

**Date issued: 06 December 2022**

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 13 December 2022 by Teams meeting.



**Sandra Campbell**  
**Convener**

**AGENDA**  
**PUBLIC SESSION**

- |  | <b>Report No</b> |
|--|------------------|
| 1. Welcome and apologies for absence                             |                  |
| 2. Declarations of interest                                      |                  |
| 3. 2021/22 Annual Report and Accounts:                           | <b>48/2022</b>   |
| • Appendix 1 – Annual Report and Accounts 2021/2022              |                  |
| • Appendix 2 -External Audit report for year ended 31 March 2022 |                  |
| • Appendix 3 – Draft letter of representation                    |                  |
| 4. Date of next meeting – Monday 27 February 2023 at 10am        |                  |

<b>Title of report</b>	2021/22 Annual Report and Accounts
<b>Public/Confidential</b>	Public
<b>Summary/purpose of report</b>	<p>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.</p> <p>This report summarises that process and recommendations and seeks the Council's approval of the Annual Report and Accounts.</p>
<b>Recommendations</b>	<p>The Council is asked to:</p> <ol style="list-style-type: none"> <li>1. accept the assurances from the Audit and Assurance Committee set out in section 9 of this report</li> <li>2. endorse the 2021/22 Annual Report and approve the 2021/22 Accounts</li> <li>3. note the positive annual report for 2021/22 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>	Lynn Murray, Interim Director of Finance and Resources
<b>Responsible Officer</b>	Lorraine Gray, Chief Executive
<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> <p>Outcome 4: The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.</p>
<b>Link to Risk Register</b>	<p>Risk 1: We fail to ensure that our system of regulation meets the needs of people who use services and workers.</p> <p>Risk 2: We fail to ensure that our workforce development function supports the workforce and employers to achieve the rights standards and qualifications to gain and maintain registration.</p> <p>Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.</p> <p>Risk 4: We fail to provide value to stakeholders and demonstrate our impact.</p> <p>Risk 5: We fail to develop and support SSSC staff appropriately to ensure we have a motivated and skilled workforce or have insufficient staff resources to achieve our strategic outcomes.</p> <p>Risk 6: The SSSC fails to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.</p> <p>Risk 7: Business Continuity Plans (BCP) are in place and tested.</p> <p>Risk 8: We fail to have the appropriate measures in place to protect against cyber security attacks.</p>
<b>Impact assessments</b>	<ol style="list-style-type: none"> <li>1. An Equalities Impact Assessment (EIA) was not required.</li> <li>2. A Data Protection Impact Assessment (DPIA) was not required.</li> <li>3. A Sustainability Impact Assessment(SIA) was not required.</li> </ol>
<b>Documents attached</b>	<p>Appendix 1: Annual Report and Accounts</p> <p>Appendix 2: External Audit Report</p> <p>Appendix 3: Letter of Representation</p>

<b>Background papers</b>	<a href="#">Link to Audit and Assurance Committee annual Report to Council 26 May 2022</a> <a href="#">Link to Audit and Assurance Committee Report 32/2022 28 November 2022</a>
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## **EXECUTIVE SUMMARY**

1. This report brings together the suite of governance documents which are required for Council to approve the 2021/22 Annual Report and Accounts (Appendix 1).
2. The 2021/22 annual report from Grant Thornton, external auditors (Appendix 2) 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.
3. The Letter of Representation (Appendix 3) is provided to the external auditors and provides assurances from the Accountable Officer and Council in connection with the audit of the financial statements.
4. Following Council approval of the Annual Report and Accounts, they will be laid before Parliament by 31 December 2022.

## **AUDIT AND ASSURANCE COMMITTEE ASSURANCES TO COUNCIL**

5. This report sets out the actions and decisions taken by the Audit and Assurance Committee to recommend approval of the 2021/22 Annual Report and Accounts by Council.
6. The Audit and Assurance Committee reviewed the 2021/22 Annual Report and Accounts, including specific consideration of the governance statement, Letter of Representation and the external auditor's report on the Annual Report and Accounts.
7. At the meeting on 25 August 2022 all Council Members were invited to provide feedback on the content of the draft 2021/22 Annual Report and Accounts. Members made no comments as they were content with the report.
8. The Audit and Assurance Committee reviewed its own priorities and performance and the effectiveness of audit arrangements and approved the Audit and Assurance Committee Annual Report to Council on 3 May 2022. The Council then approved the report on 26 May 2022.
9. As the Committee and Council approved the report prior to the end of the financial year, and before external audit completed their work on the 2021/22 Annual Report and Accounts, the Audit and Assurance Committee agreed additional assurances to Council at its meeting on 28 November 2022. The Committee:
  - a. reviewed the draft External Audit Annual Report and noted the conclusions and recommendations from the external auditor
  - b. considered and accepted the Letter of Representation (Appendix 3) as appropriate for the Chief Executive and Accountable Officer to sign

- c. noted there were no incidences of fraud during the 2021/22 financial year
- d. reiterated their view that the standard of internal audit work and the reports produced during 2021/22 were good
- e. confirmed that we have continued to have a good working relationship between the Grant Thornton external audit team, SSSC staff and the Audit and Assurance Committee during the 2021/22 audit
- f. agreed that no concerns have been raised about management's interactions with audit or the internal control environment. This was confirmed by the external auditors to the Committee at the private meeting on 28 November 2022
- g. concluded it is still of the opinion that the assurances supplied throughout the year are reliable, have integrity and are sufficiently comprehensive to support the Council and the Accountable Officer in their decision making and their accountability obligations
- h. is satisfied that there are sufficient mechanisms in place to allow the Committee to discharge its functions
- i. carried out a final review of the draft Annual Report and Accounts (Appendix 1) and the Committee endorsed the Annual Report and Accounts for submission to Council for approval.

## **CONSULTATION**

- 10. We consulted Members on the draft Annual Report and Accounts at the Council meeting on 25 August 2022 and again at the Audit and Assurance Committee meeting on 28 November 2022. Grant Thornton have completed their audit work and their report is included at Appendix 2.

## **RISKS**

- 11. Grant Thornton have set out the risks in pages 6 to 9 of the External Audit report (Appendix 2). Page 10 of that report covers significant estimates and judgements.

## **IMPLICATIONS**

### **Resourcing**

- 12. There are no financial, staffing, sustainability or legal implications arising from this report.

### **Compliance**

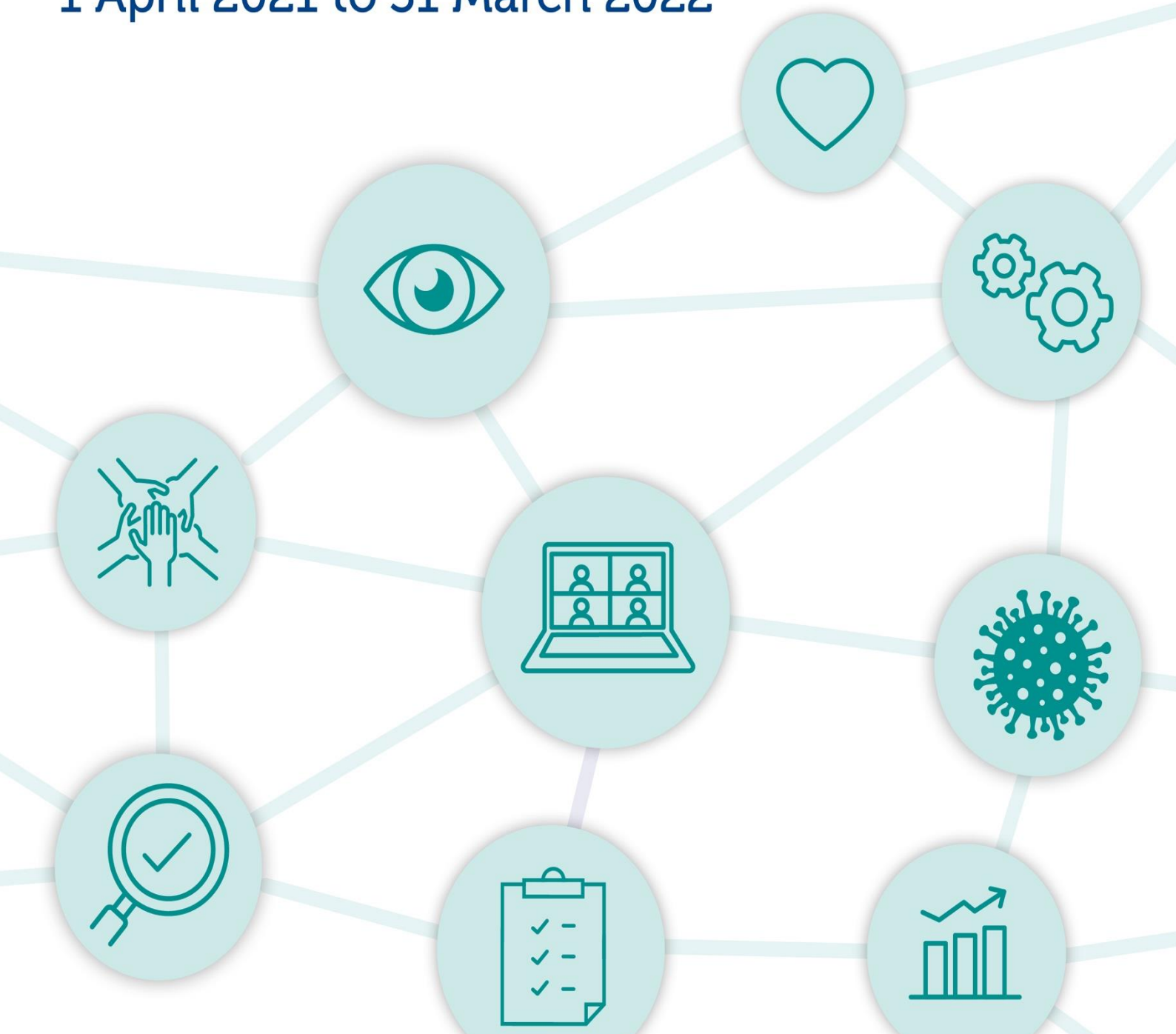
- 13. This report complies with legal, governance and financial governance requirements.

## **CONCLUSION**

14. There is an unmodified audit opinion on the financial statements and the external auditors were positive in their feedback on the Annual Report and Accounts and the accompanying working papers. 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.
15. The Council is asked to endorse the 2021/22 Annual Report and approve the 2021/22 Accounts for submission to Scottish Government for laying before Parliament by 31 December 2022.
16. We acknowledge the work of staff within the Finance, Performance and Improvement and Communications departments particularly, in preparing the Annual Report and Accounts.

# Annual Report and Accounts

1 April 2021 to 31 March 2022





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## 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 2021 to 31 March 2022

SI number SG/2022/16

## Chief Executive's foreword

**Welcome to our 2021/22 Annual Report and Accounts. It has been an extraordinary year during which everyone working in social work, social care and early years, and our staff, have continued to deliver the dedicated, valuable work that is the foundation of social services in Scotland. Throughout the year we continued to adapt to new and better ways of working following the global pandemic.**

As you read this report you will see the year has been one of progress during which we have embedded our use of digital technologies and different, innovative ways of working. We have started several significant change projects that will deliver improvements for the social work, social care and early years workforce, social service employers and our staff and stakeholders, in the years ahead.

In December, we launched our Future Proofing Programme, a three-year programme that aims to make sure our regulatory system is clear, transparent and raises the standards of practice in the sector. A key part of the programme is to review and build a sustainable Register for the Future which will be easier to understand for all. We had record involvement from the sector with the consultation sharing their thoughts, feedback and ideas with us which will be of great value as we develop the Register.

We updated and improved some of our processes and introduced new services to benefit the sector and those who work in it. For example, we introduced an automated process for straightforward registration renewals, and we developed a support line for people going through the fitness to practise process.

Partnership working is fundamental to our role. We deliver our work by involving people across a broad spectrum, from those who have lived experience of using services to partners like the Scottish Government, the Scottish Refugee Council, NHS Education for Scotland (NES) and the Care Inspectorate. We supported the social service workforce at all levels to deliver high standards of practice. We worked with the Scottish Government and NES to develop leadership activities and delivered online sessions on key topics and practice areas. We developed the newly qualified social worker (NQSW) supported year model and are supporting the roll out of the supported first year of practice for NQSWs.

This year has brought out the best in our staff and the social work, social care and early years workforce despite the continued challenges we all faced. The support for our citizens and communities is impressive and I thank you all for your exceptional commitment, hard work and resilience throughout 2021.

Lorraine Gray  
Chief Executive

## **SECTION A: Performance report**

## Performance overview

### Our organisation

The Scottish Social Services Council (SSSC) is the regulator for the social work, social care and early years workforce in Scotland. We deliver our vision:

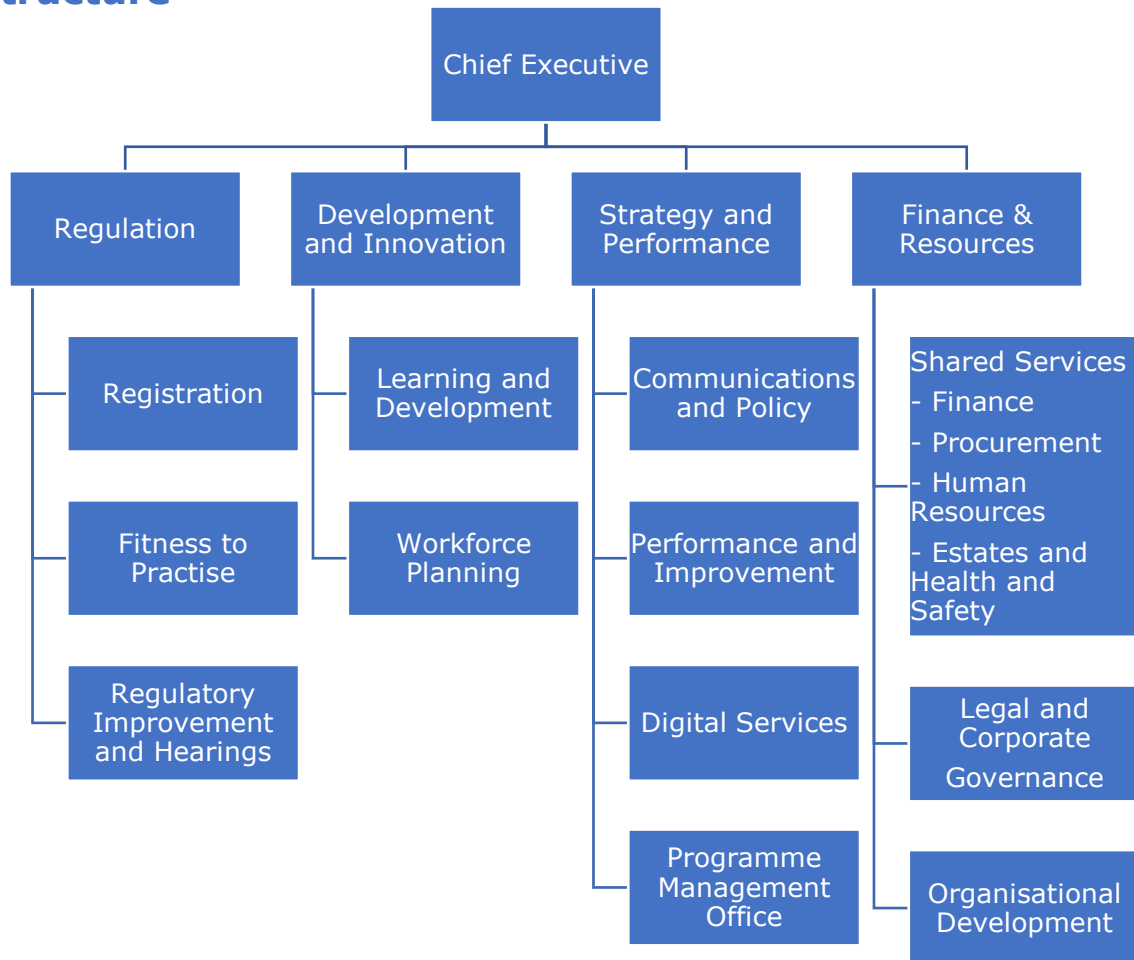
**Our work means the people of Scotland can count on social work, social care and early years services being provided by a trusted, skilled and confident workforce through regulation, registration and development of their skills.**

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 10 Members, including a Convener, who are appointed by Scottish Ministers. The Council delegates some responsibilities to the Audit and Assurance Committee.

Our Chief Executive and directors make up our Executive Management Team (EMT). The heads of each department make up our Operational Management Team (OMT).

We have 314 full-time equivalent employees working across four directorates. We share services with the Care Inspectorate including Finance, Human Resources, Procurement, Estates and Health and Safety.

## Structure



## Our work

The social service sector employs approximately 209,700 workers which represents almost 8% of all employment in Scotland, or 1 in 13 workers. This is the highest figure since we began publishing this data in 2008.

The workforce includes social service 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.

We protect the public by registering social workers, social care and early years workers, setting standards for their practice, conduct, training and education and by supporting their professional development. 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 work, social care and early years services and their employers
- register people working in social work, social care and early years and make sure they adhere to our codes of practice
- promote and regulate their learning and development
- are the national lead for workforce development and planning for the social work, social care and early years workforce in Scotland
- are the official and national statistics provider of social service workforce data in Scotland
- are the Sector Skills Council for social services in Scotland.



