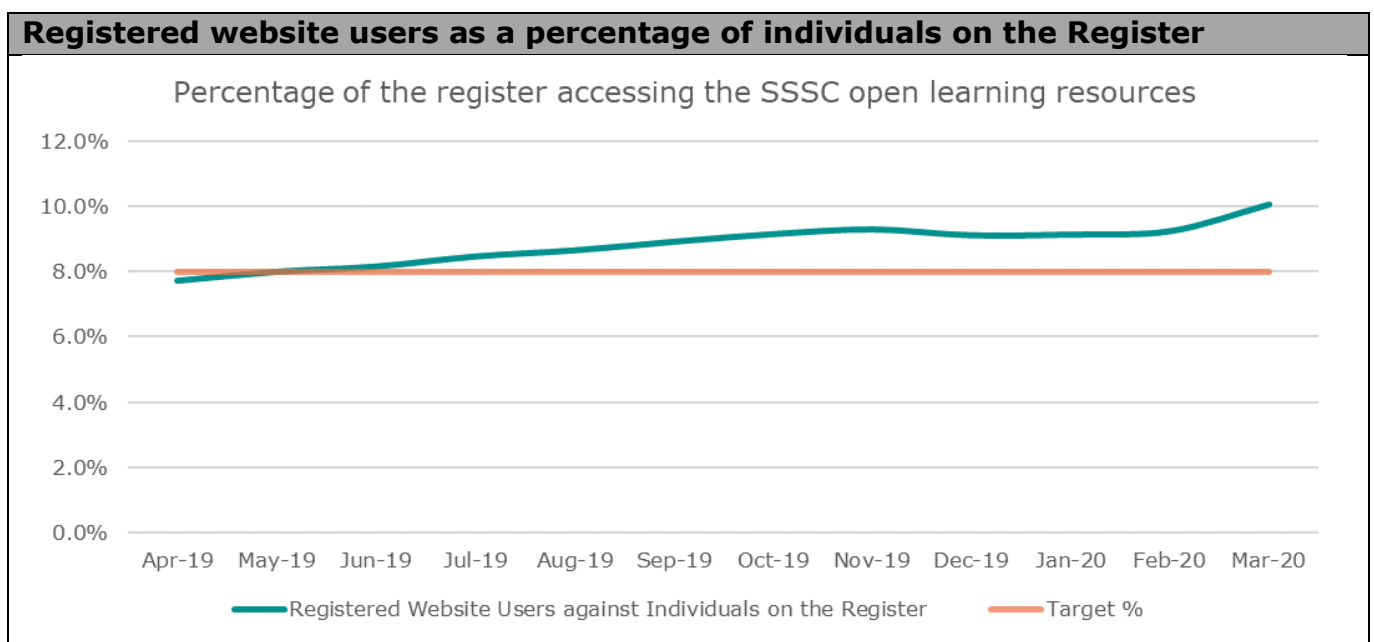
## 11. Strategic Outcome 3: our resources support the professional development of the social service workforce

### 11.1. Achievements over the last 12 months include:

- awarding 5,342 Open Badges and assessing 678 qualifications which supports the workforce to develop their practise
- in partnership with Skills Development Scotland and SSSC career ambassadors launching the social services career pathways website in September 2019. This supports recruitment retention and career progression for the social services sector
- in partnership with the coalition of care providers in Scotland, allocating £1 million to 72 organisations to support approximately 956 workers achieve their qualifications for registration with the SSSC
- in March, publishing guidance for employers on core training for redeployed workers temporary workers and volunteers to support workforce supply issues in the sector.

### 11.2. We are confident our resources are having a positive impact. 88% of respondents to a question on learning resources as part of our 2019 customer survey (2,769 of 3,163) report that our learning resources have improved their practice.

Figure 6: Increase the percentage of the Register who access our learning resources to support their Continuous Professional Learning





- 11.3. Figure 6 represents the number of people who are registered who are users on our open badges' platform. We had 1,659 new learner accounts in March 2020 which is a large increase on all previous months, almost a fourfold increase on February's data. As a result of the new learner accounts we have exceeded our target and achieved approximately 10.1% of website users who are SSSC registered against individuals on the Register. Over 2020/21, we will use our business intelligence to evaluate the impact of open badges and other learning resources to inform future product developments and measure impact.

## 12. Strategic Outcome 4: our stakeholders value our work

- 12.1. We carry out an annual survey to gauge our performance against strategic outcomes. For the 2019/20 cycle, we conducted our survey in August 2019. Figure 7 outlines our key results under each Strategic Outcome 1 - 4:

Figure 7:



- 12.2. We worked with the sector to promote registration through registrant roadshows and highlight our digital transformation project which has allowed us to provide an improved overall service to our stakeholders over 2019/20. We also asked those attending our 2019/20 registrant roadshows for feedback about registration and regulation, and because of the roadshows:
- 97% felt more positive about their registration (130 of 134)
  - 94% understood regulation and registration better after coming along (128 of 134).
- 12.3. The impact of these improvements is captured in Figure 7 which demonstrates an increase in positive responses about our customer service over the 2017-2020 period.
- 12.4. Our relationship with our customers is important to us and we continually work to improve and promote the benefits of registration. Figure 7 illustrates for Strategic Outcome 1 (SO1) that between our 2017/18 and 2019/20 survey cycle there has been a decrease (to 70%) in Registrants' positive perception of these benefits. During this time our Register has increased and there are a greater number of responses from newer registrants who are not as familiar with the SSSC.
- 12.5. A focus for us over the next strategic period is to launch a revised customer service plan and identify how we can promote our offering to improve stakeholder perceptions.

- 12.6. Figure 7 presents a reduction in performance for Strategic Outcome 2 (SO2). The resources and training we offer to support the development of skills change year on year. New resources are developed to support new parts of the register and to support government policy. The annual survey was carried out when the housing support and care at home workforce were new to the register. An improvement action arising from this was a campaign to promote our resources activities to this part of the workforce. We also consulted with employers on the development of practice guidance and learning resources to improve the SSSC's contribution to supporting the workforce develop the skills needed for their jobs.
- 12.7. When we consider this data with the results under Strategic Outcome 3 (SO3), the increase in respondents who positively identified that our resources have improved their practice provides a level of reassurance that the material we develop to support the workforce in their roles positively improves practice.

## 13. Other key performance areas

- 13.1. The following activities supported us to deliver all four 2017-2020 strategic objectives.
- 13.2. **Governance and performance arrangement review**
- 13.3. During 2019 our governance arrangements were independently reviewed. This review included Council Member development sessions and stakeholder consultation.
- 13.4. Council approved new arrangements in October 2019 and the first meetings under these arrangements took place in December 2019. As part of this, we created a new assurance report to implement the recommendations. This report replaced the existing reporting against the strategic outcomes, and we identified KPIs that demonstrated the achievements of the organisation. This report uses these KPIs and this has provided a clear reporting performance framework that links financial expenditure with organisational capability and risk. Internal Audit carried out a review of our corporate control arrangements in March 2020. There were no recommendations for improvement, and they provided very positive feedback on the new governance arrangements.
- 13.5. We have already implemented the following changes in 2020/21.
- 13.6. **Business intelligence development and system procurement**
- 13.7. We completed research into our business intelligence needs in late 2019 which identified areas for improvement in data integrity and understanding of process hierarchy. We will implement a new performance management system in 2020/21.

**13.8. The Involving People Charter**

13.9. The Involving People Charter design was completed during March 2020 following feedback from the Involving People Network. People with lived experience of social services have been involved in the development of our new strategic plan and several areas of our work, including the development of the Compassionate Care resource which we have designed in collaboration with the Care Inspectorate.

**13.10. Corporate Parenting Plan**

13.11. We concluded our 2017-2020 plan and began working with Who Cares? Scotland and Centre for Excellence for Children's Care and Protection (CELCIS) to develop our new corporate parenting approach for 2020-2023.

**13.12. Digital transformation**

13.13. In 2018/19 we implemented large scale digital transformation across the organisation. This work continued throughout 2019/20 with the development of a digital development programme. The focus of our digital strategy was driven by our customer and business needs directly influencing the technology procured to provide effective regulation. Our digital transformation project used technology to drive opportunity for innovation and change in our business. The digital transformation programme has realised 32 of the 48 indicators measured.

13.14. We consider the digital transformation programme to have been extremely effective. Highlights include the significant increase in user satisfaction with an increase from 16% to 62% in staff reporting the equipment they use is reliable.

13.15. We conclude our Digital Strategy 2017-2020 at the end of March 2020. Within the programme we completed four of the seven projects by 31 March 2020 and the remaining three are due to be completed by end June 2020. We are now developing our 2020-2023 Digital Strategy.

**13.16. Organisational Development (OD) review**

13.17. In early 2020, we reviewed our Organisational Development (OD) functions which set out a series of recommendations. This OD programme will incorporate several workstreams into the start of the new strategic plan. This work also allowed us to carry out workforce planning analysis for Regulation, Development and Innovation and Strategy and Performance. We now have an action plan which identifies key workforce planning activities including recommendations on our approach to leadership and management development, succession planning and talent management.

### 13.18. **Quality management**

13.19. We have embedded European Quality Management Framework (EFQM) by training a team of assessors to facilitate departmental self-assessments to identify and develop improvement plans. These departmental self-assessments culminated in a corporate assessment in January 2020. We are now working towards our Recognised for Excellence submission in 2021.

### 13.20. **Financial strategy**

13.21. Our new financial strategy was approved by our Resources Committee and Audit Committee in June 2019. We will continue to drive forward and develop our approach to outcomes-based budgeting in the next strategic session.

## 14. **Whistleblowing**

14.1. The SSSC has a dual role in responding to whistleblowing, as an employer and as a prescribed person in the sector.

14.2. A social service worker can whistleblow to someone in their own organisation or to a third party known as a 'prescribed person'. The SSSC is a prescribed person listed in Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. As a prescribed person, we are required to publish details of referrals that qualify as whistleblowing and the actions we took annually.

14.3. In 2019/20 we received 12 whistleblowing referrals. In ten of these cases, we opened a fitness to practise case. By opening a case we investigate whether the fitness to practise of the worker is impaired or not.

14.4. Of the 12 whistleblowing referrals, we did not open a case for two of them. These referrals were both assessed as having no real prospect of finding current impairment.

14.5. For the ten cases we did open, we can report the following:

- four cases are ongoing at the time of writing (June 2020)
- six cases have concluded as follows:
  - one case resulted in no action taken as we found the worker's fitness to practise was not currently impaired
  - three cases resulted in no action taken as there was insufficient evidence to prove any allegations
  - two cases resulted in a sanction of a warning and condition in each case.

- 14.6. Our Whistleblowing Policy 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. We had one internal case of whistleblowing. This was investigated independently, and no further action was taken. We have appointed Rona King, one of our Council Members, as our SSSC whistleblowing champion.

## **15. Equality**

- 15.1. We are committed to promoting equality and diversity. This commitment is underpinned by statutory duties placed upon us by the Regulation of Care (Scotland) Act 2001 and the Equality Act 2010.
- 15.2. We published our mainstreaming report in April 2019, which satisfied the public sector equality duty requirement to publish equality outcomes every four years.
- 15.3. Our equality working group was relaunched and meets quarterly to progress the action plan to deliver our published outcomes.
- 15.4. We continue to publish equality impact assessments on our website.

## **16. Social and environmental impacts**

- 16.1. We are committed to promoting equality and diversity. This commitment is underpinned by statutory duties placed upon us by the Regulation of Care (Scotland) Act 2001 and the Equality Act 2010.
- 16.2. We published our mainstreaming report in April 2019, which satisfied the public sector equality duty requirement to publish equality outcomes every four years.
- 16.3. Our equality working group was relaunched and meets quarterly to progress the action plan to deliver our published outcomes.
- 16.4. We continue to publish equality impact assessments on our website.
- 16.5. In 2019/20 we continued to make positive contributions to our environment and society.
- 16.6. The delivery of 2017-2020 strategic vision and outcomes ensures positive social impact. In addition to our strategy, how we run our business provides further benefits.

- 16.7. In 2019/20 we have maintained our social impact [pledge](#).
- 16.8. We support staff through our Special Leave Policy to contribute to public and community activities and in response to the COVID-19 pandemic we relaxed our policy further to allow staff to provide care or volunteer in their communities.
- 16.9. During 2019/20 we achieved Investors in Young People and maintained our Investors in People accreditation.
- 16.10. **Environment**
- 16.11. Our 2018–2023 Carbon Management Plan sets out how we will deliver our Climate Change (Scotland) Act 2009 duties. Through this plan we aim to reduce our carbon emissions by 25% by 2023 (from a 2015-2016 baseline).
- 16.12. We manage our carbon emissions in partnership with the Care Inspectorate as part of our Shared Services directorate.
- 16.13. During 2019/20 we have:
- submitted our annual Public Sector Climate Change Report
  - included environmental considerations in all procurement activities
  - encouraged use of public transport in our travel and subsistence policy
  - delivered Microsoft Office 365, hardware replacement, new network and infrastructure as part of our Digital Transformation Programme to greatly enhance our ability to work from home and video conference.

<b>SSSC Carbon Footprint</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Total CO2 produced (tonnes CO2 equivalent).	278.1	237.8	204.1	184.16
Our total CO2 is broken down into:				
Travel	107.8	85.2	73.9	56.5
Gas and electricity	168.9	151.3	128.6	126.06
Water	0.6	0.7	0.7	0.7
Waste and recycling	0.8	0.6	0.9	0.9

## 17. Anti-corruption and bribery

- 17.1. Our Counter Fraud and Corruption Framework, along with other controlled documents including HR policies, codes of conduct, financial and contract procedure rules, whistleblowing and complaints policy ensure legislative compliance and management of fraud and corruption.

- 17.2. We present a fraud and corruption report to the Audit and Assurance Committee annually. Zero incidences of fraud or corruption were detected during the 2019/20 financial year. During financial year 2019/20 we were working to strengthen our counter fraud arrangements by contracting with NHS National Services Scotland Counter Fraud Services. The Committee tracked progress of this piece of work regularly.

## 18. Complaints

- 18.1. Our complaints handling procedure complies with the Scottish Public Services Ombudsman guidance. We record all complaints and monitor areas of improvement and opportunities for shared learning. We report our complaints performance annually to Council.
- 18.2. We have maintained average response times for stage one complaints at two days, which is well within the five-day timescale. The average for stage two responses has increased from 16 to 21 days, which is slightly above the 20-day timescale. This increase can be attributed to two complaints which were responded to considerably later than we would usually expect (59 and 40 working days). The increase in this average is reflected in the percentage of complaints we respond to within the respective timescales, shown below.

<b>Complaints</b>				
<b>Indicator</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Stage 1 complaints received	379	292	222	186
Percent responded to in 5 working days	94%	93%	93%	95%
Stage 2 complaints received	19	24	15	15
Percent responded to in 20 Working days	89%	96%	91%*	71%
Percent upheld (all complaints)	Not recorded	Not recorded	Not recorded	23%
Percent partially upheld (all complaints)	Not recorded	Not recorded	Not recorded	17%

\* This figure was incorrectly reported as 87% in 2018/ 2019 and it has now been amended to the correct figure of 91%

Lorraine Gray

Chief Executive and Accountable Officer

29 October 2020



# **Section B: Accountability report**

# Corporate governance report

## 19. Directors' report

### 19.1. **SSSC Council**

19.2. Members sitting on the SSSC Council during 2019/20 were:

- Professor James McGoldrick (Convener) (to 31 August 2019)
- Sandra Campbell (Convener) (from 1 September 2019)
- Theresa Allison
- Professor Alan Baird
- Audrey Cowie (to 31 August 2019)
- Paul Dumbleton (to 31 August 2019)
- Paul Edie (Chair of the Care Inspectorate)
- Julie Grace (from 1 September 2019)
- Lynne Huckerby (from 1 September 2019)
- Rona King (from 1 September 2019)
- Linda Lennie
- Forbes Mitchell (to 31 August 2019)
- Peter Murray (from 1 September 2019)
- Russell Pettigrew (from 1 September 2019)
- Keith Redpath (to 31 August 2019)
- Andrew Rome (to 31 August 2019).

### 19.3. **Executive Management Team (EMT)**

19.4. The EMT are employees of the SSSC. The following individuals served on the EMT during 2019/20:

- Lorraine Gray, Chief Executive
- Maree Allison, Director of Regulation
- Gordon Weir, Executive Director of Corporate and Customer Services (shared post with Care Inspectorate)
- Phillip Gillespie, Director of Development and Innovation
- Elizabeth Mackinnon, Interim Director of Strategy and Performance (to 7 June 2019)
- Laura Shepherd, Director of Strategy and Performance (from 10 June 2019).

