

# Annual Report and Accounts 2007-08

© Crown copyright 2008

Alternative formats are available on request from the Social Work Inspection Agency. An electronic version is available, along with our contact details on the SWIA website at [swia.gov.uk](http://swia.gov.uk)

RR Donnelley B56864 8/08

Further copies are available from  
Blackwell's Bookshop  
53 South Bridge  
Edinburgh  
EH1 1YS

Telephone orders and enquiries  
0131 622 8283 or 0131 622 8258

Fax orders  
0131 557 8149

Email orders  
[business.edinburgh@blackwell.co.uk](mailto:business.edinburgh@blackwell.co.uk)



# Annual Report and Accounts 2007-08

---

© Crown copyright 2008

ISBN: 978-1-905501-76-2

Social Work Inspection Agency (SWIA)

Ladywell House

Ladywell Road

Edinburgh

EH12 7TB

Produced for the Social Work Inspection Agency by RR Donnelley B56864 8/08

Published by the Social Work Inspection Agency, August, 2008

Further copies are available from

Blackwell's Bookshop

53 South Bridge

Edinburgh

EH1 1YS

The text pages of this document are printed on recycled paper and are 100% recyclable

# CONTENTS

	Page
Introduction by the Chief Social Work Inspector	1
Directors' report	3
Management commentary	7
Remuneration report	20
Statement of Agency's Accountable Officer and Chief Executive's responsibilities	24
Statement on internal control for your year ended 31 March 2008	25
Independent Auditor's report	28
The accounting schedules:	
Operating cost statement	31
Statement of recognised gains and losses	31
Balance sheet	32
Cash flow statement	33
Notes to the accounts	34
Accounts direction	41



# INTRODUCTION BY THE CHIEF SOCIAL WORK INSPECTOR

This is our third annual report and accounts since our launch as an executive agency in April 2005. It reports our performance for the period 1 April 2007 to 31 March 2008. It coincides with the conclusion of our first corporate plan and I am pleased that we have successfully delivered all of the main targets in that plan. The Social Work Inspection Agency (SWIA) was established in 2005 in response to demands from across the social care sector for an independent, better resourced and more systematic approach to inspection of social work services. We have made substantial progress in meeting those demands and I would like to record my sincere thanks to our staff and stakeholders for their enthusiasm and commitment.



Alexis Jay  
Chief Social Work Inspector  
& Chief Executive

Our second corporate plan will be faithful to the original rationale behind SWIA's launch but we also need to take note of the context driven by the changing public sector landscape – notably the Crerar scrutiny review; the Concordat between COSLA and the Scottish Government and the National Performance Framework. We will reflect this by moving away from cyclical inspection to a more focused and proportionate programme of inspection clearly aimed at supporting improvement and building on the unique evidence produced by our initial round of full performance inspections.

To date, we have delivered performance inspections across 20 councils with the remaining 12 programmed across 2008-09. Our rigorous performance inspection methodology is working well and completion of the full programme of 32 councils will provide important and previously unavailable baseline information on the state of social work services across Scotland. SWIA link inspectors are working closely with councils already inspected to support delivery of their resulting action plans and a programme of follow-up visits is well underway. Encouragingly, the follow-up visits that we have completed have all shown that councils have made significant progress in acting on recommendations contained in our performance inspection reports. We will use this information to make sure that future inspection activity is proportionate.

The four-year programme of inspections of criminal justice social work services which covered all of Scotland's unitary authorities and groupings of authorities – a total of 14 reports – was completed in October 2007 and we published a summary report. The programme concluded that, although there was evidence of good practice, there was a need for more consistency in performance across the range of social work with offenders and particularly high risk offenders. In response to this conclusion, SWIA is working with HM Inspectorate of Prisons and HM Inspectorate of Constabulary to carry out a joint thematic inspection into the effective management of offenders who present a high risk of harm to the public. Future inspection of criminal justice social work services has been incorporated into the performance inspection programme.

Multi-agency inspections have now been completed for learning disability services, substance misuse services, and older people's services (two inspections) across four local authority groupings. Further multi-agency inspections of adult and criminal justice services will be delivered as required and Ministers already have confirmed that there should be a further learning disability services inspection.

A key element of our improvement agenda is the identification, collation, dissemination and promotion of good practice identified in inspections and providing professional advice based on inspection knowledge to policy colleagues. We have been proactive in producing reports and audit tools, participating in meetings, seminars, conferences, and engaging with practitioners, academics and policy makers. We have been instrumental in connecting policy development with current practice. We have redesigned our website to support this, including making available statistical data from performance inspections.

Most recently, in January 2008, we held a very successful stakeholder conference providing feedback and emerging themes from the performance inspections completed to date. On 29 January, SWIA, the Care Commission and Scottish Social Services Council hosted a conference to discuss messages from regulation and inspection on improving care for older people. On 27 February, in collaboration with Community Care Providers Scotland and the Scottish Government's Changing Lives team, we hosted a conference for voluntary social care organisations introducing a draft self-assessment model of governance for voluntary social care organisations. A final version will be available to voluntary organisations by mid-Summer 2008.

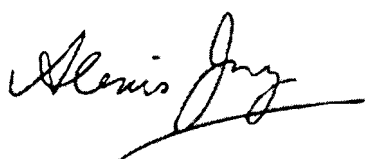
### Looking ahead

We remain committed to working closely with our stakeholders to deliver real improvements for people who use services. We will make best use of inspection evaluations to target our future inspection activity and to provide assurance through the lightest possible touch. I anticipate also that our inspections will play an important role in tracking progress towards national outcomes. Our evaluations should be a catalyst to support the raising of standards, the continuous improvement of services and improving people's lives.

People who use services have been at the heart of our inspections, with young people, people with dementia, and carers all participating as lay inspectors. We intend to extend this participation of lay inspectors across the whole range of our inspection activity. We are committed to exploring new opportunities for engagement.