Our work contributes to the Scottish Government's purpose and national outcomes:

Scottish Government purpose	To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.
National Outcomes	<ol style="list-style-type: none"> <li>1. We live in communities that are inclusive, empowered, resilient and safe.</li> <li>2. We grow up loved, safe and respected so that we realise our full potential.</li> <li>3. We are well educated, skilled and able to contribute to society.</li> <li>4. We respect, protect and fulfil human rights and live free from discrimination.</li> </ol>
SSSC vision	Our work means the people of Scotland can count on social work, social care and early years services being provided by a trusted, skilled and confident workforce.
SSSC strategic outcomes	<ul style="list-style-type: none"> <li>• People who use services are protected by ensuring the regulated workforce is fit to practise.</li> <li>• The SSSC supports and enhances the development of the regulated workforce to deliver high standards of practice and drive improvement.</li> <li>• Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.</li> <li>• The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.</li> </ul>

## Our business model



### Our key partners and stakeholders

- Scottish Government sponsor – Office of the Chief Social Work Adviser and Scottish Government policy teams
- Social service employers' representative groups
- People with lived experience
- Learning providers and awarding bodies
- NHS Education Scotland
- Skills Development Scotland
- Care Inspectorate
- Other regulators within and out with social services and across the UK
- Skills for Care and Development
- Social Work Scotland
- Convention of Scottish Local Authorities



### Key activities

- Maintain a register of eligible workers
- Publish the codes of practice for people working in social services and their employers
- Investigate concerns about the fitness to practise of registrants and applicants
- Sector skills council
- Support the professional development of workers
- National lead for workforce development and planning for social services in Scotland
- Engage stakeholders through our Involving People Plan
- Official and national statistics provider of social service workforce data in Scotland
- Collaboration with Scottish Government policy teams



### Key resources

- Staff
- IT systems and hardware
- Office and hearing rooms
- Knowledge and experience



## Value proposition

Our work means the people of Scotland can count on social work, social care and early years services being provided by a trusted, skilled and confident workforce.

We protect the public by registering social workers, social care and early years workers, setting standards for their practice, conduct, training and education and by supporting their professional development.

Where people fall below the standards of practice and conduct we can investigate and take action.



## Who we reach

- Members of the public
- People who use services and their carers
- Social service user and carer representative groups
- Advocacy and campaigning groups



## Our customers

- Scotland's social work, social service and early years workforce
- Workers applying for registration
- Registered workers
- Employers of registered workforce



## 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 2021/22 was £16.0m from grant in aid (outturn £16.2m) and £5.7m from fees paid by registrants (outturn £6.0m) and other income of £0.3m (outturn £0.6m).

## Managing our risks

Our Council is accountable for overseeing risk management. The Council has delegated responsibility for managing our strategic risk 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.

In 2021/22 we identified the following strategic risks that could have prevented us from achieving our outcomes.

1. We fail to ensure that our system of regulation meets the needs of people who use services and workers.
2. We fail to ensure that our workforce development function supports the workforce and employers to achieve the right standards and qualifications to gain and maintain registration.
3. We fail to meet corporate governance, external scrutiny and legal obligations.
4. We fail to plan and resource our activities to deliver our digital strategy.
5. We fail to provide value to our stakeholders and demonstrate our impact.
6. We fail to develop and support SSSC staff appropriately to ensure we have a motivated and skilled workforce or have insufficient staff resources to achieve our strategic outcomes.
7. We fail to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.
8. Business Continuity Plans (BCP) are in place and tested.
9. We are unable to operate effectively and efficiently due to effects of the global pandemic caused by COVID-19.

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 our EMT to review and escalate as appropriate. Our processes allow us to escalate and de-escalate risks when required.

## Reviewing our strategic risks

We proactively identify risks around business continuity procedures, our ability to carry out planned business activities and our budget. We also monitor changes to the policy landscape, for example the recent National Care review as well as the ongoing implementation of the Independent Review of Adult Social Care and The Promise. These continue to provide opportunities for change and improvement in how we carry out our planned activities.

In February 2022 we reviewed our strategic risk register and identified a number of emerging risks and ongoing areas from last year. We will continue to monitor these over 2022/23 alongside emerging risks as we identify them. Some risks from 2021/22 have now been removed from the register. Our revised strategic risks and examples of key mitigating actions for 2022/23 are shown below.

Table 1: Descriptions of strategic risk and mitigating actions

<b>Description of risk</b>	<b>Key mitigating actions</b>
We fail to ensure that our system of regulation meets the needs of people who use services and workers.	Develop changes to the structure of the Register.
We fail to ensure that our workforce development function supports the workforce to achieve the right standards and qualifications to gain and maintain registration.	Develop new qualifications and career pathways to support delivery of new models of care.  Development of workforce skills action plan to address identified skills gaps and learning needs, including shortage of provision.  Development of a national induction resource to support the adult social care sector.
We fail to meet corporate governance, external scrutiny and legal obligations.	Implement regular assurance mapping reviews.
We fail to provide value to our stakeholders and demonstrate our impact.	Develop SSSC equalities data and consider publication of this to support policy changes.  Use the stakeholder and registrant research and survey information carried out in 2021/22 to inform our next strategic plan.
We fail to develop and support SSSC staff appropriately to ensure we have a motivated and skilled workforce or have insufficient resources to achieve our strategic outcomes.	Deliver our People Strategy action plan.

Description of risk	Key mitigating actions
We fail to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.	<p>Annual review of financial strategy will take place alongside development of the next strategic plan.</p> <p>Quarterly assurance meetings to consider current financial position, organisational performance and risk.</p> <p>Regular review of resource models.</p>
Business Continuity Plans (BCP) are in place and tested.	Development of suite of business continuity management resources.
We fail to have the appropriate measures in place to protect against cyber security attacks.	<p>Revised business continuity and incident management testing plan.</p> <p>Continue to maintain our cyber essential accreditation.</p>

## Engaging with our customers and stakeholders

We carry out regular engagement with customers to help us identify their needs and areas where we can improve.

We held two surveys for people on our Register in 2021/22. We also surveyed groups of stakeholders and took part in Ipsos MORI's annual survey of Members of the Scottish Parliament.

While the surveys had specific aims, as in previous years we identified consistent themes. Across both surveys for people who are registered we received 12,766 responses. The responses indicate continued positive feeling towards the SSSC and the benefit that being registered brings, as well as very positive feedback on the customer service we provide.

A consistent theme across the responses was the difficulty that workers have in finding enough time to access and use our learning resources during working hours, and alongside that, a consensus that live or recorded online training and learning sessions would be preferable.

We also noted some emerging issues that were highlighted by more than one part of the Register. We will use this information to plan development of future resources and engagement with the sector.

- Work commitments prevent attendance at events.
- Respondents would like more clarity on the role of the SSSC/information on what the SSSC does.
- Respondents want to see us promote better pay and benefits in the sector.

To make sure we build a sustainable Register that is easier to understand by workers, employers and the public and is fit for the future we launched the consultation for the first phase of our Register for the Future programme. This resulted in the highest engagement we have had for a consultation with over 6,500 responses from registered workers, employers, representative groups and people with experience of using social work, social care and early years services. This work will continue into our next strategic plan.

To improve our understanding of the value of being registered and to develop our relationships with the sector, we held our 'meet the SSSC' events for registered workers online for the first time. We ran various workshops with 120 attendees resulting in very positive feedback: 94% of respondents told us they were more positive about regulation and registration and 62% said their knowledge about these areas had improved because of the events.

## Our strategic outcomes

2021/22 marked the second year of our [2020-2023 Strategic Plan](#). This Annual Report and Accounts provides a high-level assessment of our work during 2021/22 to deliver our strategic plan outcomes.

We have four strategic outcomes.

1. People who use services are protected by ensuring the regulated workforce is fit to practise.
2. The SSSC supports and enhances the development of the regulated workforce to deliver high standards of practice and drive improvement.
3. Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.
4. The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.

To show our progress in fulfilling these outcomes, over the remaining period of our strategic plan we will measure:

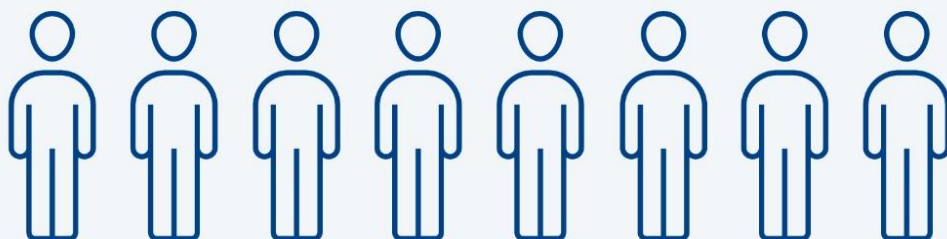
- the percentage of people using services who experience high quality care from a qualified and registered workforce
- the percentage of the workforce who believe that the work of the SSSC improves their practice
- the percentage of those who use our resources that report positively on the effectiveness of workforce planning activities
- the feedback we receive that our work promotes the value of the social care workforce through engagement activity.



# 21/22

## One year at a glance

At its peak, around **165,811** individuals were on the Register.



**6,275**

SSSC Open and Health and Social Care Standards badges awarded\*.



**17,042**

active users of MyLearning app.

\*Open Badges are digital certificates recognising learning and achievements that are tied to assessment and evidence.



**3,428**

fitness to practise concerns received.



**3,815**

concerns closed or resolved.



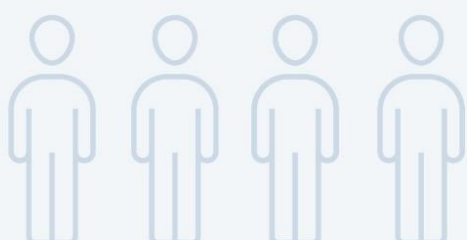
**201**  
hearings held



of which  
**197**  
were online



**4**  
were a hybrid of online and in-person meetings



**51,146**

applications registered.

## Financial performance

Our budget is funded 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 but without imposing day-to-day control over how we spend it). In managing our finances, we are not allowed to use overdraft facilities or to borrow.

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

Our budgeted income and funding for 2021/22 was as follows:

	<b>2021/22 Budgeted income £000</b>	<b>2021/22 Budgeted funding £000</b>	<b>2021/22 Total income and funding £000</b>
Grant in aid		16,035	16,035
Specific grants		900	900
Registration fees	5,644		5,644
Other income	290		290
<b>Total income and funding</b>	<b>5,934</b>	<b>16,935</b>	<b>22,869</b>

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.

We set the 2021/22 expenditure budget at £25.072m. This is £2.203m more than the 2021/22 available funding of £22.869m. Our Scottish Government Sponsor agreed that we could retain additional 2020/21 grant in aid of £2.203m in our general reserve to fund practice learning fees, digital and other development during 2021/22. We did not fully use this in 2021/22 due to ongoing delays relating to the COVID-19 pandemic.

There was no capital expenditure during the 2021/22 financial year. The following table shows our revenue budget position.

	2021/22 Budget £000	2021/22 Actual £000	2021/22 Variance £000
Revenue expenditure	25,072	24,357	(715)
Fee income	(5,644)	(5,951)	(307)
Other income	(290)	(555)	(265)
<b>Net expenditure</b>	<b>19,138</b>	<b>17,851</b>	<b>(1,287)</b>
Grant in aid (revenue)	(16,035)	(16,217)	(182)
Specific grant funded projects	(900)	(1,209)	(309)
<b>Total funding</b>	<b>(16,935)</b>	<b>(17,426)</b>	<b>(491)</b>
<b>Deficit/(surplus) for the year</b>	<b>2,203</b>	<b>425</b>	<b>(1,778)</b>
<b>Transfer to/(from) General Reserve</b>	<b>(2,203)</b>	<b>(425)</b>	<b>1,778</b>

Our actual deficit for 2021/22 was £0.425m ie £1.778m less than the budgeted deficit position of £2.203m. The Scottish Government has agreed we can carry this forward for use during 2022/23.

Budget variances were as follows:

	2021/22 £000
<b>COVID-19 related expenditure variances</b>	
Practice learning fees	(493)
Postgraduate bursaries	(259)
Digital development	(166)
Workforce development activity	350
<b>Total COVID-19 related revenue expenditure variances</b>	<b>(568)</b>
Other revenue expenditure variances	(321)
Voluntary Sector Development Fund (VSDF)	174
<b>Total revenue expenditure variances</b>	<b>(147)</b>
Additional registration income	(307)
Modern apprenticeship and other income	(265)
Additional VSDF income	(197)
Grant in aid funding	(182)
Workforce development grant income	(112)
<b>Total budget variance</b>	<b>(1,778)</b>

Underspends totalling £0.568m arose due to the COVID-19 pandemic. Practice learning opportunities for social work students were suspended in 2020/21 and this impacted on the 2021/22 financial year giving an underspend of £0.493m in 2021/22. It is expected that this funding will be required in 2022/23 as practice learning fee rates will increase. COVID-19 also impacted on postgraduate bursaries (£259k underspend).

Workforce development activity was also delayed due to COVID-19. We carried forward £327k grant in our general reserve from 2020/21 towards this activity in 2021/22. Digital developments were also delayed during the year (£166k underspend).

We received additional grants, grant in aid and VSDF income during the year totalling £491k and we received more income than budgeted for registration fees (£307k) and modern apprenticeship fees (£265k).

The Sponsor has agreed we can carry forward our underspend to 2022/23 in our general reserve balance to complete the delayed work impacted by COVID-19 and fund an increase in practice learning fee rates from August 2022. This means our general reserve will not reduce as much as anticipated when we set the 2021/22 budget. The closing balance of £2.389m (note 11) is 9.5% of gross expenditure. The SSSC's target range for the revenue element of the general reserve is 2.0% (£0.501m) to 2.5% (£0.627m) of our gross expenditure budget.

## **Reconciliation to Statement of Comprehensive Net Expenditure**

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 2021/22 depreciation charge is £1k.

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	2021/22 £000
Deficit per the SCNE	SCNE	15,929
Funding from grants and grant in aid	12a	(17,426)
Reverse IAS 19 pension accounting adjustments	5b table 2	1,923
To fund depreciation of assets	6a	(1)
<b>Surplus on funding and budgeting basis</b>		<b>425</b>

### Supplier payment policy

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 10 days. In 2021/22 we paid 99.60% (2020/21: 99.14%) of invoices within 10 days.

### Going concern

The SSSC has no reason to believe the Scottish Government 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 2022/23. It is therefore considered appropriate to prepare the accounts on a going concern basis.

The Statement of Financial Position at 31 March 2022 shows net liabilities of £7.279m (2020/21: £8.776m). The net liabilities are mainly the result of actuarial assumptions adopted for the application of accounting standard IAS 19.

IAS 19 requires the liabilities and assets of the pension scheme to be valued. The pension liability represents the best estimate of the current value of pension benefits that the SSSC will have to fund. The liability relates to benefits earned by existing or previous SSSC employees up to 31 March 2022.

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.

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 our Scottish Government Sponsor.

## Delivering our strategic plan

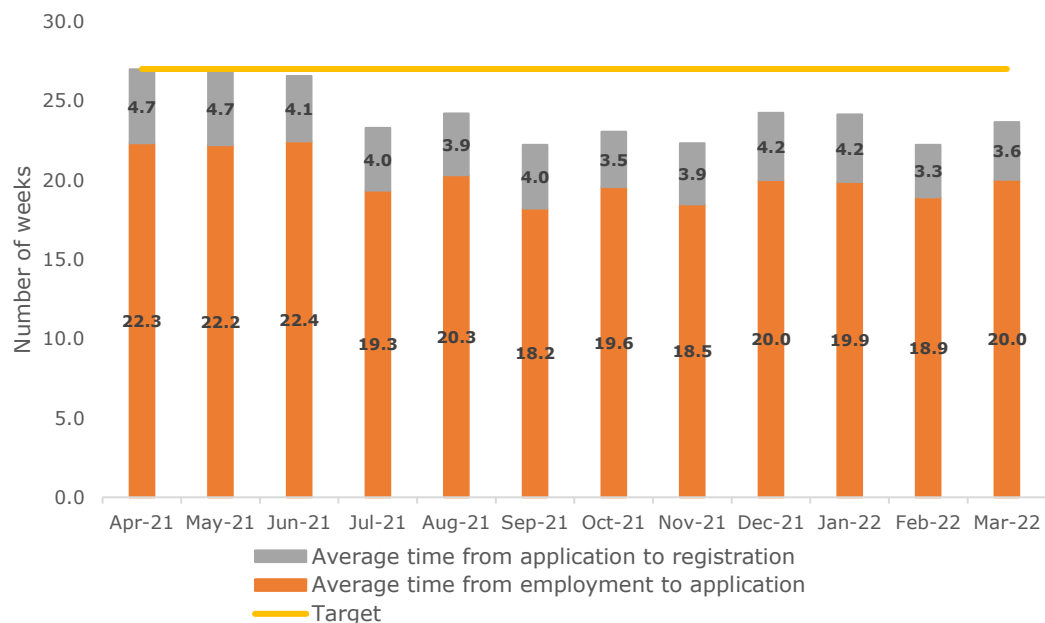
### Outcome 1: People who use services are protected by ensuring the regulated workforce is fit to practise.

We need to make sure that we use our resources well so we take action where we need to. If we look at the wrong things, take too long to process applications or don't hold serious case hearings quickly enough then we increase the risk that people who use services are supported by workers who aren't fit to practise. The charts below tell us whether we are doing this well enough. We know there is more we can do to make sure we keep protecting the public. Here are some things we have done to keep improving how we do this.