Maree Allison was Interim Chief Executive from 20 September 2019 to 31 January 2020 while Lorraine Gray was absent.

### 19.5. **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 Council and Committee meeting.

**19.6. Personal data related incidents**

19.7. We self-reported one incident to the Information Commissioner's Office (ICO) during 2019/20. To date, the ICO has not taken any further action. Four data protection breaches were reported to the ICO for the year to 31 March 2019.

**19.8. Disclosure of information to auditors**

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

19.10. 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.

**19.11. Non audit fees**

19.12. Grant Thornton UK LLP provided services solely relating to the external audit and no further assurance, tax or other services were provided.

**19.13. Pension liabilities**

19.14. The SSSC is an admitted body to the Tayside Superannuation Fund. This is a local government pension scheme administered by Dundee City Council.

19.15. The local government pension scheme is a defined benefit scheme that provides pension benefits based on pensionable remuneration.

19.16. Information on how pension liabilities are treated in the SSSC's accounts can be found in the Notes to the Accounts and the Remuneration and Staff Report.

**19.17. National Fraud Initiative**

19.18. The SSSC participated in the National Fraud Initiative during 2018/19. This work is carried out every two years, the next exercise being 2020/21. This is a data matching exercise which assists in the prevention and detection of fraud. No issues were identified.

## **20. Statement of Accountable Officer's responsibilities**

20.1. Under paragraph 9 (1) of Schedule 2 to the Regulation of Care (Scotland) Act 2001, the SSSC is required to prepare a statement of accounts for each financial year in the form and on the basis 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 SSSC and of its net resource outturn, application

of resources, changes in taxpayers' equity and cash flows for the financial year.

20.2. 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 SSSC will continue in operation.

20.3. Scottish Ministers designated the Chief Executive as the Accountable Officer for the SSSC. 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 of proper records and for safeguarding the SSSC'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.

20.4. 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.

20.5. 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 SSSC's auditors are aware of that information.

## 21. Governance statement

### 21.1. Introduction

21.2. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SSSC's policies, aims and objectives. I am also responsible for safeguarding the public funds and assets assigned to the SSSC, in accordance with the responsibilities set out in the [Memorandum to Accountable Officers for Other Public Bodies](#).

21.3. This annual governance statement explains the SSSC's governance and risk management framework.

### 21.4. The Governance Framework

21.5. The SSSC is a non-departmental public body. We work within a broad framework agreed with the Scottish Government which can be found [here](#). The Council is the governing body responsible for ensuring that the SSSC fulfils its aims and objectives, for promoting the efficient and effective use of staff and other resources and for identifying and managing risk. Members come from a variety of areas including health, charities, social work and the social services sector and users of services as well as the Chair of the Care Inspectorate Board.

21.6. The Council comprises the Convener and nine non-executive members. Appointments are made by Scottish Ministers and are normally for a three-year term with the possibility of a further term, subject to evidence of effective performance and satisfying the skills, knowledge and experience required on the Council at time of re-appointment.

21.7. We maintain a register of interests of the Council members which is available from our website [Register of Members' Interests](#).

21.8. In October 2019, the Council approved changes to our governance structure and a new code of corporate governance. The code sets out the full details of the Council's role, the responsibilities of each Committee and key roles in the organisation. The Council reviews its effectiveness every year and the Code is subject to ongoing revisions as necessary and reviewed in detail every three years. Initial internal audit reports suggest that our new arrangements are working well.

### 21.9. Council Members and attendance

21.10. Council Members have to comply with the SSSC's Code of Conduct for Members as well as the guidance set out in appointment letters and in On

Board – A Guide for Board Members of Statutory Boards. Members are appraised on an annual basis.

21.11. Council meetings are held in public and the minutes of each meeting are available on our website [www.sssc.uk.com](http://www.sssc.uk.com). The following table details SSSC Committee membership and Council Member attendance.

	Council	Resources Committee	Audit Committee
<b>Number of meetings:</b>	4	2	4
<b>Council Member</b>	<b>Attended</b>	<b>Attended</b>	<b>Attended</b>
Professor James McGoldrick (Convener) *	1	0	0
Sandra Campbell (Convener)	3	1 (Observer)	1 (Observer)
Theresa Allison	4	2	4
Professor Alan Baird	3	2	4
Audrey Cowie *	1	0	0
Paul Dumbleton *	1	0	0
Paul Edie (Chair, Care Inspectorate)	3	0	0
Julie Grace	1	0	0
Lynne Huckerby	2	0	0
Rona King	2	1 (Observer)	3 (1 as Observer)
Linda Lennie	4	2	2
Forbes Mitchell *	1	0	1
Peter Murray	3	0	1
Russell Pettigrew	3	1 (Observer)	3 (1 as Observer)
Keith Redpath *	0	0	1
Andrew Rome *	0	0	1
Notes on the table:			
<ol style="list-style-type: none"> <li>1. The Resources Committee was disbanded in October 2019.</li> <li>2. The Audit Committee became the Audit and Assurance Committee in October 2019.</li> <li>3. The Remuneration Committee met once and three members attended. This Committee was disbanded in October 2019.</li> <li>4. The Council membership changed in September 2019. Five members and the Convener left* the Council and were replaced by new members who were all appointed by Scottish Ministers. This is detailed in the Remuneration and Staff Report at section 22.</li> </ol>			

#### 21.12. **Audit and Assurance Committee**

21.13. The Council appointed an Audit and Assurance Committee to make recommendations to the Council and Accountable Officer on risk, control and corporate governance including the mechanisms for measuring performance towards achieving strategic goals. It receives reports from internal and external audit and the auditors are able to contact the Chair directly about any concerns they have during their audit work.

#### 21.14. **Accountable Officer**

21.15. The Accountable Officer is personally responsible to Scottish Ministers, who are ultimately accountable to the Scottish Parliament, for securing propriety and regularity in the management of public funds and for the day-to-day operations and management of the SSSC.

21.16. 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 where required.

#### 21.17. **Executive Management Team (EMT)**

21.18. The EMT supports the Chief Executive in her Accountable Officer role through the formal Scheme of Delegation. The EMT comprised the Director of Regulation, the Director of Development and Innovation, Director of Strategy and Performance and Executive Director of Corporate and Customer Services (Care Inspectorate). Each of these officers has responsibility for the development and maintenance of the governance environment within their own areas of control.

#### 21.19. **External audit appointment**

21.20. Under the Public Finance and Accountability (Scotland) Act 2000 our independent auditors are appointed by the Auditor General for Scotland. Audit Scotland appointed Grant Thornton UK LLP as our independent external auditors for a five-year period from 1 April 2016. Audit Scotland notified the accountable officer in October 2020 that due to COVID-19 the appointment would be extended for a further year, giving 6 years in total.

#### 21.21. **Internal audit**

21.22. The SSSC's internal audit function was contracted out to Scott Moncrieff (to 31 March 2020). Internal audit forms an integral part of the SSSC's internal control and governance arrangements. The internal audit service operates in accordance with Public Sector Internal Audit Standards and undertakes an annual programme of work approved by the Audit and Assurance Committee.



21.23. Henderson Loggie have been appointed as new internal auditors with effect from 1 April 2020. A new strategic internal audit plan will be prepared. We will work at developing an effective and productive relationship with the new internal auditors during 2020/21.

21.24. This annual programme is based on a formal risk assessment process which is updated on an on-going basis to reflect evolving risks and changes. The three-year Strategic Internal Audit Plan is also reviewed and approved annually by the Audit and Assurance Committee.

21.25. Each year our internal auditors provide the Audit and Assurance Committee with assurance on the whole system of internal control. In assessing the level of assurance to be given for 2019/20, our internal auditors take into account:

- all reviews undertaken as part of the 2019/20 internal audit plan
- any scope limitations imposed by management
- matters arising from previous reviews and the extent of follow-up action taken, including in year audits
- expectations of senior management, the Council and other stakeholders
- the extent to which internal controls address the client's risk management/control framework
- the effect of any significant changes in the SSSC's objectives or systems
- the proportion of the SSSC's internal audit coverage achieved to date.

21.26. The internal auditor's overall opinion for 2019/20 was:

"the SSSC has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks."

21.27. **Risk management**

21.28. The SSSC 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.

21.29. Risks identified are maintained on a Strategic Risk Register and addressed in the preparation of the Strategic Plan. The Strategic Plan has been developed

to show clear links between risks identified on the Risk Register and the SSSC's strategic objectives. As a result, the risks identified become embedded in managers' work plans for the year. The Council has agreed a risk appetite statement to underpin the SSSC's approach to risk management and control.

#### **21.30. Information governance**

21.31. We have information governance policies and procedures in place to ensure we handle data responsibly and comply with data protection and freedom of information laws. We self-reported one incident to the ICO during 2019/20. The ICO has concluded their investigation and has taken no further action.

#### **21.32. System of internal financial control**

21.33. Within the SSSC'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.

21.34. The SSSC'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 SSSC. In particular, the system includes:

- Financial Regulations and Standing Orders
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against forecast
- a comprehensive set of control reconciliations performed regularly
- regular compliance testing
- setting targets to measure financial and other performance
- clearly defined capital expenditure guidelines.

#### **21.35. Review**

21.36. We review the effectiveness of our Code of Corporate Governance annually. 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 Audit and Assurance 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 EMT members to the Accountable Officer following a review of the governance arrangements within their specific areas of responsibility
- feedback from managers and staff within the SSSC on our performance, use of resources, responses to risks, and the extent to which we have met in-year budgets and other performance targets.

#### 21.37. **Significant issues**

21.38. There were no significant issues.

21.39. However, in 2019/20 we implemented significant changes to our corporate governance. There is more information in section 21.6 above. Initial indications are that this is working well.

#### 21.40. **Corporate governance**

21.41. Our strategy is set out in a three-year strategic plan supported by annual business plans. Since October 2019, we report on our financial position, strategic performance and key risks in our assurance report which is scrutinised every quarter by the Audit and Assurance Committee and recommendations made to the Council from the Committee on the assurances that can be taken.

21.42. The effectiveness of those arrangements is reviewed on an annual basis with the next review to take place in December 2020. Other planned corporate governance work includes:

##### 21.43. Quality assurance

We are members of Quality Scotland and have adopted the EFQM framework. Working with Quality Scotland and undertaking a programme of self-evaluation we have identified a number of areas for improvement and are working towards a Recognised for Excellence Award. This work will continue in 2020/21.

##### 21.44. Risk management

Work is continuing to embed risk management throughout the organisation by developing operational risk registers and understanding the links between strategic and operational risk. The risk management framework will be reviewed during 2020/21.

##### 21.45. Shared Services

In collaboration with the Care Inspectorate we have reviewed our joint shared service strategy and will implement revised governance arrangements, management agreement and service specifications during 2020/21.

21.46. This includes the appointment of a new Interim SSSC Director of Finance and Resources to replace the shared SSSC/Care Inspectorate post.

21.47. Areas Identified by the Directors' Review

As part of the directors' annual review and the Certificate of Assurance process the areas below were identified for further development or attention.

- Further work to bring the Business Continuity Management System up-to-date and to full effectiveness
- A need to develop a corporate workforce plan to assist with matching resources to priorities and to support increased diversity
- Our approach to equality and diversity requires further improvement
- Several areas were identified where additional training and support to managers would be beneficial.

21.48. **Certification**

21.49. The SSSC's governance framework has been in place for the year ended 31 March 2020 and up to the date of signing of the Accounts.

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

# Remuneration and staff report

## 22. Remuneration report

### UNAUDITED INFORMATION

#### 22.1. **Introduction**

22.2. This report provides information on the remuneration of SSSC Council Members and senior managers in 2019/20. Senior managers are members of the EMT. The EMT is the Chief Executive, the Director of Strategy and Performance, the Director of Regulation, the Director of Development and Innovation and the Executive Director of Corporate and Customer Services (CI). The report contains both audited information and information which is not specifically subject to audit.

#### 22.3. **Remuneration policy**

#### 22.4. **Members**

22.5. The remuneration of Council Members is determined by Scottish Ministers. There is no performance element to Members' remuneration.

#### 22.6. **Executive Management Team**

#### 22.7. **Chief Executive**

22.8. The Chief Executive's remuneration is determined by the Senior Salaries Review Body. Performance is assessed through an annual appraisal performed by the Convener and this appraisal is submitted to the Scottish Government to allow the Chief Executive's remuneration to be agreed.

#### 22.9. **Senior managers**

22.10. The three senior managers employed by the SSSC are the Director of Regulation, Director of Development and Innovation and Director of Strategy and Performance. (Elizabeth MacKinnon was Interim Director of Strategy and Performance until 7 June 2019 and Laura Shepherd was appointed Director of Strategy and Performance on 10 June 2019). Directors are on a salary scale of £61k to £70k. Incremental progression to the maximum of the scale is determined by performance. Performance is assessed by the SSSC's Performance Development Review System and progression is subject to agreement by the Chief Executive. The SSSC's pay strategy must be approved by the Scottish Government. Subject to that approval, a pay award package is negotiated with the trade union. When the pay award package has been agreed it is applied to the remuneration of senior managers and the main body of SSSC staff.

## 22.11. Notice periods - Members

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

22.13. Normally there is no payment available in the event of early termination of the contract. However, where special circumstances exist, Scottish Ministers may determine that compensation for early termination is appropriate and instruct the SSSC to make a payment. The value of the payment would also be determined by Scottish Ministers.

22.14. Details of the service contracts for Council Members serving during the year are detailed below:

Name	Current term	Date of initial appointment	Date of re-appointment	Date of termination of appointment
Professor James McGoldrick - Convener	2 <sup>nd</sup>	01 Sept 2013	01 Sept 2016	31 Aug 2019
Sandra Campbell - Convener	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Theresa Allison	1 <sup>st</sup>	01 Sept 2018	n/a	31 Aug 2021
Professor Alan Baird	1 <sup>st</sup>	01 Sept 2018	n/a	31 Aug 2021
Audrey Cowie	2 <sup>nd</sup>	01 Sept 2013	01 Sept 2016	31 Aug 2019
Paul Dumbleton	2 <sup>nd</sup>	01 Sept 2013	01 Sept 2016	31 Aug 2019
Paul Edie*	4 <sup>th</sup>	15 April 2013	15 April 2017	14 April 2021
Julie Grace	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Lynne Huckerby	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Rona King	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Linda Lennie	1 <sup>st</sup>	01 Nov 2017	n/a	31 Oct 2020
Forbes Mitchell	2 <sup>nd</sup>	01 Sept 2013	01 Sept 2016	31 Aug 2019
Peter Murray	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Russell Pettigrew	1 <sup>st</sup>	01 Sept 2019	n/a	31 Aug 2022
Andrew Rome	2 <sup>nd</sup>	01 Sept 2013	01 Sept 2016	31 Aug 2019
Keith Redpath	1 <sup>st</sup>	01 Sept 2018	n/a	31 Aug 2019

\* Paul Edie is Chair of the Care Inspectorate. There is a reciprocal arrangement where the Convener of the SSSC is a Board Member of the Care Inspectorate and the Chair of the Care Inspectorate is a Council Member. Paul Edie is in his fourth term of office due to a series of short appointments.

**22.15. Chief Executive**

22.16. The normal retirement age for this post is 65 and Lorraine Gray will attain normal retirement age in 9.4 years. Termination of the contract requires a notice period of six months by either party.

22.17. There are no compensation payments specified in the Chief Executive's contract in the event of early termination.

**22.18. Senior managers**

22.19. The Director of Regulation, Director of Development and Innovation and Director of Strategy and Performance, are all engaged on permanent contracts and are subject to the normal retirement age of 65. Termination of the contract requires a notice period of three months by either party.

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

Name	Title	Date of appointment	Years to normal retirement age
Maree Allison	Director of Regulation	1 March 2010	21.0
Phillip Gillespie	Director of Development and Innovation	25 April 2016	16.6
Laura Shepherd	Director of Strategy and Performance	10 June 2019	25.7

**22.21. Services from other organisations**

22.22. Gordon Weir, Executive Director of Corporate and Customer Services is employed by the Care Inspectorate but provided professional services to the SSSC through a Service Level Agreement (SLA). Gordon Weir served on the SSSC EMT during the 2019/20 financial year. The SSSC made payments to the Care Inspectorate for professional services as follows:

	2019/20 £000
Gordon Weir, Executive Director of Corporate Services	32.8



## 22.23. **Discretionary benefits policy**

22.24. The Chief Executive, and senior managers do not have any contractual rights to early termination compensation payments but the SSSC operates a Discretionary Benefits Policy that is applicable to all staff (excluding Council Members).