We are working with councils to produce a general guide to self-evaluation of social work services, covering the current range of inspection activities, together with a further range of resources to be used at a more in-depth level focusing on commissioning practice, performance management and effective leadership in the first instance. These will help local authorities to assess how well their social work services are benefiting the people who use them.

As ever, our contribution to improving Scottish social work services depends on working closely with our many partners across all the sectors we work in to provide assurance and drive improvement whilst placing people who use services at the heart of our activities.



**Alexis Jay**  
**Chief Social Work Inspector & Chief Executive**  
**9 June 2008**

## Accounts direction

The accounts have been prepared in accordance with a direction given by the Scottish Ministers in accordance with Section 19 (4) of the Public Finance and Accountability (Scotland) Act 2000. The direction is reproduced as an annex to the accounts.

## History and statutory background

SWIA was established as an executive agency of the Scottish Ministers under the terms of the Scotland Act 1998 on 4 April 2005 to evaluate the quality of social work services in Scotland by:

- undertaking inspections or reviews of different aspects of social work services; and
- providing advice about social work services to the First Minister of the Scottish Parliament and the Scottish Government.

SWIA's exercise of these functions is independent and impartial but it remains directly accountable to Scottish Ministers for the standards of its work.

## Principal activities

SWIA was launched on 31 May 2005. Its role is to scrutinise social work services provided by or on behalf of local authorities. SWIA aims to be a leader in promoting and disseminating good practice. Its approach places those people who use services at the heart of the inspection process. SWIA's inspection practices are robust, objectively delivered and publicly reported.

SWIA undertakes the following functions:

- inspection, review and reporting across social work and social care services;
- sectoral and aspect evaluations of social work and social care services;
- commissions from the Scottish Ministers, relevant departments of the Scottish Government and other bodies; and
- provision of professional advice to Scottish Ministers and others.

## Aims, objectives and targets

SWIA's aims, objectives and targets for 2005-2008 are listed in our corporate plan which can be accessed at our website at [www.swia.gov.uk](http://www.swia.gov.uk). Performance against stated strategic priorities in 2007-08 is detailed in the management commentary below.

## Mission statement

SWIA's mission is to continuously improve social work services by driving up standards through partnership working, identifying areas for improvement where they need to be addressed and identifying and sharing best practice.

### **Our vision**

“Throughout Scotland, people are able to rely on excellent social work services that improve the quality of their lives.”

SWIA aims to achieve this vision by:

- delivering a national inspection programme that acknowledges good performance in social work services and assists poor performers to improve;
- working with other inspection bodies to deliver integrated inspection programmes;
- encouraging self evaluation and improvement by providers of social work services;
- connecting policy development with practice through a knowledge base derived directly from inspections; and
- providing professionally-based advice to Scottish Ministers.

### **Core values**

SWIA aims to realise its objectives by building an agency that encourages improvement of its processes while exemplifying the values of integrity, honesty and objectivity. This approach ensures that SWIA's activities are:

- always improving/evolving;
- based on the highest standards and best practice;
- respected for the focus on service users' needs; and
- backed up by informed analysis and intelligence.

In all that it does, SWIA aims to:

- provide excellent services that are prompt, reliable and responsive to meet stakeholders needs;
- be well managed, work with respect for others, build the talent of staff and value diversity;
- share knowledge, build on best practice and work in effective partnership; and
- operate objectively, consistently and fairly in all working practices.

### **Post balance sheet events**

There were no important events affecting the balance sheet occurring after the year-end.

### **Payment to suppliers**

SWIA's policy is to pay all invoices not in dispute in 30 days or the agreed contractual terms if otherwise specified. Our aim is to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms. SWIA has not paid any interest under the Late Payment of Commercial Debts (Interest) Act 1988.

SWIA is reliant upon the financial information and management system provided by the Scottish Government for all its financial functions. For the year ended 31 March 2008 SWIA paid 96.2% (2006-07 88.52%) of all invoices received within the terms of its payment policy.

### **Audit**

The accounts are audited by Audit Scotland who are appointed by the Auditor-General. Further details on audit remuneration can be found on note 3 of the accounts.

Internal audit is covered by a service level agreement with the Scottish Government Internal Audit Service.

### **Disclosure of information to auditors**

As Chief Executive, as far as I am aware, there is no relevant audit information of which SWIA's auditors are unaware. I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that SWIA's auditors were aware of that information.

### **Charitable donations**

There were no charitable donations.

### **Staff relations and equal opportunities**

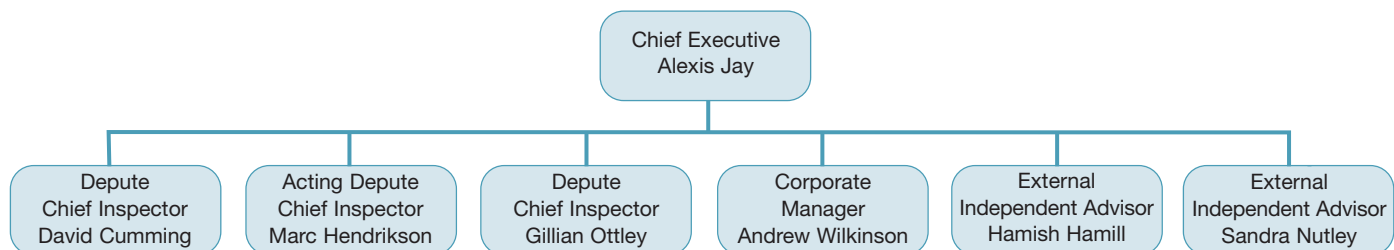
As an executive agency of the Scottish Government, SWIA adheres to the Scottish Government policy on equal opportunities. All SWIA staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability or religion. SWIA is committed to increasing the diversity of its staff to reflect the people of Scotland, and to valuing positively the different perspectives and skills of all staff and making full use of these in its work. An equality group is in place to inform, consult and advise on equality issues. Disability equality and gender equality schemes are in place and SWIA fully subscribes to the Scottish Government's race equality scheme.

