

**Date issued: 20 March 2023**

Members of the Scottish Social Services Council are advised that a meeting of the Council is to take place at 10.00 am on Monday 27 March 2023 by TEAMS meeting to consider time-sensitive matters.



**Sandra Campbell**  
**Convener**

**AGENDA**  
**PUBLIC SESSION**

<b>Agenda item</b>		<b>Report no</b>
1.	Welcome and apologies for absence	
2.	Declarations of interest	
3.	Draft External Audit Planning Report 2022/23	<b>12/2023</b>
4.	Draft budget 2023/24 and indicative budgets 2024/25 and 2025/26	<b>13/2023</b>
5.	Equality, Diversity and Inclusion Mainstreaming Report 2023	<b>14/2023</b>
6.	Date of next meeting – 25 May 2023 at 10.00 am	

<b>Title of report</b>	Draft External Audit Planning Report 2022/23
<b>Public/Confidential</b>	Public
<b>Summary/purpose of report</b>	This report presents the draft external audit planning report for 2022/23 from our external auditors.
<b>Recommendations</b>	<p>The Council is asked to:</p> <ul style="list-style-type: none"> <li>• agree that the materiality levels selected by the external auditors are appropriate for the scope of the audit (Appendix 1 page 9)</li> <li>• approve the draft 2022/23 external audit planning report (Appendix 1)</li> <li>• authorise the Interim Director of Finance and Resources, or other Director, to approve any minor amendments made by the external auditor following the meeting to finalise the plan.</li> </ul>
<b>Author</b>	Anne Stewart, Head of Legal and Corporate Governance
<b>Responsible Officer</b>	Lynn Murray, Interim Director, Finance and Resources
<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</p>

	regulated and valued for the difference it makes to people's lives.
<b>Link to Risk Register</b>	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.
<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>	<a href="#">Appendix 1 – draft planning report on 2022/23 external audit</a>
<b>Background papers</b>	None

## **EXECUTIVE SUMMARY**

1. Audit Scotland has appointed new auditors for the SSSC, Deloitte LLP, for a five-year period commencing April 2022.
2. Under our Code of Corporate Governance, the Audit and Assurance Committee endorses the draft external audit planning report (the plan) and Council approves it. As Deloitte LLP are newly appointed, they were unable to prepare a plan in time for the February meeting of the Audit and Assurance Committee. The Chair of the Audit and Assurance Committee and Convener agreed that we would present the draft plan to this meeting for approval.
3. The plan sets out how the auditors propose to audit the SSSC annual report and accounts 2022/23.
4. The draft external audit planning report for 2022/23 forms Appendix 1 to this report for approval by the Council.

## **2022/23 DRAFT EXTERNAL AUDIT PLANNING REPORT**

5. Every year the external auditor submits a plan to the SSSC in advance of the audit starting. The plan for the audit of the 2022/23 financial statements (Appendix 1) includes an overview of the audit, sets materiality levels, outlines the audit approach and timeline, identifies significant audit risks, sets out auditor responsibilities and independence and how they will ensure quality and added value, and provides information on accounting estimates and audit developments.
6. The external audit partner has determined materiality at £524,000 (2% of forecast gross expenditure), performance materiality at £366,000 (70% of materiality) and the Audit and Assurance Committee reporting threshold as £26,000 (page 9 of Appendix 1). Deloitte have asked the Audit and Assurance Committee to satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.
7. Audit Scotland communicated the expected fee for 2022/23 of £27,030 (2021/22: £21,100) in December 2022. This is an increase of 28% and the breakdown is included on page 41 of Appendix 1. Audit Scotland emphasised the importance of maintaining the quality of audit work and gave the reason for the above inflationary increase as being due to the current audit market and the increasing requirements, expectations and scrutiny of the audit profession.
8. The external auditors note in the plan that they expect management to prepare reports to the Audit and Assurance Committee on hot topics such as IFRS16 accounting for leases (page 16), economic uncertainty, climate change and cyber security (pages 23 to 26). We will table them at meetings considering issues on the Annual Report and Accounts.

9. Deloitte LLP will update the plan with details of relevant Council and Audit and Assurance Committee dates once we have confirmed them. We ask Council to authorise the Interim Director of Finance and Resources, or other Director, to approve amendments including dates, fees and any minor amendments that the external auditor makes following approval of the draft plan by Council. If there are significant changes, we will present the revised plan to the Audit and Assurance Committee on 2 May 2023.

## **CONSULTATION**

10. The Executive Management Team has reviewed the draft external audit plan.

## **RISKS**

11. We have an averse appetite to risks relating to risk 3: we fail to meet corporate governance, external scrutiny and legal obligations.  
The external audit plan (pages 12 to 17) sets out significant audit risks that the auditor has identified for SSSC in relation to:
  - management override of controls
  - operating within the expenditure resource limits
  - completeness of fee income.As well as areas of audit interest that are not considered significant risks:
  - introduction of IFRS16 accounting for leases
  - defined benefit pension scheme liability valuation.
12. The auditor highlighted revisions to ISA (UK) 315 identifying and assessing the risks of material misstatement (pages 31 and 32) and also identified significant risks in wider scope requirements (pages 19 to 22):
  - Financial management
  - Financial stability
  - Vision, leadership and governance
  - Use of resources to improve outcomes
  - Climate change
  - Cyber security
  - Fraud.

## **IMPLICATIONS**

### **Resourcing**

13. There are no resource impacts arising from the report itself. The SSSC deploys significant resources across the organisation, particularly in the Finance Team, to support the external audit.

## **Compliance**

14. The audit plan sets out the standards, codes and legislation that we must comply with.

## **IMPACT ASSESSMENTS**

### **Equalities**

15. We did not develop an EIA as the audit plan is a governance document that does not have an impact on people with protected characteristics.

## **CONCLUSION**

16. This report asks Council to approve the draft 2022/23 external audit planning report, agree audit materiality levels and authorise the Interim Director of Finance and Resources, or other Director, to approve any minor amendments the external auditor makes after the meeting.



## Scottish Social Services Council

Planning report to the Council on the 2022/23 audit  
Issued on 15 March 2023 for the meeting on 27 March 2023

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# Introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our planning report to the Scottish Social Services Council (“SSSC”) for the 2022/23 audit. I would like to draw your attention to the key messages of this paper:

### **Audit plan**

We have gained an understanding of SSSC following a handover from your previous auditors, discussion with management and review of relevant documentation from across the organisation.

Based on these procedures, we have developed this plan in collaboration with the organisation to ensure that we provide an effective audit service that meets your expectations and focuses on the most significant areas of importance and risk to SSSC.

### **Key risks**

We have taken an initial view as to the significant audit risks SSSC faces. These are presented as a summary dashboard on [page 12](#).

### **Wider scope requirements**

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks.

In carrying out our risk assessment, we have considered the arrangements in place for each area, building on any findings and conclusions from the previous auditor, planning guidance from Audit Scotland and developments within the organisation during the year. Our wider scope significant risks are presented on [pages 19 to 21](#). As part of this work, we will consider the arrangements in place to secure Best Value (BV).

# Introduction (continued)

## The key messages in this report (continued)

### **Regulatory change**

IFRS 16, Leases, came into effect on 1 April 2022, therefore will be first implemented in financial year 2022/23. This will require adjustments to recognise on balance sheet arrangements currently treated as operating leases. Further details are provided on [page 16](#).

### **Our commitment to quality**

We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience.

### **Added value**

Our aim is to add value to SSSC through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help SSSC promote improved standards of governance, better management and decision making and more effective use of resources.

We have also shared our recent research, informed perspectives and best practice from our work across the wider public sector on [pages 31 to 36](#) of this plan.

**Pat Kenny**  
**Associate Partner**

# Responsibilities of the Audit and Assurance Committee

## Helping you fulfil your responsibilities

Why do we interact with the Audit and Assurance Committee?

To communicate audit scope

To provide timely and relevant observations

To provide additional information to help you fulfil your broader responsibilities

As a result of regulatory change in recent years, the role of the Audit and Assurance Committee has significantly expanded. We set out here a summary of the core areas of Audit and Assurance Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit and Assurance Committee in fulfilling its remit.

- At the start of each annual audit cycle, ensure that the scope of the external audit is appropriate.

- Implement a policy on the engagement of the external auditor to supply non-audit services.

Oversight of external audit

Integrity of reporting

Internal controls and risks

Oversight of internal audit

Whistle-blowing and fraud

- Review the internal control and risk management systems.

- Explain what actions have been, or are being taken to remedy any significant failings or weaknesses.

- Ensure that appropriate arrangements are in place for the proportionate and independent investigation of any concerns raised by staff in connection with improprieties.

- Impact assessment of key judgements and level of management challenge.

- Review of external audit findings, key judgements, level of misstatements.

- Assess the quality of the internal team, their incentives and the need for supplementary skillsets.

- Assess the completeness of disclosures, including consistency with disclosures on business model and strategy and, where requested by the Council, provide advice in respect of the fair, balanced and understandable statement.

- Consider annually whether the scope of the internal audit programme is adequate.

- Monitor and review the effectiveness of the internal audit activities.

# Our audit explained

## What we consider when we plan the audit

### Responsibilities of management

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### FRC guidance on good practice

The FRC, in its Review of Governance Reporting, issued November 2021, has identified good practice as including a detailed description of the process for reviewing the effectiveness of risk management and internal control systems and clarity on what should be reported from the outcome of the review. This would include whether any weaknesses or inefficiencies were identified and explanations of what actions the Council has taken, or will take, to remedy these.

### Responsibilities of the Audit and Assurance Committee

As explained further in the Responsibilities of the Audit and Assurance Committee slide on [page 5](#), the Audit and Assurance Committee is responsible for:

- Reviewing internal financial controls and internal control and risk management systems (unless expressly addressed by a separate risk committee or by the Council itself).
- Monitoring and reviewing the effectiveness of the internal audit function; where there isn't one, explaining the absence, how internal assurance is achieved, and how this affects the work of external audit.
- Reporting in the annual report on the annual review of the effectiveness of risk management and internal control systems.
- Explaining what actions have been, or are being taken to remedy any significant failings or weaknesses.

### Our response

As stakeholders tell us they wish to understand how external audit challenges and responds to the quality of an entity's control environment, we are seeking to enhance how we plan and report on the results of the audit in response. We will be placing increased focus on how the control environment impacts the audit, from our initial risk assessment, to our testing approach and how we report on misstatements and control deficiencies.

# An audit tailored to you

## Overview of our audit plan

### Identify changes in your business and environment

SSSC continues to face staffing challenges with increased vacancies and long term absences across key posts in the organisation. This is considered further on [pages 19 to 22](#).

### Scoping

Our scope is in line with the Code of Audit Practice issued by Audit Scotland. More detail is given on [page 10](#).

### In our final report

In our final report to you we will conclude on the significant risks identified in this paper, report to you our other findings, and detail those items we will be including in our audit report.



### Determine materiality

We will use a materiality level of £524,000 in planning our audit. This is based on forecast gross expenditure. We will report to you any misstatements above £26,000. Further details on our materiality considerations are provided on [page 9](#).

### Significant risk assessment

We have identified significant audit risks in relation to SSSC. More detail is given on [pages 12 to 15](#).

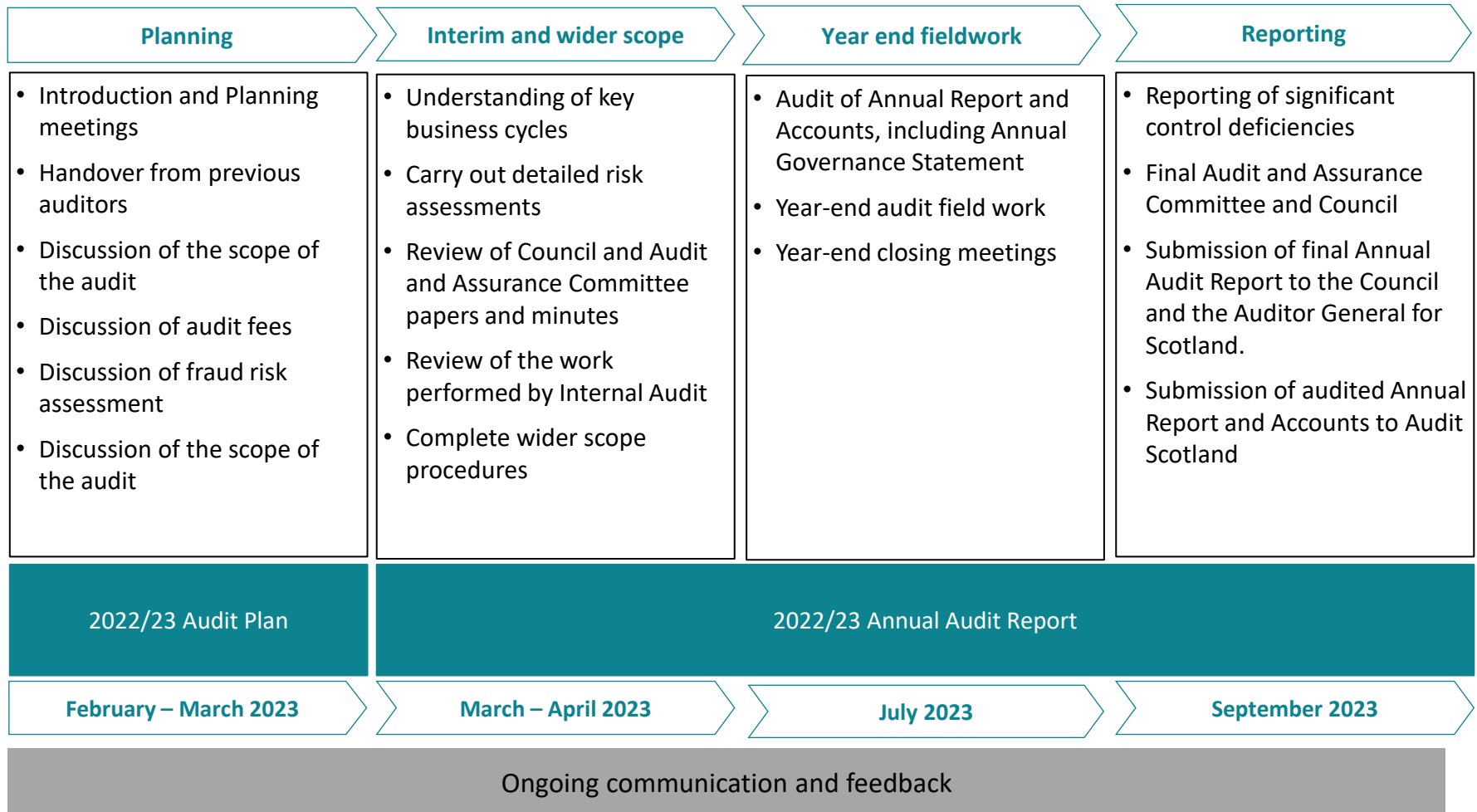
### Quality and Independence

We confirm all Deloitte network firms and engagement team members are independent of SSSC. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

# Continuous communication and reporting

## Planned timing of the audit

As the audit plan is executed throughout the year, the results will be analysed continuously, and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



# Materiality

## Our approach to materiality

### Basis of our materiality benchmark

- The audit partner has determined materiality as £524,000 and performance materiality of £366,000, based on professional judgement, the requirement of auditing standards and the financial measures most relevant to users of the Annual Report and Accounts.
- We have used 2% of forecast gross expenditure as the benchmark for determining materiality and applied 70% as performance materiality. We have judged expenditure to be the most relevant measure for the users of the accounts.

### Reporting to those charged with governance

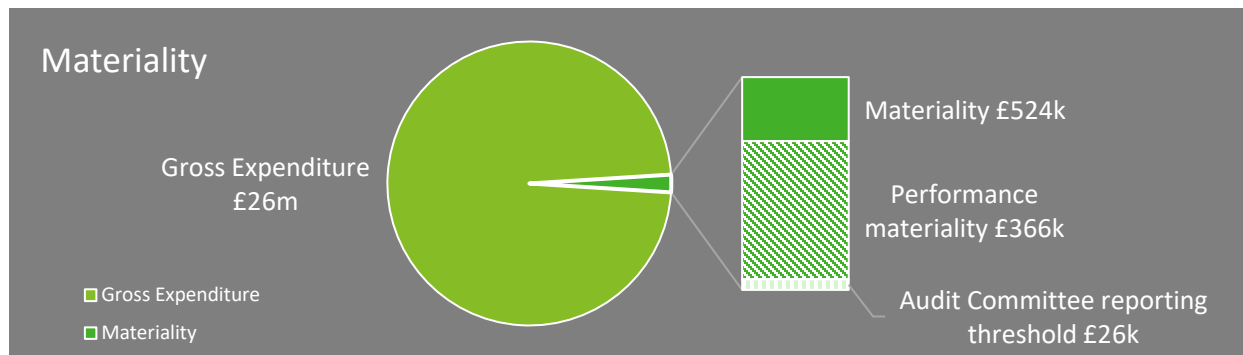
- We will report to you all misstatements found in excess of £26,000.
- We will report to you misstatements below this threshold if we consider them to be material by nature.

Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance, which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to the Audit and Assurance Committee must not exceed £250,000.

### Our Annual Audit Report

We will:

- Provide comparative data and explain any changes compared to prior year;
- Explain any normalised or adjusted benchmarks we use;
- Explain the concept of performance materiality and state what percentage of materiality we used for the audit, with our rationale.