22.25. This policy allows additional years of pensionable service to be awarded to those members of the pension scheme who have more than five years pensionable service. The award of additional pensionable service is limited to a maximum of six and two thirds years in a redundancy situation and 10 years if early termination is in the interests of the efficiency of the service. Alternatively, pension scheme members with more than two years pensionable service may be paid compensation of up to 104 weeks' pay.

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

## **AUDITED INFORMATION**

### 22.27. **Remuneration – SSSC Council Members**

Salary 2018/19 £000		Salary 2019/20 £000
20 – 25	Professor James McGoldrick Convener (to 31/08/19)	10 - 15
n/a	Sandra Campbell – Convener (from 1/09/19)	20 - 25
0 – 5	Theresa Allison	5 – 10
0 – 5	Professor Alan Baird	0 – 5
0 – 5	Dame Anne Begg (to 31/12/18)	n/a
5 – 10	Audrey Cowie (to 31/08/19)	0 – 5
0 – 5	Paul Dumbleton (to 31/08/19)	0 – 5
n/a	Julie Grace	0 – 5
n/a	Rona King	0 – 5
n/a	Lynne Huckerby	0 – 5
5 – 10	Linda Lennie	5 – 10
0 – 5	Professor Joyce Lishman (to 30/09/18)	n/a
0 – 5	Forbes Mitchell (to 31/08/19)	0 – 5
n/a	Peter Murray (from 1/9/19)	0 – 5
n/a	Russell Pettigrew (from 1/9/19)	0 – 5
0 – 5	Keith Redpath (from 01/09/18 to 31/8/19)	0 – 5
0 – 5	Andrew Rome (to 31/8/19)	0 - 5
0 – 5	Harry Stevenson (to 31/08/18)	n/a

22.28. Paul Edie, Chair of the Care Inspectorate is a member of the Council but receives no remuneration from the SSSC. There is a reciprocal arrangement in place whereby the Convener of the SSSC is a member of the Board of the Care Inspectorate and receives no remuneration from the Care Inspectorate.

22.29. Council Members are not eligible to join the pension scheme available to employees of the SSSC.

### 22.30. Remuneration – Executive Management Team

22.31. The salaries and pension entitlements of the Chief Executive and senior managers are as follows:

	Single Total Figure of Remuneration							
	Salary		Benefits in Kind (to nearest £100)		Pension Benefits*		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£	£	£000	£000	£000	£000
<b>Lorraine Gray</b> Chief Executive (from 23 April 18)	85 - 90	80 - 85	0	0	33	57	115 - 120	135 - 140
<b>Maree Allison</b> Director of Regulation	70 - 75	65 - 70	0	0	34	25	105 - 110	90 - 95
<b>Phillip Gillespie</b> Director of Development and Innovation	60 - 65	60 - 65	0	0	30	32	95 - 100	90 - 95
<b>Elizabeth MacKinnon</b> Interim Director of Strategy and Performance (to 7 June 2019)	10 - 15	55 - 60	0	n/a	n/a	n/a	10 - 15	55 - 60
<b>Laura Shepherd **</b> Director of Strategy and Performance (from 10 June 2019)	50 - 55	n/a	0	n/a	n/a	n/a	50 - 55	n/a

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

\*\* There are no 2018/19 comparative figures for the Director of Strategy and Performance as she joined the EMT in 2019/20.

22.32. 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 SSSC as recorded in the Annual Accounts.

22.33. Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the SSSC and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid during 2019/20.

22.34. **Fair Pay Disclosure**

22.35. We are required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of our workforce.

22.36. The Chief Executive was the highest paid director in the financial year 2019/20 and 2018/19. The full-time annual salary for the Chief Executive is in the salary band £85,000 to £90,000. The mid-point of this band is £87,500 which is 3.05 times greater than the median remuneration of the workforce. One agency employee received remuneration in excess of the Chief Executive during 2019/20 (one agency employee 2018/19).

	2019/20 £	2018/19 £
Highest paid employee (mid-point)	87,500	82,500
Median salary	28,707	25,353
Remuneration ratio	<b>3.05</b>	<b>3.25</b>
Staff minimum FTE remuneration	18,158	17,316
Staff maximum FTE remuneration (*agency worker)	*112,485	*142,200

22.37. 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. Salaries are grossed up for employees who have not worked full time or for the full financial year.

22.38. **Local Government Pension Scheme (LGPS)**

22.39. Details of the LGPS and the SSSC's status as an admitted body to Tayside Superannuation Fund are contained in note 5 of the Annual Accounts. The Chief Executive and Directors are all members of the LGPS.

	As at 31 March 2020				Cash Equivalent Transfer Values (CETVs)		
	Accrued pension at age 65 £000	Related lump sum £000	Real increase in pension at age 65 £000	Real increase in related lump sum at age 65 £000	As at 31 March 2020 £000	As at 31 March 2019 £000	Real Increase £000
Chief Executive (Lorraine Gray)	30 – 35	0 – 5	0 – 2.5	0 – 2.5	281	230	46
Director of Regulation (Maree Allison)	45 – 50	-	2.5 – 5.0	-	148	110	36
Director of Development and Innovation (Phillip Gillespie)	40 – 45	25 – 30	0 – 2.5	0 – 2.5	293	238	51
Director of Strategy and Performance (Laura Shepherd)	40 – 45	-	-	-	93	n/a	n/a

22.40. There are no 2018/19 comparative figures for the Director of Strategy and Performance as she joined the EMT in 2019/20.

#### 22.41. 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.

22.42. 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.

22.43. 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.

22.44. **Payment of compensation for loss of office**

22.45. No Council Members or other senior managers received any payment or other compensation for loss of office.

## 23. Staff Report

### AUDITED INFORMATION

#### 23.1. Staff numbers, permanent and other

23.2. The tables below provide analysis of permanent and non-permanent staff engaged to work for the SSSC during 2019/20 and related costs. Staff numbers are expressed as average full-time equivalents (FTE) employed in the year.

	2019/20		
	Permanently Employed FTE	Others FTE	Total FTE
Senior managers	4	0	4
Other employees	235	28	263
Agency workers	0	4	4
Secondments inward	0	0	0
Total staff engaged	239	32	271
Secondments outward	(2)	0	(2)
Net staff engaged on SSSC activity	<b>237</b>	<b>32</b>	<b>269</b>

	2019/20		
	Permanently Employed £000	Others £000	Total £000
Senior manager salaries	299	0	299
Other employee salaries	7,245	752	7,997
Social security costs	768	64	832
Pension service costs	2,667	121	2,788
Total cost directly employed staff	10,979	937	11,916
Council members (i)	0	59	59
Fitness to Practise Panel Members (ii)	0	697	697
External Assessors (ii)	0	5	5
Agency workers	0	319	319
Secondments inward	0	13	13
Total cost of people engaged	10,979	2,030	13,009
Severance costs	6	0	6
Other staff costs	144	0	144
<b>Staff costs (SCNE)</b>	<b>11,129</b>	<b>2,030</b>	<b>13,159</b>
Secondments outward	(136)	0	(136)
<b>Net staff costs</b>	<b>10,993</b>	<b>2,030</b>	<b>13,023</b>

- i. There was a Convener and nine Council Members during the year. Council Members are office holders and are not included in the staff numbers.
- ii. Other staff costs include the cost of Fitness to Practise Panel Members who take part in hearings and make decisions about workers' fitness to practise. We engaged 85 panel members in 2019/20 for an average of 21 days. External Assessors review overseas qualifications for registration purposes. We engaged three external assessors during 2019/20.

### 23.3. 2018/19 Comparative information

	2018/19		
	Permanently Employed FTE	Others FTE	Total FTE
Senior managers	4	0	4
Other employees	222	24	246
Agency workers	0	4	4
Secondments inward	0	1	1
Total staff engaged	226	29	255
Secondments outward	(3)	0	(3)
Net staff engaged on SSSC activity	<b>223</b>	<b>29</b>	<b>252</b>

	2018/19		
	Permanently Employed £000	Others £000	Total £000
Senior manager salaries	266	0	266
Other employee salaries	6,677	610	7,287
Social security costs	695	52	747
Pension service costs	2,620	96	2,716
Total cost directly employed staff	10,258	758	11,016
Council members (i)	0	61	61
Fitness to Practise Panel Members (ii)	0	694	694
External Assessors (ii)	0	5	5
Agency workers	0	293	293
Secondments inward	0	68	68
Total cost of people engaged	10,258	1,879	12,137
Severance costs	8	0	8
Other staff costs	116	0	116
<b>Staff costs (SCNE)</b>	<b>10,382</b>	<b>1,879</b>	<b>12,261</b>
Secondments outward	(138)	0	(138)
<b>Net staff costs</b>	<b>10,244</b>	<b>1,879</b>	<b>12,123</b>

- i. There was a Convener and nine Council Members during the year. Council Members are office holders and are not included in the staff numbers.
- ii. Other staff costs include the cost of Fitness to Practise Panel Members who take part in hearings and make decisions about workers' fitness to practise. We engaged 90 panel members in 2018/19 for an average of 23

days. External Assessors review overseas qualifications for registration purposes. We engaged six external assessors during 2018/19.

23.4. Details of the pension arrangements for the SSSC are contained in note 5 of the Accounts. It should be noted that the pension service costs in the table 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 3b of the Accounts.

23.5. **Staff composition by gender - Unaudited**

23.6. The table below provides a gender breakdown of directly employed staff at 31 March 2020. Staff numbers are provided on a head count basis.

Role	Permanent		Other Staff		Total	
	Male	Female	Male	Female	Male	Female
Executive Management Team	1	3	0	0	1	3
Other staff	58	194	10	21	68	215
<b>Total</b>	<b>59</b>	<b>197</b>	<b>10</b>	<b>21</b>	<b>69</b>	<b>218</b>

23.7. **Exit packages – (voluntary early severance/voluntary early retirement scheme/settlement agreements)**

23.8. During 2019/20 one staff member left the SSSC with an agreed voluntary severance payment. (Two staff members 2018/19).

23.9. Exit costs include:

- compensation for reduced notice
- redundancy payments
- employer costs of providing early unreduced access to pension (strain on fund).

23.10. The table below shows the number of departures and associated costs:

Exit package cost band	2019/20		2018/19	
	Number of departures	Total cost £000	Number of departures	Total cost £000
Up to £25,000	1	6	2	8

23.11. No settlement agreements were paid during 2019/20 or 2018/19.



- 23.12. 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 SSSC's Retirement and Redundancy Policy and the Local Government Pension Scheme Regulations for Scotland. Where the SSSC has agreed early retirements, the strain on fund costs are met by the SSSC and not the Local Government Pension Scheme.

## UNAUDITED INFORMATION

### 23.13. **Sickness absence**

- 23.14. We lost 5.1% of working time to sickness absence during 2019/20, which is an increase over last year's figure of 4.9%. The latest information from the Chartered Institute of Personnel and Development cites the public sector average at 3.6%. XpertHR cite the public sector average as 3.8%.

	2019/20	2018/19	2017/18
Percentage of working time lost to sickness absence	5.1%	4.9%	4.4%

### 23.15. **Staff turnover data**

- 23.16. The SSSC's voluntary staff turnover was 8.8% in 2019/20. This compares to 13.4% in 2018/19. The median rate for voluntary turnover for all employers was 12.9% (XpertHR).

### 23.17. **Policies in relation to disabled people**

- 23.18. The SSSC is committed to mainstreaming all three strands of the general equality duty throughout our organisation - eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010. We seek to make sure that the duty is implemented as part of our human resources policy and practice. For example, we make adjustments for people with disabilities, regularly review our human resources policies, and deliver training and workshops to raise awareness of issues affecting people with protected characteristics. We also have an equality working group. There are plans to provide further training for staff on how to undertake equality impact assessments.
- 23.19. The SSSC operates a Guaranteed Job Interview Scheme as part of our selection process. The scheme guarantees candidates who consider themselves to have a disability, to be shortlisted for posts they meet the essential criteria for.

23.20. The SSSC's Maximising Attendance Policy provides guidance and advice on how to support an employee who becomes disabled while employed by the SSSC.

23.21. **Expenditure on consultancy**

Expenditure on consultancy	2019/20 £000	2018/19 £000
Establishing a programme management office framework	39	0
Shared service future strategy	33	0
Integrated working workforce research project	0	29
Newly qualified social workers research study (year 3 of 5)	17	17
Evaluation of post registration training & learning pilot sites	10	10
Leadership development	1	4
Tax services	2	2
	<b>102</b>	<b>62</b>

23.22. The increase in expenditure relates to addressing issues raised by external audit.

## **FACILITY TIME STATEMENT**

### **The Value of facility time**

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

A number of studies have shown that union workplaces tend to be safer and that trade unions help to promote skills and training in the workplace. The Scottish Government recognises this through our support for trade union learning and equality initiatives, including: Scottish Union Learning, Close the Gap, Fair Work Convention, Partnership Working in the NHS and revised governance arrangements for Higher Education.

The NatCen study<sup>1</sup> highlighted four main benefits from the use of facility time:

- Provision of a ready-made structure for meaningful consultation and negotiation saves money and reassures members that their views are valued in decision-making.
- Facilitation of partnership working with trade unions improves workplace relations and the reputation of an employer as 'a good place to work'.
- Earlier intervention in relation to complaints, grievances and disciplinary action prevents escalation into more serious problems and saves organisations (and taxpayers) money by reducing the impact on staff time and possible legal costs.
- Better communication during restructuring and redundancy processes improves understanding of decisions, minimises negative impacts and reduces the number of working days lost through industrial action.

The Fair Work Convention 2 highlights these points through its 'effective voice' principle. As they state: 'It is clear from international evidence that employees and workers want a voice, not only to resolve problems and conflicts (which is important) but also to engage and participate constructively in organisations.'

On organisational change, they say: There are many examples in Scotland and elsewhere of how collective voice through trade unions working with employers has addressed a wide range of organisational challenges and contributed to organisational improvements.'

It is the view of the Scottish Social Services Council (SSSC) that facility time data is legally required by the Trade Union (Facility Time Publication Requirements)

Regulations 2017, should be set in the context of the vast benefits that facility time bring to the workforce and to the employer, as set out above. This is supported by the Scottish Government, the STUC and our affiliated trade unions.

A handwritten signature in cursive script that reads "Lorraine Gray".

Lorraine Gray  
Chief Executive

Fiona Birkin  
Branch Secretary, UNISON src branch  
Joint Chair (Staffside) CI & SSSC Partnership Forum

#### 23.24. **Trade Union facility time**

23.25. The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations require public sector employers to publish specific information related to facility time provided to trade union officials. The information for 2019/20 follows.

#### 23.26. **Relevant union officials**

23.27. The total number of SSSC employees who were relevant union officials during the 2019/20 financial year is detailed below:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2.0	2.0

#### 23.28. **Time spent on facility time**

23.29. The table below provides the number of our employees who were relevant union officials employed during 2019/20 and the percentage of their working hours spent on facility time.

Percentage of time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

#### 23.30. **Percentage of pay bill spent on facility time**

23.31. The table below gives details of the percentage of time spent on facility time as a percentage of our pay bill.

Total cost of facility time	£0.004m
Total pay bill	£10.458m
Percentage of the total pay bill spent on facility time	0.036%

#### 23.32. **Paid trade union activities**

23.33. The table below provides hours spent by employees who were relevant union officials during the 2019/20 financial year as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours	39.7%
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# Parliamentary accountability report

## 24. Losses and special payments

- 24.1. There were no reportable losses or special payments in the year to 31 March 2020 (nil for the year to 31 March 2019).

## 25. Fees and charges

- 25.1. The SSSC charges fees to individual social service workers applying to join the Register. Once registered an annual continuation of registration fee is charged and following a set number of years (currently either three or five years dependent on the part of Register) a renewal of registration fee is charged.
- 25.2. Under section 57 of the Regulation of care (Scotland) Act 2001, the SSSC can set reasonable fees through changes to our Registration Rules. This requires the consent of Scottish Ministers. A review of fees and consultation with stakeholders was carried out during 2016/17 and a fee increase applied from 1 September 2017.
- 25.3. Our budget is funded mainly by a mixture of grant in aid from the Scottish Government, specific grants (mainly from the Scottish Government) and fees paid by registrants. The 2019/20 budget was based on funding of 68% from grant in aid, 24% from fees charged to applicants and registrants and 8% from specific grants (2018/19: 70% grant in aid, 21% fees and 9% specific grants).
- 25.4. Income collected from fees charged to applicants to register and registrants is shown in the table below:

	2019/20			2018/19		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Registration Fees	5,314	5,387	(73)	4,632	4,375	257

Lorraine Gray  
Chief Executive and Accountable Officer  
29 October 2020

# Independent auditor's report

## Independent auditor's report to the members of the Scottish Social Services Council, the Auditor General for Scotland and the Scottish Parliament

### 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 Scottish Social Services Council for the year ended 31 March 2020 under the Regulation of Care (Scotland) Act 2001. 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 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Regulation of Care (Scotland) Act 2001 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Regulation of Care (Scotland) Act 2001 and directions made thereunder by the Scottish Ministers.

#### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is four years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Conclusions relating to going concern basis of accounting**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

## **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.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

## **Auditor's responsibilities for the audit of the financial statements**

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of

those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **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, the audited part of the Remuneration and Staff Report, 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, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **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 was incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and section 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and  
the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### **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 matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Regulation of Care (Scotland) Act 2001 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 Regulation of Care (Scotland) Act 2001 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 Regulation of Care (Scotland) Act 2001 and directions made thereunder by the Scottish Ministers.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited 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.

### Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## Use of our report

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

[Signature]

Date:

Joanne Brown, (for and on behalf of Grant Thornton UK LLP),  
110 Queen Street, Glasgow, G1 3BX

# Annual Accounts

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2020**

	Ref/ note	2019/20 £000	2018/19 £000
<b>Income</b>			
Registration fees	2a	(5,387)	(4,375)
Other operating income	2b	(418)	(341)
		<u>(5,805)</u>	<u>(4,716)</u>
<b>Expenditure</b>			
Staff costs	3a	13,159	12,261
Operating expenditure	6a	4,522	5,873
Disbursements	6b	6,321	6,176
		<u>24,002</u>	<u>24,310</u>
<i>Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>			
		18,197	19,594
Bank charges		27	33
Net interest on defined pension (asset)/liability	5b	177	131
		<u>18,401</u>	<u>19,758</u>
<i>Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities</i>			
		18,401	19,758
Total actuarial re-measurements on defined pensions (asset)/liability	5b	(2,110)	656
<b>Total comprehensive net expenditure before Government funding</b>		<u>16,291</u>	<u>20,414</u>

All operations are continuing

The notes on pages 77 to 96 form an integral part of these accounts

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	Ref/ note	2019/20 £000	2018/19 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	17	27
Prepayments - greater than one year	9	2	11
<b>Total non-current assets</b>		19	38
<b>Current assets</b>			
Trade and other receivables	9	1,385	1,407
Cash and cash equivalents	10	5,956	4,564
<b>Total current assets</b>		7,341	5,971
<b>Total assets</b>		7,360	6,009
<b>Current liabilities</b>			
Trade and other payables	11	(5,760)	(5,060)
<b>Total current liabilities</b>		(5,760)	(5,060)
<b>Assets plus current liabilities</b>		1,600	949
<b>Non-current liabilities</b>			
Pension (liabilities)/assets	5a	(7,377)	(7,891)
<b>Total non-current liabilities</b>		(7,377)	(7,891)
<b>Net (liabilities)/assets</b>		(5,777)	(6,942)
<b>Taxpayers' equity</b>			
Pensions reserve	SOCTE	(7,377)	(7,891)
General reserve	12	1,600	949
		(5,777)	(6,942)

The notes on pages 77 to 96 form an integral part of these accounts

Lorraine Gray  
Chief Executive and Accountable Officer  
29 October 2020

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

	Ref/ note	2019/20 £000	2018/19 £000
<b>Cash flows from operating activities</b>			
Net operating cost before Government funding	SCNE	(16,291)	(20,414)
Adjustments for non-cash items:			
Pension adjustments and re-measurements	5b, table 2	(514)	2,273
Depreciation and amortisation	7, 8	10	10
(Increase)/decrease in trade and other receivables	9a	31	(383)
Increase/(decrease) in trade and other payables	11a	700	(51)
Increase/(decrease) in provisions			(25)
<b>Net cash outflow from operating activities</b>		<b>(16,064)</b>	<b>(18,590)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	0	0
<b>Net cash outflow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Funding from Government	13a	17,456	17,562
<b>Net financing</b>		<b>17,456</b>	<b>17,562</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	10	<b>1,392</b>	<b>(1,028)</b>
Cash and cash equivalents at the beginning of the period	10	4,564	5,592
Cash and cash equivalents at the end of the period	10	5,956	4,564

The notes on pages 77 to 96 form an integral part of these accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

		Pension Reserve £000	General Reserve £000	Total Reserves £000
<b>Balance at 31 March 2018</b>		<b>(5,618)</b>	<b>1,528</b>	<b>(4,090)</b>
<b>Changes in taxpayers' equity for 2018/19</b>				
Pensions adjustment and re-measurement	5b table 2	(2,273)	2,273	0
Total comprehensive net expenditure*	SCNE	0	(20,414)	(20,414)
<b>Total recognised income and expense for 2018/19</b>		<b>(2,273)</b>	<b>(18,141)</b>	<b>(20,414)</b>
Funding from Government*	13a	0	17,562	17,562
<b>Balance at 31 March 2019</b>		<b>(7,891)</b>	<b>949</b>	<b>(6,942)</b>
<b>Changes in taxpayers' equity for 2019/20</b>				
Pensions adjustment and re-measurement	5b table 2	514	(514)	0
Total comprehensive net expenditure	SCNE	0	(16,291)	(16,291)
<b>Total recognised income and expense for 2019/20</b>		<b>514</b>	<b>(16,805)</b>	<b>(16,291)</b>
Funding from Government	13a	0	17,456	17,456
<b>Balance at 31 March 2020</b>		<b>(7,377)</b>	<b>1,600</b>	<b>(5,777)</b>

The notes on pages 77 to 96 form an integral part of these accounts



# Notes to the Accounts

## **1 Statement of accounting policies**

### **1.1 Basis of accounting**

The accounts have been prepared in accordance with the Accounts Direction issued by the Scottish Ministers. The Accounts Direction (reproduced at Appendix 1) requires compliance with the Government's Financial Reporting Manual (FRoM) 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 SSSC 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 but not yet effective**

In accordance with IAS 8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application.

The effective date of IFRS 16 Leases in the public sector has been delayed until 1 April 2021. This is to recognise that bodies' preparations are being adversely affected by dealing with the COVID-19 crisis. The SSSC has leases relating to office space. These leases will require an adjustment to the Statement of Financial Position for the recognition of a right of use asset and a liability for future lease commitments.

### **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 adoption of the going concern basis is contained in the Financial Performance section (pages 16 to 19).

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

### **1.5.1 Capitalisation**

The capitalisation threshold for individual assets is £10,000. 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 SSSC 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 in to 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 and the useful lives are typically four to six years.

## **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 Disbursement grants and bursaries payable**

This expenditure is recognised in the Statement of Comprehensive Net Expenditure in the period in which the recipient carries out the specific activity, which forms the basis of entitlement to grant, or otherwise meets the grant entitlement criteria.

#### **1.10 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 SSSC currently only holds operating leases.

##### **The SSSC 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. The SSSC has shared service arrangements with the Care Inspectorate and charges in respect of Compass House and ICT costs are disclosed as lease payments. Charges from Scottish Ministers in respect of Quadrant House are also disclosed as lease payments. Costs for operating leases to the value of £0.790m have been recognised in the SCNE.

#### **1.11 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position consist of cash at bank and cash in hand.

#### **1.12 Pensions**

The SSSC accounts for pensions under the IAS 19 "Employee Benefits" standard as adapted to the public sector.

The SSSC is an admitted body to the Local Government Pension Scheme (LGPS) and this is a defined benefit scheme. Obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the Statement of Comprehensive Net Expenditure. Service costs are spread

systematically over the expected service lives of employees. Financing costs and actuarial gains and losses are recognised in the period in which they arise.

The SSSC's funding rules require the General Reserve balance to be charged with the amount payable by the SSSC 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 SSSC.

#### **1.13 Short term employee benefits**

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

#### **1.14 Shared services**

The SSSC shares its headquarters and some services with the Care Inspectorate. The Care Inspectorate charges the SSSC for services provided based on a Service Level Agreement (SLA). The SLA contains arrangements akin to a lease for accommodation and ICT costs (2018/19 only). The SSSC withdrew from the ICT shared service arrangement on 31 March 2019.

#### **1.15 Value Added Tax (VAT)**

The SSSC can recover only a nominal value of VAT incurred on purchases, with irrecoverable VAT being charged to the Statement of Comprehensive Net Expenditure.

#### **1.16 Revenue and capital transactions**

Revenue and capital transactions are recorded in the accounts on an income and expenditure basis i.e. recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the SSSC as at 31 March 2020 have been brought into account.

#### **1.17 Financial instruments**

The SSSC does not hold any complex financial instruments. As the cash requirements of the SSSC are met through grant in aid provided by the Children and Families Directorate of the Scottish Government, 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 SSSC 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 SSSC becomes a party to the contractual provisions of the instrument.

### **Trade receivables**

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

### **Trade payables**

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

#### **1.18 Changes in accounting policy**

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

#### **1.19 Operating segments**

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

#### **1.20 Contingent Liabilities**

There were no contingent liabilities as at 31 March 2020.

## **2 Operating income**

	2019/20 £000	2018/19 £000
2a Registration fees	<b>5,387</b>	<b>4,375</b>
2b Other operating income:		
Modern apprenticeship fees	234	171
Recharges for seconded staff	136	138
Protection of Vulnerable Groups (PVG) fee recovery	5	20
Other income	43	12
	<b>418</b>	<b>341</b>

### 3 Staff numbers and costs

- 3a An analysis of staff numbers and costs is disclosed in section 22 (pages 58 to 65) (staff numbers by permanent and other) of this report. A summary of cost is provided in the table below:

Staff cost summary	2019/20 £000	2018/19 £000
Directly employed staff	11,916	11,016
Other people engaged	1,093	1,121
Other staff costs	150	124
<b>Total staff costs</b>	<b>13,159</b>	<b>12,261</b>

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

The table below provides details of the difference between the employer 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.

Analysis of impact of actuarial pension valuation adjustments on staff costs (note 5)	2019/20 £000	2018/19 £000
<b>Actual payments</b>		
Employer pension contributions actually paid	1,360	1,224
Unfunded pension payments actually paid	21	26
Total pension related payments actually paid	1,381	1,250
<b>Accounting entries (IAS 19 note 5)</b>		
Service costs included in staff costs (SCNE)	2,788	2,721
Variance between actual costs and accounting basis	<b>1,407</b>	<b>1,471</b>

### 4 Severance and settlement costs

The total cost of exit packages and settlement agreements in 2019/20 was £6k (2018/19: £8k). Details of exit packages are disclosed in section 22.3 (exit packages) of this report.

## 5 Post-employment benefits: pensions

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.

### **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 (LGPS). 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. An actuarial valuation of the fund as at 1 April 2018 was completed. Employer contribution rates were set at 17% for 2018/19, 2019/20 and 2020/21. The next actuarial valuation of the fund will be carried out as at 31 March 2020 and will set contributions for the period 1 April 2021 to 31 March 2024. 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 SSSC for the year to 31 March 2020 were £1,360k representing 17.0% of pensionable pay (2018/19: £1,224k representing 17.0% of pensionable pay). Employee contribution rates were in the range 5.5% to 9.4% based on earnings bands. The employer's contribution rate for the year to 31 March 2020 is 17%.

Participating in a defined benefit pension scheme exposes the SSSC to the following of 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 future liability cashflows. As the fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: All of the benefits under the fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

- Longevity risk: In the event that the members live longer than assumed a deficit will emerge in the fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Tayside Pension 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 remaining employers.

All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

The SSSC's share of the underlying assets and liabilities have been separately identified on the following basis:

**5a Employee benefits – Statement of Financial Position recognition**

	As at 31 March 2020 £000	As at 31 March 2019 £000
Present value of funded obligation	(42,631)	(44,201)
Fair value of scheme assets (bid value)	35,596	36,683
<b>Net liability</b>	<b>(7,035)</b>	<b>(7,518)</b>
Present value of unfunded obligation	(342)	(373)
<b>Net liability in Statement of Financial Position</b>	<b>(7,377)</b>	<b>(7,891)</b>

The Court of Appeal has recently ruled transitional protections granted to older members of the Judicial Pension Scheme and the Firefighters Pension Scheme give rise to unlawful discrimination. As the Local Government Pension Scheme (Scotland) (LGPSS) has similar transitional protection arrangements there is likely to be a read across and the implications of remedying the unlawful discrimination will be similar. The implications are it is likely to result in increases to scheme liabilities and service costs. Ultimately this may lead to future increases in employer contribution rates.

The pension disclosure notes include the actuarial assessment of the impact on the SSSC's share of the fund.



5b **Statement of Comprehensive Net Expenditure costs for the year to 31 March 2020**

The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

<b>Table 1:</b>	<b>Year to 31 March 2020</b>		<b>Year to 31 March 2019</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Service costs		2,788		2,721
Administration expenses		12		15
Net interest on defined liability/(asset)		177		131
Difference between actual employer's contributions plus unfunded payments and actuarial assumptions	23		(7)	
Return on plan assets in excess of interest	2,927		(717)	
Other actuarial (losses)/gains on assets	0		0	
Change in financial assumptions	(5,060)		2,656	
Change in demographic assumptions	0		(1,276)	
Experience loss/(gain) on defined benefit obligation	0		0	
Total re-measurements		(2,110)		656
<b>Total</b>		<b>867</b>		<b>3,523</b>
Actual return on scheme assets		<b>2,017</b>		<b>(1,612)</b>

The SSSC 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 SSSC'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 applied to the Statement of Comprehensive Net Expenditure and the General Reserve via that Statement of Changes in Taxpayers' Equity during the year.

<b>Table 2:</b>		<b>2019/20</b>	<b>2018/19</b>
<b>Actuarial adjustments are made for:</b>	<b>note</b>	<b>£000</b>	<b>£000</b>
Staff costs	3b	1,407	1,471
Administration expenses	5b table 1	12	15
Net interest on defined liability/(asset)	5b table 1	177	131
Total re-measurements	5b table 1	(2,110)	656
<b>Total actuarial adjustments</b>		<b>(514)</b>	<b>2,273</b>

5c **Asset & benefit obligation reconciliation for the year to 31 March 2020**

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

	Year to 31 March 2020 £000		Year to 31 March 2019 £000	
<b>Opening defined benefit obligation</b>		<b>44,574</b>		<b>39,385</b>
Current service costs		2,788		2,400
Past service costs including curtailments		0		321
Interest costs		1,087		1,026
Estimated benefits paid net of transfers in	(885)		(375)	
Contributions by scheme participants	490		458	
Unfunded pension payments	(21)		(21)	
Total scheme transactions		(416)		62
Change in financial assumptions	(5,060)		2,656	
Change in demographic assumptions	0		(1,276)	
Total actuarial (gains)/losses		(5,060)		1,380
<b>Closing defined benefit obligation</b>		<b>42,973</b>		<b>44,574</b>

5d **Fair value of fund assets reconciliation for the year to 31 March 2020**

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

	Year to 31 March 2020 £000		Year to 31 March 2019 £000	
<b>Opening fair value of fund assets</b>		<b>36,683</b>		<b>33,767</b>
Interest on assets		910		895
Estimated benefits paid plus unfunded net of transfers in	(906)		(396)	
Contributions by employer including unfunded	1,358		1,257	
Contributions by scheme participants	490		458	
Total scheme transactions		942		1,319
Return on assets less interest		(2,927)		717
Administration expenses		(12)		(15)
<b>Closing fair value of fund assets</b>		<b>35,596</b>		<b>36,683</b>

5e **Projected pension expense for the year to 31 March 2021**

	Year to 31 March 2021 £000
<b>Projected pension expense</b>	
Service cost	2,385
Net Interest on the defined liability	158
Administration expenses	12
<b>Total</b>	<b>2,555</b>
Employer contributions	1,252

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2020.

5f **SSSC fund assets**

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

Asset share – bid value	31 March 2020		31 March 2019	
	£000	%	£000	%
Equities	23,533	66%	25,340	70%
Gilts	494	1%	525	1%
Other bonds	6,290	18%	5,504	15%
Property	4,378	12%	4,579	12%
Cash	1,077	3%	648	2%
Alternatives	(176)	0%	87	0%
<b>Total</b>	<b>35,596</b>	<b>100%</b>	<b>36,683</b>	<b>100%</b>

The SSSC's share of the assets of the fund is approximately 1%. Scottish Social Services Council has reflected its share of Tayside Superannuation Fund assets and liabilities. Tayside Superannuation Fund has relied on valuations provided by its advisors for its property holdings, which have been reported on the basis of 'material valuation uncertainty'. Given the unknown future impact that COVID-19 might have on the real estate market, the Fund is keeping the valuation of its property portfolio under frequent review.