SWIA is committed to effective communication with its staff and their representatives, and adheres to the principles of the Scottish Government Main Management and Trade Union Side Partnership Agreement.

SWIA gives a high priority to the development of its entire staff. A training and development strategy for all staff, supporting delivery of SWIA's commitment to meeting the principles of Investors in People and improving the effectiveness of its work, is in place. The strategy focuses on effective delivery of SWIA's objectives and the development needs of individual staff members.

## Management board

SWIA's management board structure as at 31 March 2008 was as follows:



The management board meets quarterly and oversees the work of SWIA.

A senior management team comprising the board less the two external independent advisors meets regularly and reports to the management board.

Additional information on salary and pension entitlements can be found in the Remuneration report.

## Financial review

SWIA's expenditure was funded by the Scottish Ministers from the Scottish Government budget.

SWIA operated within budget. The results for the year are reported in the attached accounts.

## Commentary on inspection findings to date – a reflection on social work services

SWIA held a successful stakeholder conference on 22 January 2008 to consider the outcomes of the performance inspections completed to date and to explore ways in which to further improve social work performance and deliver effective practice. The conference reviewed key themes identified by SWIA's inspections, including leadership and performance management, and shared experiences and improvement activity through workshop sessions. Important messages from those sessions are reflected below.

### 1. Organisational structure and leadership

#### *Vision, values and aims*

Although people can be very dismissive of aspirational statements about vision and purpose, our evidence is that staff want and need this sense of vision and purpose. It is something that other stakeholders, in agencies such as Police or Health, also comment to us about when they perceive it is absent. The most effective leaders have a clear picture of the future purpose and design of the service they lead and how it fits into the wider community vision. They are able to communicate that vision and to encourage other stakeholders to buy into it so that it guides future direction.

#### *Leadership of people*

Key issues which most consistently seem to impact on staff morale are:

- job evaluation;
- organisational restructuring;
- perceived loss of professional identity; and
- perceived undervaluing of social work by elected members and senior staff.

Low morale appears to be hard to turn around quickly once it has emerged. We have seen genuine and well considered efforts in some councils to address these issues, which appear to have at their core the need for good communication, especially from the top down.

Councils have deployed a range of approaches, often focusing on open access by staff to senior staff at specified times and, importantly, committing diary time to visit offices, centres and other care settings and meet frontline staff. There is no shortage of ideas about how to tackle morale problems, but it is not always clear what works in this context. One of the most important messages here is prevention rather than remedy. Any major change in how things are done – not just organisational restructuring – needs to have a well thought-out staff communication strategy in place before embarking on the process.

Encouragingly, there is evidence from our inspections of considerable support for the Chief Social Work Officer role from Chief Executives.

### **Leadership of change and improvement**

From our evidence to date, the most effective change processes are characterised by five key principles:

- proposed changes are understood in the context of the bigger picture and vision either for social work or for the council;
- key changes are understood across the social work service and in individual teams;
- communication and consultation are given priority so that leaders retain the confidence of staff;
- means of monitoring and evaluation of the impact of changes are in place; and
- leaders assess the risk of the proposed change and its impact on individuals, and take avoiding action.

In SWIA we do not comment routinely on organisational structure, except where the structure is clearly having a negative impact on delivery and outcomes. Our position, based upon research and inspection evidence, is that in both children's services and adult services the structure selected makes no difference to the outcomes for those who use services. Councils may of course choose to deploy certain structures for other reasons, such as cost efficiencies.

### **Conclusion**

In summary, when it comes to leadership, our inspections show a mixed picture on the margins but a substantially good picture overall.

The challenge for all of us is to ensure that leadership of social work services never falls below good, and that the current good leadership becomes excellent.

Working with stakeholders such as COSLA, and ADSW, SWIA intends to develop a range of materials to support improvement, including in the area of leadership, and we hope these will make significant contribution to meeting that challenge.

### **2. Management and support of staff**

There have been a total of 32 recommendations, predominantly in discrete areas of training, induction and staff development, workforce deployment and workforce strategies. There were 22 examples of good practice, especially in areas of training and development, and multi-disciplinary working. The best performing authorities were characterised as having a culture of valuing and supporting staff, effective recruitment and retention policies, regular structured supervision, effective absence management, and effective staff development and training strategies.

The results from staff surveys included the following responses:

- 73% agreed they had received adequate training to fulfil the responsibilities of their job – response range 62%-86%;
- 71% agreed they had received an adequate level of supervision in undertaking their role – response range 59%-82%; and
- 55% agreed there was an adequate level of administrative support available to frontline workers in their team – response range 40%-68%.

Our inspections recognise the responsibility of individuals and groups within the social work workforce to contribute their own professional expertise in ways outlined in the *21st Century Review*. Changing Lives refers to a key skill evidenced particularly in work with older people or criminal justice as the development of therapeutic relationships. There were some excellent examples on an organisational basis of staff support schemes across councils which were underpinned by this principle.

In the published reports leadership of change and improvement and also leadership of people are significant areas of each council's performance. We saw evidence that staff had shown themselves to be adaptable, innovative, resilient and onboard, where there had been a clear vision, good communication, meaningful participation and clear leadership.

The significance of management and support of staff also extends to those services which are the subject of commissioning by councils and in our focus groups and questionnaire responses from stakeholders, we continue to hear accounts of how relationships between commissioned services and the council's own services can be affected by short term considerations, such as finance and service level agreements, which in turn contribute to uncertainties in staffing and services. This indicates the importance for councils, reliant on voluntary or independent agencies to fulfil key services, also to have regard to the training and development policies which those agencies have for their own staff and therefore for service users.