1. We worked with employers to embed revised thresholds for fitness to practise investigations. The aim of this is to reduce unnecessary referrals.
2. We introduced an automated process for renewing registration to make this as quick as possible.
3. We developed a support line for those going through the fitness to practise process, worked with volunteers from the sector to help us improve our communications and set up a representative's forum to help us understand and resolve issues around the fitness to practise process.
4. We ran a temporary social work register to support services during the pandemic. Of the 307 registered, 134 moved to the permanent register when the temporary register closed in March 2022.
5. We set up a recruitment portal for the early years workforce to support the rollout of the expansion of early years services. We provide information about people who are no longer registered but want to help so employers can speak to prospective candidates more easily.
6. We held most hearings fully online to ensure public protection was maintained during the pandemic. This led to an increase from 30% of people engaging with the hearings process in March 2020 to 43% by the end of 2021/22.

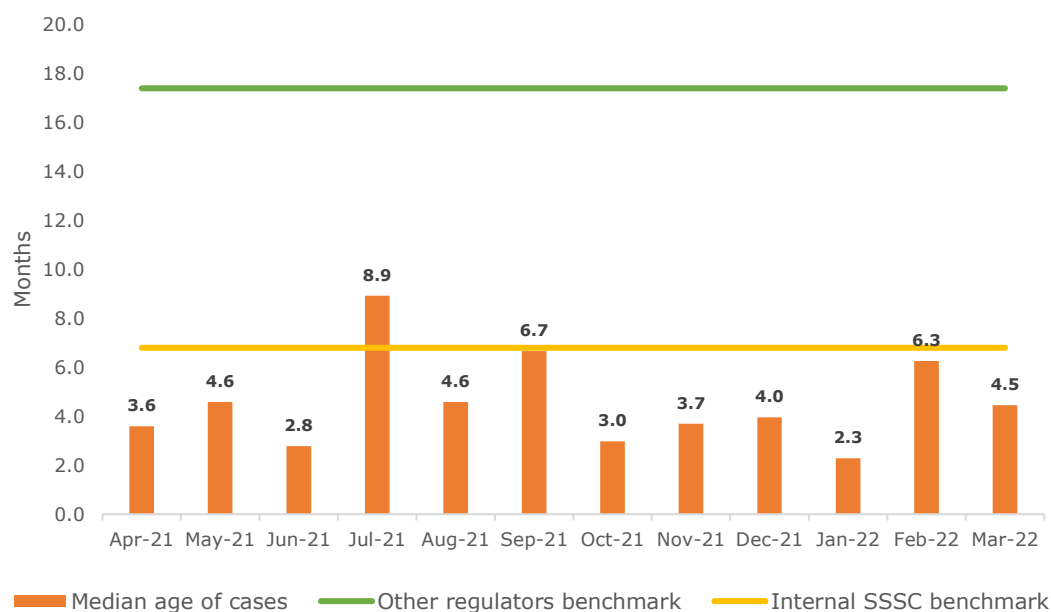
## Strategic performance indicator results

Figure 1: Reduce the average time taken from a person starting their employment to being registered with the SSSC.



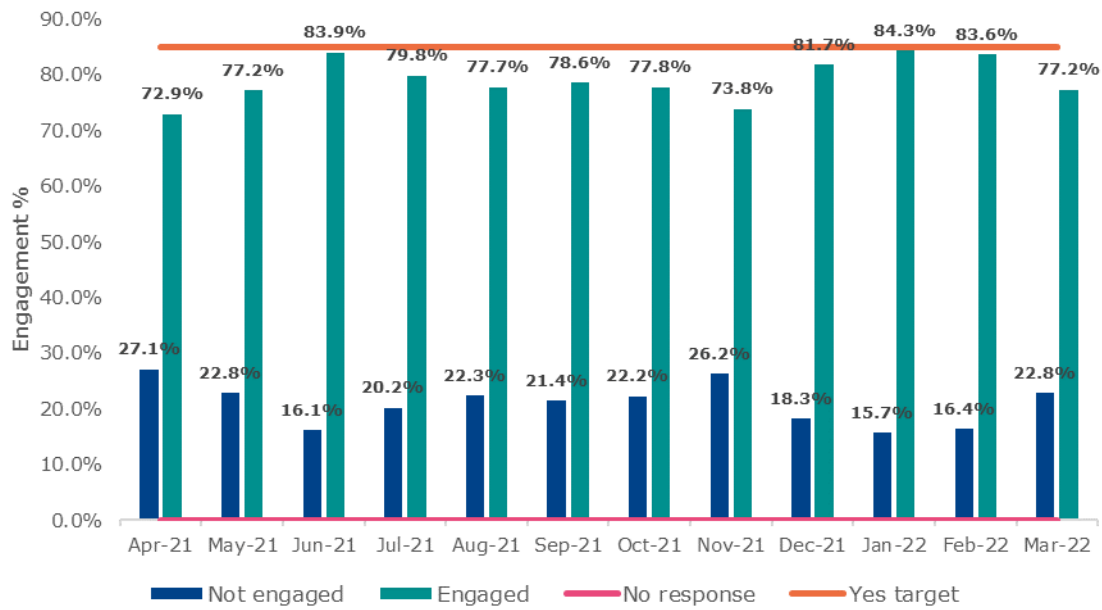
Our target for this indicator is 27 weeks. We have met this target and have reduced the average time taken for both employment to application and also application to registration. In March 2020 we extended the six month grace period to obtain registration to 12 months. The legislation reverted to six months in March 2022 and we will be working with the sector to reduce this further over the next year.

Figure 2: The median time taken to process a fitness to practise case is maintained at less time than organisations we benchmark against.



Our external benchmark is 17.4 months. We set ourselves a more meaningful target of 6.8 months based on past performance. We achieved performance below this internal target for most of 2021/22 and reduced the overall caseload by 375 cases over the course of the year.

Figure 3: Increase the percentage of the workforce who are engaged when they are involved with the fitness to practise process.



Engagement levels fluctuated throughout the year, however these remained consistently high. Overall, we achieved an average engagement rate of 78.9% across the year. Our target is 85%.



## Outcome 2: The SSSC supports and enhances the development of the regulated workforce to deliver high standards of practice and drive improvement.

In 2021/22 the ongoing effects of the pandemic on the sector have meant that in some areas there has been a significant impact on our partners to engage with and contribute to collaborative projects resulting in delays. Despite these challenges we have delivered on most objectives linked to this outcome.

We supported leadership activities including the development of the 'Developing Senior Systems Leadership' programme. The Scottish Government and NHS Education for Scotland are leading this programme. Our main role is to support the inquiry and development process and make sure the voice and needs of social care and social work leaders are included.

We held non-technical cyber security awareness sessions for social service workers and managers to raise awareness of online safety and introduce our new cyber security open badges. The events were also helpful in raising awareness of what we are doing to support the social service sector.

To support continuous professional learning (CPL) we have published new information on nationally recognised learning resources that we endorse. This information is available online and highlights resources we've worked on with national partners to support professional development of each part of the sector.

We worked with colleagues in public health and within the social service sector to make sure that the development of national infection prevention and control (IPC) guidance was person-centred, relevant and meaningful for staff working in social care settings.

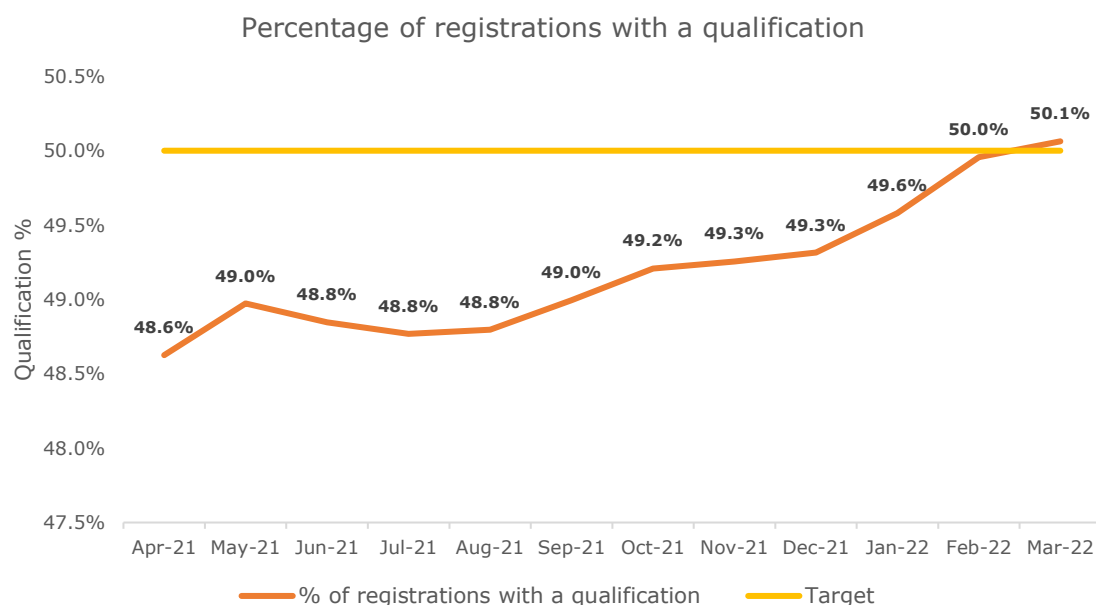
We supported the review of HNC qualifications and held a series of engagement events to set out our proposals for a new health and social care integrated award. We are establishing a working group to assist in mapping the technical requirements of the award.

We worked closely with the Care Inspectorate and NHS Education Scotland (NES) to develop a strategy to support quality improvement (QI) learning in the social service workforce and in line with the establishment of an improvement programme for adult social care. We continue to work with partners to increase the capability and capacity of the workforce in respect of QI and our learning network grew over the year with over 280 new members.

We developed the newly qualified social worker (NQSW) supported year model and related online resources for workers, and we are supporting the 10 early implementation sites to roll out the supported first year of practice for NQSWs.

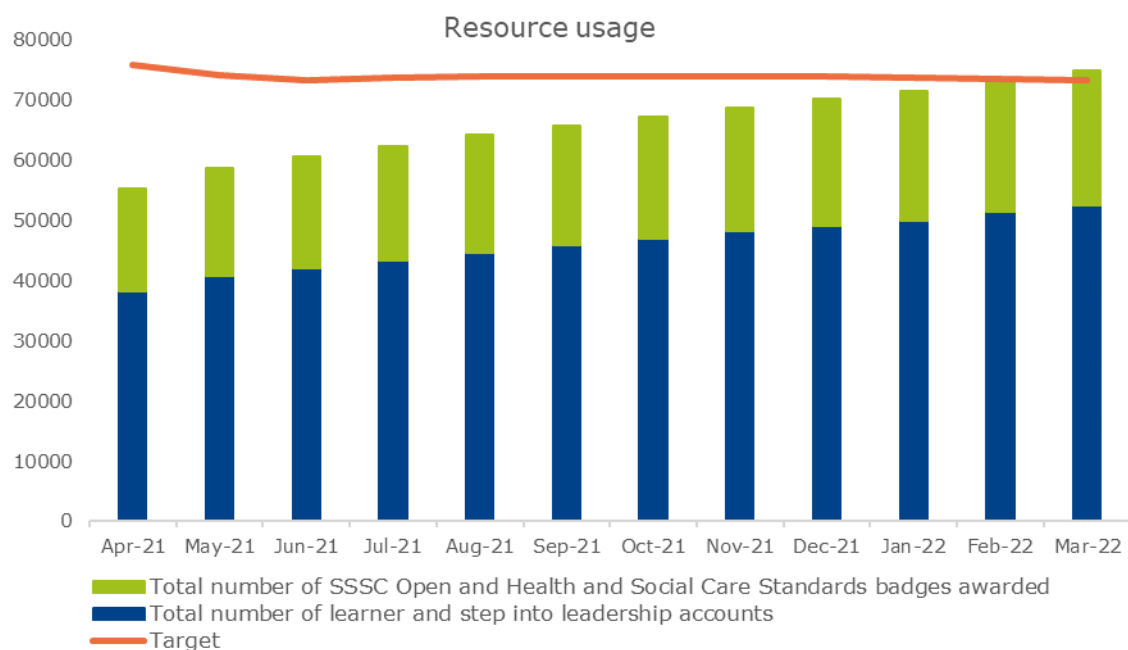
## Strategic performance indicator results

Figure 4: Increase the percentage of the registered workforce with the correct qualification.



We have a target of 50% for this indicator and we reached our target for the first time in February 2022. This followed sustained increases throughout much of 2021/22.

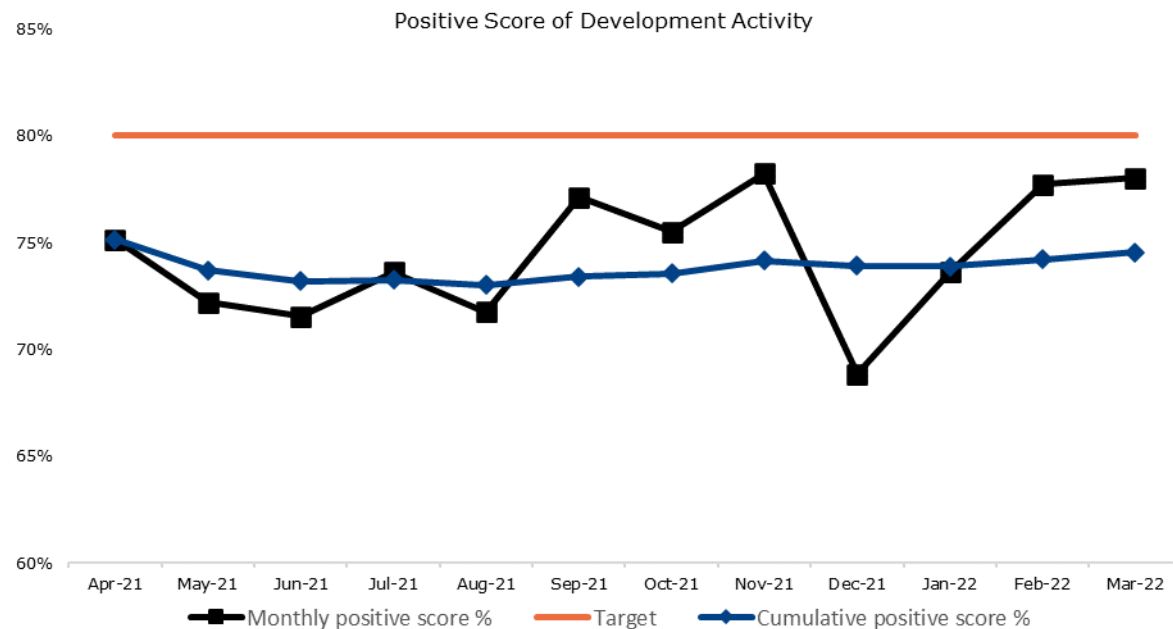
Figure 5: Increase the percentage of the workforce using our learning resources to achieve continuous professional learning.



We have achieved this aim. User accounts have increased consistently each month in 2021/22 and while open badges awarded has reduced, we believe this

is due to staff returning to full time employment as COVID-19 continued which left less time for them to focus on CPL.

Figure 6: Percentage of those reporting positively that our development activity is delivering the support required by the workforce.



We have set an ambitious target of 80% of people reporting positively that our development activity is supporting the workforce. The monthly positive score fluctuated from month to month. We can link this to the variations in responses we receive to our surveys and feedback questionnaires. Our cumulative positive score shows that we are maintaining a stable positive score for this indicator and are close to reaching our target.

### Outcome 3: Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.

In 2021/22 we published a range of reports and data sets to support workforce planning including our local authority social worker tool. This tool allows users to look at data on social worker headcount and working time equivalent (WTE) per head of relevant population for different types of social workers across local authorities over the last 10 years. We also published the Workforce Skills Report in October 2021. This identifies gaps between the demand for training and the availability of training for the workforce.

Other public bodies used our data to inform national workforce planning recommendations and reports, for example Audit Scotland's Social Care Briefing. The Office of National Statistics has also cited our reports within a section of their website which provides a database of reports from all four UK nations to help improve accessibility, harmonisation and coherence of workforce data nationally.

We improved MySSSC to allow employer counter signatories to enter career opportunities which colleges can access and share with participants. We launched this in late 2021/22 and there are currently around 80 individual entries listed. Each entry could represent multiple local opportunities with one employer.