Although materiality is the judgement of the audit partner, the Audit and Assurance Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

# Scope of work and approach

## Our key areas of responsibility under the Code of Audit Practice

Auditors activity	Planned output	Proposed reporting timeline to the Council/ Committee	Audit Scotland/ statutory deadline
Audit of Annual Report and Accounts	Annual Audit Plan Independent Auditor's Report Annual Audit Report	27 March 2023 <sup>1</sup> 26 September 2023 <sup>2</sup> 26 September 2023 <sup>2</sup>	31 March 2023 31 October 2023 31 October 2023
Wider-scope areas	Annual Audit Plan Annual Audit Report	27 March 2023 <sup>1</sup> 26 September 2023 <sup>2</sup>	31 March 2023 31 October 2023
Consider and report on Best Value arrangements	Annual Audit Plan Annual Audit Report	27 March 2023 <sup>1</sup> 26 September 2023 <sup>2</sup>	31 March 2023 31 October 2023

<sup>1</sup> Annual Audit Plan reported to the Council

<sup>2</sup> The Audit and Assurance Committee will review and endorse the final draft of the Annual Report and Accounts in September. The Council will then endorse the Annual Report and approve the Annual Accounts at its meeting on 31 October 2023

# Scope of work and approach

## Our approach

### Liaison with internal audit and local counter fraud

The Auditing Standards Board's version of ISA (UK) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

We will review their reports and meet with them to discuss their work where necessary. We will discuss the work plan for internal audit, and where they have identified specific material deficiencies in the control environment we consider adjusting our testing so that the audit risk is covered by our work.

Using these discussions to inform our risk assessment, we can work together with internal audit to develop an approach that avoids inefficiencies and overlaps, therefore avoiding any unnecessary duplication of audit requirements on the SSSC staff.

### Approach to controls testing

Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D&I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

### Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We use and continually update International Financial Reporting Standards ("IFRS") disclosure checklists in conjunction with the requirements of the FReM to support SSSC in preparing high quality drafts of the Annual Report and Accounts, which we would recommend the Council complete during drafting.













### Other reporting prescribed by the Auditor General

In addition to the opinion on the financial statements, we are also required to provide an opinion on the following:

- The regularity of expenditure and income;
- Whether the audited part of the Remuneration and Staff Report has been properly prepared; and
- Whether the Performance Report and Annual Governance Statement are consistent with the financial statements and have been properly prepared.

# Significant risks

## Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Level of management judgement	Management paper expected	Page no.
Risk 1 – Management override of controls					<a href="#">13</a>
Risk 2 – Operating within expenditure resource limits					<a href="#">14</a>
Risk 3 – Completeness of fee income					<a href="#">15</a>

### Level of management judgement



Limited management judgement



A degree of management judgement



Significant management judgement

### Controls approach adopted



Assess design & implementation

# Significant risks

## Risk 1 – Management override of controls

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### Risk identified

In accordance with ISA (UK) 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the Annual Report and Accounts as well as the potential to override the Council's controls for specific transactions.

The key judgements in the Annual Report and Accounts are those which we have selected to be the significant audit risks – revenue recognition and operating within the expenditure resource limits. These are inherently the areas in which management has the potential to use their judgment to influence the Annual Report and Accounts.

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### Our response

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

- We will consider the overall control environment and 'tone at the top';
  - We will test the design and implementation of controls relating to journals and accounting estimates;
  - We will make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
  - We will test the appropriateness of journals and adjustments made in the preparation of the Annual Report and Accounts. We will use Spotlight data analytics tools to select journals for testing, based upon identification of items of potential audit interest;
  - We will review accounting estimates for biases that could result in material misstatements due to fraud and perform testing on key accounting estimates as discussed above;
  - We will obtain an understanding of the business rationale of significant transactions that we become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual, given our understanding of the entity and its environment.
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# Significant risks (continued)

## Risk 2 – Operating within the expenditure resource limits

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**Risk identified**

In accordance with Practice Note 10 (Audit of Annual Accounts of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. The risk is that SSSC could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year end.

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**Our response**

We will evaluate the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area will include the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at the year-end;
  - Obtain independent confirmation of the resource limits allocated to SSSC by the Scottish Government;
  - Perform focused testing of a sample of accruals and prepayments made at the year end; and
  - Performing focused cut-off testing of a sample of invoices received and paid around the year end.
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# Significant risks (continued)

## Risk 3 – Completeness of fee income

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<b>Risk identified</b>	<p>ISA (UK) 240 states that when identifying and assessing the risks of material misstatements due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give risk to such risks.</p> <p>We have assessed the income streams for SSSC and concluded that the risk of a material misstatement due to fraud in relation to the Grant-in-Aid funding is limited given the funding can be agreed to confirmations supplied.</p> <p>We have therefore pinpointed our significant risk to the registration fee income, being fees charged to social service workers (£5.9m in 2021/22). As a result of the agreement as part of the Scottish Local Government pay settlement for 2022/23 which confirmed that local government employed staff would no longer be required to pay SSSC registration fees, the fees recognised are expected to be lower at around £1.1m, with the lost income being made provided by the Scottish Government.</p> <p>In particular, given future year financial pressures and a projected underspend position in the current year, we have pinpointed the risk to completeness as management may be incentivised to allocate revenue to future years.</p>
<b>Our response</b>	<p>We will test the design and implementation of key controls in place around the recognition of fee income.</p> <p>We will focus our testing on the year-end cut off arrangements, testing the occurrence of fee income recognised at the year-end and the existence of receivables at the year-end.</p>

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## Other areas of audit focus

We have identified the below areas of audit interest, although do not consider these to be significant risks

Risk identified	IFRS 16
<b>Summary</b>	<p data-bbox="388 368 1754 439">IFRS 16 is effective from 1 April 2022 and the introduction of IFRS 16 will have a significant impact on the balance sheet and on recorded capital expenditure for SSSC.</p> <p data-bbox="388 482 1818 625">The impact of the implementation of IFRS 16 was disclosed in the 2021/22 Annual Report and Accounts and audited during the prior year audit with no issues noted. The SSSC has leases relating to office space, and the share of future minimum lease payments, of £0.851m was disclosed in the 2021/22 Annual Report and Accounts.</p> <p data-bbox="388 672 1591 701">IFRS 16 disclosures will need to be updated to capture any new leases entered into this year.</p> <p data-bbox="388 748 1837 819">We recommend that an accounting paper is presented to the Audit and Assurance Committee on the transition for review and approval as part of the Council's governance over financial reporting.</p>
<b>Deloitte response</b>	<p data-bbox="388 843 1827 951">We will request from management an accounting paper on the implementation of IFRS 16 (including the controls in place over reporting under the standard, and any additional judgements identified in transition and in-year application).</p> <p data-bbox="388 993 1773 1022">During our final audit we will perform testing of SSSC's IFRS 16 disclosures, including any new judgements.</p>

## Other areas of audit focus (continued)

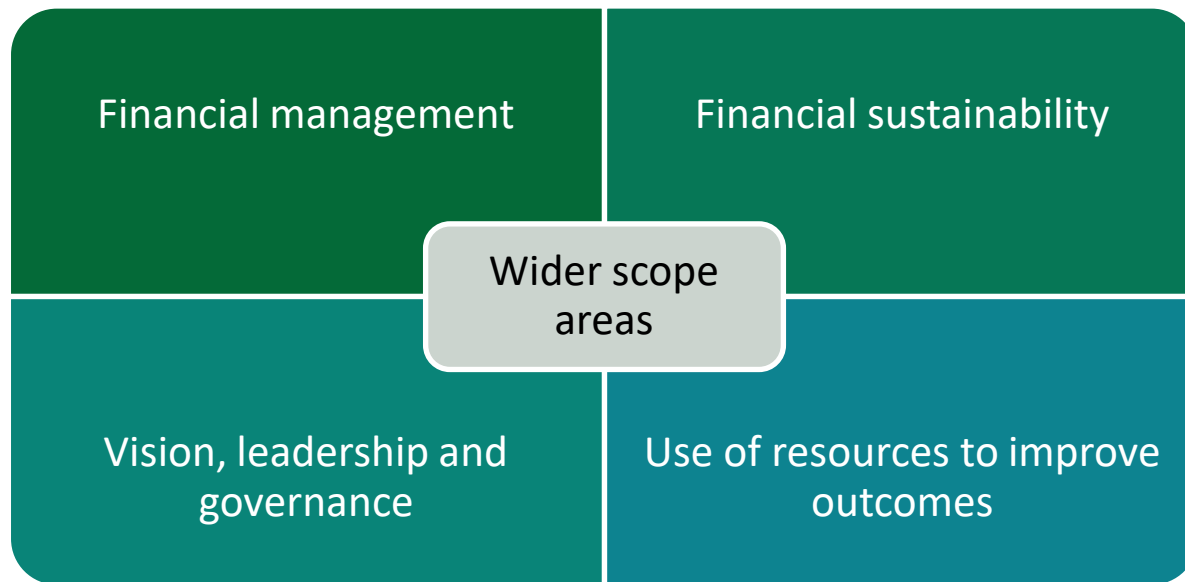
We have identified the below areas of audit interest, although do not consider these to be significant risks (continued)

Risk identified	Pension Liability
<b>Summary</b>	<p data-bbox="374 419 1818 486">SSSC participates in the Tayside Superannuation Fund, administered by Dundee City Council, which is a defined benefit scheme.</p> <p data-bbox="374 534 1843 676">The net pension liability decreased from £11.6m in 2020/21 to £9.7m in 2021/22. The decrease was combination of a decrease in the fair value of the assets and an increase in the liabilities as a result of demographic changes and financial assumptions. The liability also continues to be affected by the McCloud and Goodwin legal cases.</p> <p data-bbox="374 723 1818 943">Barnett Waddington are SSSC's appointed actuary, who produce a detailed report outlining the estimated liability at the year-end along with the associated disclosure requirements. The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by a reputable actuary using standard methodologies and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.</p>
<b>Deloitte response</b>	<p data-bbox="374 972 1174 1001">We will perform the following procedures to address the risk:</p> <ul data-bbox="374 1008 1827 1343" style="list-style-type: none"><li data-bbox="374 1008 1760 1036">• Assess the independence and expertise of the actuary supporting the basis of reliance upon their work;</li><li data-bbox="374 1043 1309 1072">• Review and challenge the assumptions made by Barnett Waddington</li><li data-bbox="374 1079 1798 1150">• Obtain assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;</li><li data-bbox="374 1158 1789 1229">• Assess the reasonableness of SSSC's share of the total assets of the scheme with the Pension Fund annual accounts;</li><li data-bbox="374 1236 1827 1308">• Review and challenge the calculation of the impact of the McCloud and Goodwin cases on pension liabilities; and</li><li data-bbox="374 1315 1213 1343">• Review the disclosures within the accounts against the FReM.</li></ul>

# Wider scope requirements

## Overview

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we will consider whether there are organisational arrangements in place in this regard.

As part of our risk assessment, we have considered the arrangements in place for the wider-scope areas and have summarised the significant risks and our planned response on the following pages.

# Wider scope requirements (continued)

## Significant risks

Area	Significant risks identified	Planned audit response
Financial management	<p>During 2022/23, there has been a significant turnover of finance staff, with 60% vacancies reported to the Audit and Assurance Committee in February 2023. While most vacancies have now been filled, capacity issues remain until training and development is completed for the new staff. In addition, the Interim Director of Finance is due to leave at the end of March 2023. There is therefore a significant risk that financial controls are not fully implemented and that financial reporting to the Committee and Council is out of date.</p>	<p>As part of our assessment of the business processes in place within the finance team, we will consider the impact of staff vacancies on the controls in place during the year. We will also review and assess the financial monitoring reports considered by the Committee and Council throughout the year.</p> <p>Our review of all internal audit plans and reports will also inform our work in this area.</p>
Financial sustainability	<p>SSSC has recently approved a Medium Term Financial Strategy (MTFS) covering the period 2023-26 and its draft budget for 2023/24 identifies significant budget gaps over the next 3 years. As with all public sector bodies, it is becoming increasingly challenging to balance the income expected with the increasing expenditure, particularly in view of pay costs and inflationary pressures. There is therefore a significant risk that SSSC do not have sufficient plans in place to manage its finances sustainably and deliver services effectively, over the medium to longer term.</p>	<p>We will assess the development of the 2023/24 budget and how that links to the MTFS and the Strategic Plan. In particular, we will consider the work being done to address in future year budget gaps.</p>

# Wider scope requirements (continued)

## Significant risks (continued)

Area	Significant risks identified	Planned audit response
Vision, leadership and governance	<p>The prior year auditors concluded that the governance arrangements continued to operate effectively during the year and found effective scrutiny and challenge, with no significant concerns noted.</p> <p>From our planning work, we have not identified any significant risks in relation to vision, leadership and governance.</p>	<p>We will continue to review the work of the Council and its Committees, in particular through attendance at the Audit and Assurance Committee, to assess whether the arrangements are continuing to work effectively.</p>
Use of resources to improve outcomes	<p>The Council recently approved its updated Strategic Plan for 2023-2026. The delivery of the plan relies on an increase in Grant-in-Aid allocation which has not been confirmed. There is a risk that should this additional funding not be received, SSSC is unable to deliver on all of its objectives.</p> <p>The Plan also recognises significant uncertainties around the National Care Service and Independent Review of Inspection, Scrutiny and Regulation and how that will impact SSSC.</p>	<p>Linked to the financial sustainability work, we will assess how the Medium Term Financial Plan (MTFP) is linked to the Strategic Plan and how the SSSC is reporting against this to demonstrate how it is using resources to improve outcomes.</p> <p>We will also assess how the SSSC is managing the risks in relation to the uncertainties.</p>

# Wider scope requirements (continued)

## National risks

In its planning guidance, Audit Scotland has highlighted the following national or sectoral risks that the Audit General and Accounts Commission wish auditors to consider at all bodies during the 2022/23 audit.

Area	Risk	Audit response
<b>Climate change</b>	Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impact of climate change.	<p>Public audit has an important and clear role to play in:</p> <ul style="list-style-type: none"><li>• Helping drive change and improvement in this uncertain and evolving area of work;</li><li>• Supporting public accountability and scrutinising performance;</li><li>• Helping identify and share good practice</li></ul> <p>The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.</p> <p>For the 2022/23 audit, we are required to provide responses to a series of questions supplied by Audit Scotland to gather basic information on the arrangements for responding to climate change in each body.</p>
<b>Cyber security</b>	There continues to be a significant risk of cyber-attacks to public bodies, and it is important that they have appropriate cyber-security arrangements in place. A number of recent incidents have demonstrated the significant impact that a cyber-attack can have on both the finances and operations of an organisation.	<p>As discussed further on <a href="#">page 27</a>, the revised ISA (UK) 315 includes enhanced requirements for auditors to understand a body's use of IT in its business, the related risks and the system of internal control addressing such risks. The Auditor General and Accounts Commission has confirmed that these additional requirements is likely to be sufficient consideration of cyber security in 2022/23 and therefore there is no additional work specified by Audit Scotland.</p>

# Wider scope requirements (continued)

## Other requirements (continued)

Area	Requirements
<b>National Fraud Initiative</b>	<p>The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.</p> <p>A number of central government bodies, including SSSC are participating in the 2022/23 NFI exercise. Participating bodies should have received matches for investigation from January 2023 and these require to be investigated by 30 September 2023. We will monitor the bodies participation and progress during 2022/23 and, where appropriate, include reference to NFI in our Annual Audit Report.</p>
<b>Anti-money laundering</b>	<p>We are required to ensure that arrangements are in place to be informed of any suspected instances of money laundering at audited bodies. Any such instances will be advised to Audit Scotland.</p>
<b>Fraud returns</b>	<p>We are required to prepare and submit fraud returns to Audit Scotland for all frauds at audited bodies:</p> <ul style="list-style-type: none"><li>• Involving the misappropriation or theft of assets or cash which are facilitated by weaknesses in internal control</li><li>• Over £5,000.</li></ul>

# Reporting hot topics

## Ongoing macro-economic uncertainty

### Reporting in times of uncertainty

Businesses face unprecedented uncertainty from a variety of sources, including stresses arising from energy supply and costs, inflation, foreign exchange volatility, commodity availability and pricing, global supply chain disruption, labour shortages and the impacts of climate change. Many of these issues are exacerbated by the ongoing conflict between Russia and Ukraine.

High-quality, transparent reporting that clearly explains the impact of these uncertainties on SSSC's financial position, performance and cash flows, as well as SSSC's response to these risks, remains as important as ever.



### Impact of ongoing macro-economic uncertainty – Considerations

The current macro-economic uncertainty and the resulting challenges have a pervasive impact on the financial statements and need to be considered comprehensively across all account balances and disclosures, in particular those involving estimation or judgement.

Sources of uncertainty likely to impact SSSC's operations and corporate reporting include:

- **High energy costs and risk of energy shortages**
- **Rising interest rates**
- **Rising levels of inflation**
- **Supply chain disruptions**
- **Continued pressures on labour supply and wages**



### Impact of ongoing macro-economic uncertainty – Action

We expect all bodies to have undertaken a comprehensive, evidence-based assessment of the risks relating to macroeconomic conditions including for example, higher energy costs, supply chain disruption, rising levels of inflation, commodity availability and labour shortages. Consideration should be given to how those risks affect both the operations of SSSC and the impact on the annual report and financial statements as a whole.

We expect bodies to have considered the pressures throughout the value chain(s) in which they operate, including an assessment of the risks relating to suppliers and operations.

# Reporting hot topics (continued)

## Climate related risks

### Deloitte view

The expectations of corporate reporting are increasing. While the focus is primarily on corporates, we highlight these areas where improved disclosures would help meet stakeholder expectations. This is also an area of interest from the Auditor General and Accounts Commission as discussed on [page 21](#).



### Accounting for and reporting of climate-related risks – Considerations

#### Stakeholder expectations

Stakeholders are clear that climate-related risks could be material to businesses in all sectors. In particular, stakeholders ask for clear, specific and quantified information that describes:

- how the impacts of physical and transition risks have been considered in preparing the financial statements;
- what climate-related assumptions and estimates were used to prepare the financial statements; and
- whether narrative reporting on climate risks and the accounting assumptions are consistent, or an explanation for any divergence.

### Climate thematic reports

In July 2022, the [FCA](#) and [FRC](#) published **thematic reviews of TCFD disclosures and climate-related impacts** reported in premium listed entities' financial statements. This follows up on the FRC's [2020 thematic review](#) of climate-related considerations.