### **3. Performance management and outcome measurement**

SWIA's most common recommendation in performance inspection reports published to date has been the need to put in place a system that measures and monitors outcomes.

Performance inspections to date have shown that the performance information many local authority social work services are producing is not sufficiently comprehensive, does not always sit within a coherent framework, and often is too complicated. More often than not activities or processes rather than outcomes or results are being measured using a variety of different tools and systems.

Local authority social work services need to be able to measure effectively both how well their social work services are performing and if they are getting the results that people using services require. If the way local authorities work is intelligence-led, hopefully we will all have a better understanding of the systems in place and we can be more confident about what works and why and can repeat success reliably. The costs of getting the wrong or bad results can be huge – not just for the taxpayer but sometimes also at an individual level for the person using the service. A common language around, identifying, measuring and achieving outcomes is also necessary.

However, SWIA is gathering a body of evidence that tells us that social work services are very much appreciated by those who use them and people feel safer, more independent and included as a result.

The results from our surveys have been particularly positive:

- 77% of those people who used services and responded to our surveys agreed ‘social services helped them to feel safer’;
- 78% agreed social work services helped them to lead a more independent life; and
- 70% agreed social work services helped them to feel part of the community.

Monitoring systems should only collect information about processes that are essential to delivering good outcomes. However, it is useful to remember that some processes may be useful and/or empirically related to successful outcomes.

For the future, self-evaluation, using outcome-based approaches, needs to become more rigorous and reliable.

#### **4. Supported self-evaluation of local authority social work services**

We are working in partnership with our stakeholders to make best use of inspection evaluations to target future inspection activity and to provide assurance and deliver real improvements for people using services through the lightest possible touch. The conference on 22 January 2008 outlined proposals for developing supported self-evaluation of social work services within local authorities. These involve the production of a general guide to supported self-evaluation, covering the current range of inspection activities and drawing on our established performance inspection model (PIM), supported by a range of further resources to be used at a more in-depth level. These ‘good practice’ self-evaluation guides will focus initially on commissioning practice, performance management and effective leadership. The guides are intended to support local authorities’ ongoing scrutiny of social work performance.

We are working closely with partners in *Changing Lives* (the Scottish Government’s change programme for social work services) and volunteer local authorities to produce the guides.

## 5. Risk management and accountability

Risk management and accountability are important in SWIA's evaluation of the delivery of key processes by social work services. Effective risk assessment and management of any serious risks identified are fundamental to social work and multi-agency working. A catalogue of enquiries into a number of tragedies over the years – in children's, adult, older people's and criminal justice services – bears testimony to this.

In evaluating this area of work, SWIA looks for evidence of:

- effective management of risk and harm;
- clarity surrounding risk assessment and risk management systems; and
- systems that are consistently applied and are linked to agreed corporate and inter-agency approaches.

Based on the whole range of SWIA inspection activity to date, inspectors have revealed a number of strengths, notably:

- strong strategic partnerships – particularly in relation to child protection;
- good examples of inter-agency training, policy and procedure; and
- clear lines of accountability.

Improvements have found to be necessary also, in that:

- wide variation in the standard of risk assessment and risk management practice has been found in a number of authorities and partnerships;
- the availability and application of coherent risk assessment models has been found lacking – particularly in children and families services; and
- where models are available (notably in criminal justice services), application has been found to be variable, adversely affected by lack of training and occasional resistance from frontline staff.

In conclusion, local authorities and their partners need to:

- adopt a more consistent application of risk assessment models/management of risk;
- introduce more rigorous performance management, determining whether present practice is safe and what needs to change; and
- be able to demonstrate how their approach to risk assessment and risk management is making people safe.

## Business Review

Performance against our stated 2007-08 tasks and targets under each of our five strategic priorities are detailed in the table below. Almost all of these were fully met but a number of planned tasks were delayed, deferred or cancelled following the change of government.

### Key

- ★ exceeded
- ✓ fully met
- partially met
- ✗ not met

Strategic priority	What we planned to do	What we did
1. Improve the quality of social work services across Scotland.	<p>1) Deliver 8 performance inspections by April 07.</p> <p>2) Deliver criminal justice inspections of through care services and high risk offenders in the community by November 2007.</p>	<p>✓ We delivered performance inspections of Shetland, North Ayrshire, Argyll &amp; Bute, Dundee, Moray, East Lothian, Edinburgh and Aberdeen City Councils during 2007-08. We published the Aberdeen City report on 4 June 2008.</p> <p>✓ We completed in April 2007 the programme of inspections of criminal justice social work services initiated in September 2003 and published a summary report in October 2007.</p> <p>↔ At the request of the previous administration, SWIA and Her Majesty's Inspectorates of Police and Prisons (HMICS and HMIP) asked local authorities, the police and the Scottish Prison Service (SPS) to carry out an audit of medium and high risk sex offender cases following the issues raised by the supervision of a sex offender in North Lanarkshire. As a response to the audit, in December 2006, the then Minister for Justice asked HMIP to carry out, with SWIA, a joint thematic inspection into aspects of the pre and post release management of offenders leaving prison.</p> <p>In August 2007, the Cabinet Secretary confirmed the new government's agreement to this. We will report on the joint thematic inspection of the management of risk for high risk of harm offenders in November/December 2008.</p>