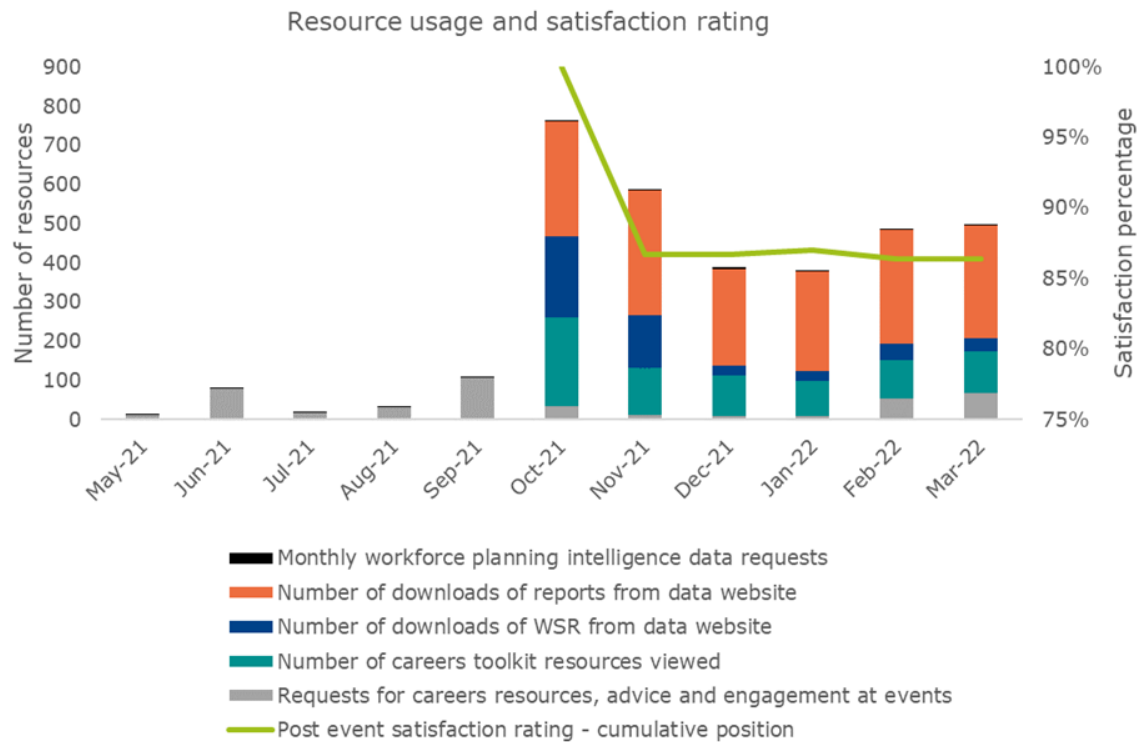
To support the development and enhancement of qualifications within the sector, we launched a careers toolkit which includes guidance for modern apprenticeships.

We have established a national Social Service Workforce Data and Planning Group which helps to oversee and direct the work of our Workforce Intelligence team to inform national planning. Membership of the group includes representatives from Scottish Government, COSLA and representative groups.

We have supported careers and employability initiatives in several ways throughout 2021/22. This includes work with colleges and the College Development Network to support development of a new online 'Introduction to a Career in Social Care' course, where our staff provided support for improving career and recruitment outcomes for both participants and social care employers, and support through our Employability in Social Services group. The group shares current and emerging employability practices which help people to work towards a new career in social services. We have committed to continued joint work in 2022/23 to improve the consistency and availability of employment support for those wishing to explore a career in social services.

## Strategic performance indicator results

Figure 7: Percentage of those reporting positive awareness of workforce planning resources and report that resources are effective



We introduced this indicator part way through 2021/22 and this is reflected in the data from October 2021 onwards. We define 'positive awareness' as active use of the resources – for example, someone proactively seeking information from us or downloading our resources. This indicator will develop over time as we record more information. Our current cumulative satisfaction score is 86%.

## Outcome 4: The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.

In June 2021 we introduced this outcome to build on the positive awareness of the role and value of the social work, social care and early years workforce that became evident during the pandemic.

Our Inspiring Care Stories campaign was recognised as a finalist in the Chartered Institute of Public Relations Pride Awards 2021, in the categories for 'Best Covid Response' and 'Best Public Sector Campaign'. This achievement highlighted the work of the SSSC in promoting the value of the sector to a wider audience.

The Scottish Refugee Council (SRC) invited us to contribute to a presentation for people who were looking to start a career in Scotland. We are continuing this work in 2022/23 in partnership with SRC and colleges to highlight career opportunities to people with experience of holding refugee status or claiming asylum in the UK.

We provided specialist advice and expertise to the Scottish Government as part of the advisory group for the 'There's more to care than caring' campaign for careers in adult social care. This included advice on the marketing materials and website, as well as including SSSC resources throughout. An example of this is 'A Question of Care', our resource to help people identify whether they are suited to a career in social care.

We have contributed to the living wage and effective voice workstreams of the 'Fair Work in Social Care' agenda. Within the living wage work stream we have supported the delivery of the £10.50 minimum wage for all adult social care staff in commissioned services from 1 April 2022. Within the effective voice (EV) work stream we have advised on the development of the nine EV standards, supported engagement workshops and surveys with workforce groups and contributed to the planning of the EV pilot and recruitment of a full time, fixed term appointment to support the first phase of implementation of the standards.

## Strategic performance indicator results

The work of the SSSC promotes the value of the social care workforce.

The measures for this indicator involve surveying registrants across the year as well as some of our key stakeholders. The measures are that we:

- receive feedback that our work promotes the value of the social care workforce through engagement activity
- can demonstrate the impact of this workforce being qualified and registered, professional and regulated.

We held our annual registrant survey in June 2021 and asked workers to help us better understand how well we promote the sector. Registrants who responded were positive, with 69% agreeing that we promote the positive value of social work, social care and early years services. We recognise that we can do more to promote the sector. Since the survey we have launched campaigns focusing on the work we do to promote careers in care and the work we do to help registrants develop their careers and support their continuing learning and development.

## Supporting delivery of our strategic outcomes

### Developing our people

We completed our **evolve** programme in 2021/22. We incorporated some ongoing work into our People Strategy 2021-2024. The strategy launched in September 2021 and sets out what we will do to develop the following key areas.

- Effective leaders and managers.
- Recruit and develop excellent people.
- A healthy and inclusive organisation.
- Informed, involved and engaged employees.
- Investing in young people.
- An agile and innovative workforce.

In 2021/22 we achieved a gold award in Investors in People (IiP). Our overall scores are above the average IiP benchmark and the average industry benchmark and we are ranked in the top 20 Gold We invest in people employers. This achievement reflects the commitment of staff to making the SSSC a better place to work, and the IiP assessor has encouraged us to seek the platinum award and consider using their Investors in Wellbeing framework. We will continue with our work towards achieving this in 2022/23.

We are building our culture to embed and support all types of learning. We supported 56% of our staff in formal learning and development activities in the first year of the strategy and 94% of them reported a positive impact on their development.

We need the people who use our services to have trust and confidence in us. We do this through our people. Our 2022 registrant survey showed that 80% of registrants who responded are either satisfied or very satisfied with our work.

We have monitored the progress of our first People Strategy through our People Board which also includes our trade union partners.

We are proud of our people and their contribution to the sector we support.

### Complaints

Our complaints handling procedure complies with the Scottish Public Services Ombudsman (SPSO) guidance. We record all complaints and monitor areas of improvement and opportunities for shared learning. We report our complaints performance annually to Council and publish this and quarterly updates on our website. We introduced a revised complaints handling procedure in April 2021. This is in line with revisions to SPSO guidance.

Our average response time for stage one complaints is two working days, which is within the five-day timescale. The average for stage two responses is 24 working days, which is above the 20-day timescale.



We provided internal training to staff to build on their knowledge and understanding of how to identify and record complaints. There is a direct correlation with this training and the increase in number of complaints handled throughout the financial year.

Table 2: Complaints performance 2017/18 to 2021/22

<b>Complaints</b>					
<b>Indicator</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
Stage 1 complaints received	402	90	186	222	292
Percent stage 1 responded to in five working days	94%	92%	95%	93%	93%
Stage 2 complaints received	16	8	15	15	24
Percent stage 2 responded to in 20 working days	81%	89%	71%	91%	96%
Percent upheld (all complaints)	5%	18%	23%	Not recorded	Not recorded
Percent partially upheld (all complaints)	4%	25%	17%	Not recorded	Not recorded
Percent resolved (all complaints) *	62%	Not recorded	Not recorded	Not recorded	Not recorded

\*resolved is a new outcome option which was introduced in the SPSO's new model in April 2021

## Information governance

In 2021/22 we responded to 108 requests for information from third parties, including other regulatory bodies or Police Scotland. We also responded to 44 subject access requests and 32 requests under the Freedom of Information (Sc) Act 2022. These are similar to levels of requests received in 2020/21.

## **Whistleblowing**

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

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 annually the details of referrals that qualify as whistleblowing and the actions we took.

In 2021/22 we received seven whistleblowing referrals. In six 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.

In one referral we did not open a case as we assessed it as having no real prospect of finding current impairment.

For the six cases we opened:

- three cases are ongoing
- three cases have concluded
- one case resulted in no action taken as we found the worker's fitness to practise was not currently impaired
- one case resulted in a worker receiving a warning
- one case resulted in a worker being removed from the Register.

We also have two open whistleblowing referrals which we opened before 2021/22. One is still under investigation, while the other is at the decision stage. We have concluded all cases referred prior to 2020/21.

We encourage staff to raise serious concerns about wrongdoing or alleged impropriety. Our Whistleblowing Policy informs staff on when and how to raise these concerns. The policy is consistent with, and makes explicit reference to, the Public Interest Disclosure Act 1998.

There were no internal whistleblowing referrals in 2021/22.

## **Counter fraud, bribery and corruption**

Our Counter Fraud, Bribery and Corruption Framework, along with other controlled documents including Human Resources (HR) policies, codes of conduct, financial and contract procedure rules, whistleblowing and complaints policy ensure legislative compliance and prevention, detection and investigation of fraud, bribery and corruption. We update the Audit and Assurance Committee at every meeting on any instances of fraud in the preceding quarter and update

on the annual position. We did not detect any instances of fraud or corruption in 2021/22.

In 2021/22 we continued our contractual arrangements with NHS Counter Fraud Services (CFS) to support our counter fraud arrangements and updated the Audit and Assurance Committee on the work we carried out to assess and reduce the risk of fraud and the training CFS provided to staff. We will update the intranet and carry out further training to increase general awareness amongst staff.

## **Equality**

We are committed to promoting equality, diversity and inclusion. This commitment is underpinned by statutory duties placed upon us by the Regulation of Care (Scotland) Act 2001 and the Equality Act 2010.

In April 2021 we published our new equality mainstreaming and outcomes report. The report sets out our equality outcomes for the next four years.

We identified a gap in the collection of robust equalities data for those working in the sector and made changes to our MySSSC portal to allow all registered workers to update their equalities information with us. We will publish a summary of this information in 2022/23.

We also continue to implement the actions in our Care Experience and Children's Rights plans. For example, we are reviewing the Codes of Practice as part of wider work on modernising our Register. We are also taking steps to formalise and improve the way that we involve people in our wider work.

## **Social and environmental impacts**

The ongoing impact of COVID-19 in 2021/22 meant that most staff have continued to work remotely. Our facilities continue to be available for staff to use as we move into an agile working approach, mixing remote with in-person work. These changes mean that our contribution to reducing emissions continues to be positive.

We manage our carbon emissions in partnership with the Care Inspectorate as part of our shared services provision.

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 2015/16 baseline).

Table 3: SSSC carbon footprint

	2021/22	2020/21	2019/20	2018/19
Total CO2 produced (tonnes CO2 equivalent)	80.67	78.0	184.6	204.1
Total CO2 produced (tonnes CO2 equivalent)				
Travel	2.5	1.9	56.5	73.9
Gas and electricity	77.86	78.0	126.06	128.6
Water	0.16	0.2	0.7	0.7
Waste and recycling	0.15	0.2	0.9	0.9

**SECTION B: Governance statement**

## Governance statement

### Introduction

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](#).

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

### The governance framework

The SSSC is a non-departmental public body. We work within a broad [framework](#) agreed with the Scottish Government. The SSSC renewed its framework with the Scottish Government in February 2022. 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.

The Council comprises the Convener and nine non-executive Members. The Scottish Ministers make the appointments which 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. Members come from a variety of areas including health, charities, education, social work and social service sector and users of services as well as the Chair of the Care Inspectorate Board.

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

The SSSC Code of Corporate [Governance](#) 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.

### Council Members and attendance

Council Members must 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.

The Council approved a new SSSC Code of Conduct for Members in February 2022 in line with the new Model Code of Conduct for Members of Non-Devolved Public Bodies. The Head of Legal and Corporate Governance provided training to Members on the new Code. We have also updated our Register of Interests declaration form this year in line with the new Model Code.

The Convener appraises the Members on an annual basis. The SSSC Sponsor Department appraises the Convener on an annual basis. We hold our Council meetings in public and the minutes of each meeting are available on our website [www.sssc.uk.com](http://www.sssc.uk.com).

We held all our Council meetings in 2021/22 via Teams with public access available online. In addition, eight development sessions have taken place over the year. The following table details SSSC Committee membership and Council Member attendance.

	<b>Council</b>	<b>Audit and Assurance Committee</b>
<b>Number of meetings:</b>		
<b>Council Member</b>	<b>Attended</b>	<b>Attended</b>
Sandra Campbell (Convener)	6	1
Theresa Allison*	4	5
Professor Alan Baird*	6	5
Paul Edie (Chair, Care Inspectorate)	5	0
Julie Grace	6	0
Lynne Huckerby	5	0
Rona King*	4	5
Linda Lennie	5	2
Peter Murray*	6	5
Russell Pettigrew*	6	5

\* Denotes member of the Audit and Assurance Committee

## Audit and Assurance Committee

The Audit and Assurance Committee makes recommendations to the Council and Accountable Officer on risk, control and corporate governance including the mechanisms for measuring performance towards achieving strategic goals. We submit an assurance report to each committee meeting which provides performance, financial and risk information. This allows Members to assess delivery of our strategy, highlights areas of concern and identifies required corrective action. The Committee also receives reports from internal and external audit and the auditors can contact the Chair directly about any concerns they have during their audit work. The Committee submitted a draft Annual Report summarising the work of the Committee over the year 2021/22 and giving its opinion on the assurance that this work provides to Council for approval in May 2022.

In 2021/22 the Audit and Assurance Committee approved a template Assurance Map. They will approve the map on an annual basis. The map will set out the key aspects of our internal control framework and help us ensure we have assurances to meet all the requirements placed on the SSSC. The Committee will consider the finalised plan in May 2022.

## Accountable Officer

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

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.

## Executive Management Team (EMT)

The EMT supports the Chief Executive in her Accountable Officer role through the formal Scheme of Delegation. The EMT comprises the Director of Regulation, the Director of Development and Innovation, Director of Strategy and Performance and Interim Director of Finance and Resources. The Interim Director of Finance and Resources also has responsibility for overseeing the operation of shared services with the Care Inspectorate. The Director of Development and Innovation took up a secondment post with Scottish Government in January 2021 and the SSSC appointed the Head of Learning and Development and the Head of Workforce Development as joint acting Director of Development and Innovation for the period of secondment. In September 2021, the Head of Learning and Development became the sole acting Director of Development and Innovation.

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

## External audit appointment

The Auditor General appoints our independent auditors under the Public Finance and Accountability (Scotland) Act 2000. Audit Scotland appointed Grant Thornton UK LLP as our independent external auditors for a five-year period from 1 April 2016. Scottish Government extended the contract to 31 March 2022 due to the impact of COVID-19.

## Internal audit

The SSSC has contracted out its internal audit function to Henderson Loggie for a three-year period to 31 March 2023. Internal audit forms an integral part of our 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. This annual programme is based on a formal risk assessment process which we update on an on-going basis to reflect evolving risks and changes. The Audit and Assurance Committee reviews and approves the three-year Strategic Internal Audit Plan on an annual basis. We have an effective and productive relationship with our internal auditors.

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 2021/22, our internal auditors take into account:

- all reviews undertaken as part of the 2021/22 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 SSSC'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.

The internal auditor's overall opinion for 2021/22 was: 'the SSSC has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money.'

## Risk management

The SSSC has a Risk Policy. The main priorities of this policy are to identify, evaluate and control 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.

We identify and maintain risks on a Strategic Risk Register and address them in the preparation of the Strategic Plan. The Strategic Plan shows clear links between risks identified on the Risk Register and our strategic objectives. As a result, the risks identified become embedded in managers' work plans for the year. We also have a Risk Appetite Statement to underpin our approach to risk management and control. Council reviews the Strategic Risk Register and risk appetite statement on an annual basis. We also have a Risk Management Procedure which sets out how we will implement and monitor risk across the organisation.

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

## System of internal financial control

Within our overall governance framework specific arrangements are in place as part of the system of internal financial control. These arrangements make sure that we have reasonable assurances that we safeguard assets, authorise transactions and these are properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period.

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. 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
- a scheme of delegation.

## Corporate governance

Our strategy is set out in a three-year strategic plan supported by annual business plans. 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 the Council can take.

We review the effectiveness of those arrangements on an annual basis with the last review taking place in January 2022.

We reviewed our corporate governance framework in 2021/22 including the Financial Regulations, Code of Corporate Governance and Scheme of Delegation. We agreed a new Executive Framework with the Scottish Government.

Individual policies and procedures that contribute towards the overall governance framework are also subject to periodic review. For this review we take account of:

- 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 on our performance, use of resources, responses to risks and the extent to which we have met in-year budgets and other performance targets.

## Quality assurance

We continue to use the European Foundation for Quality Management (EFQM) model to drive improvement within SSSC. We are members of EFQM Scotland, who provide us with advice, training and networking opportunities. We have an ongoing programme of self-evaluation which began in 2021/22 and will continue throughout 2022/23.

## Shared services

In collaboration with the Care Inspectorate we reviewed and strengthened our joint shared services strategy and revised the governance arrangements, management agreement and service specifications. Our internal auditors reviewed the new arrangements and gave them an overall satisfactory level of assurance. The internal auditors will carry out a full internal audit of shared services in 2022/23.

## Information governance

We have information governance policies and procedures in place to make sure we handle data responsibly and comply with data protection and freedom of information laws. We self-reported one incident to the ICO during 2021/22. The ICO has concluded their investigation and taken no further action.

We reviewed our Data Protection and Records Management policies in 2021. Our internal auditors reviewed our data protection controls in March 2022 and gave them a good level of assurance.

## Response to COVID-19

In line with Scottish Government guidance, the directors' annual review asked them about arrangements put in place in response to COVID-19. The directors were able to provide the necessary assurances. We have provided information regularly to Council Members.