The FRC highlighted five broad areas for improvements in climate-change reporting in their thematic review:

- giving more **granular and company specific information** about the effects of climate change on different businesses, sectors and geographies;
- ensuring that the discussion of climate-related risks and opportunities is **balanced**;
- **linking climate-related disclosures**, such as the output of climate-related scenario analysis, with other relevant narrative disclosures in the annual report, such as the business model or strategy;
- explaining how **materiality** has been applied in deciding which climate-related information should be disclosed; and
- ensuring **connectivity between TCFD disclosures and the financial statements** to help investors understand the relationship between climate-related matters and judgements and estimates applied in the financial statements – for example, explaining clearly how different climate-related scenarios and the companies' own net zero commitments have been reflected in the financial statements.

The FRC report also includes disclosure examples and detailed expectations and can be found on the FRC's website [here](#).

# Reporting hot topics (continued)

## Climate related risks



### Accounting for and reporting of climate-related risks - Action

#### *Governance*

The impacts of climate change are a strategic issue that should be on the Council agenda and integrated into decision making. We expect entities to have:

- Reviewed their governance, processes and controls for identifying, and responding to, climate-related issues;
- Completed a robust climate assessment including all physical and transition risks;
- Assessed the climate change assumptions used in judgements and estimates in the financial statements;
- Evaluated the appropriateness and consistency of information in the financial statements and narrative disclosures; and
- Prepared a management paper setting out management's climate risk assessment and consideration of the impacts of climate change on the financial statements.

#### *Financial statements*

Regarding financial statement disclosures, we expect entities to consider the transparency of information about the climate-related judgements and assumptions. Information should be entity-specific and avoid boilerplate explanations.

The financial statements should clearly disclose:

- What climate-related assumptions have been used in preparing the financial statements;
- How significant climate risks or net zero transition targets have been taken into account in preparing the financial statements;
- Which climate-related scenarios have been considered in sensitivity analysis of climate-related assumptions and how they affect judgements and estimates in the financial statements.

#### *Narrative reporting*

We expect the narrative accompanying the financial statements to include the following:

- An explanation of how climate is assessed as a strategic issue.
- Clarity of whether climate change represents a principal or emerging risk and how it is being managed;
- For climate-related targets and metrics, an explanation of how those targets and metrics fit into strategic targets/approach;

# Reporting hot topics (continued)

## Cyber risk

Area	Management actions	Impact on the financial statements and annual report	Impact on our audit
Cyber risk	SSSC has undertaken a cyber risk assessment, and provides cyber risk updates to the Audit and Assurance Committee.	<p>Cyber risk is an increasing area of focus, including a focus for the Auditor General and Accounts Commission as discussed on <a href="#">page 21</a>. We recommend considering whether any additional disclosure or explanations are appropriate, including discussion of principal risks and uncertainties, or in the Annual Governance Statement.</p> <p>The AGS requires disclosure of how risks to data security are managed and controlled, as well as of any serious information governance incidents.</p>	<p>We will obtain an understanding of SSSC and its internal controls in relation to cyber as part of our understanding of the SSSC's IT environment.</p> <p>We will make specific enquiries to identify whether a cyber breach has occurred during the period, and evaluate the impact of any cyber incidents, including any potential liabilities arising or impacts on compliance with laws or regulation.</p> <p>We will review the disclosures made for consistency with our understanding from our audit work.</p>

# Audit quality

## Our commitment to audit quality



Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

We will apply professional scepticism on material issues and significant judgements by using our expertise in the sector and elsewhere to provide robust challenge to management.

We will obtain a deep understanding of your business, its environment and of your processes in income and expenditure recognition, payroll expenditure enabling us to develop a risk-focused approach tailored to SSSC.

Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge. We will involve pension specialists to support the audit team in our work on the pension liability.

In order to deliver a quality audit to you, each member of the core audit team has received tailored learning to develop their expertise in audit skills, delivered by Pat Kenny (Associate Partner).



### **Engagement Quality Control Review**

We have developed a tailored Engagement Quality Control approach.

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

# Audit quality (continued)

## FRC Audit Quality Inspection and Supervision report

We are proud of our people's commitment to delivering high quality audits and we continue to have an uncompromising focus on audit quality. Audit quality is and will remain our number one priority and is the foundation of our recruitment, learning and development, promotion and reward structures.

In July 2022 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2021/22 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

In that context, we are pleased that both the overall and FTSE 350 inspection results for our audits selected by the FRC as part of the 2021/22 inspection cycle show an improvement. 82% of all inspections in the current cycle were assessed as good or needing limited improvement, compared to 79% last year. Of the FTSE 350 audits reviewed, 91% achieved this standard (2020/21: 73%). This reflects our ongoing focus on audit quality, and we will maintain our emphasis on continuous improvement as we seek to further enhance quality.

We welcome the breadth and depth of good practice points identified by the FRC particularly those in respect of the effective challenge of management and group audit oversight, where the FRC also reports findings.

We are also pleased that previous recurring findings relating to goodwill impairment and revenue were not identified as a key finding in the current FRC inspection cycle, reflecting the positive impact of actions taken in previous years. We nevertheless remain committed to sustained focus and investment in these areas and more broadly to achieve consistently high quality audits.

All the AQR public reports are available on its website:

<https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>

### **The AQR's 2021/22 Audit Quality Inspection and Supervision Report on Deloitte LLP**

"In the 2021/22 public report, we concluded that the firm had made progress on actions to address our previous findings and made improvements in relation to its audit execution and firm-wide procedures. The firm has continued to show improvement, with an increase in the number of audits we assessed as requiring no more than limited improvements to 82% compared with 79% in the previous year and 80% on average over the past five years. It is also encouraging that none of the audits we inspected were found to require significant improvements.

The area which contributed most to the audits requiring improvement was the audit of estimates of certain provisions. There were also key findings in relation to group audits, the review and challenge by the Engagement Quality Control Review (EQCR) partner and the application of the FRC Ethical Standard."

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to establish our respective responsibilities in relation to the Annual Report and Accounts audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope; and
- Key regulatory and corporate governance updates, relevant to you.

## Use of this report

This report has been prepared for the SSSC, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

## What we don't report

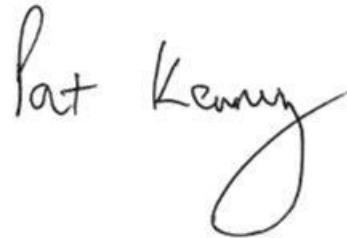
As you will be aware, our audit is not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

## Other relevant communications

We will update you if there are any significant changes to the audit plan.



**Deloitte LLP**

Glasgow | 15 March 2023

# Technical and sector developments



# Revisions to auditing standards coming into effect

## ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement

The International Auditing and Assurance Standards Board (IAASB) issued a revised risk assessment standard in December 2019, that takes effect for periods commencing on or after 15 December 2021. For most Scottish public sector bodies, this will be March 2023 year ends and later. The FRC has adopted the standard in the UK with minimal additions.

The revision was made to respond to challenges and issues with the current standard and requires a more robust risk identification and assessment. We had already incorporated many of the changes into our methodology in advance of the standard being introduced, but we summarise on the next few slides some of the areas where this may impact our audit.

*“The IAASB recognizes the importance, and also the complexity, of the auditor’s risk assessment process”*

IAASB’s basis for conclusions, ISA 315

Area of change	Impact on our audit	Impact on the entity
New requirement to evaluate the 4 entity-level components of internal control	<p>Whilst we have always been required to gain an understanding of the entity and its environment, including its internal controls, the new standard is more prescriptive on the need to go further and evaluate the 4 entity level controls components: the entity’s control environment, risk assessment process, monitoring of internal control, and information system.</p> <p>This could lead to an increase in the number of relevant controls.</p>	<p>You will need to consider the adequacy of your entity-level controls, and documentation thereof.</p> <p>You should also expect more granular inquiries regarding the control environment.</p>
Enhanced consideration of the types of relevant controls	<p>Overall we expect to identify an increased number of relevant controls, particularly for controls designed to address risks at the higher end of the spectrum of inherent risk and controls over reconciliations. Where new relevant controls are identified, we may also identify control deficiencies and need to consider the effect of these.</p>	<p>You should expect more challenge of controls, particularly over complex accounting estimates, financial reporting and complex or highly automated business processes.</p>

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement (continued)

Area of change	Impact on our audit	Impact on the entity
Enhanced understanding of IT and General IT controls	<p>As we identify more relevant controls, it is likely there will be more relevant IT controls (e.g. automated controls) which themselves rely on underlying General IT Controls (GITCs).</p> <p>We may need more IT specialist involvement to gain an enhanced understanding of IT controls and GITCs, particularly where there are a high volume of automated transactions in the entity. Similarly, where new IT systems come into scope, the likelihood is that there will be an increase in the number of deficiencies identified and action will be needed to determine the appropriate response.</p>	You should expect more challenge over the effectiveness of your GITCs, including how these are monitored.
New approach to scoping account balances, classes of transactions and disclosures	We may now identify some account balances as “material but not significant” where we do not identify a risk of material misstatement, but where we are required to perform some substantive testing.	We may need to perform more substantive testing on balances, where previously there was no separate category of material but not significant.
Revised definition of a significant risk, focused on risks at the upper end of a spectrum of inherent risk	We do not anticipate there being a significant increase in the number of significant risks identified, but where there are more material judgements or estimates being made and a significant risk has not been identified previously, we may conclude there is a significant risk.	You should expect more challenge on audits where before there were no significant risks beyond management override of controls.
Stand back requirement and increased focus on professional scepticism	Our audit approach already acknowledges that risk assessment is an iterative process as well as emphasising the importance of professional scepticism. We will use this as an opportunity to challenge ourselves on the evidence that professional scepticism has been applied through the risk assessment processes, including as part of the stand back assessment.	You should expect more challenge of the evidence provided in respect of our risk assessment, including revisiting this towards the concluding stage of the audit.

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

The Financial Reporting Council (FRC) issued a revised fraud standard in May 2021, that takes effect for periods commencing on or after 15 December 2021 (i.e. March 2023 year ends for most Scottish public sector bodies).

Many of the revisions provide increased clarity as to the auditor's obligations and codify existing expectations or best practice. The updates to the ISA do not include any changes relating to proposals in the Government's White Paper regarding auditor reporting on a statement by directors on the steps they have taken to prevent and detect material fraud.

We summarise on the next few slides how this will impact our audit.

Area of change	Impact on our audit	Impact on the entity
Fraud inquiries	<p>In addition to the pre-existing required enquiries, we are now explicitly required to make inquiries of management or others at the entity who handle whistleblowing.</p> <p>We are also required to discuss the risks of fraud with those charged with the governance, including those risks specific to the entity's business sector.</p>	You should expect further challenge in relation to who we speak to in relation to fraud at the entity, including more focus on entity/sector specific risks.
Engagement team discussions	<p>The revised ISA (UK) emphasises that the pre-existing audit team fraud discussion should explicitly include an exchange of ideas about fraud, incentives to commit fraud, and how management could perpetrate and conceal fraud.</p> <p>There is also an explicit requirement for the engagement partner to consider whether further fraud discussions should be held at later stages of the audit.</p>	You should expect increased challenge of the controls and processes in relation to the entity's own fraud risk assessment and the documentation of that assessment.

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

Area of change	Impact on our audit	Impact on the entity
Identified or suspected fraud by a key member of management	The revised ISA (UK) clarifies that if we identify or suspect fraud by a key member of management this may be qualitatively material.	Further challenge in relation to identified or suspected fraud by a key member of management.
Involvement of specialists	<p>We are explicitly required to determine whether the engagement team needs specialised skills and knowledge:</p> <ul style="list-style-type: none"><li>• To perform the fraud risk assessment procedures, to identify and assess the risk of material misstatement due to fraud, to design and perform audit procedures to respond to those risks or to evaluate the audit evidence obtained; or</li><li>• Where a misstatement due to fraud or suspected fraud is identified.</li></ul>	There is likely to be more interaction with fraud specialists as part of our planning procedures.
Journal entry testing	<p>We were already required to test the appropriateness of journal entries and other adjustments made in the preparation of the financial statements and make inquiries of personnel.</p> <p>The revised ISA (UK) clarifies that our selection process should consider specifically both automated and manual journals, consolidation adjustments (in the preparation of group financial statements), and post-closing entries.</p> <p>The standard also emphasises that when making inquiries about inappropriate or unusual activity relating to the processing of journal entries and other adjustments, we should make inquiries of individuals with different levels of responsibility in the financial reporting process.</p>	<p>You should expect more challenge on GITCs over the identification and classification of automated and manual controls, especially where there are IT deficiencies.</p> <p>There will also be more inquiries with people at different levels of responsibility at the entity.</p>

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

Area of change	Impact on our audit	Impact on the entity
Representations from those charged with governance	We will request additional representations from those charged with governance regarding their responsibilities for the prevention and detection of fraud.	You should expect updated representations from those charged with governance that they believe they have appropriately fulfilled their responsibilities to design, implement and maintain internal control to prevent and detect fraud.

# Sector developments

## The State of the State report 2022/23 – From the pandemic to a cost of living crisis

### Background and overview

The 11<sup>th</sup> edition of Deloitte and Reform's report on the UK public sector was launched in November 2022. Since 2012, we have aimed to create an annual snapshot of what's happening across government and public services to serve as an evidence base for informed discussion.

This year's State of the State finds public attitudes deeply affected by the cost of living crisis, pessimistic for the future and passionate about climate change.

After years of reacting to crises, the latest State of the State report finds officials across the public sector eager for reform and calling for bold decisions about the future of government and public services.

Some key messages:

- The public are split on the right balance between taxes, borrowing and public spending;
- The public's message to government: deal with the crises, but don't neglect net zero;
- Our survey data found that the Scottish and Welsh Governments, as well as the NHS, are among the most trusted parts of the public sector but trust has slipped overall;
- Public sector leaders are eager for reform and calling for bold decisions about the future of government and public services.



### Next steps

The full report is available at [The State of the State 2022/23 \(deloitte.com\)](https://www.deloitte.com/uk/en/issues/public-sector/state-of-the-state-2022-23.html)

# Sector developments (continued)

## Good practice in annual reporting – National Audit Office (NAO)

### Background and overview

Effective annual reporting in the public sector is more important than ever. The COVID-19 pandemic and, more recently, the energy price crisis have resulted in extraordinary public spending interventions by the government to support the public and the economy. Making government spending transparent and understandable to those who fund it – taxpayers – is therefore critical. Annual reports must clearly tell the ‘story’ of how these monies have been spent and what has been achieved. Crucially, annual reports and accounts must give assurance on how effective outcomes are being secured and how the risk of fraud and loss to the public purse is being appropriately managed and controlled.

Good reporting equips stakeholders with information they can use to hold organisations to account. This is why high-quality annual reports and accounts are fundamental to effective accountability.

The NAO has published a guide setting out good practice principles that it believes underpin good annual reporting. These principles are grouped under: **Supporting accountability**, **Transparency**, **Accessibility**, and the need for the report to be **Understandable**. Against these principles, the guide highlights examples which demonstrate attributes of good-practice reporting, including:

- Joined-up reporting.
- A frank and balanced assessment of risks and opportunities facing an organisation.
- Understandable non-financial information.
- Linkage between financial and non-financial information.
- Accessibility considerations.

### Next steps

The full guide has been shared with management for consideration as part of the preparation for the 2022/23 Annual Report and Accounts and is available at [Good practice in annual reporting - National Audit Office \(NAO\) insight](#)

# Appendices



# Our other responsibilities explained

## Fraud responsibilities



### **Your Responsibilities:**

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



### **Our responsibilities:**

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified risks of material misstatement due to fraud in how management operate within the expenditure resource limits set by the Scottish Government, fees charged to social service workers and management override of controls.
- We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.
- We will communicate to you any other matters related to fraud that are, in our judgment, relevant to your responsibilities. In doing so, we shall consider the matters, if any, regarding management's process for identifying and responding to the risks of fraud and our assessment of the risks of material misstatement due to fraud.



### **Fraud Characteristics:**

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

# Our other responsibilities explained (continued)

## Fraud responsibilities (continued)

We will make the following inquiries regarding fraud and non-compliance with laws and regulations:



### **Management and other personnel:**

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to risks of fraud.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries, in particular the Chief Executive.
- We will also make inquiries of personnel who are expected to deal with allegations of fraud raised by employees or other parties.

### **Internal audit**



- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.

### **Those charged with governance**



- How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity, including those specific to the sector.

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

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## Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of SSSC and will reconfirm our independence and objectivity to the Audit and Assurance Committee for the year ending 31 March 2023 in our final report to the Audit and Assurance Committee.

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## Fees

The expected fee for 2022/23, as communicated by Audit Scotland in December 2022 is analyzed below:

	£
Auditor remuneration	31,360
Audit Scotland fixed charges:	
• Pooled costs	(500)
• Audit support costs	890
• Sectoral cap adjustment	(4,720)
<b>Total expected fee</b>	<b>27,030</b>

There are no non-audit fees.