Strategic priority	What we planned to do	What we did
	<p>3) Deliver multi-agency inspection of older people's services by July 2008.</p> <p>4) Deliver multi-agency inspection of substance misuse services by July 2008.</p> <p>5) Deliver multi-agency inspection of learning disability services by July 2008.</p> <p>6) Contribute to multi-agency inspections and reviews.</p> <p>7) Deliver rolling programme of follow-up inspections one year after publication of initial performance inspection reports.</p> <p>8) Conduct and Publish ad hoc investigations as directed by Scottish Ministers.</p> <p>9) Deliver inspection of youth justice services by November 2007.</p> <p>10) Deliver inspection of voluntary sector body governance systems by December 2007.</p> <p>11) Deliver inspection of corporate parenting by December 2007.</p>	<p>★ We reported on the multi-agency inspections of older people's services across Tayside and Forth Valley in May 2007 and January 2008 respectively.</p> <p>✗ Ministers have yet to decide on whether or not the planned multi-agency inspection of substance misuse services should be carried out.</p> <p>✗ Ministers decided recently that the planned multi-agency inspection of learning disability services should be carried out during 2008-09.</p> <p>✓ SWIA inspectors participated on a number of multi-agency inspections and reviews with partner bodies including HMle, the Care Commission and HMIP.</p> <p>✓ SWIA inspectors are working with councils already inspected to ensure that their resulting action plans are implemented. A programme of follow-up visits is well underway. To date, the follow up visits that we have completed have all shown that councils have made significant progress in acting on recommendations contained in our performance inspection reports. We will use this information to help focus future, proportionate inspection activity.</p> <p>✓ No special investigations were requested by Ministers but a SWIA inspector has been seconded to the Kerelaw enquiry team.</p> <p>✗ Ministers have yet to decide on whether or not the planned inspection of youth justice services should be carried out.</p> <p>★ We published in December 2007 a report on a governance review of Turning Point Scotland. In February 2008 SWIA jointly held with Community Care Providers Scotland a successful conference on governance for voluntary sector bodies.</p> <p>✗ Ministers have yet to decide on whether or not the planned inspection of corporate parenting should be carried out.</p>

Strategic priority	What we planned to do	What we did
<p>2. Secure improved public confidence in social work services.</p>	<p>1) Ensure our inspection process is fair and open.</p> <p>2) Validate local authority quality assurance and risk management.</p> <p>3) Publish reports that show good practice as well as areas for improvement.</p> <p>4) Take opportunities to highlight contribution of social work in Scotland.</p>	<p>✓ We have two external independent advisors on our board who provide an independent, informed, external challenge perspective.</p> <p>We consulted stakeholders about our inspection methodology and piloted it across three local authorities. We have published our methodology on our website.</p> <p>We include at least one associate inspector seconded from a local authority and one lay inspector on each performance inspection.</p> <p>Our methodology includes a 3-stage formal, internal moderation process involving participation by our external independent advisors.</p> <p>We have carried out equality impact assessments and are working with the Scottish Government's Equality Unit to ensure ongoing compliance.</p> <p>✓ We have agreed with HMIC a framework for the validation of local authority sex offender risk management. We will complete a joint inspection of the management of offenders in the community who pose a high risk of harm by November/December 2008.</p> <p>✓ Our inspection reports identify areas for improvement where these need to be addressed and identify and share best practice.</p> <p>✓ We have continued to actively field guest speakers at relevant events to talk about inspections' outcomes. These have included conferences and research seminars organised by Universities; the Association of Directors of Social Work; the Scottish Institute for Residential Child Care; Community Care Providers Scotland; Care and Health; Holyrood and meetings with Ministers.</p> <p>This, and previous, annual reports and accounts provide a uniquely qualified view on the contribution of social work in Scotland.</p>

Strategic priority	What we planned to do	What we did
<p>3. Work with other organisations to build capacity to provide high quality social work services.</p>	<p>1) Build local authority involvement in the inspection process.</p> <p>2) Establish effective inspection and developmental partnerships between our inspectors and local authority managers.</p> <p>3) Build use of local resources into inspection processes.</p> <p>4) Build our role in promoting best practice.</p> <p>5) Minimise burden of regulation and inspection.</p>	<p>★ To date, 30 local authorities have contributed directly to the inspection process by providing file readers and/or associate inspectors in our inspections with 25 of these having provided associate inspectors. We also have involved associate inspectors from health and the voluntary sector.</p> <p>We have sought and received detailed feedback from the inspection process. Our stakeholder event in January 2008 provided senior local authority representatives with an opportunity to hear and discuss detailed feedback from inspections completed to date.</p> <p>We have allocated link inspectors to each of the 32 local authorities in Scotland.</p> <p>✓ We have continued to involve stakeholders in the delivery of the inspection methodology; maintained formal links with inspected authorities and implemented the link inspector role; attended and hosted events and seminars; and sought and appointed staff secondments.</p> <p>✓ We have established and refreshed a pool of sessional, lay and associate inspectors. Arrangements are in place to ensure representation by at least one of each on every performance inspection.</p> <p>✓ We have continued to promote the many examples of good practice we have found, through our inspection/special investigation reports; events and seminars; the media; and our website. Our website has been redeveloped and relaunched to provide more interactive access to inspection data.</p> <p>✓ We have put in place formal memoranda of understanding detailing working protocols with key partner agencies and regular contact has been maintained. We have planned our inspection programme and activities in liaison with other regulators to minimise overlap as far as possible.</p>