## Areas identified by the directors' review

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

- Develop the Business Continuity Management arrangements including Business Continuity Policy, incident management plans and testing.
- Carry out additional fraud training and raise awareness among staff.
- Training for Information Asset Owners and review of Information Asset Registers.
- Develop workforce plans in departments.
- Review risk management training.
- Continue to improve on our approach to equality and diversity.

## Significant issues

There are no significant issues to report.

## Certification

Our governance framework has been in place for the year ended 31 March 2022 and up to the date of signing of the Accounts. It is my opinion that we can place reasonable assurance on the adequacy and effectiveness of the SSSC's systems of governance. Although we have identified areas for further improvement 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

## Remuneration report

### UNAUDITED INFORMATION

#### Introduction

This report provides information on the remuneration of SSSC Council Members and senior managers in 2021/22. Senior managers are members of the Executive Management Team (EMT).

The EMT is the Chief Executive, the Director of Finance and Resources, the Director of Strategy and Performance, the Director of Regulation and the Director of Development and Innovation. The Director of Development and Innovation is currently seconded to Scottish Government (full year 2021/22) and his duties are being carried out by the Acting Director of Development and Innovation (Learning and Development). The Director of Finance and Resources post is filled on an interim basis from 1 June 2020 to 31 March 2023.

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

#### Remuneration policy

#### Members

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

#### Executive Management Team

#### Chief Executive

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.

#### Senior managers

Our directors are on a salary scale of £66.2k to £74.8k with the exception of the Interim Director of Finance and Resources, who is on a salary scale of £76.2k to £83.7k.

Incremental progression to the maximum of the scale is determined by performance. Performance is assessed by development discussions 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.

### **Notice periods - Members**

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.

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.

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

<b>Council Member</b>	<b>Current term</b>	<b>Date of initial appointment</b>	<b>Date of re-appointment</b>	<b>Date appointment terminates</b>
Sandra Campbell, Convener	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022
Theresa Allison	2 <sup>nd</sup>	01 Sept 2018	1 Sept 2021	31 Aug 2024
Professor Alan Baird	2 <sup>nd</sup>	01 Sept 2018	1 Sept 2021	31 Aug 2024
Paul Edie*	5 <sup>th</sup>	15 April 2013	1 Sept 2021	31 Aug 2022
Julie Grace	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022
Lynne Huckerby	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022
Rona King	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022
Linda Lennie	2 <sup>nd</sup>	01 Nov 2017	01 Nov 2020	31 Oct 2023
Peter Murray	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022
Russell Pettigrew	1 <sup>st</sup>	01 Sept 2019	-	31 Aug 2022

\* Paul Edie is the 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 fifth term of office due to a series of short appointments.

## **Chief Executive**

Lorraine Gray was appointed Chief Executive on 20 August 2018. Termination of the contract requires a notice period of six months by either party.

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

## **Senior managers**

The SSSC has four permanent director posts:

- Director of Regulation
- Director of Development and Innovation (currently on secondment)
- Director of Strategy and Performance
- Director of Finance and Resources.

All directors have permanent contracts, except the Interim Director of Finance and Resources, whose temporary contract is scheduled to expire on 31 March 2023. The outward secondment of the Director of Development and Innovation is covered by a temporary arrangement where his duties are allocated to the Acting Director of Development and Innovation. This temporary arrangement is expected to continue until 4 January 2023 (the end of the Director of Development and Innovation's secondment period).

Termination of the Director's contracts require a notice period of three months by either party. Termination of the Interim Director of Finance and Resources temporary contract requires a notice period of one week by either party.

There are no compensation payments specified in the Director's contracts in the event of early termination.

## Discretionary benefits policy

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).

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.

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 payback period and must be approved by the Council.

## AUDITED INFORMATION

### Remuneration – SSSC Council Members

Salary 2020/21 £000		Salary 2021/22 £000
20 – 25	Sandra Campbell – Convener	15 – 20
5 – 10	Theresa Allison	0 – 5
0 – 5	Professor Alan Baird	0 – 5
0 – 5	Julie Grace	0 – 5
0 – 5	Lynne Huckerby	0 – 5
0 – 5	Rona King	0 – 5
0 – 5	Linda Lennie	0 – 5
0 – 5	Peter Murray	0 – 5
0 – 5	Russell Pettigrew	0 – 5

Paul Edie, Chair of the Care Inspectorate Board 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.

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

## Remuneration – Executive Management Team

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	
	2021/22 £000	2020/21 £000	2021/22 £00	2020/21 £00	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
<b>Lorraine Gray</b> Chief Executive	90 - 95	85 - 90	0	0	22	27	110 - 115	115 - 120
<b>Maree Allison</b> Director of Regulation	70 - 75	70 - 75	0	0	17	15	90 - 95	85 - 90
<b>Phillip Gillespie</b> Director of Development and Innovation (seconded out from 5 Jan 2021)	70 - 75	65 - 70	0	0	82	29	150 - 155	95 - 100
<b>Laura Shepherd</b> Director of Strategy and Performance	65 - 70	65 - 70	0	0	20	26	85 - 90	90 - 95
<b>Lynn Murray **</b> Interim Director of Finance and Resources (from 1 June 2020)	75 - 80	60 - 65	0	0	24	20	100 - 105	80 - 85
<b>Laura Lamb ***</b> Acting Director of Development and Innovation (Learning and Development) (from 1 Feb 2021)	60 - 65	55 - 60	0	0	33	n/a	90 - 95	55 - 60
<b>Cheryl Glen ****</b> Acting Director of Development and Innovation (Workforce Planning) (from 1 Feb 2021 to 12 September 2021)	40 - 45	50 - 55	0	0	n/a	n/a	40 - 45	50 - 55

\*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.

\*\* Lynn Murray's figures for 2020/21 are part year as she commenced employment with the SSSC on 1 June 2020.

\*\*\*The Acting Director of Development and Innovation (Learning and Development) provided full time cover for the Director of Development and Innovation from December 2021, when the Acting Director of Development and Innovation (Workforce Planning) left.



\*\*\* There are no pension benefit figures for Cheryl Glen as she served on EMT for only part of the year in both 2020/21 and 2021/22.

Phillip Gillespie, the substantive Director of Development and Innovation was seconded to the Scottish Government (from 5 January 2021).

### **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.

### **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 2021/22 or 2020/21.

### **Fair pay disclosure (audited)**

We are required to disclose the relationship between the remuneration of the highest paid director in the SSSC and the lower quartile, median and upper quartile remuneration of our workforce.

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

The median pay ratio for 2021/22 is consistent with the pay reward and progression policies for the SSSC's employees as a whole.

	2021/22	2020/21
Remuneration banding of highest paid director	£90,000 - £95,000	£90,000 - £95,000
Percentage change from previous financial year for highest paid director	0.00%	5.71%
Average percentage change from previous financial year for employees	4.90%	6.01%
Lower quartile remuneration	£23,592	£22,915
Lower quartile ratio	3.92%	4.04%
Median remuneration	£35,025	£33,041
Median ratio	2.64%	2.80%
Upper quartile remuneration	£42,954	£42,361
Upper quartile ratio	2.15%	2.18%
Remuneration range	£19,515 - £118,334*	£18,795 - £90,290

There was one agency staff member (\*) who earned more than the highest paid director in the year. The agency appointment was only for part of the year, but for the purposes of disclosure, payments have been grossed up to provide an annual value. The agency staff member is a highly skilled digital specialist, who demand higher salaries due to the scarcity of the resource.

### Local Government Pension Scheme (LGPS)

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 2022				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 2022 £000	As at 31 March 2021 £000	Real increase £000
<b>Lorraine Gray</b> Chief Executive	35 - 40	0 - 5	(2.5) - 0	(2.5) - 0	358	308	41
<b>Maree Allison</b> Director of Regulation	40 - 45	-	(2.5) - 0	-	188	160	23
<b>Phillip Gillespie</b> Director of Development and Innovation (seconded out from 5 Jan 2021)	40 - 45	25 - 30	5 - 10	2.5 - 5	362	274	80

<b>Laura Shepherd</b> Director of Strategy and Performance	45 – 50	-	(2.5) – 0	-	131	108	19
<b>Lynn Murray</b> Interim Director of Finance and Resources (from 1 June 2020)	15 – 20	-	0 – 2.5	-	38	16	22
<b>Laura Lamb</b> Acting Director of Development and Innovation (From 1 Feb 2021)	40 – 45	0 – 5	2.5 – 5	0 – 2.5	152	121	28
<b>Cheryl Glen *</b> Acting Director of Development and Innovation (Workforce Planning) (from 1 Feb 2021 to 12 Sept 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* Cheryl Glen left SSSC employment on 17 December 2021 and therefore there are no projected pension figures available.

## Cash Equivalent Transfer Values

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

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

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or

arrangement) and uses common market valuation factors for the start and end of the period.

**Payment of compensation for loss of office**

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

## Staff report

### AUDITED INFORMATION

#### Staff numbers, permanent and other

The tables below provide analysis of permanent and non-permanent staff engaged to work for the SSSC during 2021/22 and related costs. Staff numbers are expressed as average full time equivalents (FTE) employed in the year.

	2021/22		
	Permanently employed FTE	Others FTE	Total FTE
Senior managers	4	1	5
Other employees	269	28	297
Agency workers	0	2	2
Secondments inward	0	2	2
Total staff engaged	273	33	306
Secondments outward	(3)	0	(3)
Net staff engaged on SSSC activity	<b>270</b>	<b>33</b>	<b>303</b>

	2021/22		
	Permanently employed £000	Others £000	Total £000
Senior manager salaries	371	104	475
Other employee salaries	9,125	704	9,829
Social security costs	990	80	1,070
Pension service costs	4,871	131	5,002
Total cost directly employed staff	15,357	1,019	16,376
Council members (i)	0	36	36
Fitness to Practise Panel Members (ii)	0	522	522
External Assessors (ii)	0	4	4
Agency workers	0	199	199
Secondments inward	0	103	103
Total cost of people engaged	15,357	1,883	17,240
Severance costs	0	0	0
Other staff costs	205	0	205
<b>Staff costs (SCNE)</b>	<b>15,562</b>	<b>1,883</b>	<b>17,445</b>
Secondments outward	(250)	0	(250)
<b>Net staff costs</b>	<b>15,312</b>	<b>1,883</b>	<b>17,195</b>

There was a Convener and nine Council Members during the year. Council Members are office holders and are not included in the staff numbers.

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 67 panel members in 2021/22 for an average of 17 days. External assessors review overseas qualifications for registration purposes. We engaged three external assessors during 2021/22.

## 2020/21 comparative information

	2020/21		
	Permanently employed FTE	Others FTE	Total FTE
Senior managers	4	1	5
Other employees	254	27	281
Agency workers	0	2	2
Secondments inward	0	1	1
Total staff engaged	258	31	289
Secondments outward	(1)	0	(1)
Net staff engaged on SSSC activity	<b>257</b>	<b>31</b>	<b>288</b>

	2020/21		
	Permanently employed £000	Others £000	Total £000
Senior manager salaries	298	64	362
Other employee salaries	8,383	789	9,172
Social security costs	900	83	983
Pension service costs	2,725	142	2,867
Total cost directly employed staff	12,306	1,078	13,384
Council members (i)	0	49	49
Fitness to Practise Panel Members (ii)	0	692	692
External Assessors (ii)	0	4	4
Agency workers	0	86	86
Secondments inward	0	45	45
Total cost of people engaged	12,306	1,954	14,260
Severance costs	0	8	8
Other staff costs	128	0	128
<b>Staff costs (SCNE)</b>	<b>12,434</b>	<b>1,962</b>	<b>14,396</b>
Secondments outward	(98)	0	(98)
<b>Net staff costs</b>	<b>12,336</b>	<b>1,962</b>	<b>14,298</b>

There was a Convener and nine Council Members during the year. Council Members are office holders and are not included in the staff numbers.

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 64 panel members in 2020/21 for an average of 22.5 days. External assessors review overseas qualifications for registration purposes. We engaged four external assessors during 2020/21.

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.

### **Exit packages (voluntary early severance/voluntary early retirement scheme/settlement agreements)**

No staff members left the SSSC with a voluntary severance package during the 2021/22 financial year. (Two staff members left in 2020/21).

Exit costs include:

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

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

Exit package cost band	2021/22		2020/21	
	Number of departures	Total cost £000	Number of departures	Total cost £000
Up to £25,000	0	0	2	8

No settlement agreements were paid during 2021/22 or 2020/21.

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

### Staff composition by gender

The table below provides a gender breakdown of directly employed staff at 31 March 2022. Staff numbers are provided on a head count basis.

Role	Permanent		Other staff		Total	
	male	female	male	female	male	female
Executive Management Team	1	5	0	1	1	6
Other staff	77	227	8	12	85	239
<b>Total</b>	<b>78</b>	<b>232</b>	<b>8</b>	<b>13</b>	<b>86</b>	<b>245</b>

### Sickness absence

We lost 3.5% of working time to sickness absence during 2021/22 which is an increase on last year's figure of 2.7%. XpertHR cite the public sector average as 3.6% (2021).

	2021/22 %	2020/21 %	2019/20 %
Percentage of working time lost to sickness absence	3.5	2.7	5.1

### Staff turnover data

The SSSC's voluntary staff turnover was 4.4% in 2021/22. This is similar to 4.3% in 2020/21. XpertHR (2021) median rate for voluntary turnover for all employers was 10.3%.

### Policies in relation to disabled people

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.

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.



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

### **Expenditure on consultancy**

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Research to inform strategy development	32	0
Scoping rewards review, analysis of reward practices and structure	31	0
Evaluation advance placement skills education modules	22	4
Research on Impact of COVID-19 on Newly Qualified Social Workers	15	15
Job evaluation	14	0
Newly qualified social workers research study	8	17
Tax services	4	1
Development of assurance mapping	1	0
Scoping a pay and grading review	0	9
Shared services future strategy - implementation assistance	0	5
<b>Total consultancy</b>	<b>127</b>	<b>51</b>

## **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 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<sup>2</sup> 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 that Facility Time data 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 brings 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.

**Lorraine Gray**  
Chief Executive

**Fiona Birkin**  
Branch Secretary, UNISON SRC branch  
Joint Chair (Staffside) SSSC Partnership Forum

1 <http://www.natcen.ac.uk/our-research/research/the-value-of-trade-union-facility-time/>

2 <http://www.fairworkconvention.scot/>

## Trade Union Facility Time

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 2021/22 follows.

**Table 1**

### Relevant union officials

The table below details number of employees who were relevant union officials during 2021/22.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	3.5*

\* In December 2021 four union officials reduced to two

**Table 2**

### Percentage of time spent on Facility Time

The table below provides details of the Facility Time spent by employees who were relevant union officials during 2021/22.

Percentage of time	Number of employees
0%	0
1-50%	4
51%-99%	0
100%	0

\* In December 2021 four union officials reduced to two

**Table 3**

### Percentage of pay bill spent on Facility Time

The tables below give details of the percentage of time spent on Facility Time as a percentage of our pay bill.

Total cost of Facility Time	£4,534
Total pay bill	£16,375,873
Facility Time as a percentage of total pay bill	0.028%

**Table 4**

**Paid trade union activities**

The table below provides hours spent by employees who were relevant union officials during the 2021/22 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.	27.4%
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# Parliamentary accountability report

## Losses and special payments

There were no reportable losses or special payments in the year to 31 March 2022 (nil for the year to 31 March 2021).

## Fees and charges

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.

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. We carried out a review of fees and consultation with stakeholders during 2016/17 and a fee increase applied from 1 September 2017. We are planning a fee consultation during 2022/23.

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 2021/22 budget was based on funding of 64% from grant in aid, 23% from fees charged to applicants and registrants, 9% from our general reserve and 4% from specific grants (2020/21: 67% grant in aid, 26% fees and 7% specific grants).

Income collected from fees charged to applicants to register and registrants is shown in the table below.

	2021/22			2020/21		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Registration fees	5,644	5,951	(307)	5,965	5,675	290

Lorraine Gray  
Chief Executive and Accountable Officer  
13 December 2022

# 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 2021 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 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:

Sophia Brown, Director, (for and on behalf of Grant Thornton UK LLP),  
30 Finsbury Square, London EC2A 1AG

# Annual Accounts

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2022**

	<b>Ref/ note</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Income</b>			
Registration fees	2a	(5,951)	(5,675)
Other operating income	2b	(555)	(339)
		<u>(6,506)</u>	<u>(6,014)</u>
<b>Expenditure</b>			
Staff costs	3a	17,445	14,396
Operating expenditure	6a	3,377	4,191
Disbursements	6b	6,810	5,329
		<u>27,632</u>	<u>23,916</u>
<i>Net operating cost on ordinary activities before interest and (return)/cost on pension scheme assets and liabilities</i>		21,126	17,902
Bank charges		34	34
Net interest on defined pension (asset)/liability	5b	215	156
		<u>21,375</u>	<u>18,092</u>
<i>Net operating cost on ordinary activities after interest and net interest on pension scheme net liabilities</i>			
Total actuarial re-measurements on defined pensions (asset)/liability	5b	(5,446)	2,754
<b>Total comprehensive net expenditure before Government funding</b>		<u>15,929</u>	<u>20,846</u>

All operations are continuing.