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## Non-audit services

In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

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## Relationships

We have no other relationships with the Council, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

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<b>Title of report</b>	Draft budget 2023/24 and indicative budgets for 2024/25 and 2025/26
<b>Public/Confidential</b>	Public
<b>Summary/purpose of report</b>	This report presents the draft budget for 2023/24 along with indicative budgets for 2024/25 and 2025/26.
<b>Recommendations</b>	<p>The Council is asked to:</p> <ol style="list-style-type: none"> <li>1. consider and comment on the draft budget for 2023/24 (Appendix 1, table 1) that includes draft changes to staffing establishment (paragraphs 17 and 18 below), subject to written confirmation from the Scottish Government. Scottish Government has agreed to fund a deficit budget of £2.066m as an unfunded pressure this year and that we can use the balance of our reserves as working capital in 2023/24.</li> <li>2. note the indicative budgets for 2024/25 of £2.423m deficit and 2025/26 £2.696m deficit (Appendix 1, table 1).</li> <li>3. note that specific grant funding and associated expenditure is currently excluded from the draft 2023/24 budget and indicative budgets for 2024/25 and 2025/26.</li> </ol>
<b>Author</b>	Nicky Anderson, Head of Finance
<b>Responsible Officer</b>	Lynn Murray, Interim Director, Finance and Resources
<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 3: We fail to meet corporate governance, external scrutiny and legal obligations.</p> <p>Risk 7: We fail to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.</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 - Budget - supporting information</p> <p>Appendix 2 - Changes to staffing establishment</p> <p>Appendix 3 - Budget assumptions</p>
<b>Background papers</b>	Draft 2023-24 budget 27 February 2023
	<p><a href="#">Link to Apx 1 - Budget - Supporting information</a></p> <p><a href="#">Link to Apx 2 - Changes to staffing establishment</a></p> <p><a href="#">Link to Apx 3 - Budget assumptions</a></p>

## **EXECUTIVE SUMMARY**

1. The SSSC's new financial year starts on 1 April 2023. Our Executive Framework sets out that the Scottish Government Sponsor (Sponsor) must confirm our funding before the new financial year starts.
2. Council must approve the annual budget each year, as required by our Code of Corporate Governance. Council must also approve changes to our staffing establishment.
3. We reviewed each budget item to take account of actual costs from previous years and the latest budget monitoring information. We applied inflationary uplifts where we know of increases.
4. Council is asked to consider and approve the draft budget in Appendix 1, table 1 to this report, which Scottish Government must also confirm in our grant in aid letter. Scottish Government has agreed to fund the budget deficit of £2.066m as an unfunded pressure in 2023/24 and our Sponsor will work with Scottish Ministers, aiming to permanently increase grant in aid in future years.
5. At 28 February 2023 our projected general reserve is £1.412m. Of this balance, £445k will be held to use for disbursements and £162k for Workforce Development Grant in 2023/24, leaving a remainder of £805k available for general use during the year (at 3.2% this is above our target 2%-2.5% reserves). Scottish Government has agreed that we can hold this working capital in reserve for use in 2023/24.
6. Appendix 1, table 1 includes indicative budgets for 2024/25 (£2.423m deficit) and 2025/26 (£2.696m deficit). This shows that, without extra funding from the Scottish Government and/ or registration fees, we cannot cover our baseline costs in future years.

## **DRAFT BUDGET 2023/24**

### **Overview of 2023/24 financial position**

7. We have prepared a draft budget for 2023/24 that includes business as usual and developments that Executive Management Team (EMT) considers necessary to effectively deliver the Strategic Plan. Table 1 in Appendix 1 shows the sources of our operating and disbursement income of £22.323m and expenditure of £24.389m, resulting in a funding deficit (shortfall) of £2.066m. Operating income is £17.316m, operating expenditure is £19.382m, with disbursements totalling £5.007m.
8. SG will pay £2.593m fees of registrants employed by Local Authorities through grant in aid.
9. In the draft budget paper to Council on 27 February 2023 we provided several options to reduce our operating costs to meet the budget deficit. Since then, our Sponsor has confirmed that they have approved an

unfunded budget pressure of £2.066m. This includes £300k already approved for future years to fund the impact of the 2022/23 pay increase. This means that Ministers accept that an overspend of grant in aid is necessary for 2023/24 and they will adjust the level of our grant in aid during the 2023/24 financial year. Ministers ask that we continue to work towards decreasing the total amount as far as possible.

10. Our Sponsor will continue to work during 2023/24 to secure a permanent increase to our grant in aid. They have let us know that we must not drawdown any underspend in the unfunded pressure of £2.066m, although we will monitor this throughout the year.
11. The budget excludes specific grant funding such as the Workforce Development Grant and the Voluntary Sector Development Funding as Scottish Government has yet to agree this.

### **Changes since the Council meeting on 27 February 2023**

12. We reported a first draft budget deficit of £2.858m at the Council meeting in February. Our Sponsor asked us to separate the Future Proofing Programme (FPP) budget of £1.092m from our operating budget as they hope to fund this separately as a specific project. We removed £300k income for the 2022/23 pay award from our operating budget as this will now be funded from the spending pressure. We also made some other smaller adjustments. This leaves our overall budget deficit for 2023/24 at £2.066m.

### **Key changes between 2022/23 budget and 2023/24 draft budget**

13. We have included our budget assumptions in Appendix 3. Costs of the pay award, increments and increased national insurance alone add around £600k to our budget this year and there is still a no compulsory redundancy policy in place.
14. We will reduce our office space by half, with costs estimated to reduce from £800k to £524k. Ministers agreed to renew the lease of Compass House and Quadrant House from April 2023, although we found out in mid February that the landlord has not yet signed the lease. We are waiting to find out whether all tenants have confirmed occupancy, the space we will occupy and final cost. Work to improve the hearing rooms started in 2022/23 and we expect to incur £142k in 2023/24. We have £86k in the budget and the remaining £56k will be funded from reserves or in-year underspends.
15. We reduced digital developments by £214k and will focus on enhancements included in the FPP. If we do not progress with the FPP we will need to assess other development requirements to maintain our core systems. We have included the digital developments we will progress in 2023/24 in Appendix 1, table 2.
16. We have increased Fitness to Practise panel member allowances by £312k to £667k to reflect the projected number of hearing days and because of the legal ruling to pay them holiday pay and pensions, although we have

not included pension payments in this amount as we are not aware of the level of take-up. We are not yet aware of the extent to which we will have to backdate payments but have paid two years of backdated holiday pay in 2022/23.

### **Changes to staffing establishment**

17. Our staffing establishment is the approved permanent and temporary staff we need to run the organisation. In 2023/24 we will fund the posts in Appendix 1, table 5 from the £2.066m unfunded pressure, which is not permanent grant in aid. After Council approves, this becomes part of the budgeted establishment for 2023/24. Appendix 2 shows the movement of established posts between 2022/23 and 2023/24, including posts that we deleted to pay for other posts. Total establishment reduced by 9.2 FTE from 335.6 to 326.4 ie 2.4 permanent staff and 6.8 temporary staff. The paybill stayed the same at £15.3m. These figures do not include staff in the FPP in Appendix 1, table 3.
18. It is good financial practice only to fund permanent posts from permanent funding and we have a cautious appetite to budgeting. We have taken a risk contrary to this practice in requesting funding of 1.2 permanent posts (£53k) that will help us maintain and improve systems that we need to provide statutory functions on the basis that we have historically underspent our budget. This is in addition to 2.5 posts (£146k) that Council agreed to make permanent that we didn't have funding for in 2022/23.

### **Future Proofing Programme**

19. The FPP was a commitment in our 2020-23 Strategic Plan with the aim of modernising and improving the structures for carrying out the SSSC's core statutory functions. Our Sponsor has asked us to submit a separate business case for the FPP to present to Ministers for approval as it is a one year, one-off programme of work, due to complete by 31 March 2024. Appendix 1, table 3 shows how the proposed 2023/24 budget for the FPP of £1.092m is broken down.

### **Budget summary 2023/24 by strategic outcome**

20. We have split the 2023/24 budget by strategic outcome and this is shown in Appendix 1, table 6 with a comparison of the split for 2022/23. We have included assumptions in Appendix 3.

### **GENERAL RESERVES**

21. Based on projections at 28 February 2023, we expect our general reserve to be £1.412m by 31 March 2023. Of this balance, £445k must be held for disbursements and £162k for Workforce Development Grant expenditure during 2023/24. We maintain a target of 2% to 2.5% (£500k to £625k) for our general reserve. If we assume the minimum balance of 2%, this leaves £305k available for general use in 2023/24. If the minimum target

reserve is not maintained at 2% then up to 805k is available for general use (Appendix 1, table 4).

22. Our Sponsor has confirmed by email that we can carry forward the underspend in disbursements to 2023/24 (£445k at 28 February 2023). They have also asked us to drawdown all Workforce Development grant in 2022/23, leaving an underspend of £162k to be carried forward for use in 2023/24, and that we can use our remaining general reserve balance of £804k as working capital in 2023/24. However, we will not drawdown any unused balance at the end of the financial year, excluding our target reserves of 2-2.5% (£500k to £625k). We can redirect disbursements to fund operational expenditure only to the extent that it is not required for the purpose it was given.
23. We have identified several areas where we do not have provision in our current budget and will use our reserves, if required, as follows.
  - Office improvements - £56k
  - Digital work of £100k if the FPP business case is not approved.
  - Potential spend relating to the National Care Service, the Independent Review of Inspection, Scrutiny and Regulation (IRISR) and the Fitness to Practise panel member legal decision.
  - Any spend relating to the rewards review if it is reinstated after the IRISR.

## **2024/25 and 2025/26 INDICATIVE BUDGETS**

24. We prepared indicative budgets for 2024/25 and 2025/26, based on the draft 2023/24 budget and assuming grant in aid stays at the same level of £16.035m. The indicative budgets are shown alongside the draft budget for 2023/24 in Appendix 1, table 1.
25. There is an indicative deficit budget of £2.423m in 2024/25 and a deficit budget of £2.696m in 2025/26. We do not have enough funding to cover our baseline costs and will continue to work with our Sponsor in the coming year with the aim of securing permanent increased grant in aid and/or review of registration fees in future years. The significant assumptions used in the preparation of the indicative budgets are included in Appendix 3.
26. These budgets do not allow for developmental work or additional staffing costs except the work and temporary posts that have a contract period after 31 March 2024.

## **CONSULTATION**

27. We compiled the draft and indicative budgets after input from budget holders and review by directors. The EMT reviewed the draft budget for 2023/24 and we have included their priorities. We consulted Council Members in the January development session and Council meeting on 27 February. We consulted our Sponsor and sought their advice and support as we have developed the draft budget.

## **RISKS**

28. Risk 7 in the strategic register is that SSSC fails to secure sufficient budget resources to fulfil the financial plans required to deliver the Strategic Plan. Our appetite to risk for our budget is cautious.
29. Our 2024/25 and 2025/26 budgets have deficits of £2.423m and £2.696m respectively. We have not assumed any increases to registration fee income in these figures, we have not allowed for digital or other development costs in the indicative budgets and our permanent costs are rising. There is a risk to delivery of the Strategic Plan 2023-26 if we do not have sufficient budget to deliver.
30. Other risks to the budget are set out below.
  - Lack of permanent additional grant in aid funding meaning we cannot commit to temporary or permanent posts that we need to deliver our strategic outcomes.
  - Registration fees have not increased since 2017 and Ministers agreed with our recommendation to postpone reviewing fees in 2021/22 and 2022/23 due to the cost of living crisis. Ministers agreed in 2022 to pay fees for registrants working for Local Authorities, which adds further complexity. We rely on registration fees to contribute towards our operating costs that continue to increase even if we stand still.
  - Increased pay claim in 2023/24 beyond what we have allowed for in the budget. A further increase of 2% would mean approximately £300k in each of the three years included in this report.
  - Scottish Government does not agree the business case to fund the Future Proofing Programme.
  - Little digital or other development funding in 2024/25 and 2025/26 meaning we may not be able to deliver system changes and other initiatives that will support delivery of business as usual and business improvement.
  - Temporary funding used to fund permanent posts - £199k in 2023/24.
  - Inflation is included where known, but no general inflationary uplift is included, meaning costs may be higher than the budget.
  - Increase in costs due to higher carbon targets.

- We will have to pay for unused space until Scottish Government confirms all tenants occupying the Dundee office. This could mean up to an extra £276k in our budget.
- We have a legal requirement to pay pensions for members of Fitness to Practise panel members. We have not allowed for this as we do not know the level of take up from the 80+ members or the extent of backdating. We have paid two years backdated holiday pay but it is possible we will need to backdate further. There could also be implications from the ruling for Council Members and Scottish Government is looking into this.
- Scottish Government has not committed to an unfunded pressure amount beyond 2023/24 so we have not included any amounts in the budgets for 2024/25 and 2025/26. The risk would reduce if Scottish Government were to agree a permanent increase to grant in aid or unfunded pressures in future years.
- There is uncertainty in our budget, particularly relating to potential implications from the National Care Service and the Independent Review of Inspection, Scrutiny and Regulation. We paused the Rewards Review in August 2022 as there was no extra funding from SG to implement a new pay and grading structure. We will revisit this activity in 2023.

## **IMPLICATIONS**

### **Resourcing**

31. The draft budget for 2023/24 is a deficit budget of £2.066m. Indicative budgets for 2024/25 are £2.423m deficit and 2025/26 £2.696m deficit meaning we don't have enough funding in future years to cover baseline costs.
32. We project reserves available for general use of £805k at 31 March 2023 (at 28 February 2023) that Scottish Government agrees we can use as working capital in 2023/24.

### **Compliance**

33. The Council follows the Scottish Public Finance Manual (SPFM) and our Executive Framework in setting a budget by 1 April each financial year.

## **IMPACT ASSESSMENTS**

### **Equalities**

34. When we develop business cases for improvement/development projects, we will also produce individual Equality Impact Assessments (EIAs), as needed. This makes sure we carry out EIAs at the right level and take account of the impact on all people with protected characteristics.

## **CONCLUSION**

35. This report asks the Council to consider and approve the draft budget for 2023/24 and the indicative budgets for 2024/25 and 2025/26 (Appendix 1, table 1). We have currently excluded specific grant funding and associated expenditure from the draft 2022/23 budget and indicative budgets for 2024/25 and 2025/26 as Scottish Government has yet to agree this.

## Budget – Supporting Information

**Table 1 – Three year budget – operational and disbursements**

	Revised budget for monitoring purposes 2022/23 £000	DRAFT Budget 2023/24 £000	Indicative Budget 2024/25 £000	Indicative Budget 2025/26 £000
<b>Expenditure - cost of operating our business</b>				
<b>Staff costs</b>				
Staff salary costs	14,939	15,072	15,179	15,527
Other staff costs	566	844	844	844
<b>Total staff costs</b>	<b>15,505</b>	<b>15,916</b>	<b>16,023</b>	<b>16,370</b>
<b>Running costs</b>				
Accommodation	791	538	459	466
Administration	1,186	923	881	855
Travel	84	76	76	76
Supplies & Services	2,435	1,929	2,050	1,975
<b>Total running costs</b>	<b>4,495</b>	<b>3,466</b>	<b>3,466</b>	<b>3,373</b>
<b>Total operating expenditure</b>	<b>20,001</b>	<b>19,382</b>	<b>19,489</b>	<b>19,743</b>
<b>Income - from operating our business</b>				
Grant in aid to fund our operating costs	(11,028)	(11,028)	(11,028)	(11,028)
Grant in aid - reimbursement of Local Authority registration fees	0	(2,593)	(2,453)	(2,459)
Registration fees - collected from registrants	(5,962)	(3,310)	(3,290)	(3,261)
Other income	(398)	(385)	(295)	(299)
<b>Total operating income</b>	<b>(17,387)</b>	<b>(17,316)</b>	<b>(17,066)</b>	<b>(17,047)</b>
<b>Deficit/(Surplus) on operating the business</b>	<b>2,614</b>	<b>2,066</b>	<b>2,423</b>	<b>2,696</b>
<b>Disbursements to other organisations/students</b>				
Disbursements and VSDF	0	0	0	0
Postgraduate bursaries	2,655	2,655	2,655	2,655
Practice Learning fees	2,352	2,352	2,352	2,352
<b>Total disbursement expenditure</b>	<b>5,007</b>	<b>5,007</b>	<b>5,007</b>	<b>5,007</b>
<b>Disbursement funding</b>				
Voluntary Sector Development Fund (VSDF)	0	0	0	0
Grant in aid (PG Bursaries)	(2,655)	(2,655)	(2,655)	(2,655)
Grant in aid (practice learning)	(2,352)	(2,352)	(2,352)	(2,352)
<b>total disbursement income</b>	<b>(5,007)</b>	<b>(5,007)</b>	<b>(5,007)</b>	<b>(5,007)</b>
<b>Deficit/(surplus) on disbursements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total operating and disbursement expenditure</b>	<b>25,008</b>	<b>24,389</b>	<b>24,496</b>	<b>24,750</b>
<b>Total operating and disbursement income</b>	<b>(22,394)</b>	<b>(22,323)</b>	<b>(22,073)</b>	<b>(22,054)</b>
<b>Overall deficit - spending pressure</b>	<b>2,614</b>	<b>2,066</b>	<b>2,423</b>	<b>2,696</b>

**Table 2 – Digital developments – 2023/24**

	<b>Draft budget 2023/24 £000</b>
Investigate intelligent automation	10
Website development	30
Data and intelligence mapping for external stakeholders	60
Customer voice software	10
Upgrade Learning Zone for sector	35
	<b>145</b>

**Table 3 - Draft 2023/24 Budget for the Future Proofing Programme**

<b>Staff</b>	<b>Project budget £000</b>	<b>Non Staff</b>	<b>Project budget £000</b>
Programme Manager	61	Digital development	419
Project Coordinator	32	Research and engagement	35
Communications Officer	46	Legal fees	10
3 x Learning & Dev Advisers	186	Venue hire and travel	10
Registration Lead Officer	55	Programme governance	6
6 x Registration Assistants	169	Printing codes	5
Systems Development Officer	48		
Systems Development Assistant	35		
Less vacancy management	(25)		
<b>Total staff costs (15 FTE)</b>	<b>607</b>	<b>Total non staff costs</b>	<b>485</b>
		<b>Total programme costs</b>	<b>1,092</b>

**Table 4 - Projected General Reserves at 31 March 2023 (based on projections at 28 February 2023)**

<b>Expenditure type</b>	<b>General reserve balance £000</b>
Practice learning fees - disbursements	445
Workforce Development Grant	165
Target 2% reserve (available for general use)	500
Available for general use	305
Projected general reserve at 31 March 2023	<b>1,412</b>