5g **Financial assumptions as at 31 March 2020**

The financial assumptions used for IAS 19 calculations are below.

Assumptions at:	31 March 2020 % p.a.	31 March 2019 % p.a.	31 March 2018 % p.a.
Discount rates	2.35%	2.45%	2.60%
Pensions increases	1.85%	2.40%	2.30%
Salary increases	2.85%	3.40%	3.30%

These assumptions are set with reference to market conditions at 31 March 2020. The estimate of the duration of the employer's past service liabilities is 25 years.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly, the approach used to derive the discount rate, the Retail Price Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on Consumer Price Index (CPI) rather than RPI, CPI is assumed to be 0.8% per annum below RPI i.e. 1.85% per annum. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the movement in market implied RPI inflation that occurs following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor on the issue.

Salary increases are assumed to be 1.0% per annum above CPI in addition to a promotional scale.

## 5h **Demographic/statistical assumptions**

The post retirement mortality tables adopted are the S2PA tables with a multiplier of 130%. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.5% per annum, smoothing parameter of 7.0 and an initial addition to improvements of 0.0% per annum. This is consistent with the assumptions adopted last year. The assumed life expectations from age 65 are shown below:

Life expectancy from age 65		31 March 2020 Years	31 March 2019 years
Retiring today	Males	19.7	19.6
	Females	21.7	21.6
Retiring in 20 years	Males	21.4	21.3
	Females	23.5	23.4

The following assumptions have been made:

- 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 requirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

## 5i Sensitivity analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	41,927	42,973	44,047
Projected service cost	2,317	2,385	2,455
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	43,100	42,973	42,848
Projected service cost	2,386	2,385	2,384
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	43,924	42,973	42,046
Projected service cost	2,454	2,385	2,318
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	44,550	42,973	41,453
Projected service cost	2,464	2,385	2,308

## 6 Analysis of operating costs

6a

	2019/20	2018/19
Operating expenditure	£000	£000
Supplies and services	1,718	3,868
Administration costs	1,849	992
Property costs	760	776
Transport costs	191	209
Pension administration costs (IAS 19)	12	15
Depreciation of assets	10	10
Changes in debt impairment allowance	(18)	3
	<b>4,522</b>	<b>5,873</b>

The above total includes £19.8k (2018/19: £19.6k) for external auditor's remuneration paid to Audit Scotland. Grant Thornton UK LLP (appointed auditors) did not receive any fees in relation to non-audit work.

## 6b Analysis of disbursements

	2019/20	2018/19
Disbursements	£000	£000
<b>Postgraduate bursaries:</b>		
Tuition fees paid to universities	954	970
Bursaries paid to students	1,582	1,385
<b>Total bursary disbursement</b>	<b>2,536</b>	<b>2,355</b>
<b>Other disbursements:</b>		
Practice learning fees	2,508	2,258
Voluntary Sector Development Fund - training support	999	1,270
Workforce planning and development	278	293
<b>Total Disbursements</b>	<b>6,321</b>	<b>6,176</b>

	7. Property Plant & Equipment			8. Intangible assets	
	Plant & equipment £000	Furniture & fittings £000	Total £000	Information technology £000	
<b>Cost or valuation:</b>				<b>Cost or valuation:</b>	
At 1 April 2019	145	154	299	At 1 April 2019	
Additions	0	0	0	Additions	
Disposal/de-recognition	(145)	0	(145)	Disposal/de-recognition	
<b>At 31 March 2020</b>	<b>0</b>	<b>154</b>	<b>154</b>	<b>At 31 March 2020</b>	
<b>Depreciation:</b>				<b>Amortisation:</b>	
At 1 April 2019	145	127	272	At 1 April 2019	
Charged in year	0	10	10	Charged in year	
Disposal/de-recognition	(145)	0	(145)	Disposal/de-recognition	
<b>At 31 March 2020</b>	<b>0</b>	<b>137</b>	<b>137</b>	<b>At 31 March 2020</b>	
<b>Net book value:</b>				<b>Net book value:</b>	
<b>At 31 March 2020</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>At 31 March 2020</b>	
At 31 March 2019	0	27	27	At 31 March 2019	

	Plant & equipment £000	Furniture & fittings £000	Total £000	Information technology £000	
<b>Cost or valuation:</b>				<b>Cost or valuation:</b>	
At 1 April 2018	145	154	299	At 1 April 2018	
Additions	0	0	0	Additions	
Disposal/de-recognition	0	0	0	Disposal/de-recognition	
<b>At 31 March 2019</b>	<b>145</b>	<b>154</b>	<b>299</b>	<b>At 31 March 2019</b>	
<b>Depreciation:</b>				<b>Amortisation:</b>	
At 1 April 2018	145	117	262	At 1 April 2018	
Charged in year	0	10	10	Charged in year	
Disposal/de-recognition	0	0	0	Disposal/de-recognition	
<b>At 31 March 2019</b>	<b>145</b>	<b>127</b>	<b>272</b>	<b>At 31 March 2019</b>	
<b>Net book value:</b>				<b>Net book value:</b>	
<b>At 31 March 2019</b>	<b>0</b>	<b>27</b>	<b>27</b>	<b>At 31 March 2019</b>	
At 31 March 2018	0	37	37	At 31 March 2018	

## 9 Trade and other receivables

9a	Summary of trade and other receivables	2019/20 £000	2018/19 £000
	<b>Amounts falling due within one year</b>		
	Prepayments and accrued income	807	843
	Trade receivables	546	536
	Other receivables	32	28
	Total unimpaired receivables	578	564
		<b>1,385</b>	<b>1,407</b>
	<b>Amounts falling due after more than one year</b>		
	Prepayments	2	11
	<b>Total trade and other receivables</b>	<b>1,387</b>	<b>1,418</b>

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

9b		2019/20 £000	Restated 2018/19 £000
	<b>Provision for impairment of receivables</b>		
	As at 1 April	(53)	(50)
	Charge for the year	(315)	(256)
	Unused amounts reversed	20	12
	Uncollectable amounts written off	313	241
	As at 31 March	<b>(35)</b>	<b>(53)</b>

As at 31 March 2020, trade and other receivables of £35k (2018/19: £53k) were past due and impaired. The amount of the provision is £35k (2018/19: £53k). Amounts for 2018/19 are restated to include previous years' debt within "uncollectable amounts written off". Only current year debt written off was included previously. The ageing analysis of these receivables is as follows:

	2019/20 £000	2018/19 £000
<b>Ageing analysis of past due and impaired receivables</b>		
Up to 3 months past due	10	20
3 to 6 months past due	6	6
6 to 12 months past due	6	9
Over 12 months past due	13	18
	<b>35</b>	<b>53</b>



As at 31 March 2020, trade and other receivables of £578k (2018/19: £564k) were due but not impaired. The ageing analysis of these receivables is as follows:

	2019/20 £000	2018/19 £000
<b>Aged analysis of unimpaired receivables due</b>		
Not yet due	340	384
Up to 3 months past due	171	145
3 to 6 months past due	23	20
6 to 12 months past due	35	11
Over 12 months past due	9	4
	<b>578</b>	<b>564</b>

9c

	2019/20 £000	2018/19 £000
<b>Analysis of trade and other receivables</b>		
<b>Amounts falling due within one year</b>		
Bodies external to Government	1,254	1,278
Other Government bodies	122	125
Local authorities	9	4
	<b>1,385</b>	<b>1,407</b>
<b>Amounts falling due after more than one year</b>		
Other Government bodies	0	0
Bodies external to Government	2	11
	<b>2</b>	<b>11</b>
<b>Total trade and other receivables</b>	<b>1,387</b>	<b>1,418</b>

## 10 Cash and cash equivalents

	2019/20 £000	2018/19 £000
Balance as at 1 April	4,564	5,592
Net change in cash and cash equivalent balances	1,392	(1,028)
Balance as at 31 March	<b>5,956</b>	<b>4,564</b>
The following balances as at 31 March were held at:		
Government banking service	5,955	4,563
Commercial banks and cash in hand	1	1
Balance as at 31 March	<b>5,956</b>	<b>4,564</b>

## 11 Trade and other payables

11a

	2019/20	2018/19
Summary of trade and other payables	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	331	1,579
Accruals and deferred income	5,047	2,981
Other payables	168	290
Other taxation and social security	211	193
VAT	3	17
<b>Total trade and other payables</b>	<b>5,760</b>	<b>5,060</b>

11b

	2019/20	2018/19
Analysis of trade and other payables	£000	£000
<b>Amounts falling due within one year</b>		
Bodies external to Government	3,975	3,364
Higher education institutes (HEIs)	1,347	1,073
Other Government bodies	272	477
Local authorities	166	146
<b>Total trade and other payables</b>	<b>5,760</b>	<b>5,060</b>

## 12 Sources of financing

12a

2018/19		2019/20			
Total		Ref/	Revenue	Capital	Total
£000	General Reserve	note	£000	£000	£000
1,528	Opening balance		922	27	949
(20,414)	(deficit) for the year	SCNE	(16,281)	(10)	(16,291)
2,273	Pension adjustments	5b	(514)	0	(514)
17,562	and re-measurements				
	Grants and grant in aid	13a	17,456	0	17,456
<b>949</b>	Closing balance		<b>1,583</b>	<b>17</b>	<b>1,600</b>

### 13 Government funding

13a		<b>2019/20</b>	<b>2018/19</b>
	<b>Grants and grant in aid</b>	<b>£000</b>	<b>£000</b>
	Grant in aid	15,519	15,624
	Voluntary Sector Development Fund	1,031	1,266
	Workforce development grant	623	462
	Recruitment marketing campaign	145	0
	Workforce Requirements for the Carers Act	57	0
	Self-directed support grant	30	185
	Social Services Expo	30	0
	Cyber resilience	16	7
	Promoting excellence: dementia strategy	5	0
	Leadership and integration in primary care	0	18
	<b>Total funding from Government</b>	<b>17,456</b>	<b>17,562</b>

All grant conditions have been met. The amounts in the table reflect grants drawn down, net of any repayments. Therefore, as at 31 March 2020 no grants are due for repayment.

13b		<b>2019/20</b>	<b>2018/19</b>
	<b>Grant in aid analysis</b>	<b>£000</b>	<b>£000</b>
	Approved grant in aid from Scottish Government	15,519	15,414
	Grant drawdown during the year	15,519	15,624
	Additional grant in aid approved during the year	<b>0</b>	<b>210</b>

### 14 Capital commitments

14a There were no capital commitments as at 31 March 2020.

## 15 Commitments under leases

### 15a Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2019/20	2018/19
Obligations under operating leases comprise:	£000	£000
<b>Buildings:</b>		
within 1 year	790	772
within 2 to 5 years	1,621	2,359
beyond 5 years	0	0
	<b>2,411</b>	<b>3,131</b>

### 15a Finance leases

There are no obligations or commitments under finance leases.

## 16 Contingent liability

16a There were no contingent liabilities as at 31 March 2020.

## 17 Related-party transactions

17a The SSSC is a Non-Departmental Public Body (NDPB) sponsored by the Office of the Chief Social Work Adviser of the Children and Families Directorate of the Scottish Government. The SSSC has shared service arrangements with the Care Inspectorate 2019/20 £900k (2018/19 £1,551k). Both Scottish Government and the Care Inspectorate are regarded as related parties with which the SSSC has had various material transactions during the year. The SSSC withdrew from the ICT shared service arrangement on 31 March 2019, reducing the Care Inspectorate charge in 2019/20.

A Register of Interests is maintained and updated annually. None of the Council Members, key managerial staff or other related parties has undertaken material transactions with the SSSC during the year.

## 18 Post statement of financial position events

18a There were no events after the Statement of Financial Position date relating to the 2019/20 financial year.

### SCOTTISH SOCIAL SERVICES COUNCIL

**Scottish Government Logo** –(to be inserted in printed version)

### DIRECTION BY THE SCOTTISH MINISTERS

- 13 The Scottish Ministers, in pursuance of paragraph 9(1) of Schedule 2 to the Regulation of Care (Scotland) Act 2001, hereby give the following direction.
- 14 The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
- 15 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.
- 16 This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 25 November 2001 is hereby revoked.



Signed by the authority of the Scottish Ministers

Dated: 16 January 2006



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<b>Title of report</b>	Audit and Assurance Committee Annual Report to the Council 2019/20
<b>Public/confidential</b>	Public
<b>Action</b>	For discussion and approval
<b>Summary/purpose of report</b>	This report represents a summary of the work of the Audit and Assurance Committee and gives the Committee's opinion on the assurance that this work provides.
<b>Recommendations</b>	<p>That the Council:</p> <ol style="list-style-type: none"> <li>1. notes the work of the Audit and Assurance Committee</li> <li>2. notes the Committee's assessment of its performance and the plans to address development areas</li> <li>3. agrees that it is appropriate for the Chief Executive as Accountable Officer to sign the Annual Report and Accounts at all of the appropriate points within the document</li> <li>4. approves the 2019/20 Annual Report and Accounts.</li> </ol>
<b>Author</b>	<p>Alan Baird</p> <p>Audit and Assurance Committee Chair</p>
<b>Responsible Officer</b>	N/A
<b>Link to Strategic Plan</b>	The information in this report is about our internal governance arrangements and therefore links to all of our strategic objectives.
<b>Link to the Risk Register</b>	<p>Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.</p> <p>Risk 5: We fail to provide value to our stakeholders and demonstrate our impact.</p>

<b>Equality Impact Assessment (EIA)</b>	An EIA was not developed as the information in the report relates to matters of internal governance and does not impact on people with protected characteristics.
<b>Documents attached</b>	None
<b>Background papers</b>	None



## **1. INTRODUCTION**

- 1.1 The Audit and Assurance Committee Annual Report to the Council summarises the work of the Audit and Assurance Committee for the past financial year and presents the Committee's opinion on the assurance that this work provides. The report also contains the Audit and Assurance Committee's recommendation to the Council on the approval of the Annual Report and Accounts.
- 1.2 The Committee met on five occasions. All meetings were quorate.
- 1.3 The Audit Committee became the Audit and Assurance Committee in October 2019 following a wider review of the SSSC's corporate governance arrangements.

## **2. REMIT OF AUDIT AND ASSURANCE COMMITTEE**

- 2.1 The remit of the Audit and Assurance Committee is to:
- review the strategic KPI performance report
  - review the financial monitoring report
  - review the Strategic Risk Register/Management Plan report
  - ensure the audit requirements of the SPFM (Scottish Public Finance Manual) are being implemented
  - scrutinise accounting policies, accounts and annual report of the organisation with recommendations for the Council before submission to Parliament.
- 2.2 The function of the Audit and Assurance Committee is to advise the Council and the Accountable Officer on strategic processes for risk, control and governance and the governance statement; adequacy of management response to operational and financial performance, financial probity and stewardship and management of risk (financial and strategic objectives); and effectiveness of audit functions.
- 2.3 The Audit and Assurance Committee consists of 5 Council Members and meets on a quarterly basis to consider the work outlined at section 3 of this report. In addition, the Committee held a joint session with the Council members to consider a draft of the annual report and accounts in August 2019.

## **3. SUMMARY OF AUDIT AND ASSURANCE COMMITTEE WORK**

### **3.1 Internal audit reports considered**

- 3.1.1 Scott Moncrieff, the Internal Auditors during 2019/20, use a system for categorizing assurance levels where each control objective is assessed and categorized using a colour coded approach. The colour code system is as follows:

<b>Assessment</b>	<b>Definition</b>
<b>BLACK</b>	Fundamental absence or failure of key control procedures – immediate action required
<b>RED</b>	The control procedures in place are not effective – inadequate management of key risks
<b>YELLOW</b>	No major weaknesses in control but scope for improvement
<b>GREEN</b>	Adequate and effective controls which are operating satisfactorily

- 3.1.2 In addition to the above control assessments Scott Moncrieff assign management action grades to demonstrate risk exposure. They are graded using priority numbers as follows:

5	<b>Very high risk exposure</b> - major concerns requiring immediate Board attention
4	<b>High risk exposure</b> - absence / failure of significant key controls
3	<b>Moderate risk exposure</b> – not all key control procedures are working effectively
2	<b>Limited risk exposure</b> – Minor control procedures are not in place / not working effectively
1	Efficiency/housekeeping point

- 3.1.3 The following reports were submitted to and considered by the Committee:

<b>Int. Audit Plan Year</b>	<b>Report Title</b>	<b>Committee Date</b>	<b>Control Objective Assurance</b>	<b>Management Action Rating</b>
2018/19	Fitness to Practise	June 2019	1 yellow 2 green	1 action graded 2; 2 actions graded 1
2018/19	Payroll	June 2019	1 red 2 yellow 4 green	1 action graded 3; 1 action graded 2

2019/20	Income and Receivables	June 2019	5 green	No actions
2019/20	Resource Determination and Allocation Model	December 2019	1 yellow 4 green	1 action graded 2
2019/20	IT Healthcheck	December 2019	1 red 1 yellow 2 green	1 action graded 4; 2 actions graded 3

- 3.1.4 The following 2019/20 internal audit report was considered by the Audit and Assurance Committee during the 2020/21 year.