The notes on pages 72 to 93 form an integral part of these accounts.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	<b>Ref/ note</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	14	15
Prepayments - greater than one year	8	4	3
<b>Total non-current assets</b>		<u>18</u>	<u>18</u>
<b>Current assets</b>			
Trade and other receivables	8	1,347	1,968
Cash and cash equivalents	9	7,303	5,960
<b>Total current assets</b>		<u>8,650</u>	<u>7,928</u>
<b>Total assets</b>		8,668	7,946
<b>Current liabilities</b>			
Trade and other payables	10	(5,800)	(4,652)
<b>Total current liabilities</b>		<u>(5,800)</u>	<u>(4,652)</u>
<b>Assets plus current liabilities</b>		2,868	3,294
<b>Non-current liabilities</b>			
Pension (liabilities)/assets	5a	(9,681)	(11,604)
Other provisions	15	(466)	(466)
<b>Total non-current liabilities</b>		<u>(10,147)</u>	<u>(12,070)</u>
<b>Net (liabilities)/assets</b>		<u>(7,279)</u>	<u>(8,776)</u>
<b>Taxpayers' equity</b>			
Pensions reserve	SCTE	(9,681)	(11,604)
General reserve	11	2,402	2,828
		<u>(7,279)</u>	<u>(8,776)</u>

All operations are continuing.

The notes on pages 72 to 93 form an integral part of these accounts.

Lorraine Gray  
Chief Executive and Accountable Officer

The Accountable Officer authorised these financial statements for issue on 13 December 2022.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

	<b>Ref/ note</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Cash flows from operating activities</b>			
Net operating cost before Government funding	SCNE	(15,929)	(20,846)
Adjustments for non-cash items:			
Pension adjustments and re-measurements	5b, table 2	(1,923)	4,227
Depreciation and amortisation	7	1	2
(Increase)/decrease in trade and other receivables	8a	620	(584)
Increase/(decrease) in trade and other payables	10a	1,148	(1,108)
Increase/(decrease) in provisions	15	0	466
<b>Net cash outflow from operating activities</b>		<b>(16,083)</b>	<b>(17,843)</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	12a	17,426	17,847
<b>Net financing</b>		<b>17,426</b>	<b>17,847</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	9	<b>1,343</b>	<b>4</b>
Cash and cash equivalents at the beginning of the period	9	5,960	5,956
<b>Cash and cash equivalents at the end of the period</b>	9	<b>7,303</b>	<b>5,960</b>
		1,343	4

The notes on pages 72 to 93 form an integral part of these accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

		<b>Pension reserve £000</b>	<b>General reserve £000</b>	<b>Total reserves £000</b>
<b>Balance at 31 March 2020</b>		<b>(7,377)</b>	<b>1,600</b>	<b>(5,777)</b>
<b>Changes in taxpayers' equity for 2020/21</b>				
Pensions adjustment and re-measurement	5b table 2	(4,227)	4,227	0
Total comprehensive net expenditure	SCNE	0	(20,846)	(20,846)
<b>Total recognised income and expense for 2020/21</b>		<b>(4,227)</b>	<b>(16,619)</b>	<b>(20,846)</b>
Funding from Government	12a	0	17,847	17,847
<b>Balance at 31 March 2021</b>		<b>(11,604)</b>	<b>2,828</b>	<b>(8,776)</b>
<b>Changes in taxpayers' equity for 2021/22</b>				
Pensions adjustment and re-measurement	5b table 2	1,923	(1,923)	0
Total comprehensive net expenditure	SCNE	0	(15,929)	(15,929)
<b>Total recognised income and expense for 2021/22</b>		<b>1,923</b>	<b>(17,852)</b>	<b>(15,929)</b>
Funding from Government	12a	0	17,426	17,426
<b>Balance at 31 March 2022</b>		<b>(9,681)</b>	<b>2,402</b>	<b>(7,279)</b>

The notes on pages 72 to 93 form an integral part of these accounts.

# Notes to the accounts

## 1 Statement of accounting policies

### 1.1 Basis of accounting

The accounts have been prepared in accordance with the Accounts Direction issued by the Scottish Ministers. The Accounts Direction (reproduced at appendix 1) requires compliance with the Government's Financial Reporting Manual (FReM) which follows International Financial Reporting Standards as adopted by the United Kingdom, International Financial Reporting Interpretation Committee (IFRIC) interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. 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. There is one standard not yet effective that will have an impact on the SSSC's accounts which is IFRS 16 Leases. This standard requires all significant leases to be recognised in the Statement of Financial Position.

The effective date of IFRS 16 Leases in the public sector has been delayed until 1 April 2022. 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. We have disclosed the SSSC's share of future minimum lease costs in Note 14 based on the SSSC's share of the Scottish Ministers lease.

### 1.3 Accounting convention

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



#### 1.4 **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 18 to 21).

#### 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. Leasehold improvements are depreciated at the lower of expected useful economic life and lease term. A full year's depreciation is charged in the year the asset is first brought 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 and are determined on an individual basis.

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

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

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

an impairment loss subsequently reverses this is recognised as income immediately.

**1.8 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 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 £0.809m have been recognised in the SCNE (note 14).

**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 scheme assets are recorded at fair value. The operating and financing costs of such schemes are recognised separately in the Statement of Comprehensive Net Expenditure. Service costs are spread systematically over the expected service lives of employees. Financing costs and actuarial gains and losses are recognised in the period in which they arise.

The 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 property, finance, procurement and human resource services provided, based on a Service Level Agreement (SLA). The SLA contains arrangements akin to an operating lease for accommodation.

**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 recognised in accordance with IFRS 15, so they are recorded in the accounts on an income and expenditure basis, meaning they are recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the SSSC as at 31 March 2022 have been brought into account. Similarly, capital transactions are recognised as they are agreed or incurred, not as money received or paid.

**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. Most 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.

The SSSC's financial instruments comprise trade and other receivables, trade and other payables, and cash and liquid resources.

### **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 assets and liabilities**

Contingent assets and liabilities are disclosed in accordance with IAS 37. There is one contingent liability at 31 March 2022 (note 16).

## **1.21 Assumptions made about the future and other major sources of estimation uncertainty**

The SSSC does not have any uncertainties that would have a material effect except for the provision for dilapidations (note 15).

## **2. Operating income**

### **2a Registration fee income**

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Registration fees	<b>5,951</b>	<b>5,675</b>

### **2b Other operating income**

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Modern apprenticeship fees	280	197
Recharges for seconded staff	250	98
Protection of Vulnerable Groups (PVG) fee recovery	5	4
Other income	20	40
	<b>555</b>	<b>339</b>

### 3. **Staff numbers and costs**

- 3a An analysis of staff numbers and costs is disclosed in the Staff Report (staff numbers by permanent and other) on pages 55 to 56 of this report. A summary of cost is provided in the table below.

<b>Staff cost summary</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Directly employed staff	16,376	13,384
Other people engaged	864	876
Other staff costs	205	136
<b>Total staff costs</b>	<b>17,445</b>	<b>14,396</b>

### 3b **Analysis of impact of actuarial pension valuation adjustments (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.

<b>Analysis of impact of actuarial pension valuation adjustments - staff costs (note 5)</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Actual payments</b>		
Employer pension contributions actually paid	1,693	1,541
Unfunded pension payments actually paid	22	22
Total pension related payments actually paid	1,715	1,563
<b>Accounting entries (IAS 19 note 5)</b>		
Service costs included in staff costs (SCNE)	5,002	2,867
Variance between actual costs and accounting basis	<b>3,287</b>	<b>1,304</b>

### 4. **Severance and settlement costs**

There were no exit packages or settlement agreements in 2021/22. (2020/21 £8k). Details of exit packages are disclosed on page 57 (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.

Employer contributions are set every three years as a result of an actuarial valuation of the fund required by the Regulations. The most recent actuarial valuation of the fund was carried out as at 31 March 2020. This set the contribution rate at 17% for 2021/22 to 2023/24. The next valuation of the fund will be carried out based on scheme data as at 31 March 2023. 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 2022 were £1,693k representing 17.0% of pensionable pay (2020/21: £1,541k representing 17.0% of pensionable pay). The employer's contribution rate for the year to 31 March 2022 will remain at 17%. Employee contribution rates were in the range 5.5% to 9.4% based on earnings bands.

Participating in a defined benefit pension scheme exposes the SSSC to the following risks.

- **Investment risk:** The fund may hold 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. This may be mitigated by a longevity insurance contract held by the fund. There are also other demographic risks.

- **Regulatory risk:** Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.
- **Orphan risk:** As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

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

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

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

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

	<b>As at 31 March 2022 £000</b>	<b>As at 31 March 2021 £000</b>
Present value of funded obligation	(67,231)	(64,455)
Fair value of scheme assets (bid value)	57,934	53,257
<b>Net liability</b>	<b>(9,297)</b>	<b>(11,198)</b>
Present value of unfunded obligation	(384)	(406)
<b>Net liability in Statement of Financial Position</b>	<b>(9,681)</b>	<b>(11,604)</b>

#### 5b **Statement of Comprehensive Net Expenditure costs for the year to 31 March 2022**

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

<b>Table 1:</b>	<b>Year to 31 March 2022</b>		<b>Year to 31 March 2021</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Service costs		5,002		2,867
Administration expenses		21		13
Net interest on defined liability/(asset)		215		156
Difference between actual employer's contributions plus unfunded payments and actuarial assumptions	(0)		21	
Return on assets less interest	(1,896)		(10,915)	
Other actuarial (gains)/losses on assets	0		(5,012)	
Change in financial assumptions	(3,707)		17,223	
Change in demographic assumptions	0		(968)	
Experience loss/(gain) on defined benefit obligation	157		2,405	
Total re-measurements		(5,446)		2,754
<b>Total</b>		<b>(208)</b>		<b>5,790</b>
Actual return on scheme assets		<b>(2,978)</b>		<b>(11,762)</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 the Statement of Changes in Taxpayers' Equity during the year.

<b>Table 2:</b>		<b>2021/22</b>	<b>2020/21</b>
<b>Actuarial adjustments are made for:</b>	<b>note</b>	<b>£000</b>	<b>£000</b>
Staff costs	3b	3,287	1,304
Administration expenses	5b table 1	21	13
Net interest on defined liability/(asset)	5b table 1	215	156
Total re-measurements	5b table 1	(5,446)	2,754
<b>Total actuarial adjustments</b>		<b>(1,923)</b>	<b>4,227</b>



## 5c **Benefit obligation reconciliation - year to 31 March 2022**

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

	Year to 31 March 2022		Year to 31 March 2021	
	£000	£000	£000	£000
<b>Opening defined benefit obligation</b>		<b>64,861</b>		<b>42,973</b>
Current service costs		5,002		2,867
Interest costs		1,297		1,003
Estimated benefits paid net of transfers in	(617)		(1,190)	
Contributions by scheme participants	644		572	
Unfunded pension payments	(22)		(24)	
Total scheme transactions		5		(642)
Change in financial assumptions	(3,707)		17,223	
Experience loss/(gain) on defined benefit obligation	157		2,405	
Change in demographic assumptions	-		(968)	
Total actuarial (gains)/losses		(3,550)		18,660
<b>Closing defined benefit obligation</b>		<b>67,615</b>		<b>64,861</b>

## 5d **Fair value of fund assets reconciliation for the year to 31 March 2022**

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

	Year to 31 March 2022		Year to 31 March 2021	
	£000	£000	£000	£000
<b>Opening fair value of fund assets</b>		<b>53,257</b>		<b>35,596</b>
Interest on assets		1,082		847
Estimated benefits paid plus unfunded net of transfers in	(639)		(1,214)	
Contributions by employer including unfunded	1,715		1,542	
Contributions by scheme participants	644		572	
Total scheme transactions		1,720		900
Return on assets less interest		1,896		10,915
Other actuarial gains/(losses)		-		5,012
Administration expenses		(21)		(13)
<b>Closing fair value of fund assets</b>		<b>57,934</b>		<b>53,257</b>

5e **Projected pension expense for the year to 31 March 2023**

	Year to 31 March 2023 £000
<b>Projected pension expense</b>	
Service cost	4,411
Net interest on the defined liability	230
Administration expenses	22
<b>Total</b>	<b>4,663</b>
Employer contributions	1,693

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022.

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 2022		31 March 2021	
	£000	%	£000	%
Equities	41,025	71%	38,134	72%
Gilts	2,728	5%	2,106	4%
Other bonds	6,916	12%	6,951	13%
Property	6,318	11%	4,868	9%
Cash	889	1%	1,122	2%
Alternatives	58	0%	76	0%
<b>Total</b>	<b>57,934</b>	<b>100%</b>	<b>53,257</b>	<b>100%</b>

The SSSC's share of the assets of the fund is approximately 1.14%. The return on the fund (on a bid to value basis) for the year to 31 March is estimated to be 5.51%.

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.

**Ukraine crisis – impact on approach**

As a result of this crisis, many equity markets across the globe have witnessed significant falls, but so far, the impact has been felt most prominently in equities with a close link to Russian markets, ie Russian equities themselves and in European tilted funds. Beyond equity markets, there has been volatility in government bond and credit markets. However, there has been no large directional move to date. The expected longer-term impact on gilt yields will largely depend on how these developments affect inflation (for example, through disruption to the supply of energy and commodities), and how central banks react to this. From an accounting perspective, the actuaries are comfortable that

their current methodology in deriving assumptions continues to be appropriate with the current uncertainties in the market.

## 5g **Financial assumptions as at 31 March 2022**

The financial assumptions used for IAS 19 calculations are below. These assumptions are set with reference to market conditions at 31 March 2022.

<b>Assumptions at:</b>	<b>31 March 2022 % pa</b>	<b>31 March 2021 % pa</b>	<b>31 March 2020 % pa</b>
Discount rates	2.60%	2.00%	2.35%
Pensions increases	3.20%	2.80%	1.85%
Salary increases	4.20%	3.80%	2.85%

The standard approach taken to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology. Sample cashflows at each duration year (from 2 to 30 years) are used to derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation the annualised Merrill Lynch AA rated corporate bond yield curve is used and assumes the curve is flat beyond the 30-year point. The estimated duration of the SSSC's past service liabilities is 18 years. This is consistent with the approach used at the last accounting date.

### **Retail Prices Index (RPI) assumption**

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

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the actuary's view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. They have therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 10 years). This results in an overall IRP of between 0.0% p.a. and 0.3% p.a. depending on the term of the liabilities (for terms ranging from 2 years up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the assumptions are derived using the same estimated cashflows as noted above.

## Consumer Prices Index (CPI) assumption

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 1.0% below RPI for each year prior to 2030 and will be in line with RPI thereafter. 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 SSSC's liabilities. This is consistent with the approach used at the last accounting date.

Salary increases are assumed to be 1.0% above CPI. This is consistent with the approach at the previous accounting date. However, in line with the latest fund valuation as at 31 March 2020 any allowance for promotional salary increases has been removed.

### 5h Demographic/statistical assumptions

The CMI made a material change to CMI\_2020 in 2021 (compared to previous versions) due to the impact of abnormal mortality data in 2020. This change introduced a '2020 weight parameter' for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

The post retirement mortality tables used were the S3PA\_H tables with a multiplier of 110%. These base tables are then projected using the CMI\_2020 Model, allowing for a long-term improvement of 1.25% per annum with a smoothing parameter of 7.5, an initial addition to improvements of 0.0% per annum and a 2020 weighting of 25%. This is consistent with the assumptions adopted last year.

The assumed life expectations from age 65 are shown below.

Life expectancy from age 65 (years)		31 March 2022	31 March 2021	31 March 2020 (consistent with 2020 valuation and before CMI_2020 update)
Retiring today	Males	18.9	18.9	19.2
	Females	22.3	22.2	22.5
Retiring in 20 years	Males	20.3	20.2	20.7
	Females	23.9	23.8	24.0

## 5i Sensitivity analysis

The following table sets out the impact of a change of a +/- 0.1% change to key assumptions and a +/- one year age rating adjustment to the mortality assumption.

	£000	£000	£000
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	66,037	67,615	69,231
Projected service cost	4,245	4,411	4,583
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	67,776	67,615	67,455
Projected service cost	4,414	4,411	4,409
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	69,059	67,615	66,205
Projected service cost	4,581	4,411	4,246
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	70,560	67,615	64,795
Projected service cost	4,614	4,411	4,216

## 5j Remeasurements in other comprehensive income

The following table sets out the remeasurement of the net assets /(defined liability).

	As at 31 March 2022 £000	As at 31 March 2021 £000
Return on fund assets in excess of interest	1,896	10,915
Other actuarial gains/(losses) on assets	-	5,012
Change in financial assumptions	3,707	(17,223)
Change in demographic assumptions	-	968
Experience loss on defined benefit obligation	(157)	(2,405)
Remeasurement of net assets/(defined liability)	<b>5,446</b>	<b>(2,733)</b>

6a **Operating expenditure**

	2021/22	2020/21
<b>Operating expenditure</b>	<b>£000</b>	<b>£000</b>
Supplies and services	1,453	1,569
Administration costs	1,139	1,390
Property costs	752	739
Provision for dilapidations	0	466
Transport costs	7	9
Pension administration costs (IAS 19)	21	13
Depreciation of assets	1	2
Changes in debt impairment allowance	4	3
	<b>3,377</b>	<b>4,191</b>

The above total includes £21.1k (2020/21 £20.3k) 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**

	2021/22	2020/21
<b>Disbursements</b>	<b>£000</b>	<b>£000</b>
<b>Postgraduate bursaries:</b>		
Tuition fees paid to universities	988	1,000
Bursaries paid to students	1,622	1,570
<b>Total bursary disbursement</b>	<b>2,610</b>	<b>2,570</b>
<b>Other disbursements:</b>		
Practice learning fees	2,776	1,434
Voluntary Sector Development Fund - training support	1,074	1,148
Workforce planning and development	350	177
<b>Total disbursements</b>	<b>6,810</b>	<b>5,329</b>

## 7 Property, plant and equipment

	Furniture & fittings £000
<b>Cost or valuation:</b>	
At 1 April 2021	27
Additions	0
Disposal/de-recognition	0
<b>At 31 March 2022</b>	<b>27</b>
<b>Depreciation:</b>	
At 1 April 2021	12
Charged in year	1
Disposal/de-recognition	0
<b>At 31 March 2022</b>	<b>13</b>
<b>Net book value:</b>	
<b>At 31 March 2022</b>	<b>14</b>
At 31 March 2021	15

	Furniture & fittings £000
<b>Cost or valuation:</b>	
At 1 April 2020	154
Additions	0
Disposal/de-recognition	(127)
<b>At 31 March 2021</b>	<b>27</b>
<b>Depreciation:</b>	
At 1 April 2020	137
Charged in year	2
Disposal/de-recognition	(127)
<b>At 31 March 2021</b>	<b>12</b>
<b>Net book value:</b>	
<b>At 31 March 2021</b>	<b>15</b>
At 31 March 2020	17

All assets are owned.