**Table 5 – Temporary posts we will fund from spending pressure**

Post	<sup>1</sup> FTE	Cost £000
Laravel PHP Online Application Software Developer	1.0	52
Product Owner - Managing Mattersphere	1.0	56
Digital Marketing Communications Coordinator (requested permanent)	1.0	48
Stakeholder/Involving People Coordinator	1.0	47
PMO - Project Coordinator	1.0	32
Intelligence Analyst	1.0	47
2nd Level Technical Analyst	1.0	47
Rewards Review Project Manager (six months)	0.5	29
Organisational Development Adviser (requested permanent)	1.0	44
Transactions Assistant	1.0	32
	<b>9.5</b>	<b>434</b>
Vacancy management – 4%		<b>(17)</b>
		<b>417</b>

**Table 6 - Budget split by Strategic Outcomes**

Strategic outcome	2023/24 £k	2022/23 £k	%
Strategic Outcome 1	15,312	14,891	79.0
Strategic Outcome 2	2,965	2,876	15.3
Strategic Outcome 3	988	967	5.1
Strategic Outcome 4	116	117	0.6
	<b>19,382</b>	<b>18,851</b>	<b>100</b>
Specific grants		141	
Disbursements	5,007	5,042	
	<b>24,389</b>	<b>24,034</b>	

# SSSC Organisational Structure by FTE

	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	Permanent	Temporary	Total established posts	Full Year cost of permanent posts	Full year cost of temporary posts	Full year cost of total established posts
Team	FTE	FTE	FTE	£000	£000	£000
EMT and support	8.0	0.8	8.8	632.1	65.2	697.3
Registration	74.7	1.0	75.7	2,418.0	30.2	2,448.2
Regulatory Improvement and Hearings	21.0		21.0	989.0		989.0
Fitness to Practise	96.0	2.0	98.0	4,947.0	117.2	5,064.2
Workforce , Education and Standards	41.1	2.5	43.6	2,344.0	160.5	2,504.5
Communications	12.0	2.7	14.7	556.4	106.1	662.5
Performance & Improvement	12.8	3.0	15.8	578.2	123.9	702.1
Digital Services	11.8	1.0	12.8	545.2	46.8	592.0
Finance	13.6	1.0	14.6	539.0	31.4	570.4
Human Resources	7.5	1.8	9.3	296.3	105.6	401.9
Organisational Development	2.0	1.7	3.7	120.5	67.5	188.0
Legal & Corporate Governance	8.6		8.6	419.1		419.1
<b>Total FTE</b>	<b>309.1</b>	<b>17.5</b>	<b>326.6</b>	<b>14,384.8</b>	<b>854.4</b>	<b>15,239.2</b>
<b>Council Members</b>	9.0	0.0	9.0	78.4	0	78.4
<b>Establishment excluding Future Proofing Project</b>	<b>318.1</b>	<b>17.5</b>	<b>335.6</b>	<b>14,463.2</b>	<b>854.4</b>	<b>15,317.6</b>
Future Proofing Project*	0.0	11.0	11.0		404.8	404.8
*Separate funding request with Scottish Government						
<b>Establishment including Future Proofing Project</b>	<b>318.1</b>	<b>28.5</b>	<b>346.6</b>	<b>14,463.2</b>	<b>1,259.2</b>	<b>15,722.4</b>

Item 4  
Appendix 2

2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
Reduction in posts - permanent	Reduction in posts - temporary	New posts permanent	New posts temporary	Total established posts (draft)	Full year cost of 2023/24 established posts
FTE	FTE	FTE	FTE	FTE	£000
	(0.8)			8.0	654.9
(3.6)	(1.0)			71.1	2,469.4
(2.0)	1.0			20.0	1,017.2
		1.0		99.0	5,171.0
	(0.5)			43.1	2,447.0
	(0.7)			14.0	666.3
	(2.0)	1.0		14.8	695.3
	(0.8)	1.0		13.0	621.3
				14.6	578.7
	(1.3)			8.0	334.8
	(0.7)			3.0	170.2
		0.2		8.8	434.9
(5.6)	(6.8)	3.2	0.0	317.4	15,261.0

				9.0	64.1
(5.6)	(6.8)	3.2	0.0	326.4	15,325.1

	(3.0)		7.0	15.0	632.0
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(5.6)	(9.8)	3.2	7.0	341.4	15,957.1
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## **Budget Assumptions**

### **2023/24**

#### **1. Staff costs**

Our 2023/24 draft staff costs budget includes the assumptions detailed below.

- The budget assumes that the pay offer approved by Scottish Government for 2022/23 is accepted by staff.
- We have not yet received guidance on Scottish Government Pay Policy for 2023/24 so have applied what we believe to be a realistic increase to apply from 1 April 2023.
- We assume that all staff not already at the top of their salary scale will perform satisfactorily and will receive an increment. Increases for increments and the 2023/24 pay award are budgeted to total c£600k.
- We have included provision for employer pension (17%), national insurance contributions are at the same level as last year and the apprenticeship levy £44k (0.5% of paybill over £3m). The most recent actuarial valuation of the pension 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.
- We set a vacancy management adjustment of 4% (£402k) across all activities apart from Fitness to Practise. This is a reduction to our staff costs budget to account for the time delay when filling posts that become vacant during the year.
- We paused the rewards review mid 2022 as changes to the pay and grading structure were unaffordable. We agreed to review the position in a year's time and have included six months of a project manager's role and consultancy costs. We won't know financial implications of the review until the work is complete.

#### **2. Other staff costs**

Following a court of appeal judgement in the case of a Nursing and Midwifery Council panel member, our panel members have 'worker' status and are entitled to holiday pay and access to a workplace pension. We have increased the budget by £312k to provide for this and an increase in hearing days.

### **3. Accommodation costs**

Scottish Ministers approved the renewal of a lease for our office accommodation from April 2023. We intend to reduce our office space by 50%, although have reduced the budget from £800k to £524k. We will not know the space we will occupy and cost until the final tenant is confirmed so there is still a risk to budget. We have not yet finalised figures for a lease free period, which will be spread across the term of the lease.

### **4. Running costs**

We increased our digital systems budgets by £68k to cover day to day running costs, maintenance, licences and some inflationary increases of 3%.

### **5. Service Level Agreement – Shared Services**

We have a Service Level Agreement in place for shared services with the Care Inspectorate. The Care Inspectorate recharges us for costs in relation to services eg estate management, and staff. We have assumed 20% increase in energy costs for energy in 2023/24 and broadly the same pay assumptions as SSSC staff.

### **6. Uncertainties**

We have not included any costs arising as a result of the rewards review, the Independent Review of Inspection, Scrutiny and Regulation or the National Care Service as there is still uncertainty in all of these areas. There is also uncertainty on the level of pension for Fitness to Practise panel members and the extent to which we will need to backdate holiday pay and pensions.

### **7. Income**

Scottish Government funding of £16.035m grant in aid for 2023/24 is the same level as 2022/23.

The registration fee income budget of £5.902m reduced by £59k from 2022/23. We included an assumption of 6.2% of registration income for write off of registration debt in our running costs budget because we must write off registration debt for registrants removed from the register after their registration anniversary date. We added a corresponding increase (£366k) to our registration income budget. We have included £2.592m for registration fees to be paid by Scottish Government for registrants working for Local Authorities (around 40% of registrants) as well as £3.310m direct from registrants. Scottish Government haven't yet confirmed whether they will pay fees via grant in aid.

The modern apprenticeship budget remains the same at £240k.

## **8. Disbursements**

On behalf of the Scottish Government, we disburse Voluntary Sector Development Funds (VSDF) to voluntary organisations to support their employees to meet their registration training requirements. Scottish Ministers announce this budget during each financial year, so we cannot include the related expenditure and income in our 2023/24 draft budget (2022/23: £900k).

We administer postgraduate bursaries on behalf of Scottish Government (budget £2.655m in 2022/23 and 2023/24).

We pay practice learning fees to universities to arrange practice placements for students (budget £2.352m in 2022/23 and 2023/24).

## **9. Specific grants**

We excluded specific grant funding such as workforce development grant from the 2023/24 draft budget as this is agreed separately with Scottish Government.

## **10. 2023/24 – budget allocated by outcome**

The analysis of the budget across the strategic outcomes is based on estimates from budget holders of the time staff spend on departmental objectives, as well as the proportion of budgeted expenditure that relates to each activity. This is used to identify the direct cost for each departmental objective. Direct costs are the cost of our 'front line' departments (Regulation and Workforce Education and Standards) activities' relating to each strategic objective.

Indirect costs comprise the cost of our 'supporting' directorates (Finance and Resources, including Shared Services with the Care Inspectorate; Strategy and Performance); as well as corporate expenditure such as accommodation, utilities, Executive Management Team and Council Members.

We base overhead apportionments for human resources, organisational development and time spent supporting staff on departmental staffing levels, whilst we apportion costs that support our business based upon departmental direct costs.

We did not have sufficient time due to staff shortages to rework the allocations across outcomes for 2023/24. Instead we have included the same allocations as 2022/23 and will continue to refine the allocations for time and cost over the coming year.

## **2024/25 and 2025/26**

### **11. Staff costs**

We have made the same assumptions on the pay award for 2024/25 and 2025/26 indicative budgets as 2023/24.

We included provision for employer pensions (17%), National Insurance contributions and the apprenticeship levy (0.5% of paybill over £3m).

We assume that all staff not already at the top of their salary scale will perform satisfactorily and will receive an increment.

Our vacancy management adjustment is set at 4%.

Staff costs for 2024/25 and 2025/26 include the full year effect of new permanent posts included in the 2023/24 draft budget and any temporary posts that may continue past 31 March 2024.

## **12. Other costs**

We included accommodation and running costs at similar expenditure levels to 2023/24 (see 2023/24 assumptions above), although we applied 25% inflation to energy costs in 2024/25 and no further increases in 2025/26.

There is minimal digital development included in our budgets for 2024/25 and 2025/26.

We have not included any costs arising as a result of the rewards review, the Independent Review of Inspection, Scrutiny and Regulation or the National Care Service as there is still uncertainty in all of these areas. There is also uncertainty on the level of pension for Fitness to Practise panel members and the extent to which we will need to backdate holiday pay and pensions.

## **13. Income**

Registration fee income is based upon projected annual, renewal and re-registration numbers for the 2024/25 and 2025/26 financial years. We have not included any increase to registration fees from 1 April 2024 for budget purposes and assumed that Scottish Government will pay fees for registrants working for Local Authorities. Scottish Government haven't yet confirmed whether they will pay fees via grant in aid.

We assume registration fee write offs will stay the same as 2023/24 at 6.2% of registration income (2024/25: £356k and 2025/26 £355k) and we added a corresponding amount to registration fee income.

Disbursement income and expenditure assumptions are in line with current expenditure and income levels for 2024/25 and 2025/26. We have not included any inflationary increases to disbursement budgets.

<b>Title of report</b>	Equality, Diversity and Inclusion Mainstreaming Report 2023
<b>Public/Confidential</b>	Public
<b>Summary/purpose of report</b>	This paper introduces our Equality, Diversity and Inclusion Mainstreaming Report for 2023 and Data Annex, attached as Appendices one and two. The Council is asked to approve the report for publication.
<b>Recommendations</b>	The Council is asked to: <ol style="list-style-type: none"> <li>1. endorse the progress we have made to achieving our equality outcomes</li> <li>2. approve the report for publication.</li> </ol>
<b>Author</b>	Jack Booker, Policy Analyst
<b>Responsible Officer</b>	Laura Shepherd, Director, Strategy and Performance
<b>Link to Strategic Plan</b>	The information in this report links to all outcomes.
<b>Link to Risk Register</b>	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.  Risk 4: We fail to provide value to stakeholders and demonstrate our impact.
<b>Impact assessments</b>	<ol style="list-style-type: none"> <li>1. An Equalities Impact Assessment (EQIA) 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>	<a href="#">Appendix 1 - Equality, Diversity and Inclusion Mainstreaming Report 2023</a>  <a href="#">Appendix 2 - Equality, Diversity and Inclusion Mainstreaming Report 2023 Data Annex</a>

## EXECUTIVE SUMMARY

1. This report sets out our approach to meeting the General Duty and Specific Duties under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, to develop and publish equality outcomes and report our progress. We are required by Scottish Government to publish the report by 30 April 2023. Our mainstreaming report and a data annex are attached as appendices one and two.
2. The report sets out:
  - our legal equality duties and strategic approach to addressing them
  - information on our employees' protected characteristics, including recruitment, retention and development
  - our gender pay gap
  - information on the diversity of our Council.
3. Our legal duties in relation to equality are set out in various pieces of legislation including the Equality Act 2010 and Regulation of Care (Scotland) Act 2001. The Regulation of Care (Scotland) Act 2001 requires the SSSC to act in a manner which encourages equal opportunities. Our responsibilities on equality issues were expanded by the Equality Act 2010 including the Public Sector Equality Duty detailed in section 149 of the Act. The Public Sector Equality Duty (PSED) was created by the Equality Act 2010.
4. As a public body, we comply with the Equality Act 2010 and the Public Sector Equality Duty (PSED, or general equality duty). We pay due regard to the need to:
  - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
  - advance equality of opportunity between people who share a relevant protected characteristic and people who don't
  - foster good relations between people who share a relevant protected characteristic and people who don't.

## BACKGROUND

5. Our current Equality Outcomes were set in April 2021, with the publication of our [Equality, Diversity and Inclusion Mainstreaming and Outcomes Report 2021-2025](#). Our three outcomes are:
  - outcome one: promoting diversity in the social care workforce, including disabled people, people from ethnic minority backgrounds and people with care experience
  - outcome two: increasingly demonstrate how our work is shaped by our key stakeholders including people who are care experienced

- outcome three: people increasingly view us as an employer of choice which promotes equality, diversity and inclusion in our recruitment processes and our existing staff.
6. The report highlights the progress we have made toward our Equality Outcomes and our priorities for the next two years.

## **EMPLOYEE INFORMATION**

7. We must publish data on the composition of our employees, the recruitment, development and retention of our staff.
8. This data must be broken down by protected characteristic. We must also publish information on our gender pay gap.
9. We publish most of this information in a separate data annex, attached as appendix two.

## **CONSULTATION**

10. The report has been developed through consultation with both internal and external stakeholders. A draft report was circulated to the EMT, OMT and the Equality Diversity and Inclusion Group. The draft was commented on by Executive Management Team (EMT) and approved on 23 January 2023.
11. This report was developed through consultation with the EMT, the Equality Diversity and Inclusion Group, stakeholders from across the SSSC and with input from external stakeholders such as Close the Gap and The Council for Ethnic Minority Voluntary Organisations (CEMVO).

## **RISKS**

12. We aim to reduce our risk of meeting legal obligations to a managed position of being 'as low as reasonably practicable.' We maintain an averse risk appetite towards legal compliance.

## **IMPLICATIONS**

### **Resourcing**

13. There are no new costs associated with this report. The report highlights work that has taken place over the previous two years and states our intentions for the next two years. Any actions for the next reporting period will be covered by existing budgets.

## **Compliance**

14. Our mainstreaming and equality outcome requirements are set out in the Equality Act 2010 and the Public Sector Equality Duty (PSED, or general equality duty). We must pay due regard to the need to:
  - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. Our requirements on addressing the underrepresentation of women in public life are set out in the Gender Representation on Public Boards (Scotland) Act 2018.
16. Our wider approach to equality is also linked to our functions under the Regulation of Care (Scotland) Act 2001. Our statutory responsibilities are set out in our Equality, Diversity and Inclusion Policy as agreed by Council in August 2020.

## **IMPACT ASSESSMENTS**

### **Equalities**

17. An EQIA is not required for this report. The actions that have been reported on in this report have been subject to EQIAs where relevant.

## **CONCLUSION**

18. The Council is asked to endorse the progress noted in our Equality, Diversity and Inclusion Mainstreaming Report 2023 and approve for publication.

# **Equality, Diversity and Inclusion Mainstreaming Report**

Progress report, April 2023



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# Foreword

This is our sixth **Equality, Diversity and Inclusion Mainstreaming report**. This report sets out how we continue to make sure equality, diversity and inclusion are at the core of our various roles which include being a public body and the regulator for the social work, social care and children and young people workforce in Scotland. This report summarises the progress we have made on our equality outcomes for 2021-2025.

The two years that have passed since the publication of our [Equality, Diversity and Inclusion Mainstreaming and Outcomes report 2021-2025](#) have been challenging for everybody. Pressures from the COVID-19 pandemic and the current cost of living crisis have put a strain on public services and those who provide them. Yet, through all the difficulties of the last two years, the people that work in social work, social care and children and young people roles in Scotland have continued to work with passion and dedication. This passion and dedication helps to make sure the people of Scotland receive the best possible care from a trusted, skilled and confident workforce.

Through our work we protect people who use social services, strengthen the professionalism of the workforce and make sure the SSSC and the wider workforce promote and support equality, diversity and inclusion. In this report we show the progress we have made toward achieving our Equality Outcomes 2021-2025 over the last two years. We also highlight what we are planning to do to promote equality, diversity and inclusion for our registrants, our staff and our stakeholders over the next two years.

We welcome your feedback on the steps that we are taking and the changes or improvements that we need to look at as part of our next review of our outcomes. Our contact details are at the end of this report.

Maree Allison, Acting Chief Executive

# Introduction

## About our report

Our **Equality, Diversity and Inclusion Mainstreaming Report 2023** shows what we have done to work toward meeting our Equality Outcomes over the past two years.

Our current Equality Outcomes were set in April 2021 in our **Equality, Diversity and Inclusion Mainstreaming and Outcomes Report 2021-2025**. We have three outcomes.

- **Outcome one:** promoting diversity in the social care workforce, including disabled people, people from ethnic minority backgrounds and people with care experience.
- **Outcome two:** increasingly demonstrate how our work is shaped by our key stakeholders including people who are care experienced.
- **Outcome three:** people increasingly view us as an employer of choice which promotes equality, diversity and inclusion in our recruitment processes and our existing staff.