Strategic priority	What we planned to do	What we did
<p>4. Inform social work policy development.</p>	<p>1) Second/assign staff to/from policy divisions, other inspectorates and/or local authorities.</p> <p>2) Contribute directly to policy development.</p> <p>3) Contribute to the implementation of <i>Changing Lives</i>.</p>	<p>✓ We continue to encourage secondments/ assignments in and out of SWIA. SWIA staff have been seconded to the relevant Scottish Government policy divisions, to other inspectorates and to local authorities and staff from other inspectorates have been seconded to SWIA.</p> <p>★ SWIA has a pivotal role in linking analysis from our evaluation programme of inspections and reviews and our unique and increasing baseline knowledge of social work services with current and emerging social work issues. We have continued to respond positively to increasing, above plan demands for professional advice to key stakeholders and participation on various policy groups.</p> <p>✓ SWIA staff have participated fully on implementation working groups on leadership and accountability, performance management, workforce development and research and development.</p>
<p>5. Be an excellent organisation.</p> <p><i>Leadership</i></p>	<p>1) Continuously promote improvement activity inside and outside the organisation.</p>	<p>✓ Our improvement activity has continued, building on earlier work. Following a rigorous self-assessment of SWIA against the European Foundation for Quality Management (EFQM) Excellence Model and an employee survey, all staff were involved in taking forward a raft of improvement measures. This year's employee survey has shown significant improvement and will be used to target and drive forward further improvement activity.</p> <p>Auditors have noted our continuing improvements to governance arrangements.</p> <p>We have reviewed and refined our inspection methodology as a result of the experience of the pilot inspections and the development of thematic inspections.</p>

Strategic priority	What we planned to do	What we did
<i>Policy and Strategy</i>	2) Develop/review inclusive policies and strategies based on information from performance measurement, research, learning and external related activities.	<p>✓ We have continued to enhance policy and strategy development through feedback from stakeholders and external advisers and ongoing continuous improvement work on equality impact assessments; EFQM and employee survey improvement actions; and benchmarking.</p> <p>We have introduced an equalities group to inform, consult and advise on equality issues.</p>
<i>People management</i>	<p>3) Deliver aims of communication strategy.</p> <p>4) Maximise use of staff.</p>	<p>✓ With the help of external marketing and media experts we have redeveloped and relaunched SWIA's website to make it a more people-focused with improved accessibility for disabled people and an interactive portal to share inspection derived knowledge. We have implemented video conferencing in the Edinburgh and Glasgow offices; taken forward learning and development strategy actions; and worked with partners to identify fresh communication channels, e.g. held a joint conference with Scottish Social Services Council (SSSC) and the Care Commission.</p> <p>✓ We have refreshed our pool of sessional, lay and associate inspectors and enhanced our employment arrangements. At least one of each is represented on every performance inspection.</p> <p>We have formed an inspection planning group to manage the inspection programme and resource allocation. An inspection project management tool has been implemented to support inspection delivery.</p> <p>We operate the performance appraisal system in accordance with Scottish Government policy.</p> <p>We have implemented a significant number of improvement actions identified by employee surveys and an EFQM self-evaluation exercise.</p> <p>SWIA complies with the Scottish Government equal opportunities policy. We have revised our recruitment procedures to further enhance equal opportunities.</p>

Strategic priority	What we planned to do	What we did
<i>People management (continued)</i>	5) Develop skills, knowledge and behaviours of staff.	✓ We have introduced a learning and development strategy, informed by a training needs analysis. These have informed our implementation of a programme of lunchtime seminars, development days, induction training, conference attendance, and training events based on individual need.
	6) Recruit necessary staff.	✓ Recruitment of inspector grades has been difficult, perhaps due in part to uncertainty created by the Crerar review of scrutiny bodies. We have used sessional inspectors to mitigate this shortage. Sufficient staff have been recruited to deliver SWIA's objectives. We have enhanced our recruitment process to improve equal opportunity and make it more specific to our needs.
	7) Secure necessary analytical resources.	✓ We have put in place appropriate analytical resources.
	8) Secure necessary accommodation.	✓ We have retained Office accommodation in Edinburgh and Glasgow.
	9) Review location requirements in compliance with Scottish Executive relocation policy.	✓ Scottish Government relocation colleagues had agreed that our relocation consideration should be deferred until after the Crerar review reported. The Scottish Government recently reviewed the relocation policy itself.
<i>Resources</i>	10) Implement sensible corporate governance procedures.	✓ We have put in place appropriate governance procedures and these have been audited.
	11) Fully integrate eRDM (electronic records and document management).	✓ We have established eRDM as SWIA's records management system at the heart of our information management strategy. We have worked with Scottish Government records management colleagues to ensure best usage and issued appropriate guidance to our staff.
	12) Consolidate website functionality and accessibility.	✓ We have successfully redesigned and relaunched our website as a people-focused, accessible and interactive portal to share inspection derived knowledge.
	13) Implement HMle's FLINT inspection template software for SWIA use and HMle's data scanning software as appropriate.	↔ We have concluded that FLINT does not meet SWIA's requirements. Instead, we have implemented a SWIA-produced database solution. We are continuing to monitor data scanning software.

Strategic priority	What we planned to do	What we did
<i>Resources (continued)</i>	14) Pursue ICT enhancements to inspection process	✓ We have built on previous ICT enhancements by introducing a MS Project inspection process management tool and electronic recording of file reading.
<i>Processes</i>	15) Implement best internal QA processes.	✓ Our 3-stage formal, internal moderation process involving at least one of our external independent advisors operates for all inspection reports. We have identified a range of local performance measures relating to our five strategic priorities for performance management monitoring.
<i>Customer satisfaction</i>	16) Meet or exceed stated service standards.	↔ We aim to achieve or exceed the Scottish Government service standards covering correspondence; phone enquiries; provision of information; appointments; and consultation. At this time, measures are not in place to allow us to audit our performance.
<i>People satisfaction</i>	17) Seek staff and stakeholder views via the staff survey and stakeholder meetings.	✓ Employee survey completed with 91% participation. Our improvement actions will build on changes introduced following last year's employee survey and EFQM self-assessment exercise. We held a successful stakeholder event in January 2008.
	18) Grievances are handled quickly by line management.	✓ No grievances were raised during 2007-08.
	19) Ensure compliance with health and safety strategy.	✓ We have introduced a health and safety committee that meets quarterly to oversee the implementation of our health & safety strategy.
<i>Business results</i>	20) Apply performance indicators and monitoring systems.	✓ We have supplemented our adoption of Scottish Government performance measures with local measures for close performance management monitoring.