## 8 Trade and other receivables

### 8a Summary of trade and other receivables

Summary of trade and other receivables	2021/22		2020/21	
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Prepayments and accrued income		865		1,478
Trade receivables	440		465	
Other receivables	42		25	
Total trade and other receivables		482		490
		<b>1,347</b>		<b>1,968</b>
<b>Amounts falling due after more than one year</b>				
Prepayments		4		3
<b>Total trade and other receivables</b>		<b>1,351</b>		<b>1,971</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.

Prepayments for 2020/21 include a sum of £531k paid to universities to fund practice learning opportunities for social work students. Due to the COVID-19 pandemic, practice placements were suspended. With agreement from our Scottish Government Sponsor this funding was used by the universities during 2021/22 to fund resumed placements.

### 8b Provision for impairment of receivables

Provision for impairment of receivables	2021/22	2020/21
	£000	£000
As at 1 April	(38)	(35)
Charge for the year	(464)	(467)
Unused amounts reversed	7	2
Uncollectable amounts written off	453	462
As at 31 March	<b>(42)</b>	<b>(38)</b>

As at 31 March 2022, trade and other receivables of £42k (2020/21: £38k) were past due and impaired. The amount of the provision is £42k (2020/21: £38k). The ageing analysis of these receivables is as follows.



<b>Aged analysis of past due and impaired receivables</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Up to 3 months past due	11	6
3 to 6 months past due	5	10
6 to 12 months past due	6	7
Over 12 months past due	20	15
	<b>42</b>	<b>38</b>

As at 31 March 2022, trade and other receivables of £468k (2020/21: £490k) were due but not impaired. The ageing analysis of these receivables is as follows.

<b>Aged analysis of unimpaired receivables due</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Not yet due	357	338
Up to 3 months past due	84	80
3 to 6 months past due	5	21
6 to 12 months past due	9	23
Over 12 months past due	13	28
	<b>468</b>	<b>490</b>

#### 8c **Analysis of trade and other receivables**

<b>Analysis of trade and other receivables</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Amounts falling due within one year</b>		
Bodies external to Government	1,176	1,819
Other Government bodies	169	141
Local authorities	2	5
NHS Bodies	0	3
	<b>1,347</b>	<b>1,968</b>
<b>Amounts falling due after more than one year</b>		
Bodies external to Government	2	3
Other Government bodies	2	0
	<b>4</b>	<b>3</b>
<b>Total trade and other receivables</b>	<b>1,351</b>	<b>1,971</b>

## 9 Cash and cash equivalents

	2021/22 £000	2020/21 £000
Balance as at 1 April	5,960	5,956
Net change in cash and cash equivalent balances	1,343	4
Balance as at 31 March	<b>7,303</b>	<b>5,960</b>
The following balances as at 31 March were held at:		
Government banking service	7,244	5,752
Commercial banks and cash in hand	59	208
Balance as at 31 March	<b>7,303</b>	<b>5,960</b>

## 10 Trade and other payables

### 10a Summary of trade and other payables

	2021/22 £000	2020/21 £000
<b>Summary of trade and other payables</b>		
<b>Amounts falling due within one year</b>		
Trade payables	405	248
Accruals and deferred income	4,916	3,950
Other payables	204	190
Other taxation and social security	275	253
VAT	0	11
<b>Total trade and other payables</b>	<b>5,800</b>	<b>4,652</b>

### 10b Analysis of trade and other payables

	2021/22 £000	2020/21 £000
<b>Analysis of trade and other payables</b>		
<b>Amounts falling due within one year</b>		
Bodies external to Government	3,625	4,035
Higher education institutes (HEIs)	1,402	78
Other Government bodies	492	307
Local authorities	275	232
NHS bodies	6	0
<b>Total trade and other payables</b>	<b>5,800</b>	<b>4,652</b>

## 11 Sources of financing

2020/21		Ref/ note	2021/22		Total £000
Total £000	General Reserve		Revenue £000	Capital £000	
1,600	Opening balance		2,813	15	2,828
(20,846)	(deficit) for the year	SCNE	(15,927)	(2)	(15,929)
4,227	Pension adjustments and re-measurements	5b	(1,923)	0	(1,923)
17,847	Grants and grant in aid	13a	17,426	0	17,426
<b>2,828</b>	Closing balance		<b>2,389</b>	<b>13</b>	<b>2,402</b>

## 12 Government funding

### 12a Grants and grant in aid

	2021/22 £000	2020/21 £000
<b>Grants and grant in aid</b>		
Grant in aid	16,217	16,035
Voluntary Sector Development Fund	1,097	1,117
Workforce development grant	112	486
Recruitment marketing campaign	0	120
Cyber resilience	0	56
Self-directed support grant	0	33
<b>Total funding from Government</b>	<b>17,426</b>	<b>17,847</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 2022 no grants are due for repayment.

### 12b Grant in aid analysis

	2021/22 £000	2020/21 £000
<b>Grant in aid analysis</b>		
Approved grant in aid from Scottish Government	16,035	15,724
Additional grant in aid paid during the year	182	311
<b>Total approved grant in aid</b>	<b>16,217</b>	<b>16,035</b>
Grant drawdown during the year	16,217	16,035
	<b>0</b>	<b>0</b>

## 13 Capital commitments

There were no capital commitments as at 31 March 2022.

## 14 Commitments under leases

### 14a 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.

	2021/22	2020/21
Obligations under operating leases comprise:	£000	£000
<b>Buildings:</b>		
within 1 year	809	792
within 2 to 5 years	42	833
beyond 5 years	0	0
	<b>851</b>	<b>1,625</b>

### 14b Finance leases

There are no obligations or commitments under finance leases.

## 15 Other provisions

Other provisions comprise property dilapidations in respect of lease obligations.

	2021/22
	£000
Balance at 1 April 2021	466
Provided in year	0
<b>Balance at 31 March 2022</b>	<b>466</b>

## 16 Contingent liabilities

There is a contingent liability at 31 March 2022, which was first disclosed in the 2020/21 Annual Accounts.

There was an ongoing court case involving action taken against the Nursing and Midwifery Council on the employment status of panel members. Appeals have now been exhausted and the status of panel members has been confirmed as 'workers'. This means that we are now legally obliged to pay Fitness to Practise panel members holiday pay and pension contributions. We are waiting for the outcome of a remedies court hearing in early 2023 when the extent of the claim will be decided and whether, and to what extent, backdating will apply.

## **17 Related party transactions**

The SSSC is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government Office of the Chief Social Work Adviser of the Children and Families Directorate. The SSSC has shared service arrangements with the Care Inspectorate in 2021/22 totalling £728k (2020/21 £676k). Both Scottish Government and the Care Inspectorate are regarded as related parties with which the SSSC has had various material transactions during the year.

A Register of Interests is maintained and updated annually. No Council Members, key managerial staff or other related parties have undertaken material transactions with the SSSC during the year.

## **18 Post Statement of Financial Position events**

There were no events after the Statement of Financial Position date relating to the 2021/22 financial year.

### SCOTTISH SOCIAL SERVICES COUNCIL



### DIRECTION BY THE SCOTTISH MINISTERS

1. 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.
2. 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.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 25 November 2001 is hereby revoked.

*Kate Vincent*

Signed by the authority of the Scottish Ministers

Dated: 16 January 2006

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If you would like this document in another format,  
please contact the SSSC on 0345 60 30 891

We promote equality by removing unlawful and unfair  
treatment on the grounds of any protected characteristic  
wherever possible.

# Scottish Social Services Council

Financial year ended 31 March 2022

Prepared for the Audit and Assurance Committee, the  
Accountable Officer, and the Auditor General for Scotland

## External Audit Report

7 December 2022





# Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Scottish Social Services Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2016). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Key messages

This is our report to the Scottish Social Services Council (SSSC) Audit and Assurance Committee, the SSSC Council, and the Auditor General For Scotland and concludes our audit on the financial year ended 31 March 2022. We plan to issue an unmodified audit opinion on the annual report and accounts, including an unmodified opinion on regularity and the Remuneration and Staff Report. We thank management for all their assistance during the audit process.

## 01 Materiality

We re-calculated our materiality based on the unaudited 2021-22 annual report and accounts. The benchmark of 2% of gross revenue remained the same. This resulted in:

- Materiality of £552,640 and a performance materiality (75% of materiality) of £414,480.
- All audit adjustments above £27,600 were reported to management and are captured in this report.
- Lower materiality of banding on Staff Remuneration Report (being £5,000).

## 02 Financial statement audit risks

At planning, in accordance with the ISAs (UK) and FRC Practice Note 10 we have identified the following significant financial statement audit risks:

- Risk of management override of controls (ISA UK 240);
- Risk of fraud in expenditure (completeness) (FRC PN10);
- Risk of fraud in revenue (occurrence)(ISA 240); and
- Risk of misstatement of the valuation of the defined benefit pension scheme liabilities.

We have no matters to bring to your attention arising from our work over these significant audit risks.

## 03 Other audit matters

Our final report summarises a number of other audit matters, including:

- We have concluded that SSSC meets the definition of a going concern, reflecting on FRC Practice Note 10 considerations.
- The accounts contain areas of estimation and judgement. Significant estimates relate to defined benefit pension liabilities.

Our testing over these did not identify any indication of management bias or error.

- We set out our roles and responsibilities on fraud. During the course of our work we did not identify fraud or material error.

We have not identified any adjustments to the draft financial statements.

## 04 Wider Scope Audit

In accordance with Audit Scotland's Code of Practice, we determined that the Scottish Social Services Council (SSSC) meets the definition of a smaller body. This is based on SSSC's expenditure transactions and balances held being relatively smaller than other public bodies and the financial statements are considered less complex.

In accordance with the Code we have concluded in this report on your governance statement and SSSC's financial sustainability arrangements. During our audit we did not identify any further areas of wider scope risk.

## 05 Our Audit Fee

Our audit fee, set out in our Audit Plan, of £21,100, was our final audit fee. There were no fees for non-audit services during the year and we did not need to vary our agreed fee.

# Introduction

## Scope of our audit work

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2022 at SSSC. The scope of our audit was set out in our External Audit Plan communicated to the Audit and Assurance Committee in February 2022.

The main elements of our audit work in 2021-22 have been:

- An audit of SSSC's annual report and accounts for the financial year ended 31 March 2022; and
- Consideration of the Scottish Social Services Council's financial sustainability and Governance Statement disclosures, as required under the smaller body classification, within the Audit Scotland Code of Practice (2016).

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

This report is addressed to the Accountable Officer and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Audit Status

At the time of writing this report, our audit is complete subject to the following audit procedures:

- Subsequent events and disclosure review procedures.
- Receipt of management's letter of representation.

## Responsibilities

SSSC is responsible for preparing an annual report and accounts which show a true and fair view and that are in accordance with the accounts direction from Scottish Ministers. SSSC is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable it to successfully deliver its objectives.

The recommendations or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

## Adding value through our audit work

We aim to add value to SSSC throughout our audit work. In delivering our audit we use a dedicated public sector audit team. This ensures our team have a comprehensive understanding of SSSC and the wider public sector to focus on key areas of risk relevant to your financial statements.

For the financial statements audit, the audit team is lead by Sophia Brown, as Engagement Lead, and Justine Thorpe, as Engagement Manager.

# Audit of the annual report and accounts

## Key messages and judgements

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

We have not identified any adjusted or unadjusted differences to the financial statements. We raised a number of disclosure adjustments identified from our review of the annual report and accounts. Further details are provided in Appendix 1.

We would like to thank management for all their assistance during the year in ensuring the delivery of the audit, to the revised timescales agreed in August 2022.

## Our audit opinion

For the financial year ended 31 March 2022 we plan to issue an unmodified opinion on the annual report and accounts. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework;
- expenditure and income were regular and in accordance with applicable enactments and guidance; and
- the audited part of the Remuneration and Staff Report, Performance Report and Governance Statement were all consistent with the financial statements, and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

## The audit process

Our audit work commenced in October 2022. We received the draft primary 2021-22 financial statements in line with our agreed timetable. We have not identified any adjusted or unadjusted differences to the primary financial statements.

## Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process, and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Our audit approach was set out in our Audit Plan communicated to the Audit and Assurance Committee in February 2022. We updated our audit materiality to reflect the 2021-22 draft financial statements. Materiality is set at £552,640, representing 2% of gross revenue. Performance materiality was set at £414,480, representing 75% of our calculated materiality. We report to management any difference identified over £27,600 (being 5% of overall materiality).

We applied a lower materiality threshold for Directors' remuneration disclosures (salary) within the Remuneration and Staff Report, to ensure that remuneration has been disclosed within the appropriate bandings.

## Responding to significant financial statement risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override SSSC internal controls, related to individual transactions.</p> <p>Our work focuses on critical estimates and judgements as set out within the financial statements, including accounting policies. In addition, we specifically consider cut-off (expenditure and income) and the use of manual journals during the year, and in creating the financial statements where controls may be overridden by management.</p>	<p>To address this risk we:</p> <ul style="list-style-type: none"> <li>• Considered the design of controls in place over key accounting estimates and judgements through performance of walkthrough procedures.</li> <li>• Evaluated the design effectiveness of management controls over journals.</li> <li>• Analysed the journals listing and determine the criteria for selecting high risk unusual journals.</li> <li>• Reviewed the journals population, identifying those where there may be increased risk of fraud, including any prepared by senior management, and selected these for targeted testing.</li> <li>• Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li> <li>• Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence.</li> <li>• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p><b>Conclusion</b></p> <p>Through our audit procedures performed we found that there was no evidence of management override in our testing of transactions. We have not identified issues in relation to this risk.</p>

## Risks identified in our Audit Plan

### Risk of fraud in expenditure recognition [completeness]

As set out in Practice note 10 (revised) which applies to public sector entities we consider there to be an inherent risk of fraud in expenditure recognition. Operating expenditure is understated or not treated in the correct period (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. We therefore focus on material non-pay expenditure streams. We consider the risk to be particularly prevalent around the year end and therefore focus our testing on cut-off ensuring the completeness of non-pay expenditure.

Our testing includes a specific focus on year end cut-off arrangements, where it may be advantageous for management to show an enhanced/different financial position in the context of reporting in-year to Scottish Government and the need to achieve the financial targets set.

## Commentary

To address this risk we:

- Documented our understanding of the accounts payable system, walking through the relevant controls.
- Substantively tested expenditure transactions throughout the year to confirm occurrence and accuracy of recording.
- Performed focused substantive testing of non-pay expenditure recognised post year-end to identify potential understatement.
- Reviewed year-end accruals and payables to consider indication of understatement or overstatement of balances held through consideration of accounting estimates.

## Conclusion

Through our audit procedures performed we did not identify any exceptions in our year-end cut-off testing of expenditure or in the completeness and accuracy of accruals or payables balances at year end.

Through our substantive procedures we did not identify any expenditure which was not in accordance with applicable legislation and guidance for the Scottish Social Services Council (regularity testing).

## Risks identified in our Audit Plan

## Commentary

### Risk of fraud in revenue recognition (occurrence)

ISA 240 requires us to consider the risk of fraud in revenue recognition. This is considered a presumed risk in all entities. SSSC receives grant-in-aid funding through resource allocations direct from the Scottish Government. We consider the risk of management manipulation and fraud through this funding stream as limited and rebut the risk in relation to this grant-in-aid funding. In addition, we consider the risk of material misstatement within other operating income to be low given its value (2021: £0.339 million).

We therefore focus our significant risk of material misstatement in relation to revenue recognition on fees income, being fees charged to service providers (2021: £5.675 million). In the context of future years financial pressures and a projected surplus position in the current year, we consider the risk of understatement of revenue, where management may be incentivised to allocate revenue to future years.

Our testing includes a specific focus on year end cut-off arrangements, where it may be advantageous for management to show an enhanced/different financial position in the context of reporting in-year to Scottish Government and the need to achieve the financial targets set. We therefore focus our testing on the occurrence of revenue recognised at year-end including existence of receivables at the year-end.

To address this risk we:

- Documented our understanding of the accounts receivable system, walking through the relevant controls.
- Substantively tested revenue transactions throughout the year to confirm occurrence and accuracy of recording.
- Performed focused substantive testing of fees income recognised at year-end to identify potential overstatement.
- Substantively tested year-end debtor balances to gain assurance over completeness of balances due.

### Conclusion

Through our audit procedures performed we did not identify any exceptions in our year-end cut-off testing of income or in the completeness and accuracy of receivable balances at year end.

Through our substantive procedures we did not identify any revenue which was not in accordance with applicable legislation and guidance for the Scottish Social Services Council (regularity testing).