This report shows how the values of equality, diversity and inclusion are central to the strategic and operational decisions we make as an employer and as the regulator for the social work, social care and children and young people workforces in Scotland.

We are also publishing a separate data annex which gives information on:

- our employees' protected characteristics
- the recruitment, retention and development of SSSC staff over the last two years
- our gender pay gap figures
- our Equal Pay Statement and occupational segregation
- the diversity of our Council.

## About the Scottish Social Services Council (SSSC)

The SSSC is the regulator for the social work, social care and children and young people workforce in Scotland. Our work means the people of Scotland can count on social services being provided by a trusted, skilled and confident workforce.

We protect the public by registering this workforce, 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 services and their employers
- register people working in social services and make sure they adhere to the **SSSC Codes of Practice for Social Service Workers and Employers** (the Codes)
- promote and regulate the learning and development of the social service workforce
- are the national lead for workforce development and planning for social services in Scotland
- are an ONS statistics provider.

The SSSC was established by the Regulation of Care (Scotland) Act 2001. Our Council is made up of a Convener and nine members who are appointed by Scottish Ministers.

We employ 342 staff (Headcount, December 2022) across four directorates:

- Strategy and Performance
- Workforce, Education and Standards
- Regulation
- Finance and Resources.

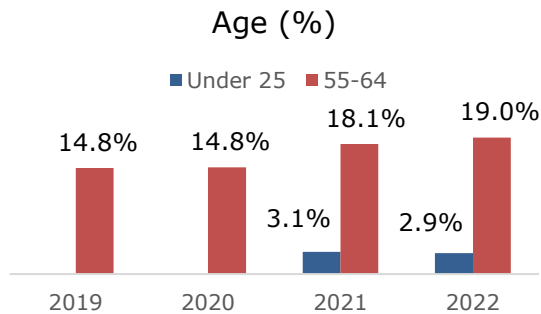
Our directorates are led by our Executive Management Team (EMT) who work closely with the Operational Management Team (OMT) who lead the various departments within each directorate. Together we achieve our strategic and operational goals in carrying out our statutory and workforce development roles and providing support to the workforce.

We also have a shared service with the Care Inspectorate for human resources, finance, estates and health and safety.

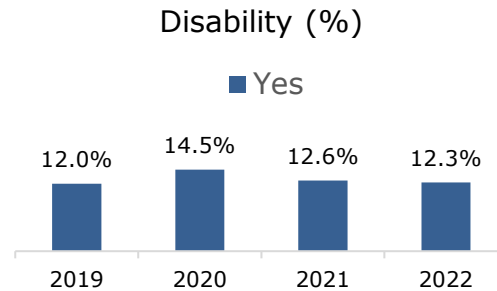
## Information on the protected characteristics of SSSC staff

The following tables give an outline of the protected characteristics of the SSSC's staff, except for pregnancy and maternity, over the last four years. Looking at the diversity of our staff over this period will allow us to identify areas where we can focus our improvement efforts.

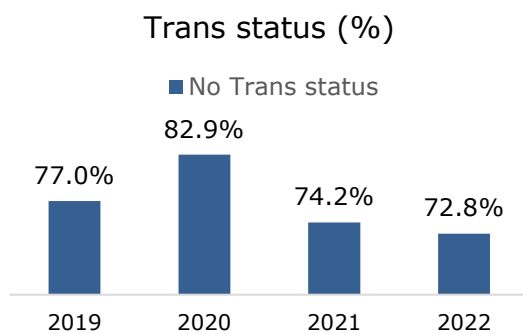
**Table 1.**



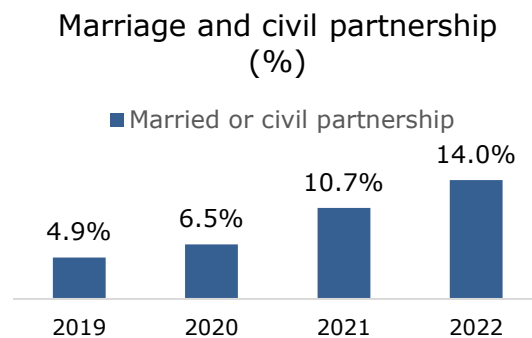
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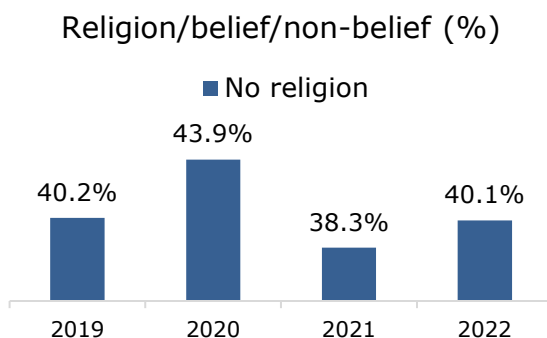
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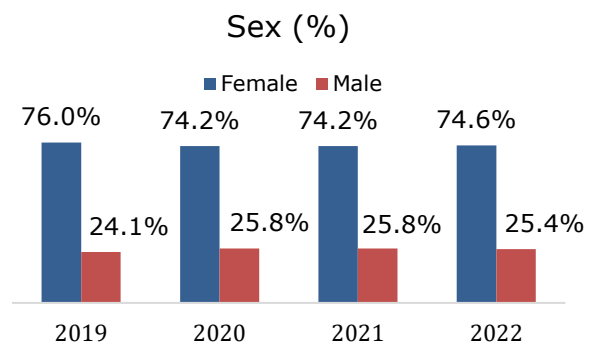
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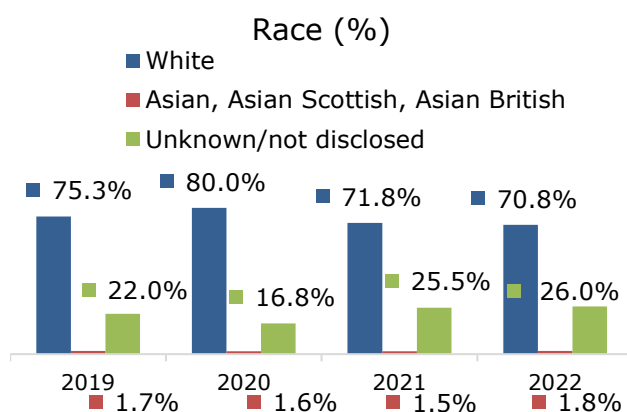
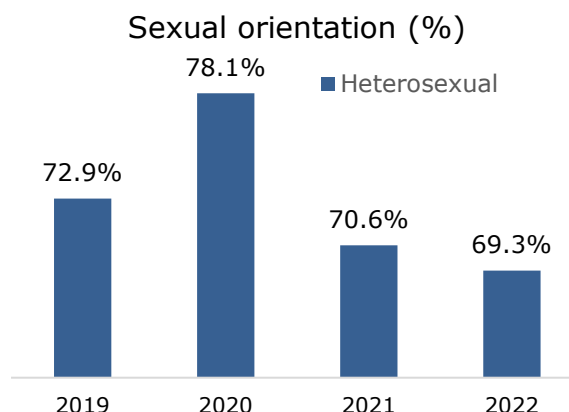


**Table 5.**



**Table 6.**



**Table 7.****Table 8.**

## The social work, social care and children and young people workforce

In August 2022 the SSSC published [Scottish Social Service Sector: Report on 2021 Workforce Data](#). This is the 14th workforce data report the SSSC has published and the 11th set of Official Statistics.

The report combines administrative data from the Care Inspectorate with data collected by the SSSC directly from local authorities to form a comprehensive picture of the paid workforce employed in the social service workforce in Scotland at the end of 2021.

From the **Scottish Social Service Sector: Report on 2021 Workforce Data** we can see that:

- the size of the workforce has dropped slightly to 208,360, a fall of 0.6% since 2020
- the social service workforce makes up approximately 7.9% of all Scottish employment
- the whole time equivalent (WTE) measure of the workforce is 159,150, a decrease of 0.1% since 2020
- the stability index of the workforce is 75.5% meaning just over three-quarters of the workforce remained in the same post since last year
- approximately 83% of the workforce is employed on permanent contracts
- the median figure for the typical weekly hours worked by staff is 33
- approximately 53% of the workforce work full time.

## Information on protected characteristics of the social services workforce in Scotland

**The Scottish Social Service Sector: Report on 2021 Workforce Data** gives us an insight into the diversity of the social service workforce in Scotland. While the data collected does not cover all protected characteristics, we list some key figures below.

### Age

The data from 2021 shows that the median age of workers in the social service workforce in Scotland was 43 for that period. This is higher than the median age for Scotland's working population, which is 41.

Some parts of the social service workforces have median ages significantly lower than the median national working age. For example, in care of children the median age is 35.

### Sex

In 2021, approximately 83% of staff working in social service roles were female and 15% of staff were male. We don't know the sex of 2% or the social work, social care and children and young people workforce.

### Race

In 2021, approximately 74% of the social work, social care and children and young people workforce in Scotland was white and 3% of the workforce were from ethnic minority backgrounds. We do not know the ethnicity of the remaining 23%.

### Disability

In 2021, approximately 2% of workers in the social service workforce indicated that they have a disability, while 86% of staff indicated that they do not. We do not know the disability status of the remaining workers.

## Key developments since 2021

Over the last two years we have worked on several major strategic developments. These areas of work aim to improve how we carry out our various roles now and in the future. We hope these areas of work will mean we can be even better at protecting people who use services, supporting the social work, social care and children and young people workforce and promoting equality, diversity and inclusion.

We discuss many of the work areas that are taking place in more detail later in the report. We have highlighted the following areas of work which will have a large impact on how we continue to make progress toward meeting our Equality Outcomes over the next two years.

### SSSC Strategic Plan, 2023-2026

Our Strategic Plan for 2023-2026 will build on the work carried out under the previous strategic plan and sets our direction for the next three years.

Our Strategic Plan confirms our commitment to equality, diversity, inclusion and human rights in our varied roles which include being a public body, a regulator and an employer. Making sure equality and human rights considerations are central to our work allows us to make sure the needs of all people who use social work, social care and children and young people services, our registrants and our stakeholders are a focus of our actions.

### **Future Proofing Programme**

In December 2021 we began our Future Proofing Programme. This has several aims such as streamlining regulation, reviewing qualification levels and making sure that the Codes meet the needs of the workforce now and into the future. Our Council approved our Future Proofing Plan in November 2021. Information about the programme is available on [our website](#).

The Future Proofing Programme will improve the way we carry out our various roles now and in the future. We recognise that the aims of the Future Proofing Programme have the potential to impact positively and negatively on our registrants and other stakeholders in the short term. To make sure we maximise the positive impacts of the Future Proofing Programme, and minimise the likelihood of potentially negative impacts, we are carrying out in depth equality impact assessments (EqIAs) for all the aims of the programme. The EqIAs we are developing for this programme are based on extensive consultation from a wide range of stakeholders including our registrants, employers, carers, users of services and workforce organisations.

We consulted on the proposed changes to the Register and qualifications in early 2022. This consultation focused on the impact the programme will have on promoting equality, diversity and inclusion and it received more than 6,500 responses. The feedback from this consultation has allowed us to identify areas of concern with our proposals and make changes to better meet the needs of the workforce. This has allowed us to change our proposals for the timescales for achieving qualifications and also to develop a new register group to allow registrants more choice about which level of qualification was right for them.

## **SSSC Data and Intelligence Strategy 2022-2025**

Our [Data and Intelligence Strategy 2022-2025](#) shows how we will develop and use data and intelligence both internally to improve the way we work. The strategy supports our aims to use our data and intelligence to enhance the safety and wellbeing of people who use services.

We developed this strategy to help our stakeholders understand their data and intelligence needs and allow us to take account of those needs in our future planning. This will make sure we have the right information and processes that create the right environment for effective, evidence-based decision making about the work we do. This work will also help national policy making, provide support to the workforce and support evidence-based decision making using the data and intelligence we hold as an organisation.

Using and sharing the knowledge, data and intelligence we hold to understand and improve how we support the social work, social care and children and young people workforce will help promote equality, diversity and inclusion in the workforce.

## **Stakeholder Engagement and Involvement Strategy**

We want to make sure we take every opportunity to involve our stakeholders in our decision making. Our new Stakeholder Engagement and Involvement Strategy will provide a framework for us to do this. We launched our new Stakeholder Engagement and Involvement Strategy in early 2023.

Our Stakeholder Engagement and Involvement Strategy will help us deliver regulation that is informed by our stakeholders and which promotes a positive culture within the SSSC that focuses on involvement and co-design and that follows the principles of the [Scottish Approach to Service Design](#).

The priorities for the Stakeholder Engagement and Involvement Strategy are to improve and develop our approach to evidence-based decision making and to create an environment and culture of co-production, improvement and innovation across the organisation. We will do this by making sure our stakeholders are involved in our decision making processes and that we maintain a focus on how we gather and analyse information and intelligence.

# Progress on Equality Outcomes 2021-2025

## Outcome one

### **Promoting diversity in the social care workforce, including disabled people, people from ethnic minority backgrounds and people with care experience.**

People working in the social work, social care and children and young people services in Scotland provide high quality care and support to thousands of people every day. The care and support these individuals provide is crucial in improving the life chances of people who use services and making sure that they receive the right care in the right way at the right time.

Outcome one supports our aim that social work, social care and children and young people services should reflect the communities they serve.

In our [2021-2025 Equality, Diversity and Inclusion Mainstreaming and Outcomes report](#), we identified four priorities we felt would help us in our goal of improving the diversity of the social care workforce in Scotland. These are:

- 1a: develop an enhanced approach to collecting and using workforce equality data to inform our understanding of the workforce
- 1b: review and update the SSSC Codes of Practice for Social Service Workers and Employers
- 1c: continue our work with the Care Inspectorate and other key stakeholders to promote equality within the wider social service workforce
- 1d: continue our relevant activities to support wider participation in the social service workforce.

In the following section we highlight the progress we have made so far toward each of these priorities and also our goals for the next two years.

### **1a. Develop an enhanced approach to collecting and using workforce equality data to inform our understanding of the workforce**

Decisions that affect the social work, social care and children and young people services in Scotland must be based on good data. Our position as workforce regulator and an ONS national statistics provider means that it is our responsibility to make sure this data is collected and used in the best possible way. Our 2021-2025 report committed us to:

- introducing a new approach to collecting information on registrants in 2021-2022
- identifying ways of revising our approach to collecting data from the Care Inspectorate's annual returns and the Scottish Local Authority Social Work Services Survey (SLASWS)
- reporting on the steps that we have taken to use this data in our next mainstreaming report
- reviewing our approach to supporting people through Fitness to Practise by consulting key stakeholders as part of that process.



## **What we have achieved**

In November 2021 we added a new equality section to our portal for registered workers, [My SSSC](#). This section includes updated equality questions based on the 2022 Census in Scotland. The diversity of our register and workforce is of interest to many stakeholders and we will publish a report on its composition.

We continue to work closely with umbrella bodies, membership groups, trade unions and others to raise awareness of why we are asking workers for their equality information. As of August 2022, approximately 40,000 registered workers have updated their information.

We want to develop a better understanding of the protected characteristics of students on all approved courses such as childhood practice, the degree in social work and postgraduate courses. Part of this work will involve revising how we collect information on the protected characteristics for all approved courses.

## **Our priorities for the next two years**

We continue to develop our understanding of how people move across education and the workforce which will help us understand some of the barriers to working in social work, social care and children and young people.

### **1b: Review and update the SSSC Codes of Practice for Social Service Workers and Employers**

The [SSSC Codes of Practice for Social Service Workers and Employers](#) (the Codes) are key to making sure the people of Scotland receive the best care possible from a workforce that respects their rights and dignity. To make sure people continue to receive high quality care, we need to make sure the Codes are up to date and that they reflect the needs of society and the workforce. Our 2021-2025 Equality, Diversity and Inclusion Mainstreaming and Outcomes report committed us to developing a plan for the Review of the Codes.

## **What we have achieved**

The Codes set out the behaviours and values expected of social service workers and their employers, they were previously revised in 2016. We are now reviewing them to make sure that they are fit for the future and that they align with the Health and Social Care Standards, so they work better together.

The review of the Codes forms part of the SSSC's Future Proofing Programme. The review takes account of developments in the National Care Service and The Promise. Work on the review of the Codes includes consultation with key stakeholders including registrants, workforce partners and representative organisations. This consultation includes a focus on how equality is reflected in the Codes.

## **Our priorities for the next two years**

We plan to launch the new Codes in early 2024.

## **1c: Continue our work with the Care Inspectorate and other key stakeholders to promote equality within the wider social service workforce**

We committed to working with the Care Inspectorate to see if we can develop a shared approach to meeting some of the outcomes in our plan.

### **What we have achieved**

We are working with the Care Inspectorate to update our guidance on safer recruitment. The revised guidance will reflect our commitment to equality, diversity and inclusion throughout the entire recruitment process with the aim of improving career entry routes for people who experience barriers to employment.

Some of the highlights of our work with Care Inspectorate and other stakeholders are:

- our [Care Ambassadors](#) network which promotes the benefits of a career in the social work, social care and children and young people workforce
- our [inspiring care stories](#) which celebrate the workforce and its values
- our [Careers in Care website](#) which has case studies on working in the workforce
- in 2021 we launched [a care careers toolkit for employers, career advisors and employment support workers](#). The toolkit includes a podcast on PVG Scheme membership to help people with previous convictions explore a career in the workforce
- we have supported the new [Introduction to a Career in Social Care course](#) developed by Scotland's colleges
- we have added a new tool to [My SSSC](#) which helps colleges identify employers who know about the new course and can offer career opportunities to participants
- we hold monthly employability group meetings with employment support providers, employers and national providers.

### **Our priorities for the next two years**

We know that we need to do more to raise awareness of careers in the workforce and to help people tackle some of the barriers to entry into those careers. In 2023 we will publish a resource for work coaches and employment support workers called '10 Steps to a Career in Care'. We will also publish four free learning resources to encourage and support people who are interested in a career in care but who have no prior experience or do not know where to start.