# REMUNERATION REPORT

## Service contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when other appointments may be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Salaries

Salary entitlements of the SWIA board members were as follows.

Name and Title	Salary £k 2007/08	Salary £k 2006/07
<b>Executive directors</b>		
<b>Alexis Jay</b> (note 1) Chief Executive	85 – 90	85 – 90
<b>Gill Ottley</b> Depute Chief Inspector	60 – 65	55 – 60
<b>Marc Hendrikson</b> Depute Chief Inspector (Acting) (from 04/06/2007)	45 – 50 (Full year equivalent)	45 – 50 (Full year equivalent)
<b>Alastair Gaw</b> Depute Chief Inspector (to 07/08/2007)	45 – 50 (Full year equivalent)	45 – 50
<b>David Cumming</b> Depute Chief Inspector	50 – 55	50 – 55
<b>Andrew Wilkinson</b> Corporate Manager	50 – 55	50 – 55
<b>External independent advisors</b> (note 2)		
<b>Hamish Hamill</b>	0 – 5	0 – 5
<b>Sandra Nutley</b>	0 – 5	0 – 5

Note 1: The Chief Executive was appointed on secondment from a local authority. She is appointed on Senior Civil Service terms and conditions of service as set out in Sections 5 and 6 of the Civil Service Management Code.

Note 2: The independent external advisors are part time, on 1 or 2-year contracts. Their remuneration is determined under the Scottish Government's arrangements which are consistent with Government policy on Civil Service pay.

Note 3: The figures included in these tables are subject to audit.

## Salary

'Salary' includes gross salary; performance pay or bonuses and overtime. Amounts relate to SWIA only and do not include earnings from elsewhere in the civil service.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. In 2007-08 this value was £nil (2006-07 £nil).

## Other interests

None of the board members hold any company directorships or have any other significant interests that may conflict with their management responsibilities within SWIA.

**Pension benefits of the SWIA board members in 2007-08 were as follows.**

Name and Title	Accrued pension at age 60 and related lump sum at 31/3/08 (to nearest £2.5k)	Real increase in pension and related lump sum at age 60 (to nearest £2.5k)	CETV at 31/3/08 (nearest £k) (note 1)	CETV at 1/04/07 (nearest £k)	Employee Contributions and Transfers In (to nearest £)	Real Increase in CETV Funded by Employer (to nearest £k)
<b>Executive Directors</b>						
Alexis Jay Chief Executive	35 – 40 plus 112.5 – 115 lump sum	0 – 2.5 plus 5 – 7.5 lump sum	699	650	5,347	14
Gill Ottley Depute Chief Inspector	25 – 30 plus 85 – 90 lump sum	0 – 2.5 plus 2.5 – 5.0 lump sum	665	562	3,023	29
Marc Hendrikson Depute Chief Inspector (Acting) (note 2)	20 – 25	0 – 2.5	387	319	1,641	19
David Cumming Depute Chief Inspector (note 2)	0 – 5	0 – 2.5	43	22	1,920	17
Andrew Wilkinson Corporate Manager	20 – 25 plus 60 – 65 lump sum	0 – 2.5 plus 2.5 – 5.0 lump sum	393	323	811	20
<b>External independent advisors (non-pensionable appointment)</b>						
Hamish Hamill	–	–	–	–	–	–
Sandra Nutley	–	–	–	–	–	–

Note 1: The CETV information for inclusion in the accounts was provided by the Department of Work and Pensions. The CETV opening/closing positions are per the salary table dates for those joining the scheme.

Note 2: Opted for Premium.

Note 3: The figures included in these tables are subject to audit.

## Civil Service Pensions

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium**, and **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service before 1 October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service Pension arrangements can be found at the website:  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Cash Equivalent Transfer Values

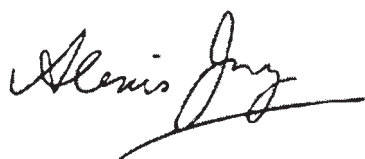
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real increase in CETV

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

## Compensation for loss of office

No employees left under Compulsory Early Retirement in the year 2007-08.



**Alexis Jay**  
**Chief Social Work Inspector & Chief Executive**  
9 June 2008



**Philip Rycroft**  
**Accountable Officer**  
9 June 2008

# STATEMENT OF AGENCY'S ACCOUNTABLE OFFICER AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under section 19 of the Public Finance and Accountability (Scotland) Act 2000 the Scottish Ministers have directed SWIA to prepare a statement of accounts for each financial year in conformity with the accounts direction on page 41 of these financial statements, detailing the resources required, held or disposed of during the year and the use of resources by the agency during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the agency's state of affairs at the year end and of its operating costs, recognised gains and losses, and cash flows for the financial year.

The Principal Accountable Officer of the Scottish Government appointed the Director-General of Education as its Accountable Officer. Day-to-day executive management of SWIA is carried out by the Chief Inspector who is also the Chief Executive. As Accountable Officer, the Director-General is responsible to the Scottish Ministers.

In preparing the accounts, the Accountable Officer and Chief Executive are required to comply with the *Government Financial Reporting Manual*, and in particular to:

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

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the agency's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.

# STATEMENT ON INTERNAL CONTROL FOR YEAR ENDED 31 MARCH 2008

SWIA's annual accounts require to be signed by the Accountable Officer who is a Scottish Government employee. The terms of the legislation governing the appointment of additional accountable officers preclude someone appointed to a post on secondment from taking that formal role. As SWIA's Chief Executive is a secondee from a local authority the annual accounts have been signed by both the Chief Executive and the Accountable Officer.