## Risks identified in our Audit Plan

## Commentary

### IAS 19 Defined benefit pension liabilities (valuation)

SSSC participates in the Tayside Pension Fund, a local government pension scheme (LGPS). The scheme is a defined benefit pension scheme and in accordance with IAS 19: Pensions, SSSC is required to recognise its share of the scheme assets and liabilities on its statement of financial position. As at 31 March 2022, SSSC has pension fund liabilities of £9.681 million.

Barnett Waddingham LLP provide an annual IAS 19 actuarial valuation of SSSC's net liabilities in the pension scheme. There are a number of assumptions contained within the valuation, including: discount rate; future return on scheme assets; mortality rates; and future salary projections. Given the material value of the scheme liabilities and the level of estimation in the valuation, there is an inherent risk that the defined benefit pension scheme liability could be materially misstated within the financial statements. In particular, the assumptions applied in the valuation may not be appropriate, resulting in a material misstatement.

To address this risk we:

- Updated our understanding of the processes and controls put in place by management to ensure that SSSC's pension fund net liability is not materially misstated and evaluated the design of the associated controls.
- Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work.
- Assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation.
- Considered the work of the actuary, including the assumptions applied, using the work performed by PwC (commissioned on behalf of Audit Scotland to review the actuarial assumptions proposed by LGPS actuaries), as well as local audit assessment.
- Obtained assurances from Audit Scotland, as auditors of the pension fund, to provide assurances over the information supplied to the actuary in relation to SSSC, including assets held and membership data, and confirmed joint assurances in respect of employer and employee contributions in the year.
- Performed substantive analytical procedures in the year over the pension fund movements, investigating any deviations from audit expectations.
- Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.

### Conclusion

Through our audit procedures performed we did not identify any exceptions in our testing of defined benefit liabilities. The latest triennial valuation for the Tayside Pension Fund was as at 31 March 2020. As such, we expect a standard roll-forward process to produce asset and liability values which have an estimation uncertainty of up to 2%-3% per year since 31 March 2020. Hence, at 31 March 2022 there are two years' of uncertainty, resulting in around 4%-6% maximum potential inaccuracy in the accounting results which would be between £387,240 to £580,860 for the £9.681 million pension liability as disclosed in the financial statements. However, we would not expect the uncertainties to move in the same directions each year, and the impact could be lower than 2% in many cases. Based on the work we have performed, detailed above, we conclude that we have obtained sufficient and reasonable assurance over the valuation of the pension fund net liability.



## Significant estimates and judgements

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors per ISA 540. The Scottish Social Service's annual report and accounts are considered straightforward and non-complex as the accounts contain limited areas of estimation and judgement. One area of significant estimation is in relation to IAS19 defined benefit pension.

Significant estimate or judgement	Summary of management's approach	Audit comments	Assessment																								
IAS19 Defined benefit pension liabilities	<p>SSSC's net pension liability at 31 March 2022 is £9.681m (PY £11.604m), part of the Tayside Pension Fund.</p> <p>SSSC engages Barnett Waddingham to provide actuarial valuations of its assets and liabilities derived from the Tayside Pension Scheme.</p> <p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2020.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant movements. There are a number of assumptions contained within the valuation including: discount rate; future return on scheme assets; mortality rates; and future salary projections. These key assumptions are discussed with the actuary to inform the report and are predominantly informed by the actuary's recommended assumptions.</p>	<p>Using the work of PwC, we reviewed the key assumptions underpinning the actuarial valuation. We are satisfied that the assumptions adopted were appropriate for SSSC and that those applied were considered reasonable.</p> <table> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>2.60%</td><td>2.55% - 2.60%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>3.20%</td><td>3.05% - 3.45%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>4.20%</td><td>0.5% - 2.5% above CPI inflation (3.10% - 5.1%)</td><td>●</td></tr> <tr> <td>Life expectancy - Males currently aged 45 / 65</td><td>20.2</td><td>20.2 - 23.1</td><td>●</td></tr> <tr> <td>Life expectancy - Females currently aged 45 / 65</td><td>23.8</td><td>23.4 - 25.0</td><td>●</td></tr> </table> <p>We did not identify any indication of management bias in the underlying assumptions applied in the estimate and found that management have disclosed the key sensitivities surrounding these in the 2021-22 financial statements.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.60%	2.55% - 2.60%	●	Pension increase rate	3.20%	3.05% - 3.45%	●	Salary growth	4.20%	0.5% - 2.5% above CPI inflation (3.10% - 5.1%)	●	Life expectancy - Males currently aged 45 / 65	20.2	20.2 - 23.1	●	Life expectancy - Females currently aged 45 / 65	23.8	23.4 - 25.0	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2.60%	2.55% - 2.60%	●																								
Pension increase rate	3.20%	3.05% - 3.45%	●																								
Salary growth	4.20%	0.5% - 2.5% above CPI inflation (3.10% - 5.1%)	●																								
Life expectancy - Males currently aged 45 / 65	20.2	20.2 - 23.1	●																								
Life expectancy - Females currently aged 45 / 65	23.8	23.4 - 25.0	●																								

## Internal control environment

In accordance with ISA requirements we have developed an understanding of the control environment in place within SSSC. We did this through a walkthrough of key controls within SSSC's core financial systems including payroll, income, expenditure, valuation of IAS19 defined benefit pension scheme liabilities and journals. 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 Audit Plan. Our audit is not controls-based and we have not placed reliance on controls operating effectively as our audit is fully substantive in nature.

## Detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to SSSC and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks; International Financial Reporting Standards and the 2021-22 HM Treasury Financial Reporting Manual (FRoM).
- We enquired of management and the Audit and Assurance Committee, concerning SSSC's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the Audit and Assurance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of SSSC's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that altered SSSC's financial performance for the year and potential management bias in determining accounting estimates. Our audit procedures involved are documented within our response to the significant risk of management override of controls on page 6.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, included the potential for fraud in expenditure recognition and significant accounting estimates.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - SSSC's operations, including the nature of its operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - SSSC's control environment, including the policies and procedures implemented to ensure compliance with the requirements of the financial reporting framework.

## Other key elements of the financial statements

As part of our audit there were other key areas of focus during the course of our audit. Whilst not considered significant risks, these are areas of focus either in accordance with the Audit Scotland Code of Audit Practice or ISAs or through due to their complexity or importance to the user of the accounts.

Issue	Commentary
Matters in relation to fraud and irregularity	It is SSSC's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements, as a whole, are free from material misstatement, whether due to fraud or error. We obtain annual representations from management regarding management's assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. We have also made inquiries of internal audit around internal control, fraud risk and any known or suspected frauds in-year. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Accounting practices	We have evaluated the appropriateness of SSSC's accounting policies, accounting estimates and financial statement disclosures. Disclosures and accounting policies are in line with the FReM and we have no significant matters to report.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified and we plan to issue an unmodified opinion in this respect.</p>
Opinion on other aspects of the annual report and accounts	<p>We are required to give an opinion on whether the parts of the Remuneration and Staff Report, subject to audit, have been prepared properly in accordance with the requirements of the FReM, and the Accounts directions thereunder. We have audited the elements of the Remuneration Report and Staff Report, as required, and are satisfied that these have been properly prepared in accordance with applicable legislation.</p> <p>The information given in the Performance Report is consistent with the financial statements and that report has been prepared in accordance with the FReM and directions made thereunder by the Scottish Ministers. The information given in the Governance Statement is consistent with the financial statements and that report has been prepared in accordance with the directions made thereunder by the Scottish Ministers.</p>

Issue	Commentary
Matters on which we report by exception	<p>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; or there has been a failure to achieve a prescribed financial objective. We have nothing to report in respect of these matters.</p>
Governance Statement	<p>The Governance Statement is included within the Accountability Report. The Report outlines the governance framework in place at SSSC. The Report includes the Statement of the Accountable Officer's Responsibilities and has been prepared in accordance with the FReM. In accordance with the Scottish Public Finance Manual (SPFM), the Accountable Officer has a specific responsibility to ensure that arrangements have been made to secure Best Value and this is confirmed in the narrative in the annual report and accounts. There were no matters arising from our review of the Governance Statement that we want to draw attention to.</p>
Written representations	<p>A letter of representation has been requested from the Accountable Officer which has been included in the Audit and Assurance Committee papers.</p>
Going concern	<p>In performing our work on going concern we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by SSSC meets this criteria, and so we have applied the continued provision of service approach. In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management's assessment of the appropriateness of the going concern basis of accounting and conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified.</li> <li>• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>
Regularity	<p>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. In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.</p>

# Wider scope audit – smaller body

As set out in our Audit Plan, SSSC meets the definition of a smaller body in accordance with the Audit Scotland Code of Practice (2016). Therefore, as auditors we are required to include in our annual report commentary on arrangements, as they relate to financial sustainability and the Governance Statement. Our work on the Governance Statement and conclusions are set out on page 13 of this report. Below we have captured our commentary and conclusions on financial sustainability and other matters of interest during the year.

Wider scope dimension	Scope risk identified in our audit plan	Audit response and findings	Grant Thornton conclusion
Governance arrangements (Audit Scotland planning guidance consideration)	No significant risks identified within our audit planning	<p>The Council is the governing body responsible for ensuring that the SSSC fulfils its aims and objectives, promoting the efficient and effective use of staff and other resources and identifying and managing risk. The Council is supported by the Audit and Assurance Committee which assists and advises on a range of governance issues. 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. The Executive Management Team supports the Chief Executive in her Accountable Officer role through the formal scheme of delegation.</p> <p>During 2021-22 SSSC's governance arrangements continued to operate effectively. We found effective scrutiny and challenge and no significant concerns around governance arrangements.</p>	We are satisfied that SSSC's Governance Statement disclosures represent the governance arrangements in place during 2021-22.

Wider scope dimension	Scope risk identified in our Audit Plan	Audit response and findings	Grant Thornton conclusion
Financial sustainability (as applicable to a smaller body)	No significant risks identified within our audit planning	<p>For 2021-22, the SSSC reported a net expenditure of £17.851 million with a year-end deficit of £0.425 million. The deficit, however, was £1.778 million less than the budgeted year-end deficit position of £2.203 million, which was a positive outcome. The Scottish Government agreed that the difference of £1.778 million, classified as an underspend, can be carried forward for use by SSSC during 2022-23. It will be used for both the completion of the delayed work impacted by Covid-19 and also to fund increased practice learning fees.</p> <p>In terms of sustainability, the closing reserve of £2.389 million is 9.5% of gross expenditure, which is significantly higher than the SSSC's target range of 2.0% (£0.501m) to 2.5% (£0.627m). However, there are anticipated spending pressures in the next three years of:</p> <ul style="list-style-type: none"> <li>• - £1.638 million in 2022-23;</li> <li>• - £1.100 million in 2023-24; and</li> <li>• - £1.100 million in 2024-25.</li> </ul> <p>The Scottish Government confirmed in the 2022-23 budget allocation letter of April 2022 that £1.638 million spending pressure funding would be available, and therefore SSSC may use the balance of its reserves as working capital for 2022-23.</p> <p>Officers and members are aware of the challenging financial climate in year and in the medium term. Monthly budget monitoring arrangements and monitoring of financial risks allows SSSC to make informed decisions on finances in year and future years whilst recognising the impact on SSSC's financial sustainability.</p>	<p>Through our audit procedures we have not identified any significant risks in relation to the Scottish Social Services Council's financial sustainability.</p> <p>SSSC is currently working through its budgets for 23-24 and indicative budgets for the two years following. SSSC will discuss any residual funding gaps with the Scottish Government.</p>



# Appendices

# 1. Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. We are pleased to report there were no adjusted or unadjusted misstatements to the primary financial statements.

## Misclassification and disclosure changes

The table below provides details of substantive misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Adjusted?
<p>Our audit identified some disclosure errors which were brought to management's attention. These errors were all minor and have no impact on the Statement of Financial Position or the Statement of Comprehensive Net Expenditure. The changes suggested were to the following note:</p> <ul style="list-style-type: none"> <li>• <i>Staff and Remuneration Report</i>: two minor amendments to the banding disclosure.</li> </ul>	✓



## 2. Follow up of 2020-21 recommendations

We set out below our follow up of our 2020/21 recommendations and these are reflected below for information.

Recommendation	Agreed management response	Follow-up in 21-22
<p><b>1. Pension Fund</b></p> <p>The IAS 19 defined benefit valuation represents a material liability within the financial statements (2021: £10.466 million). The valuation is subject to significant estimation and thus sensitive to movements in underlying assumptions. Whilst we recognise that management utilise Barnett Waddingham to provide actuarial expertise in determining actuarial valuation, there is an opportunity to enhance the processes and controls around valuation to enable management greater oversight of the estimates made and assurances around the accuracy of the calculation. In particular, assurances from the actuary around the controls in place at the actuary to ensure data used in the valuation is complete and accurate and controls in place at the actuary to ensure underlying calculations are correct.</p>	<p>We will agree with the actuaries that in future years there will be a specific statements in the actuary's report that reasonableness checks have been completed on membership data as submitted by Tayside Pension Fund.</p> <p><b>Action owner:</b> Interim Director of Finance and Resources</p> <p><b>Timescale for implementation:</b> 31 March 2022</p>	<p>2021-22 IAS 19 Report (page 3) contains the required actuarial assurances.</p>
<p><b>2. Dilapidated provisions</b></p> <p>The Scottish Social Services Council operates from one leased property in Dundee. The lease agreement which is due to end over the next 5 years contains a number of contractual obligations for the Scottish Social Services Council to return the building to its condition at the outset of the lease. During 2020, management engaged Avison Young to independently assess the condition of the property and arrive at an estimate of the cost of the works that would be incurred to return the property to its original condition in accordance with the lease agreements. Management have used the report to arrive at an estimate of the present value of the future costs that would be incurred. As some of the premises is shared with the Care Inspectorate and the Office of the Scottish Charities Regulator, the provision reflects the Scottish Social Services Council's share of any future costs. This is based on an underlying lease split on an agreed budgeted share of costs for 21-22. While we are satisfied that the assumed split is reasonable for the 20-21 accounts, management should look to ensure that there is a formal agreement in place between the parties around how the costs will be split at the end of the lease term.</p>	<p>A formal dilapidations agreement will be drafted and circulated for agreement between the Scottish Government Property Division, the Scottish Social Services Council, the Care Inspectorate and the Office of the Scottish Charities Regulator.</p> <p><b>Action owner:</b> Interim Director of Finance and Resources</p> <p><b>Timescale for implementation:</b> 31 October 2021</p>	<p>All three bodies will be operating from the same property and the new lease from April 2023 will contain the dilapidations agreement.</p>

# 3. Audit fees and independence

## External Audit Fee

Service	Fees £
External Auditor remuneration	16,590
Pooled costs	3,740
Contribution to Audit Scotland costs	770
Contribution to Performance Audit and Best Value	Nil
<b>2021-22 Fee</b>	<b>21,100</b>

## Fees for other services

Service	Fees £
We confirm that for 2021-22 we did not receive any fees for non-audit services	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.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.
- 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 Sophia Brown, Audit Director, in the first instance, SSSC Engagement Lead ([sophia.y.brown@uk.gt.com](mailto:sophia.y.brown@uk.gt.com)) or Joanne Brown ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)), Head of Public Sector Assurance Scotland, who oversees our portfolio of Audit Scotland work. 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.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2021 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk/transparency-report-2021)

## 4. 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 below.

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	•	•
Views about the qualitative aspects of SSSC's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•



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Date:

**Council  
13 December 2022  
Agenda item: 03  
Report no: 48/2022  
Appendix 3**

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

Sophia Brown  
Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

Dear Sophia

## **Scottish Social Services Council**

### **Financial Statements for the year ended 31 March 2022**

This representation letter is provided in connection with the audit of the financial statements of Scottish Social Services Council (SSSC) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether SSSC's financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards as interpreted and adapted by the 2021/22 Government Financial Reporting Manual ("the FReM") and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of SSSC's financial statements in accordance with International Financial Reporting Standards as interpreted and adopted by the the FReM; in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting SSSC and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. SSSC 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.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the amortisation of intangible assets, provider accrual (and debtor); and, accrued holiday pay. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the FReM and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the FReM and adequately disclosed in the financial statements.
- vi. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of SSSC has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. 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.
- viii. 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.
- ix. We have only accrued for items received before the year-end.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The SSSC financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that SSSC'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:
  - a. the nature of SSSC means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting



- because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. SSSC's system of internal control has not identified any events or conditions relevant to going concern.
- xiv. We believe that no further disclosures relating to SSSC's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xv. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of SSSC's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within SSSC via remote arrangements.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We 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.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects SSSC 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.
- xx. We 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.
- xxi. We 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.
- xxii. We have disclosed to you the identity of SSSC's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We 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**

- xxiv. We are satisfied that the Governance Statement fairly reflects SSSC's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the Governance Statement.

### **Annual Report**

- xxv. The disclosures within the Annual Report fairly reflect our understanding of SSSC's financial and operating performance over the period covered by the financial statements.
- xxvi. The Annual Report comprising the Performance Report and the Accountability Report, has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by Scottish Ministers, including the requirements of the FReM. The information contained within the report is consistent with SSSC's underlying records.

### **Remuneration and Staff Report**

- xxvii. The Remuneration and Staff Report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by Scottish Ministers, including the requirements of the FReM. The information contained within the report is consistent with SSSC's underlying records.

### **Approval**

The approval of this letter of representation was minuted by the Scottish Social Services Council at its meeting on 13 December 2022.

Yours sincerely

Name:

Position: Chief Executive and Accountable Officer

Date:

Signed on behalf of the Scottish Social Services Council