We worked in partnership with Public Health Scotland on one of these resources called **Staying Safe and Well**. The resource describes the role of social service workers in promoting public health, including recognising health inequalities. We are working with the Scottish Refugee Council to help employers understand more about recruiting refugees and how employers can provide further support.



## 1d: Continue our relevant activities to support wider participation in the social service workforce

The social work, social care and children and young people workforce in Scotland should be representative of the population it serves. As the regulator for the workforce, we are in a unique position to make sure that barriers to participation in the workforce are reduced. The key objectives we identified in our 2021-2025 report for meeting this priority were:

- providing a disability allowance for disabled students on the full time MSc Social Work course
- contributing to key priorities such as the Fair Work Convention
- continuing to publish an extensive range of learning resources on our Learning Zone website
- promoting a range of diverse and positive examples of people working in the workforce
- promoting the use of Equality Impact Assessments within the SSSC.
- implementing the actions in our Investors in People and Investors in Young People plans.

We will also implement the actions in our latest plans for supporting care experienced people and promoting children's rights. We will also continue to explore how we can make our resources more accessible. We will support our staff by providing further guidance and training on how to do this.

### What we have achieved

[The SSSC Codes of Practice for Social Service Workers and Employers](#) say that all registered workers must undertake relevant learning to maintain and improve their knowledge and skills and contribute to the learning and development of others. We have special arrangements in place for newly qualified social workers (NQSWs) who must complete 24 days of training within their first 12 months of registration. Part time workers are given 18 months to complete this training. We are looking at ways we can support staff to give evidence of their continued professional learning. This includes looking at whether we can accept video submissions as evidence of training in British Sign Language (BSL).

We continue to develop learning resources for the workforce. For example, during the pandemic we developed a guide to person centre care, guidance for SVQ assessment centres. We consult with and involve our registrants and other interested parties in the development of many of our resources to make sure our resources meet real needs in the workforce. Further information is available from the [SSSC Learning Zone](#).

We regularly adapt our learning resources to meet the needs of specific parts of the workforce. For example, in September 2022 we launched our [23 things Leadership for the early learning and childcare workforce](#). This is available on our Step into Leadership resource and on the Learning Zone.

The Learning Zone has many resources such as the [Lady in Room 4](#) videos which provide thought provoking examples setting out what it's like to receive care. Each video includes views from the people providing care and an opportunity for viewers to reflect on the key messages.

We want to make it easier for asylum seekers and other displaced people to gain employment in the social work, social care and children and young people workforces in Scotland. This is part of a larger national package of support for Ukrainian refugees and other displaced individuals to gain employment and practice their profession within Scotland. We have in place a policy for people in this position to waive the fee for having a qualification assessed.

### **Our priorities for the next two years**

We are developing new approaches gathering equalities information on the registered workforce to make sure that the information we hold provides an accurate understanding of the workforce. We will report on this data. This will allow the SSSC, Scottish Government and other national stakeholders to identify trends and potential issues in the social work, social care and children and young people workforce in Scotland.

## **Outcome two**

### **Increasingly demonstrate how our work is shaped by our key stakeholders including people who are care experienced**

**Priorities for 2021-2025:** In 2021 we identified three priorities for Outcome two, these are:

- 2a. support our staff to engage with and involve people who use services in the development of our approach and resources
- 2b. identify and establish a new forum for engaging with people who use services
- 2c. continue to promote and build upon our approach to raising awareness and the role of the Equality Impact Assessments.

#### **2a. Support our staff to engage with and involve people who use services in the development of our approach and resources**

In our last report we identified that developing guidance for user involvement in projects was a key way we could progress with this priority.

#### **What we have achieved**

We are working closely with a range of people and organisations in the delivery of our work.

Several stakeholders are supporting the development of our [future proofing programme](#) such as the Promise, trade unions and the Health and Social Care Alliance. More than [300 people who use or support people to use services contributed to our online survey on the proposals](#).

We have long-standing regulatory forums that involve people who use services and carers in the development of many of our resources and projects, including our work on [citizen leadership](#). For example, the Scottish Dementia Working Group regularly contributes to our activities. At a recent forum, the members of the group shared their experiences of diagnosis and receiving care at home.

## **Our priorities for the next two years**

We are looking at how we can improve our fitness to practise approach for everyone, including witnesses. We provide support for everyone involved in the process and can make reasonable adjustments where required. As of August 2022, members of the public can now make a referral using an [online form on our website](#).

We are looking at how we can redesign the fitness to practise resources available on our website. This work will help people accessing information about our fitness to practise process to get the information they need in the most appropriate way for them. This work will streamline the way information is presented, allowing individuals to more easily navigate the site.

### **2b. Identify and establish a new forum for engaging with people who use services and carers.**

In our last report we said we would consult with key stakeholders and develop options to establish a new forum for engaging with people who use services and carers by reflecting on experiences and good practice from others and consider some of the logistics such as purpose, membership and resources.

#### **What we have achieved**

We have established a Stakeholder Advisory Group to support our Future Proofing Programme. The group includes representatives from Scottish Government, coordinating bodies and trade unions and has informed and influenced our proposals.

It is critical that we involve and engage with experts in our work. We are exploring how we can involve more people in our work, particularly people with lived experience and registrants. We are looking at how we can tackle some of the key barriers to participation in this group such as cost. Our aim is to offer financial support to members where it is possible and helpful to so do.

We continue to use a range of methods and groups to ensure the views of people who use services and carers are considered throughout our work, including consultations with our registrants and other stakeholders.

## **Our priorities for the next two years**

Our priority for the next two years is to formalise a new approach to involving registrants, people with lived experience and carers. Our intention is that these stakeholders will take an increasing role in influencing and informing areas of our work. We will also look at how we can do more to raise awareness of the way we currently work with people.

We are also looking at what other steps we can take to make sure key partners such as umbrella bodies and trade unions are given the opportunity to contribute to the development of our work. Many of these organisations already participate in several ways in our work in several ways such as throughout our regulatory stakeholder engagement forum.

## **2c. Continue to promote and build upon our approach to raising awareness and the role of the Equality Impact Assessments**

Equality Impact Assessments (EqIAs) are essential tools in making sure our work meets the three needs of the public sector equality duty (PSED). We want to make sure our staff have the tools necessary to produce high quality EqIAs that make real changes to the way we do things. To work toward this priority we said we would:

- consult staff on our process in early 2021-22 with a view to making further improvements to our assessment approach
- continue to encourage staff to share draft EqIAs with our equality group
- develop a process to enable the group to monitor progress on our actions.

### **What we have achieved**

Following feedback from our staff we introduced a revised EqIA process in early 2022. The new process supports project leads to consider equality at the earliest possible stage of their project, that they have support from colleagues in developing EqIAs and that there are sufficient opportunities for the EqIA process to inform the development of projects. Our new EqIA process consists of three stages.

1. Initial assessment by project lead.
2. Equality Impact Discussion (EID).
3. Equality Impact Assessment.

To allow us to better monitor how staff are engaging with our EqIA process, we have developed a new approach to monitoring EqIAs across the SSSC.

### **Our priorities for the next two years**

In 2023 we will develop a suite of new resources to help our staff engage more fully with our EqIA process. This will include updated guidance, video resources and a resources library. These resources will help staff to create more informed EqIAs and to make sure that equality, diversity and inclusion is considered from the outset of our work. We also continuing to share key evidence sources which can inform our activities.

## Outcome three

**People increasingly view us as an employer of choice which promotes equality, diversity and inclusion in our recruitment processes and our existing staff.**

**Priorities for 2021-2025:** In 2021 we identified four priorities for outcome three. These are:

- 3a: improve our approach to recruiting SSSC from minority ethnic backgrounds
- 3b: improve our approach to recruiting SSSC staff from a range of backgrounds
- 3c: establish new ways of ensuring our approaches reflect wider perspectives
- 3d. maintain our focus on nurturing and developing our staff.

### **3a. Improve our approach to recruiting SSSC staff from minority ethnic backgrounds**

Our 2021-2025 Equality, Diversity and Inclusion Mainstreaming and Outcome report committed us to conducting a review of our approach to recruitment against the [Scottish Government's Minority Ethnic Recruitment Toolkit](#) and developing an action plan examining how we can improve the diversity of our workforce.

#### **What we have achieved**

In 2022 we used the Scottish Government's Minority Ethnic Recruitment Toolkit to inform a review of our approach to recruitment. Following the review we reinforced our commitment to equality, diversity and inclusion in our recruitment materials. Our staff can also access a new unconscious bias training module. The module is available to all SSSC through our new staff learning resource called the SSSC learning hub. The SSSC hub has a range of learning content for staff including short courses and webinars. We have also achieved employer status on the [Disability Confident Scheme](#).

#### **Our priorities for the next two years**

Over the next two years we will look at how we can make our approach to recruitment more inclusive and welcoming. This will include making sure that interviewers only receive the information they need and sharing questions with applicants in advance, where it is appropriate to do so.

Our unconscious bias course initially focusing on recruitment. Over the next two years we will explore how we can consider the implications of unconscious bias more broadly across the SSSC.

### **3b: Improve our approach to recruiting SSSC staff from a range of backgrounds**

We want to make sure that people from all backgrounds can succeed in a career with us. To work toward making this a reality, our 2021-2025 report identified the following priority actions:

- working towards our Investors in People Gold award and working with our Equality, Diversity and Inclusion Group to identify further priorities and develop an action plan to achieve these
- identifying additional ways of understanding our current workforce profile by publishing our ethnicity gap and disability gap as well as looking at ways of learning lessons from other approaches such as the Scottish Government's Recruitment and Retention Plan for Disabled People.

#### **What we have achieved**

In 2022 we achieved the gold award for Investors in People. This award demonstrates our commitment to our staff and the dedication of everyone who works here and the values that drive us to ensure social work, social care and children and young people services in Scotland are provided by a trusted, skilled and confident workforce.

The newly introduced SSSC learning hub has courses covering the Equality Act and unconscious bias as well as a course developed specifically for the SSSC which covers topics such as fairness, discrimination, equality and understanding intent in conversations.

We expect our staff to have a good understanding of equality, diversity and inclusion and to think about it what it means for their role. Several areas of the SSSC carry out additional training tailored to their needs of. For example, our fitness to practise staff regularly attend training courses on equality, professional boundaries, relationship-based practice, child protection and awareness of trauma.

We have also modernised how we gather equality data on our staff. We have introduced new approaches for capturing this information at key points such as induction. This process includes an updated approach to understanding applicants and our current staff. Further information on the composition of our workforce is included in our separate data annex.

#### **Our priorities for the next two years**

In 2022 we completed our Disability Confident self-assessment. Over the coming year we'll look at how we can do more to support disabled people to join and develop their career at the SSSC.

We have committed to the SSSC becoming a trauma informed organisation. To support this we are:

- identifying 'trauma champions' across the organisation
- supporting staff to become trauma informed by using the [National Training Trauma Programme \(NTTP\) resources – this](#) is a commitment in our People Strategy
- developing and delivering bespoke trauma training to all staff, identifying the right level of training depending on role
- carrying out a trauma lens assessment of the organisation
- reviewing and updating the SSSC Codes of Practice as part of the Future Proofing Programme
- working with partners and stakeholders to develop an understanding of what is meant by a trauma informed relationship-based workforce, supporting the workforce to develop their own trauma resources and supporting the workforce to use the NTTP resources to ensure staff wellbeing.

We will analyse the data gathered through our SSSC panel member selection to determine how successful the changes in our approach have been and how we can apply these lessons to our wider recruitment activities.

### **SSSC panel members**

We are also improving our selection process for SSSC panel members. SSSC panel members are not employees of the SSSC but they play a key role in fitness to practise decisions, so it is important to us that they are as diverse as the workforce we regulate and about who they make decisions. In 2022 we began the selection process for several new members to our panels. Before the selection process for this we consulted key stakeholders including the Council for Ethnic Minority Voluntary Organisations (CEMVO) to explore how we could make our process as inclusive as possible. Following this consultation, we amended our advertisements and specifically noted protected characteristics, encouraging applications from those from a BAME background as well as those with disabilities. Working with CEMVO, we held two information evenings to engage with potential applicants and share information on the selection process and to answer questions. The diversity information of the individuals who applied to become panel members will be reported to our Fitness to Practise Committee.

### **3c. Establish new ways of ensuring our approaches reflect wider perspectives**

To establish new ways of ensuring our work reflects wider perspectives, we said we would develop a paper for our Equality, Diversity and Inclusion Group which set out a potential strategy for how we would do this.

#### **What we have achieved**

At meetings of our Equality, Diversity and Inclusion Group we discussed how the SSSC could promote staff engagement groups across a range of protected characteristics. Ultimately, we want the development of these groups to be staff led and we are continuing to explore ways we can encourage this.

Our recently established Involvement and Engagement Coordinator role is supporting the SSSC to focus on ways we can do more to involve diverse voices in our work.



## **Our priorities for the next two years**

We will continue our work on making sure that we consider the voices of our staff, registrants, stakeholders and the wider public in our actions.

### **3d. Maintain our focus on nurturing and developing our staff.**

We have always focused on making sure our staff feel valued and that they have opportunities to develop their careers with us. Part of this focus is making sure we keep looking at how we can do better. In our last report we identified the following ways we could do this:

- continue to develop our external recruitment portal and add further stories and resources around our recruitment and working at the SSSC
- introduce our new induction programme and agile working approach
- continue to develop further training and development initiatives for staff
- create an action plan to further embed our values
- explore how we support and learn from staff moving on from the SSSC, including the development of an exit questionnaire
- continue to provide opportunities for young people such as apprenticeships and traineeships.

## **What we have achieved**

In the last two years we have introduced a new learning management system for staff. Through this we have introduced a number of learning resources to make sure that new and existing SSSC staff can more easily access the training and resources they need to carry out their roles effectively in a way that reflects the SSSC's core values: work together, accept responsibility and accountability and recognition and respect for others. These resources include:

- a bespoke series of videos, 'Three Mottos for Equality, Diversity and Inclusion'
- diversity and equality training
- unconscious bias training
- handling workplace stress
- health, safety and wellbeing
- agile working
- working with others.

## **Our priorities for the next two years**

We have recently conducted our annual staff survey. In early 2023 we will look at key areas of concern of our staff and look at ways we can address any issues that have come out of this survey. We will continue our work to explore how we can support staff moving on from the SSSC.

## Annex: SSSC gender pay gap

We publish both a mean and a median gender pay gap figure - the median is not skewed by very low or very high rates of pay. However, since gender pay gap issues are most pronounced in the lowest paid or highest paid employees the median may fail to pick up gendered differences as effectively as the mean figure. Publishing both figures is useful as it gives an added perspective.

We publish the overall pay gap figure for the entire workforce - this includes full and part-time earnings and temporary employees as well as those on fixed term contracts. This gives the most complete picture across the whole workforce of any gender pay inequalities. We also provide data on part-time and full-time workers.

### Gender pay gap, 2021 and 2022

	Mean female hourly	Mean male hourly	Mean gender pay gap
2021	£18.50	£19.19	3.59%
2022	£18.39	£18.84	2.37%

	Median female hourly	Median male hourly	Median gender pay gap
2021	£18.81	£19.19	1.98%
2022	£18.43	£19.19	3.96%

### Organisational Full time and part time pay gap

	Full time male		Part time female		Pay Gap	
	Mean	Median	Mean	Median	Mean	Median
2021	£35,995.92	£36,801.00	£30,743.00	£25,320.00	14.59%	31.20%
2022	£35,175.51	£35,727.00	£22,786.69	£20,394.90	35.22%	42.91%

### 2021: Pay quartiles by gender

This table shows our workforce divided into four equal-sized groups based on hourly pay rate. Band A includes the lowest-paid 25% of employees (the lower quartile) and band D covers the highest-paid 25% (the upper quartile).

#### All staff

##### Band A

Female		Male		Gap
%	73.91%	%	26.09%	
Median	11.94	Median	11.66	-2.42%
Mean	11.97	Mean	11.74	-1.91%



**Band B**

Female		Male		Gap
%	76.32%	%	23.68%	
Median	14.11	Median	15.15	6.84%
Mean	15.20	Mean	16.05	5.30%

**Band C**

Female		Male		Gap
%	79.01%	%	20.99%	
Median	21.19	Median	21.19	0.00%
Mean	21.15	Mean	20.95	-0.96%

**Band D**

Female		Male		Gap
%	66.67%	%	33.33%	
Median	26.03	Median	26.03	0.00%
Mean	27.46	Mean	26.87	-2.20%

**Part-time staff****Band A**

Female		Male		Gap
%	73.91%	%	26.09%	
Median	11.94	Median	11.29	-5.72%
Mean	11.17	Mean	11.61	3.78%

**Band B**

Female		Male		Gap
%	95.45%	%	4.55%	
Median	14.11	Median	13.57	-4.01%
Mean	14.51	Mean	13.57	-6.90%

**Band C**

Female		Male		Gap
%	93.33%	%	6.67%	
Median	21.40	Median	19.19	-11.52%
Mean	21.34	Mean	19.19	-11.20%

**Band D**

Female		Male		Gap
%	83.33%	%	16.67%	
Median	26.03	Median	23.78	-9.47%
Mean	26.38	Mean	23.78	-10.96%



**2022: Pay quartiles by gender**

This table shows our workforce divided into four equal-sized groups based on hourly pay rate. Band A includes the lowest-paid 25% of employees (the lower quartile) and band D covers the highest-paid 25% (the upper quartile).