<b>Int. Audit Plan Year</b>	<b>Report Title</b>	<b>Committee Date</b>	<b>Control Objective Assurance</b>	<b>Management Action Rating</b>
2019/20	Corporate Control Arrangements	April 2020	3 green	No actions

### 3.2 **Consideration of the 2018/19 draft Annual Report and Accounts**

- 3.2.1 The Committee held a meeting on 28 August 2019 dedicated to a detailed review of the draft Annual Report and Accounts. At the meeting of 25 September 2019, the Committee considered the draft 2018/19 Annual Report and Accounts and the associated report from Grant Thornton (external auditors) and recommended that the Council approve the 2018/19 Annual Report and Accounts.
- 3.2.2 The Committee reviewed the Governance Statement, which is included within the Annual Report and Accounts.

### 3.3 **Review of Audit Plans**

- 3.3.1 The Committee reviewed and approved the Strategic Internal Audit Plan (2019-22) and Internal Audit Plan for 2019/20 along with the associated assignment plans for 2019/20. The Committee monitored progress against this plan throughout the year.
- 3.3.2 Henderson Loggie were appointed internal auditors with effect from 1 April 2020. Henderson Loggie are developing the Strategic Internal Audit Plan 2020-23 which will include the draft internal audit programme for 2020/21. The Committee will consider the new strategic and annual plan in 2020/21. The Committee prioritised and agreed two 2020/21 internal audit assignments could progress ahead of agreement of the plan as a whole. The review of annual and strategic audit plans strives to ensure a strong

relationship between the planned internal audits, the strategic risk register and the SSSC's duty to provide best value.

- 3.3.3 The Committee received the External Audit Plan for 2019/20 from the External Auditors, Grant Thornton.

### 3.4 **Implementation of Audit Recommendations**

- 3.4.1 Throughout the year the Committee monitored management's progress towards implementing audit recommendations. This was achieved by reviewing recommendation follow up reports prepared by Internal Auditors summarising progress on completed actions at each quarterly Audit and Assurance Committee meeting.
- 3.4.2 The internal Auditor's Annual Report concluded that of the 15 actions due to be implemented by 31 March 2020, 12 actions (80%) were fully implemented and 3 (20%) were partially implemented.

### 3.5 **Other Work**

#### 3.5.1 Audit and Assurance Committee

In October 2019, after a review of the SSSC's governance framework, the Audit Committee became the Audit and Assurance Committee. The remit of the Committee was expanded to include Assurance Reports. These reports present a quarterly review and projection of financial and operational performance and an assessment of the risk associated with delivering this performance. The Committee makes recommendations to the Accountable Officer and the Council on a quarterly basis through a report from the Chair. This report makes a recommendation to the Council on the assurances that can be taken about the financial, operational and risk management processes as well as any specific areas of work highlighted by Internal Audit or any other relevant business.

#### 3.5.2 Audit and Assurance Committee Self-assessment

As noted above, the SSSC carried out an extensive review of our governance arrangements during 2019/20 financial year and the committee members contributed to the approval of new governance arrangements.

#### 3.5.3 Member Development

The Council holds a minimum of four development sessions per year and the committee members participate as they are all members of the Council. There were no specific Audit and Assurance Committee development sessions however the Council development sessions included a number of topics relevant to the work of the committee including:

- the new corporate governance arrangements, how they will work in practise and the committee's role in that
- strategic plan development
- finance and budget setting session
- strategic risk development.

- 3.5.4 Committee Development  
A private meeting between Audit and Assurance Committee and external audit was held in September. Internal Audit did not meet privately with the Committee however the Chair and Internal Audit did meet to discuss delivery of audit services and management of the contract. The calendar of Committee business was further developed during the year.
- 3.5.5 Strategic Risk Register Monitoring  
The Committee continued to monitor and review the Strategic Risk Register throughout the year. The Committee considered a revised Risk Policy to Council and in February 2020, the Committee recommended that the Council approve a revised Risk Register and Risk Appetite Statement.
- 3.5.6 The Committee closely monitored a fitness to practise workload risk in relation to the number of cases opened exceeding those closed which if not appropriately managed had the potential to create a backlog of cases which would be detrimental to our public protection role.
- 3.5.7 Internal Audit Procurement  
The Committee oversaw the procurement of new internal auditors and made a recommendation to Council to appoint Henderson Loggie as the SSSC's internal auditors with effect from 1 April 2020.
- 3.5.8 Shared Services  
In February 2020 the Committee received a report on progress with the implementation of a revised shared services model.
- 3.5.9 Audit Scotland Section 22 Report  
During the 2019/20 financial year the Committee continued to receive updates regarding progress against the action plan that was agreed in response to the December 2018 Audit Scotland report on Governance and Transparency prepared under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. In February 2020 the Committee received a report on the SSSC's response to the themes set out in the Review of the Public Audit and Post-legislative Scrutiny Committee (PAPLS) report.
- 3.5.10 Audit Scotland Publications  
All Audit Scotland national reports that were considered relevant to the work of the Audit and Assurance Committee were considered during the year.
- 3.5.11 Business Process Re-engineering (BPR)  
In February 2020 the Committee received an update on the BPR review, instigated following recommendations from the ICT Health check. The Committee requested a follow-up report within six months, or earlier should any further issues be raised.
- 3.5.12 Fraud and Corruption Assurance Report  
The Committee requested a quarterly report to include any fraud or irregularities detected.

### 3.6 Priorities for 2020/21

#### 3.6.1 Audit and Assurance Committee Effectiveness Review

A wide ranging corporate governance review was undertaken during 2019/20 and the role and function of the Audit and Assurance Committee was considered as part of this review. The first formal review of the effectiveness of the newly constituted Committee is planned to take place during Q4 of the 2019/20 financial year.

#### 3.6.2 Committee Development

Members of the Audit and Assurance Committee will continue to hold private meetings with External and Internal Audit at least annually. A "horizon scanning" agenda item will continue to be considered at each meeting with the exception of the special meeting to consider the annual report and accounts.

#### 3.6.3 Risk Management

The regular review and update of the Risk Register is a task of significant importance. The Risk Management Policy will continue to be reviewed annually alongside the risk register in line with planned committee work and key risks to the delivery of strategic objectives will be considered by the committee in the quarterly Assurance Report.

#### 3.6.4 Governance

Robust governance remains a priority of the Committee. The Council has requested an Internal Audit of our new arrangements to take place during financial year 2020/21. The Committee has recommended that this is included in the Internal Audit Plan.

#### 3.6.5 Digital Transformation

The Committee will continue to consider and monitor risks associated with the Digital Strategy.

#### 3.6.6 Counter Fraud and Corruption Framework

The Committee will review the Counter Fraud and Corruption Framework. A shared service arrangement will be agreed with NHS Counter Fraud Services (CFS) during 2020/21. The Committee will continue to receive a quarterly Fraud and Corruption Assurance report.

## 4. PROGRAMME OF AUDIT AND ASSURANCE COMMITTEE MEETINGS

- 4.1 The table below details expected business for the Audit and Assurance Committee during 2020/21.

2020/21	
Meeting Date	Business
28 April 2020	SSSC: <ul style="list-style-type: none"><li>• COVID-19 Decision Tree</li><li>• Assurance Report as at 31 March 2020</li><li>• Governance Improvement Plan</li><li>• Fraud and Corruption Assurance report</li></ul>

<b>2020/21</b>	
Meeting Date	Business
	<ul style="list-style-type: none"> <li>National Fraud Initiative Update</li> </ul> <p>Internal Audit:</p> <ul style="list-style-type: none"> <li>Recommendations Follow up Report</li> <li>Internal Audit Annual Report 2019/20</li> <li>Interim Internal Audits 2020/21</li> </ul>
28 July 2020	<p>SSSC:</p> <ul style="list-style-type: none"> <li>Strategic Risk Register</li> <li>Draft Audit and Assurance Committee Annual Report</li> <li>Governance Improvement Plan Update</li> <li>Fraud and Corruption Assurance Report</li> <li>Financial Horizon Scanning</li> <li>Shared Services Management Agreement</li> <li>Strategic Internal Audit Plan</li> </ul> <p>Internal Audit:</p> <ul style="list-style-type: none"> <li>Equality and Diversity</li> <li>Risk Management</li> </ul>
6 October 2020	<p>SSSC:</p> <ul style="list-style-type: none"> <li>Draft Audit and Assurance Committee Annual Report to Council 2019/20</li> <li>Draft Annual Report and Accounts 2019/20</li> </ul> <p>External Audit:</p> <ul style="list-style-type: none"> <li>Report to those charged with governance on the 2019/20 audit</li> </ul>
27 October 2020	<p>SSSC:</p> <ul style="list-style-type: none"> <li>Draft Audit and Assurance Committee Annual Report to Council 2019/20</li> <li>Draft Annual Report and Accounts</li> <li>Review of Financial Regulations and Debt Management Policies</li> <li>Procurement Review</li> <li>Assurance Report</li> <li>Business Process Re-engineering Review</li> <li>Shared Services Management Agreement</li> <li>Fraud and Corruption Assurance Report</li> <li>Fraud and Counter Fraud Policy Review</li> </ul> <p>Internal Audit:</p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report</li> <li>Internal Audit Recommendation Follow-up Report</li> <li>Internal Audit reports</li> </ul> <p>External Audit:</p> <ul style="list-style-type: none"> <li>Annual Report and Accounts statutory audit progress</li> </ul>
2 February 2021	SSSC

<b>2020/21</b>	
<b>Meeting Date</b>	<b>Business</b>
	<ul style="list-style-type: none"> <li>• Assurance Report</li> <li>• Fraud and Corruption Assurance Report</li> <li>• Risk Register Review</li> <li>• Shared Services Management Agreement</li> </ul> <p>Internal Audit:</p> <ul style="list-style-type: none"> <li>• Internal Audit Plan 2020/21 Progress Report</li> <li>• Recommendations Follow-up Report</li> <li>• Internal Audit Reports</li> </ul>

4.2 All Audit and Assurance Committee agendas contain the following standing items:

- Horizon Scanning
- Action record
- Assurance report

## **5. FRAUD**

5.1 The Committee received assurance at its meeting of 28 July 2020 that there had been no incidences of fraud detected during the 2019/20 financial year.

## **6. QUALITY OF INTERNAL AUDIT**

6.1 In overall terms the Committee has assessed the work of Scott-Moncrieff the appointed internal auditors for 2019/20. The Committee is of the view that the standard of internal audit work and the reports produced were adequate. However, there was concern about the quality of specific assignments particularly with respect to planning and reporting. There was also concern that the quality of the management of the internal programme had declined. Meetings were held between the Chair of the Committee and the Internal Auditor to address those concerns. It should be noted that new internal auditors have been appointed with effect from 1 April 2020.

## **7. QUALITY OF EXTERNAL AUDIT**

7.1 The SSSC's external auditors, Grant Thornton, are appointed by the Auditor General for Scotland. The audit of the 2019/20 Annual Report and Accounts will be the fourth year (of five) of Grant Thornton's engagement. The Auditor General extended the term of external auditors for an additional year due to the COVID-19 pandemic meaning Grant Thornton will now be engaged until the audit of the 2021/22 financial year.

7.2 External audit provide an audit plan, attend Audit and Assurance Committee meetings and provide an informative report on their work. The Committee



believes there is a good working relationship between the Grant Thornton audit team, SSSC staff and the Audit and Assurance Committee.

## **8. GOVERNANCE STATEMENT**

- 8.1 The Audit and Assurance Committee has reviewed the Governance Statement contained within the draft 2019/20 Annual Report and Accounts. The Committee is of the opinion that the Governance Statement fairly reflects the adequacy and effectiveness of the SSSC's governance and risk framework for the year ended 31 March 2020 and up to the date of approval of the draft Annual Report and Accounts.
- 8.2 The statement addresses all issues that the Committee considers to be pertinent.
- 8.3 The Committee advises the Council and Accountable Officer that in its opinion it is appropriate for the Accountable Officer to sign the Statement.

## **9. ASSURANCE OPINION**

- 9.1 In preparation for developing this report to the Council, the Audit and Assurance Committee held a private meeting with external audit. The Chair met with internal audit privately. The meetings were an opportunity to review the way in which the Committee operates, and to identify any issues which the Committee would wish to draw to the attention of the Council.
- 9.2 No issues arose from the private meetings with external audit. The Committee were satisfied that the Chair's meetings resolved any issues with the reporting mechanisms from internal audit. The internal and external auditors were able to contact the Chair directly if they felt there were any concerns or issues that needed to be raised.
- 9.3 The Committee is of the opinion that the assurances supplied are reliable, have integrity and are sufficiently comprehensive to support the Council and the Accountable Officer in their decision making and their accountability obligations.

## **10. ANNUAL REPORT AND ACCOUNTS**

- 10.1 Following detailed review of the draft document and consideration of the external auditor's report, the Audit and Assurance Committee consider the draft Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the SSSC's performance and strategy.
- 10.2 On this basis, the Committee recommends that the Council approves the draft Annual Report and Accounts for the year ended 31 March 2020.

# Scottish Social Services Council (SSSC) - DRAFT

External Audit Annual Report to the Council and the Auditor General for Scotland  
for the financial year ended 31 March 2020

Audit and Assurance Committee – 6 October 2020

**Joanne Brown**  
Engagement Leader

**Lewis Wilson**  
Audit Manager

**Fraser Hoggan**  
Audit In-Charge



# Our audit at a glance



We received a good complete set of financial statements at the outset of the audit. This was in line with the timeline agreed with management.

Good working papers were provided to support the audit process and our queries were responded to quickly by the Finance Team throughout.

This was greatly appreciated by the audit team as it allowed a quality audit to be delivered in line with the timeline agreed by management despite the challenges Covid-19 created and the need to deliver the audit remotely.



As included in our audit plan we consider SSSC to be a smaller body for the purposes of wider scope responsibilities. We do however conclude on the financial sustainability and the governance statement disclosures, as required by the Code.



We have fulfilled our responsibilities per International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice throughout our work. This report to the Council and the Auditor General for Scotland concludes our work.

An audit  
underpinned by  
quality and adding  
value to you



We **intend to issue** an unmodified audit opinion on the annual report and accounts.



Significant audit risks are:

management override of controls; risk of fraud in revenue recognition and the risk of fraud in expenditure recognition as set out in Financial Reporting Council's (FRC) Practice Note 10. An additional significant audit risk was identified in relation to Covid-19 which caused significant disruption to all public sector entities in the later half of March 2020.

Our audit procedures in relation to the significant risks did not identify any exceptions with respect to revenue and expenditure recognition or evidence of management override of controls.



Materiality is set at £480,040 representing approximately 2% of gross expenditure based on the 2019/20 draft financial statement expenditure of £24.002 million.

We did not identify any adjustments to the draft financial statements based on our work and minor disclosure amendments were discussed and agreed.

“

### **Adding value through our external audit work**

First and foremost our objective is to ensure we deliver a quality external audit which fully complies with International Standards on Auditing (ISAs) UK and the Audit Scotland Code of Practice (2016).

Through this Annual Report we seek to provide insight and commentary over certain aspects of SSSC's arrangements, sharing relevant practices with the Audit and Assurance Committee and Management.

We have continued to build on our working relationship with management and our understanding of SSSC as an organisation. We have acted on feedback received in prior year audits and sought to ensure continuity within the audit team. We also revisited with management the suitability of the timing of the year-end audit work.

Following the emergence of Covid-19 we discussed the approach to remote working at the outset of the year end audit to ensure an effective and efficient approach could be taken. We communicated with key members of the Finance Team on a weekly basis throughout the audit to keep them updated as to audit progress and we believe this worked well.

We have made a positive contribution at the Audit and Assurance Committee during the year and continue to work with management on how we can add value through the audit process to support them strengthen their financial arrangements.

”

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# Introduction

## Reporting

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2020.

Our work has been undertaken in accordance with International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016.

Our report is addressed to the Council of SSSC. In addition, in accordance with our reporting responsibilities the report is jointly addressed to the Auditor General for Scotland.

Once the accounts have been laid before parliament, the finalised audit report will be made publicly available on the Audit Scotland website ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk))

Our report **will be** presented as a final draft to the Council on 29 October 2020 and will then be finalised following the signing of the financial statements by the SSSC's Accountable Officer.

We would like to thank SSSC management and the finance team for an effective year-end audit process and all their support and assistance throughout.

## Structure of this report

As set out in our Audit Plan (March 2020) we consider in accordance with the Audit Scotland Code of Practice that SSSC meets the smaller body definition. Therefore full wider scope is not considered relevant.

However, as required in the Code of Audit Practice our report concludes on our audit of the annual report and accounts and certain aspects of SSSC's arrangements – Governance disclosures and financial management.

## Covid-19

As a result of the Covid-19 pandemic an additional significant risk – Covid-19 was identified at financial statement level.

This risk reflects the challenges posed by remote working, market volatility and the risk to financial stability across the economy.

Given the timing of the pandemic in March 2020, Covid-19 had little impact on the 2019/20 financial statements. However, it did impact on a material uncertainty over the valuation of the Investment Property assets within the Tayside Pension Fund. This is drawn to users of the SSSC Annual Report and Accounts within Accounting policies, Note 5f. We draw attention to this note, through an emphasis of matter paragraph within our opinion.

## Our opinion

For the financial year ended 31 March 2020 we will issue an **unqualified audit opinion**:

- True and fair view of the financial statements
- Regularity – expenditure has been incurred in accordance with the purpose of SSSC
- Other prescribed matters (which include the audited information in the remuneration report)

## The audit process

We received a good complete set of financial statements, including front end, on 26 June 2020. This was in line with the timeline agreed with management.

The draft financial statements were supported by good working papers and the finance team were very quick to respond to our queries which was particularly helpful given the remote delivery of the audit.

We have no unadjusted differences to report.

We noted minor disclosure and formatting changes which resulted from our review of the accounts. These have all been processed in the final annual report and accounts. None of these changes were considered material and/or significant in nature and helped to improve the readability of the accounts.

## Audit approach and materiality

Our audit approach was set out in our audit plan presented to the Audit and Assurance Committee on 5 March 2020. Overall materiality has been set at £480,040, approximately 2% of gross expenditure and performance materiality is set at £360,030, 75% of materiality.

This is an increase from materiality communicated at planning due to actual expenditure being greater than budgeted. The benchmark of 2% remained the same.

We report to management any difference identified over £24,000 (trivial threshold being 5% of materiality).

We also set a lower materiality level for the remuneration report. This was set at £2,500, based on the bandings disclosed in the accounts.

An additional significant audit risk was identified in relation to Covid-19 which caused significant disruption to all public sector entities in the later half of March 2020.

## Internal control environment

During the year we sought to understand SSSC's overall control environment (design) as related to the financial statements. In particular, we have:

- Considered procedures and controls around related parties, journal entries and other key entity level controls.
- Performed walkthrough procedures of key financial processes including income and expenditure recognition, journal postings, and payroll. Note, where financial processes interface with Scottish Government systems our walkthroughs have only considered the process within SSSC.

Our work over controls is limited to our ISA requirements in understanding an entities control environment. While we have assessed SSSC's controls to determine if they are designed to mitigate financial statement risk we don't rely on controls in our approach. As such, our audit is fully substantive and the assessment of control design does not impact on our sample size.

We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our plan.

## Internal Audit

As set out in our external audit plan our audit approach is to comply with the ISA's and we do not place formal reliance on the work of Scott Moncrieff, SSSC's internal audit provider during 2019/20. We have reviewed the internal audit plan and individual reports issued to date, to consider if any impact on our audit approach.

The opinion of internal audit for the year is:

"In our opinion Scottish Social Services Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks."

The findings of internal audit are consistent with our knowledge and experience of SSSC. From our review we are satisfied that there were no areas arising from the work of internal audit that would impact on our audit opinion or require specific disclosure in the annual governance statement. Additionally, we have no concerns with regards to the Internal Audit function or ability.

# Responding to significant risks

Risk area	Identified audit risks at planning
<b>Risk of fraud in expenditure recognition</b>	<p>Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure) as set out in Practice Note 10 (revised) which applies to public-sector entities. There is an inherent risk that operating expenditure is understated or not treated in the correct period in order to operate within expenditure limits (risk of fraud in expenditure). As payroll expenditure is well forecast and agreeable to underlying payroll systems, there is less opportunity for the risk of misstatement in this expenditure stream. Similarly, disbursements are well forecast and agreeable to underlying records with education institutions.</p> <p>We therefore focus on non-pay and non-disbursement expenditure (other expenditure). We consider the risk to be particularly prevalent around the year end where there is greater incentive and susceptibility for misstatement and therefore focus our testing on cut-off of non-pay expenditure.</p>
Work completed	
The audited financial statement value for Operating Expenditure (excluding payroll expenditure) in 2019/20 is £6.321 million. In our response to the risk we have performed the following:	
<ul style="list-style-type: none"><li>• Walkthroughs of the controls and procedures over other expenditure.</li><li>• Substantive testing (at an elevated risk level) of expenditure recognised pre and post year end to identify if there is any potential over or under-statement.</li><li>• Testing post year end bank statements and review of minutes and any legal expenses incurred to identify any potential unrecorded liabilities.</li><li>• Testing of expenditure incurred in the year to invoice and bank (completeness and accuracy).</li></ul>	
Our conclusion	
Based on our testing we conclude:	
<ul style="list-style-type: none"><li>• We did not identify any exceptions in our cut-off testing of year end expenditure.</li><li>• We did not identify any exceptions in the completeness and accuracy of expenditure or associated accruals balances at the year end.</li><li>• Through our substantive procedures and sample testing we confirmed expenditure testing was in accordance with the nature of SSSC (regularity).</li></ul>	



# Responding to significant risks

Risk area	Identified audit risks at planning
<b>Risk of fraud in revenue recognition</b>	<p>As set out in ISA 240, there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In 2019/20, SSSC received £17.456 million (2018/19: £17.562 million) in revenue funding from the Scottish Government.</p> <p>The SSSC budget is agreed with Scottish Government with very little change occurring to the agreed budget and therefore there is an inherently low risk of fraud. Our presumed risk focusses on registration fees. SSSC charges fees regulated employers and employees and once registered an annual continuation of registration fee is charged. Fees charged in 2019/20 were £5.387 million (2018/19: £4.375 million).</p>
Work completed	
<p>The audited financial statement value for Income from Fees and charges in 2019/20 is £5.387 million. In our response to the risk we have performed the following:</p> <ul style="list-style-type: none"><li>• Walkthroughs of the controls and procedures over fees and charges.</li><li>• Substantive testing (at an elevated risk level) over income recognised in the final two months of the year where there is an inherently higher susceptibility of fraudulent recognition.</li><li>• Evaluation of the existence of debtor balances held at 31 March 2020 by agreeing balances held to invoices and/or other supporting records.</li><li>• Income cut-off procedures and substantive testing over pre and post year end balances, over non GIA funding income streams.</li></ul>	
Our conclusion	
<p>Based on our testing we conclude:</p> <ul style="list-style-type: none"><li>• We did not identify any exceptions in our cut-off testing of year end expenditure.</li><li>• We did not identify any exceptions in the evaluation of debtor balances existing at the year end.</li><li>• Through our substantive procedures and sample testing we confirmed expenditure testing was in accordance with the nature of SSSC (regularity).</li></ul>	

Risk area	Identified audit risks at planning
<b>Management override of controls</b>	<p>As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override SSSC's controls for specific transactions.</p> <p>We consider those key judgements that are most susceptible to significant audit risk of management override are those over income and expenditure recognition. These are areas where management has the potential to influence the financial statement through estimate and judgement.</p>

### Work completed

#### Accounting estimates:

In assessing the risk of management override, we have considered those key accounting estimates and judgements that could impact on the organisations financial results and where there is an inherently increased risk of fraudulent misstatement or where management bias could result in a material misstatement. In response to the significant audit risk we have:

- Considered the design of controls in place over key accounting estimates and judgements.
- Reviewed accounting estimates for management bias / indication of fraud that could result in material misstatement. This included review of estimates as at 31 March 2020 and retrospective review of those estimates as at 31 March 2019.

#### Journals testing:

We used data analytics to support our evaluation of journal transactions during the year. In response to the significant risk we have:

- Assessed the design of controls in place over journal entries, including how these are prepared, authorised and processed onto the financial ledger;
- Risk assessed the journals population to identify large or unusual journal entries, such as those that are not incurred in the normal course of business, or those entries that may be indicative of fraud or error that could result in material misstatement. We have tested these journals to ensure they are appropriate and that they are suitably recorded in the financial ledger and appropriately recognised within the financial statements;
- We have performed targeted testing of transactions around the financial year end reviewing journals which are large or otherwise appear unusual to understand the rationale for the transaction.




### Our conclusion

Based on our testing we conclude:

- There was no evidence of management override in our testing of controls.
- We did not identify any unusual or significant transactions throughout the financial year or during the financial close period which were out with the ordinary operations of SSSC.
- We did not identify any indications of management bias or indication of fraudulent transactions.

Risk area	Identified audit risks at planning
<p><b>Covid-19</b></p>	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> <li>• Remote working arrangements may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation;</li> <li>• Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and the reliability of evidence we can obtain to corroborate management estimates;</li> <li>• Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and</li> <li>• Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</li> </ul> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant financial statement risk, and potential for increased risk of misstatement.</p>
Work completed	
<p>In assessing the risk posed by Covid-19 we have:</p> <ul style="list-style-type: none"> <li>• Worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach.</li> <li>• Liaised with Audit Scotland and other providers under the Audit Scotland contract framework, and taken into account wider guidance emerging related to audit quality (for example FRC guidance) and specific sector guidance.</li> <li>• Evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic.</li> <li>• Evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely.</li> <li>• Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates including provisions.</li> <li>• Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.</li> <li>• Discussed with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.</li> </ul>	
Our conclusion	
<p>Based on our testing we conclude:</p> <ul style="list-style-type: none"> <li>• Covid-19 and remote working did not restrict SSSC's ability to prepare the financial statements or restrict the audit evidence required to complete the audit.</li> <li>• Management have adequately assessed the impact of Covid-19 on the organisations governance arrangements and there has been no detrimental impact as a result of effective use of remote working technologies.</li> </ul>	

# Accounting policies

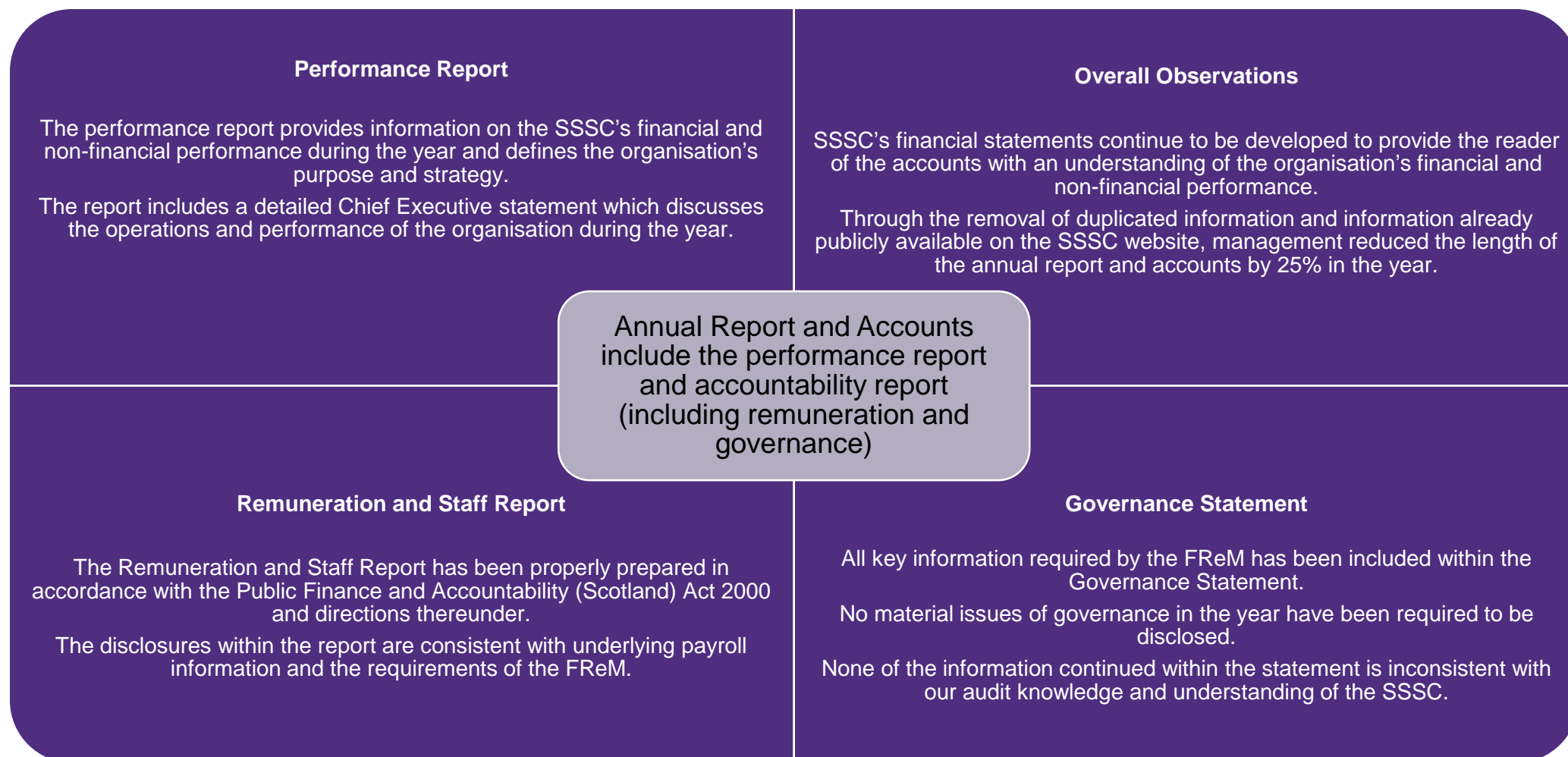
Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<p>SSSC recognise grant funding from the Scottish Government based on the budget allocated.</p> <p>Income from registration fees and other income is recognised as it is earned and not on a cash basis.</p>	<p>SSSC's revenue recognition policies are in line with IFRS 15 as interpreted and adapted by the FReM. Registration fees are recognised at the point the income is earned and not as money is received.</p> <p>While we recognised the risk of fraud within revenue in respect of registration fees and other income the presumed risk was rebutted in relation to government funding.</p> <p>Our audit testing addressed the risk of revenue being recognised incorrectly through cut-off testing. Our testing did not identify any exceptions.</p>	 (GREEN)
<b>Judgements and estimates</b>	<p>The only area of significant judgement and estimate included within SSSC's accounts is the defined benefit pension scheme.</p> <p>An independent actuary provides an IAS 19 valuation in respect of these balances and transactions each year.</p> <p>All appropriate disclosures, including sensitivities and assumptions are included within the accounts.</p>	<p>SSSC's accounting treatment in respect of the defined benefit pension scheme is in accordance with IAS 19.</p> <p>Our audit testing has considered the independence and objectivity of the actuary as well as specific audit procedures over the transactions within pension assets and liabilities year on year.</p> <p>Audit procedures include assessment of the disclosure included within the annual accounts and we are satisfied that disclosure is in line with the FReM.</p> <p>We are satisfied that there are no further transactions or balances within the accounts which are subject to significant judgement or estimation. Although significant prepayment and accrual balances are included, these are largely timing based balances requiring no significant estimation.</p>	 (GREEN)
<b>Other critical policies</b>	None identified by SSSC.	<p>We have reviewed SSSC's accounting policies against the FReM requirements. Where appropriate SSSC has tailored accounting policies, whilst still complying with the FReM. A number of accounting policies are of less relevance to SSSC's annual reports and accounts.</p> <p>We recommended a small number of minor disclosure changes, which have been made in the audited financial statements.</p>	 (GREEN)

## Assessment

- Marginal accounting policy which could potentially be open to challenge and/or interpretation
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

# Narrative elements of your annual accounts

In accordance with our responsibilities we have reviewed the narrative aspects of the annual accounts and report. We have considered the consistency of this narrative with our understanding of SSSC and the financial statements and have set out our observations below. We have also audited the required information in the remuneration report (marked audited) and have no matters we wish to bring to your attention.



# Key aspects of your financial statements

As set out in our audit plan we consider particular aspects of your financial statements in relation to management judgements including estimates and where management may have particular options or choices in what accounting standards or disclosure requirements to apply. We have summarised where these apply, and our conclusions below.