**Band A**

Female		Male		Gap
%	70.11%	%	29.89%	
Median	11.94	Median	11.66	-2.42%
Mean	11.13	Mean	11.73	5.08%

**Band B**

Female		Male		Gap
%	82.76%	%	17.24%	
Median	14.16	Median	14.73	3.87%
Mean	14.95	Mean	15.84	5.59%

**Band C**

Female		Male		Gap
%	77.27%	%	22.73%	
Median	21.19	Median	20.37	-4.05%
Mean	21.21	Mean	20.55	-3.18%

**Band D**

Female		Male		Gap
%	67.50%	%	32.50%	
Median	26.03	Median	26.03	0.00%
Mean	27.64	Mean	26.37	-4.82%

**Part-time staff****Band A**

Female		Male		Gap
%	77.42%	%	22.58%	
Median	11.94	Median	11.38	-4.90%
Mean	12.00	Mean	11.52	-4.21%

**Band B**

Female		Male		Gap
%	84.21%	%	15.79%	
Median	13.99	Median	18.43	24.08%
Mean	14.75	Mean	17.12	13.81%



**Band C**

Female		Male		Gap
%	100.00%	%	0.00%	
Median	21.19	Median	0.00	0.00%
Mean	21.04	Mean	0.00	0.00%

**Band D**

Female		Male		Gap
%	78.57%	%	21.43%	
Median	26.03	Median	26.03	0.00%
Mean	25.89	Mean	26.30	1.56%

**Pay Gap – Coverage**

Our gender pay gap data includes the pay of all employees employed as of 31 December of 2021 and 2022 including those on the most senior grades, those on fixed-term contracts and those who are part-time or full-time. The data has been separated into the tables above and shows our workforce divided into four equal-sized groups based on hourly pay rate. Band A includes the lowest-paid 25% of employees (the lower quartile) and band D covers the highest-paid 25% (the upper quartile).

The Scottish Government Public Sector Pay Policy acts as a benchmark for all major public sector workforce groups across Scotland including the SSSC. As an NDPB, we must operate with the pay policy provisions set in order to meet our commitment to equal pay. Our pay ranges and reward policies are available to staff on the intranet. Pay and grading benchmark guidance is used when creating new posts, assessing an existing post or redesigning a post to ensure equal pay for work of equal value. This guidance is underpinned by analytical job evaluation, which is recognised as a sound basis on which to determine work of equal value. To avoid bias, evaluation focuses on the role rather than the individual, using established descriptions for each grade, and trained evaluators review cases.

Each pay range has a number of defined pay steps. Employees will enter a pay range at the relevant minimum. Employees will progress towards their maximum by one pay step on an annual basis. Pay reviews are negotiated with the recognised trade unions and cover all aspects of remuneration and terms and conditions.

**Grading profile**

- Staff are spread across an 11 grade pay structure.
- Roughly half our roles were professional/managerial with grades of D7 or above with the rest being more administrative in nature (up to E8).

**Ethnicity pay gap**

The Scottish Government's review of the Public Sector Equality Duty proposes that public bodies should be required to report on their ethnicity and disability pay gap. We are reviewing the implications of this proposal and could provide this information in future.

## Equal pay statement

We are committed to equality, diversity and inclusion in our varied roles which include being a public body, regulator and an employer. We recognise and value the benefits that a diverse workforce brings to our work. We are committed to advancing equality of opportunity irrespective of protected characteristics. This includes other factors such as whether someone is a carer or their work pattern.

A key part of this commitment is the principle that staff should receive equal pay at all levels. At the heart of that is our commitment to have an approach to pay which is transparent, based on objective criteria and free from any bias relating to any of the protected characteristics. We are committed to equal pay for men and women. This principle extends to people in minority racial groups and people with a disability.

As part of our ongoing commitment to put equal pay into practice we will:

- examine and keep under review existing and future pay practices including continuing to use an objective job evaluation system as detailed above
- carry out regular monitoring of the impact of the organisation's pay practices
- provide guidance for managers directly involved in decisions relating to remuneration
- continue to work in partnership with Unison on all aspects of remuneration and terms and conditions.



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# **Equality, Diversity and Inclusion Mainstreaming and Outcomes Report 2023**

April 2023 Equality Data Annex



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## 1. Introduction and purpose of this annex

This annex should be read alongside our Equality Mainstreaming and Outcomes report.

- The mainstreaming report sets out our ongoing approach to progressing our equality outcomes.
- This data annex contains more detailed information on the composition of our workforce and our approach to meeting the Gender Representation on the Public Boards (Scotland) Act 2018.

We continue to look for ways to improve the quality of information we hold on our staff and how we can encourage staff to keep their equality data up to date in our HR systems. We believe that holding accurate and up to date information about our staff, our council and the people who apply to work for us means that we can make sure the SSSC is seen as an employer of choice which treats everyone fairly and with respect.

## 2. Detailed employee monitoring information

This annex has detailed information on our workforce. All information is as of December 2021 or December 2022 unless stated. The annex has a technical note on the data.

### Declaration rates

We ask staff to declare protected characteristics on our MyView HR system. The following table has a snapshot of the proportion of staff who provided this information as of December 2021 and 2022. This figure represents the proportion of staff who responded to the question and includes staff who choose not to share this information. The table excludes sex and age as we have 100% figures for all staff.

### SSSC Declaration rates

	December 2021	December 2022
<b>Ethnicity</b>	76.69%	75.73%
<b>Sexual orientation</b>	76.69%	76.02%
<b>Disability</b>	76.38%	76.02%
<b>Marital status</b>	20.86%	25.15%
<b>Religion</b>	76.69%	75.44%
<b>Gender identity</b>	76.38%	75.73%

The percentage of our staff who have shared their marital status with us is lower than for other protected characteristics. We believe that this is because we ask staff to provide this information on a separate part of our HR system. In 2023 we will make changes to our recording process which will improve the way that we gather this information.

### Overview of the SSSC workforce by protected characteristics

All tables have an asterisk where there are five or fewer employees in each category, including zero. In some cases we anonymise more figures to preserve anonymity.

## Sex and gender identity

This table shows the proportion of men and women employed by us. For context, the Scottish working age population is approximately 55% female and 45% male. [In the social service workforce, approximately 83% of the workforce is female and 15% of the workforce is male.](#) We do not know the sex of the remaining 2% of the workforce.

Sex	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Female	242	74.23%	255	74.56%
Male	84	25.77%	87	25.44%
Total	326	100.00%	342	100.00%

Gender identity	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Female	184	56.44%	191	55.85%
In another way	*		*	
Male	58	17.79%	59	17.25%
Prefer not to say	6	1.84%	8	2.34%
Unknown	77	23.62%	83	24.27%
Total	326	100.00%	342	100.00%

## Age

As can be seen in the table below, the largest age group employed by us is the 35–44 year old group. This is broadly consistent with the Scottish Government, who in 2020 reported that approximately 40% of their staff were aged between 30 and 50 years old. [In the social service workforce, the median age of the workforce is 43.](#)

Age	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Under 25	10	3.07%	10	2.92%
25-34	88	26.99%	87	25.44%
35-44	97	29.75%	105	30.70%
45-54	69	21.17%	70	20.47%
55-64	59	18.10%	65	19.01%
65+	*		*	
Total	326	100.00%	342	100.00%



## Disability

Over the last two years, the percentage of our staff who reported having a disability has remained relatively stable at 12.58% and 12.28% for 2021 and 2022 respectively. This is less than the general population of Scotland, which sees 19% of people declaring a disability. In 2020 approximately 8.7% of the Scottish Government's staff reported having a disability. In the social service workforce in 2021, 2% of staff declared having a disability.

Disability	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Don't know	*		*	
No	188	57.67%	198	57.89%
Prefer not to say	17	5.21%	*	
Yes	44	12.58%	42	12.28%
Unknown	77	23.62%	82	23.98%
Total	326	100.00%	342	100.00%

## Marital status

The low percentage of our staff who declare their marital status to us means that we are unable to draw meaningful conclusions from this data. We are working to improve these figures. For those staff who do declare their marital status to us, the figures have remained consistent across 2021 and 2022.

Marital status	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Separated	*		*	
Cohabiting	15	4.60%	18	5.26%
Divorced	*	*	*	
Married	35	10.74%	48	14.04%
Prefer not to say	*		*	
Single	11	3.37%	13	3.80%
Unknown	258	79.14%	256	74.58%
Total	326	100.00%	342	100.00%

## Ethnicity

The percentage of our staff from Asian, Asian Scottish or Asian British backgrounds has remained relatively consistent at 1.53% and 1.75% for 2021 and 2022 respectively. [In 2021 approximately 2% of all staff working in the social service workforce in Scotland were from Asian ethnic backgrounds.](#)



Ethnicity	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
White	234	71.78%	242	70.76%
Any mixed of multiple ethnic groups (please specify)	*		*	
Asian, Asian Scottish or Asian British	*		6	1.75%
African, African Scottish or African British	*		*	
Other ethnic group (please specify)	*		*	
Prefer not to say	7	2.15%	6	1.75%
Unknown	76	23.31%	83	24.27%
<b>Total</b>	<b>326</b>	<b>100.00%</b>	<b>342</b>	<b>100.00%</b>

## Religion

For the last two years the largest percentage of our staff have identified as having no religion. This is consistent with Scottish Government, who in 2020 reported 40.1% of their staff as having no religion. In the general Scottish population, approximately 51% of people identify as having no religion.

Religion	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Church of Scotland	48	14.72	51	14.91%
Jewish	*		*	
Muslim	*		*	
None	125	38.34%	137	40.06%
Other	*		*	
Other Christian (please specify)	8	2.45%	7	2.05%
Prefer not to say	31	9.51%	28	8.19%
Roman Catholic	29	8.90	27	7.89%
Unknown	76	23.31%	84	24.56%
<b>Total</b>	<b>326</b>	<b>100.00%</b>	<b>342</b>	<b>100.00%</b>



## Sexual orientation

Over the last two years, the figures for the sexual orientation of our staff have remained relatively consistent. In Scotland's working age population, around 2% of people have an LGBTQ+ sexual orientation, with another 2% preferring not to say.

Sexual orientation	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
Bi/bisexual	*		*	
Gay/lesbian	*		*	
Heterosexual/straight	230	70.55%	237	69.30%
Other(if you prefer another term, please specify)	*		*	
Prefer not to say	14	4.29%	16	4.68%
Unknown	76	23.31%	82	23.98%
Total	326	100.00%	342	100.00%

## Trans status

We continue to look at ways we can encourage staff to share their equalities information with us.

Trans status	December 2021		December 2022	
	Headcount	% Of workforce	Headcount	% Of workforce
No	242	74.23%	249	72.81%
Yes	*		*	
Prefer not to say or unknown	*			
Total	326	100.00%	342	100.00%

## Recruitment Data

Our recruitment figures for 2021 only include data from May – December as we introduced a new system that year. The internal/external status of shortlisted and successful applicants was not recorded for 2021 and 2022. This has now been corrected and we will be able to report on it from 2023 onwards.

All applicants		
	2021*	2022
All	240	507
Internal		67
External		412
Unknown	240	28



All shortlisted applicants		
	2021*	2022
All	212	275
Internal		
External		
Unknown	212	275

All successful applicants		
	2021*	2022
All	70	111
Internal		
External		
Unknown	70	111

Recruitment data by sex	December 2021 *		December 2022	
	Headcount	%	Headcount	%
Total	240	100.00%	507	100.00%
Female	146	60.83%	323	63.71%
Male	87	36.25%	177	34.91%
Prefer not to say	*		*	
Unknown	*		*	
In another way	*		*	

Recruitment data by gender reassignment	December 2021 *		December 2022	
	Headcount	%	Headcount	%
Total	240	100.00%	507	100.00%
No	233	97.08%	494	97.44%
Prefer not to say	*		*	
Unknown	*		6	1.18%
Yes	*		*	



Recruitment data by age	December 2021 *		December 2022	
	Headcount	%	Headcount	%
Total	240	100.00%	507	100.00%
25 to 34	77	32.08%	135	26.63%
35 to 44	51	21.25%	137	27.02%
45 to 54	29	12.08%	117	23.08%
55 to 64	19	7.92%	46	9.07%
65+	*		*	
Under25	47	19.57%	52	10.26%
Unknown	17	7.08%	18	3.55%

Recruitment data by disability	December 2021 *		December 2022	
	Headcount	%	Headcount	%
Total	240	100.00%	507	100.00%
No	203	84.58%	421	83.04%
Prefer not to say	9	3.75%	20	3.94%
Unknown	*		*	
Yes	25	10.42%	62	12.23%

Recruitment data by marital status	December 2021 *		December 2022	
	Headcount	%	Headcount	%
Total	240	100.00%	507	100.00%
Civil partnership	*		7	1.38%
Cohabiting	37	15.42%	75	14.79%
Divorced/dissolved	*		28	5.52%
Married	83	34.58%	214	42.21%
Other	*		*	
Prefer not to say	*		11	2.17%
Separated	*		12	2.37%
Single	100	41.67%	153	30.18%
Unknown	*		*	



Recruitment data by ethnicity	December 2021 *		December 2022	
	Headcount	%	Headcount	%
<b>Total</b>	240	100.00%	507	100.00%
<b>African, African Scottish or African British</b>	6	2.50%	20	3.94%
<b>Asian, Asian Scottish or Asian British</b>	15	6.25%	29	5.72%
<b>Caribbean or Black</b>	*		*	
<b>Other ethnic group</b>	*		*	
<b>Prefer not to say</b>	*		8	1.58%
<b>Unknown</b>	*		*	
<b>White</b>	200	83.33%	431	85.01%
<b>Any mixed or multiple groups</b>	*		8	1.58%

Recruitment data by religion	December 2021 *		December 2022	
	Headcount	%	Headcount	%
<b>Total</b>	240	100.00%	507	100.00%
<b>Buddhist</b>	*		*	
<b>Church of Scotland</b>	30	12.50%	62	12.23%
<b>Hindu</b>	*		9	1.78%
<b>Muslim</b>	10	4.17%	9	1.78%
<b>None</b>	124	51.67%	295	58.19%
<b>Other</b>	*		*	
<b>Other Christian</b>	23	9.58%	40	7.89%
<b>Prefer not to say</b>	18	7.50%	38	7.50%
<b>Roman Catholic</b>	21	8.75%	42	8.28%
<b>Sikh</b>	*		*	
<b>Unknown</b>	6	2.50%	*	

Recruitment data by sexual orientation	December 2021 *		December 2022	
	Headcount	%	Headcount	%
<b>Total</b>	240	100.00%	507	100.00%
<b>Bi/bisexual</b>	7	2.92%	32	6.31%
<b>Gay/lesbian</b>	*		25	4.93%
<b>Heterosexual/straight</b>	207	86.25%	419	82.64%
<b>Other</b>	*		*	
<b>Prefer not to say</b>	12	5.00%	24	4.73%
<b>Unknown</b>	6	2.50%	*	



Promotions by age	2021*		2022	
	Headcount	% Of promotions	Headcount	% Of promotions
Under 25	*		*	
25-34	*		*	
35-44	7	56.22%	5	45.45%
45-54	*		5	45.45%
55-64	*		*	
65+	*		*	
Total	12	100.00%	11	100%

## Flexible working

The following table examines successful flexible working applications by age. We have chosen not to publish figures for other protected characteristics due to the small numbers of people involved. The move to working from home has meant that all of our staff are now able to work flexibly, this is supported by our agile working policy. In future reports we will look at better ways to report on this.

Successful flexible working applicants by age	2021*		2022	
	Headcount	% Of successful applicants	Headcount	% Of successful applicants
Under 25	*		*	
25-34	5	19.23%	14	58.33%
35-44	10	38.46%	*	
45-54	5	19.23%	*	
55-64	*		*	
65+	*		*	
Total	26	100.00%	24	100.00%

## Leavers

Leavers by age	2021*		2022	
	Headcount	% Of leavers	Headcount	% Of leavers
Under 25	*		5	10.87%
25-34	13	39.39%	13	28.26%
35-44	9	27.27%	17	36.96%
45-54	5	15.15%	7	15.22%
55-64	*		*	
65+	*		*	
Total	33	100.00%	46	100.00%



Leavers by sex	2021*		2022	
	Headcount	% Of leavers	Headcount	% Of leavers
Female	22	66.67%	30	65.22%
Male	11	33.33%	16	34.78%
Total	33	100.00%	46	100.00%

## Dismissals

We dismiss a very small number of staff, and a very small number of staff leave with an exit package. For the purposes of this report we define dismissals whose employment ends due to their capability or conduct. We do not include staff leaving at the end of fixed term contract. Fewer than five staff were dismissed in either 2021 or 2022 so we do not report on this data.

Our Annual Report for 2020-21 sets out the numbers of staff who leave with an agreed voluntary severance payment. In 2020-21 two staff members left with an agreed voluntary severance payment. In 2019-2020 the equivalent figure was one. These small numbers mean that we are unable to report on these figures by protected characteristic. We do monitor these figures and consider whether there are any implications for our policies or broader approach to mainstreaming equality, diversity and inclusion.

## Pregnancy & Maternity

Our Family Friendly Policy offers enhanced maternity provision. This consists of 26 weeks full pay, 13 weeks of statutory maternity pay and 13 week unpaid leave. We also make provision for shared parental leave and paternity leave.

For the period 1st January 2021 – 31st December 2021 there were 10 employees who went on maternity leave (3% of the workforce). For those who returned from maternity leave within this period (14), 21% returned to their substantive post and hours, and the rest returned on flexible working arrangements.

For the period 1st January 2022 – 31st December 2022, there were 8 employees who went on maternity leave (2% of the workforce). For those who returned from maternity leave within this period (8), 63% returned to their substantive post and hours, and the rest returned on flexible working arrangements.

## 3. Council member profile

Under the Gender Representation on Public Boards (Scotland) Act 2018 we must publish a report on the composition of our Council. The Act requires that relevant public bodies meet the gender representation objective, which is that boards are made up of 50% non-executive members who are women. The composition of our Council is shown below.

SSSC Council composition December 2022	
Women	6
Men	3
<b>Total</b>	<b>9</b>



#### **4. Technical note on data**

The figures for our workforce in this report as of December 2021 and December 2022 unless otherwise stated.

Some of our data should be treated with caution due to relatively high levels of unknown or not disclosed responses. We are taking steps to raise awareness of the reasons why we collect this data. Where relevant we highlight warnings on the data throughout this report.





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