## Accounting Policies

SSSC's accounting policies are consistent with the FReM. Overall, the SSSC's accounts are considered simple accounts and have few areas of estimate or judgement.

## Judgements and Estimates – Defined Benefit Pension Scheme

SSSC is an admitted body to the Tayside Superannuation Fund. Due to the nature of Local Government Pension Schemes, these figures can move materially year on year as a result of in year transactions, changes in discount rates used in the actuarial calculation and the performance of scheme assets.

SSSC use an independent actuary to calculate the valuation of the pension under IAS 19. The IAS 19 valuation has been substantively audited in the year including an assessment of the actuary and the discount rates used.

As a result of the economic uncertainty which Covid-19 created at the year end date, the pension fund's independent property valuation experts have provided their valuation on the basis of material uncertainty in line with industry guidance. This material uncertainty impacts SSSC's share of the assets and a disclosure to this effect has been included in SSSC's financial statements.

## Going Concern

As set out in the performance and accountability reports, SSSC's accounts have been prepared on the going concern basis.

A budget has been agreed with the Scottish Government for 2020/21.

As the SSSC's role is set out in Scottish legislation, the regulator for the social service workforce in Scotland, we have no reason to believe this will change.

We therefore agree with management's assertion that going concern is the appropriate basis for the preparation of accounts.

## Timing of transactions

Our substantive testing in relation to the significant risks of fraud in expenditure and revenue recognition has assessed the timing and recognition of transactions.

No exceptions were identified in our testing, indicating transactions have been recognised in the correct accounting period.

# SSSC's financial and governance arrangements

## Financial position 2019/20

The SSSC's budget is funded by a mixture of specific grant and grant-in-aid funding from the Scottish Government and registration fees paid by members of the social services workforce throughout Scotland.

In 2019/20, SSSC received income directly of £5.805 million, alongside Grant-in-aid and specific grant income from Scottish Government of £17.456 million (£23.261 million total income). This income was used to cover expenditure of £22.6 million in year, resulting in an in-year surplus of £0.661 million. Staff costs continue to be the largest expense stream for SSSC accounting for £13.159 million in 2019/20.

The return of a surplus and not the budgeted deficit of £0.231 million is a result of:

- Income being greater than budgeted by £0.240 million.
- Savings in expenditure of £0.652 million, in part as a result of Covid-19, necessitating the delay of some planned activities to 2020/21.

The surplus has increased the general reserve to £1.600 million, which is in excess of the SSSC reserves policy of between 2% and 2.5% of gross expenditure. Due to the slippage of some projects expected to be fully completed in 2019/20 but which will now complete in 2020/21, £0.639 million of the reserves will be utilised to meet the budgeted deficit for 2020/21. We have confirmed that the surplus generated in the year was agreed with the Scottish Government.

The Statement of Financial Position shows a net liability position of £5.777 million which has decreased from £6.942 million in 2018/19 as a result of the surplus for the year and the decrease in net pension liability following the IAS 19 valuation at year end. The majority of the liability remains attributable to the pension liability of £7.377 million. Similar to other public sector entities, the pension liability is a material figure, however, it is not expected that the Scottish Government will withdraw support for the pension liability.

## Financial sustainability – 2020/21 budget and beyond

The draft and indicative budget which covers 2020 – 2023 includes a budgeted deficit of £0.639 million in 2020/21 with a breakeven being achieved in both following years to March 2022 and March 2023. The budgeted deficit for the year to 2020/21 will be met using the general reserves balance, which at present is greater than the SSSC reserves policy.

The budget for 2020/21 includes Income of £6.233 million, an increase of £0.428 million on the amount recognised for year ending 2019/20. The increase represents the increased number of apprenticeships expected in 2020/21 and the increase in registration fees from the registration resourcing and forecasting model.

Grant in aid of £15.724 million is included in the budget for 2020/21 and has been agreed with the Scottish Government. This does not include specific grant funding which is agreed on a project basis and has therefore been excluded from the budget.

The budget includes the additional costs in relation to the pay award of 3% for 2020/21 in line with the Public Sector Pay Policy, additional costs associated with incremental staff cost increases have also been included.

The assumptions in the budget appear reasonable and with the reserves available to meet the budgeted deficit there are no concerns with the financial sustainability



## Governance and transparency

The SSSC is committed to transparency in its governance arrangements. Council Minutes and Papers are published on the SSSC website alongside corporate plans, policies, governance documents and the strategic risk register. Council meetings are held in public and are conducted by live video stream, which anyone can join.

The SSSC embrace the importance of engagement with the public and continue to make information readily accessible via the website.



## Covid-19 response



SSSC moved to remote working as a result of the Covid-19 outbreak and have been able to continue operations throughout the pandemic. In response to the pandemic SSSC have developed a temporary register and have made changes to the placements of social services students to assist in Scotland's response to the pandemic.

Due to the timing of the pandemic, it has not significantly impacted the finances of the organisation for year ended 2019/20. Some planned activities were postponed until 2020/21 to enable resources to be focussed on priority areas which has contributed to the surplus reported.

There was no detrimental impact on governance arrangements as a result of Covid-19.

## Fraud and Irregularity

SSSC has arrangements in place to help prevent, detect and mitigate the risk of fraud or irregularity, including anti-bribery and whistleblowing policies. While we consider these to be reasonable, no arrangements can fully prevent against the risk of fraud, theft or irregularity. We are not aware of any material frauds at SSSC during the course of the year and have confirmed this with management.

The SSSC participates in the National Fraud Initiative (NFI), a counter fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies, external auditors and the National Audit Office to identify fraud and error. All 57 matches identified in the NFI exercise have been worked through and actioned.

We found SSSC's arrangements for participation in the NFI exercise to be satisfactory. The SSSC has effective arrangements in place for the submission of data and investigation of potential matches.





## Shared services with CI – ICT

Following the Section 22 Report on SSSC's arrangements in respect of IT, both organisations committed to re-looking at the sharing of services and how this could continue with improved governance, alongside greater clarity over the joint vision for the sharing of services. Both organisations recognised that over time, as each organisation has developed, the service level agreement (last rewritten in April 2015) may no longer support both organisations.

As a short term measure, the service level agreement was refreshed slightly, to reflect the ICT developments, and has been in place throughout 2019/20 whilst forward looking arrangements are developed.

Substantial work and discussion has continued between SSSC and Care Inspectorate in the year over wider shared services and the supporting governance structures. CIPFA were commissioned and completed a review in the year which was accepted by both parties. Further discussion took place during 2019/20 between Chief Executives and also at the Council of SSSC and the Board of Care Inspectorate.

It was previously anticipated that both organisations would have agreed the vision by January 2020 however this has not yet happened. Internal Audit plan to review the arrangements early on, in the 2020/21 Internal Audit programme to support the Care Inspectorate and SSSC in reaching a final agreement. Both parties are committed to the continuation of shared services.

Once final agreement is reached on the future shared services and relationship between SSSC and the Care Inspectorate, there will be an opportunity to assess the future structure of the leadership team within SSSC. This will enable alignment of the leadership team to the shared functions across both organisations.



# Appendices

- Audit adjustments
- Audit recommendations 2019/20
- Follow up of previous recommendations
- Audit fees and independence
- Fraud arrangements
- Communication of audit matters

# Audit adjustments

## Uncorrected and corrected misstatements

We are pleased to report that there were no uncorrected misstatements to the financial statements arising during our audit.

## Disclosure misstatements

In accordance with auditing standards we are required to highlight significant disclosure misstatements to allow Audit and Assurance Committees to evaluate the impact of these matters on the financial statements.

There were no material or significant disclosure misstatements we wish to bring to your attention.

# Audit recommendations 2019/20

We are pleased to report that we have not identified any recommendations in the year.

The shared services agreement between SSSC and Care Inspectorate has not been finalised in the year. We will continue to monitor recommendations raised in previous audits in relation to this matter as detailed overleaf.

# Follow up of previous recommendations

We set out below our follow up of our 2018/19 and 2017/18 recommendations and these are reflected below for information.

## Recommendation

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### Annual Report (raised 2018/19)

Management should review the Annual Report and Accounts, which for 2018/19 were 121 pages long, and look to remove duplicated information and information available on the SSSC website, thus increasing the readability and reducing the length of the document.

### Initial management response

Action agreed

### Follow up – recommendation still applicable, will continue to be monitored in 2020/21

Management have continued their efforts to reduce the length of the annual report and accounts through the removal of duplicated information and information available on the SSSC website. The annual report and accounts have been reduced by 25% year on year and as a result are 90 pages long for 2019/20. Management seek to continue developing the accounts in line with best practice.

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### Undertaking a formal independent review of the shared services agreement (raised 2017/18)

SSSC should seek to have an independent review of the overall governance of the shared services arrangements. In particular looking to consider the use of service level agreements and introducing more formal performance monitoring and governance to ensure the arrangements deliver what is expected and continue to align to the strategic direction of SSSC and demonstrate value for money.

### Update in 2018/19

A piece of work has been commissioned from CIPFA to support both organisations in redefining the vision for shared services. Once this has been defined, the governance arrangements and then operational delivery will be re-reviewed to ensure alignment to the vision. A full paper is anticipated to go to the November 2019 Council meeting and is being prepared by the Head of Shared Service.

### Follow up – recommendation still applicable. Work ongoing and will be concluded during 2020/21

Substantial work and discussion has taken place between SSSC and Care Inspectorate over wider shared services and the supporting governance structures. CIPFA were commissioned and completed a review. This was accepted by both parties. Further discussion took place during 2019/20 between Chief Executives and also at the Council of SSSC and the Board of Care Inspectorate. Internal Audit plan to review the arrangements early on, in the 2020/21 Internal Audit programme to support the SSSC and Care Inspectorate reach final agreement. Both parties are committed to the continuation of shared services.

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# Follow up of previous recommendations

## Recommendation

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### ICT contract monitoring (raised 2017/18)

Following the ending of the shared service with Care Inspectorate, management should take the opportunity to re-look at the budget for the ICT project and the phasing of the project. This should reflect all known costs including one off costs. This should then be reviewed in respect of changing ICT needs and overall project benefits anticipated to ensure decisions continue to represent value for money and are procured in the best manner.

**Update in 2018/19:** A benefits realisation paper is being prepared, taking into account the ICT costs and intended benefits. This paper will capture the quantifiable and qualitative aspects of the ICT programme. A full paper is anticipated to go to the November 2019 Council meeting and is being prepared by the Head of Shared Service.

### Follow up – recommendation closed

The benefits realisation paper was presented to the Council in October 2019. The paper outlines the total expected costs of the project and outlines the benefits of the project both quantitative and qualitative. We will continue to monitor ICT spend through our external audit procedures however we consider the recommendation closed.

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### Benefits realisation (raised 2017/18)

The paper to October Council 2018 started to articulate the benefits to SSSC of the ICT project. These should be compared to the cost of the project, alongside costed efficiencies to demonstrate good use of public money/value for money.

**Update in 2018/19:** A benefits realisation paper is being prepared, taking into account the ICT costs and intended benefits. This paper will capture the quantifiable and qualitative aspects of the ICT programme. A full paper is anticipated to go to the November 2019 Council meeting and is being prepared by the Director of Corporate Services.

### Follow up – recommendation closed

The benefits realisation paper was presented to the Council in October 2019. The paper outlines the total expected costs of the project and outlines the benefits of the project both quantitative and qualitative. We will continue to monitor ICT spend through our external audit procedures however we consider the recommendation closed.

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### ICT support (raised 2017/18)

SSSC should review their ICT support to oversee the delivery of the project and ensure there is continuity to oversee and manage the risks as they arise, recognising the reliance on ICT contract staff, alongside the cost of using contractors.

### Update in 2018/19:

The contractor is still in place at the moment, however the permanent post is being advertised.

### Follow up – recommendation closed

The permanent post for Head of ICT was filled in January 2020.

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# Audit fees and independence

## External Audit Fee Service

	Fees £
External Auditor Remuneration	15,390
Pooled costs	3,580
Contribution to Audit Scotland costs	
Contribution to Performance Audit and Best Value	850
<b>2019/20 Fee</b>	<b>19,820</b>

## Fees for other services

Service	Fees £
We confirm there are no non-audit fees	Nil

## Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.
- We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.
- Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standards.
- We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.
- We can confirm no independence concerns have been identified.

## Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to Elaine Boyd, Assistant Director, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

# Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at SSSC.

As part of our audit work we are responsible for:

- Identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- Leading a discussion with those charged of governance (for SSSC this is assumed to be the Audit and Assurance Committee) on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- Designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud.
- Responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is SSSC's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with SSSC to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

In addition, as set out in the Audit Scotland Code of Audit Practice we have a role in reviewing SSSC's arrangements in response to the national fraud initiative exercise.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on a quarterly basis.

## Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the planning guidance) to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at SSSC we will report to the Auditor General as required by Audit Scotland.

# Communication of audit matters

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above.

This document, our Annual Report is issued prior to approval of the financial statements and presents key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Our communication plan

	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern - <b>No significant matters identified.</b>	•	•
Views about the qualitative aspects of SSSC's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures - <b>Summarised on slides 11, 12 and 13.</b>		•
Significant findings from the audit – <b>Captured within this report.</b>		•
Significant matters and issues arising during the audit and written representations that have been sought - <b>No significant matters arising and letter of representation signed as at date of signing the accounts.</b>		•
Significant difficulties encountered during the audit - <b>No difficulties were encountered during the audit.</b>		•
Significant deficiencies in internal control identified during the audit - <b>No significant deficiencies in internal control identified during the audit.</b>		•
Significant matters arising in connection with related parties - <b>No significant matters identified in connection with related parties.</b>		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements – <b>None identified.</b>		•
Non-compliance with laws and regulations – <b>None identified.</b>		•
Unadjusted misstatements and material disclosure omissions – <b>None identified.</b>		•
Expected modifications to the auditor's report, or emphasis of matter – <b>No modifications or emphasis of matter.</b>		•





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Grant Thornton UK LLP  
Level 8  
110 Queen Street  
Glasgow  
G1 3BX

**[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}**

Dear Sirs

**Scottish Social Services Council**  
**Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of the Scottish Social Services Council (SSSC) for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Regulation of Care (Scotland) Act 2001 and directions made thereunder by the Scottish Ministers.

I confirm that to the best of my knowledge and belief having made such inquiries as considered necessary for the purpose of appropriately informing myself:

**Financial Statements**

- i. I acknowledge my responsibilities under the Regulation of Care (Scotland) Act 2001 for preparing financial statements, which give a true and fair view, and for making accurate representation to you.
- ii. I have fulfilled my responsibilities for the preparation of the organisation's financial statements in accordance with International Financial Reporting Standards and the 2019/20 HM Treasury Financial Reporting Manual (FReM).
- iii. I have complied with the requirements of all statutory directions affecting the organisation and these matters have been appropriately reflected and disclosed in the financial statements.
- iv. The organisation has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- v. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- vi. Significant assumptions used in making accounting estimates, including those measured at fair value and/or depreciated replacement cost, are reasonable.
- vii. I have reviewed the carrying value of property, plant and equipment and have noted no impairments. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- viii. I am satisfied that there are no material judgements used in the preparation of the financial statements requiring disclosure per International Financial Reporting Standards and the FReM.
- ix. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the organisation have been assigned, pledged, or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- x. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the FReM.
- xi. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the FReM require adjustment or disclosure have been adjusted or disclosed.
- xii. I have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Annual Report to the Council and Auditor General for Scotland. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii. The financial statements are free of material misstatements, including omissions.
- xiv. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xv. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xvi. I continue to believe that the organisation's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the organisation's needs. I believe that no further

disclosures relating to the group and organisation's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xvii. I have provided you with:
  - a. access to all information of which I am aware that is relevant to the preparation of the organisation's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested for the purpose of your audit; and
  - c. access to persons within the organisation via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic, from whom you determined it necessary to obtain audit evidence.
- xviii. I have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. I have disclosed to you all information in relation to fraud or suspected fraud that I am aware of and that affects the organisation, and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xxii. I have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. I have disclosed to you the identity of related parties and all the related party relationships and transactions of which I am aware.
- xxv. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.



**Annual Governance Statement**

- xxvi. I am satisfied that the Annual Governance Statement (AGS) fairly reflects the organisation's risk assurance and governance framework and confirm that I am not aware of any significant risks that are not disclosed within the AGS.

**Annual Report**

- xxvii. The disclosures within the Annual Report fairly reflect our understanding of the organisation's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council at its meeting on 29 October 2020.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed by the Accountable Officer and Council Convener on behalf of the Council**