## Scope of responsibility

As Chief Executive and Accountable Officer, we have responsibility for maintaining a sound system of internal control that supports the achievement of SWIA's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets for which we are personally responsible, in accordance with the responsibilities assigned to us.

We are accountable to Scottish Ministers for the overall quality of SWIA's work, including the quality of professional advice provided; its day-to-day management; and for planning its future development. We are also responsible for providing the necessary assurances to the Principal Accountable Officer to enable him to sign the Statement on Internal Control contained within the Scottish Government consolidated accounts. We have responsibility for ensuring that effective management systems are in place within SWIA and that all risks are identified, assessed and managed appropriately.

The *Scottish Public Finance Manual* (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

## Purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve SWIA's policies, aims and objectives. It therefore can provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of SWIA's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

An effective system of internal control, in accordance with guidance from Scottish Ministers and the SPFM and as detailed below, is in place. This continues to be further refined and developed in light of comments from Internal Audit and Audit Scotland.

The process, within SWIA, accords with the SPFM and has been in place for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts and accords with guidance from Scottish Ministers.

## Risk and control framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

SWIA's risk management strategy is based on being risk aware rather than risk averse and every member of staff being aware of the nature of risk. Responsibility for control lies primarily with the owners of each identified risk and their managers. The strategy's key elements are:

- embedding risk management within SWIA's culture, business processes and operations;
- implementing consistent and sound systems identifying and reporting risk;
- including risk management as an agenda item at meetings as appropriate;
- providing risk management awareness training as part of staff development;
- maintaining documented procedures for the control of risk;
- a SWIA risk analysis and management policy is in place; and
- a SWIA risk register has been established, that identifies owners for all key risks which may affect the delivery of our business objectives, and categorises risks using a robust prioritisation methodology. Performance in managing risks contained in the register is monitored by the Audit Committee.

The strategy has been circulated to all staff. A risk management group oversees and co-ordinates risk management activity throughout SWIA. The board has a fundamental role to play in the management of risk: it sets the tone and influences the culture of risk management within SWIA by determining whether it is 'risk averse' or 'risk taking'; deciding what types of risk are acceptable and unacceptable; and setting the standards and expectations of staff with respect to conduct and probity.

More generally, SWIA is committed to a process of continuous development and improvement; developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts the organisation has liaised with Internal Audit, Audit Scotland, Scottish Government Accountancy Services, and other agencies to ensure that the internal control procedures introduced are fit for purpose and compliant.

## Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports that include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and
- comments made by the external auditors in their management letters and other reports.

The following processes have been operated and further developed during the year ended 31 March 2008.

- SWIA's Chief Executive chairs the SWIA management board that sets and monitors the delivery of SWIA corporate and business plans. The management board comprises SWIA's senior management team and two external independent advisors. It met four times in 2007-08 and received regular reports on progress against SWIA's published performance reports.
- SWIA's Audit Committee is chaired by one of the two external independent advisors, and reports to the SWIA management board on matters concerning internal control. At least one external member must be present at each meeting of the Audit Committee. It met three times in 2007-08.
- Through the Audit Committee, the management board receives reports from internal audit that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.
- SWIA's Chief Executive chairs the SWIA senior management team that comprises the Chief Inspector, the three Depute Chief Inspectors and the Corporate Manager.
- The remit of each senior management team member is designed to make clear the responsibilities for delivering SWIA's business objectives.
- Through the regular and frequent meetings of the senior management team and systematic business review meetings with each individual team member, the Chief Executive receives reports on the steps they are taking to manage the risks in their areas of responsibility including progress reports on key priorities for SWIA.
- The Risk Management Group reports to the Audit Committee and advises the board on matters of risk.

In providing its assurance to the Accountable Officer for 2007-08, Scottish Government Internal Audit has provided substantial assurance in relation to SWIA's internal control and governance arrangements.



**Alexis Jay**  
**Chief Social Work Inspector & Chief Executive**  
9 June 2008



**Philip Rycroft**  
**Accountable Officer**  
9 June 2008

# INDEPENDENT AUDITOR'S REPORT TO THE SOCIAL WORK INSPECTION AGENCY, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

I have audited the financial statements of the Social Work Inspection Agency for the year ended 31 March 2008 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Respective responsibilities of the Agency, Accountable Officer, Chief Executive and auditor**

The Agency, Accountable Officer and Chief Executive are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Accountable Officer and Chief Executive are also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Agency Accountable Officer and Chief Executive Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. I report to you whether in my opinion, the information which comprises the Directors Report, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects:

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

In addition, I report to you, if in my opinion, the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with Scottish Government guidance and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Introduction by the Chief Inspector of Social Work, the Management Commentary, the Statement on Internal Control and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Agency, Accountable Officer and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinion**

#### ***Financial statements***

In my opinion

- the financial statements give a true and fair view, in accordance with Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Social Work Inspection Agency as at 31 March 2008 and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and

- information which comprises only the Directors Report is consistent with the financial statements.

### **Regularity**

In my opinion in all material respects

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



**Lorna Meahan CA**  
**Audit Scotland**  
**Osborne House**  
**1-5 Osborne Terrace**  
**Edinburgh**  
**EH12 5HG**  
**16 June 2008**

**Operating Cost Statement  
for the year ended 31 March 2008**

	<b>Notes</b>	<b>2007-08 £'000</b>	<b>2006-07 £'000</b>
<b>Administration Costs</b>			
Staff costs	2	2,623	2,597
Depreciation	5	28	22
Other administration costs	3	1,163	1,161
<b>Gross Administration Costs</b>		<b>3,814</b>	<b>3,780</b>
<b>Operating Income</b>	4	–	(12)
<b>Net Operating Costs before notional interest on capital</b>		<b>3,814</b>	<b>3,768</b>
Capital charges		(11)	(6)
<b>Net Operating Costs for the Year</b>		<b>3,803</b>	<b>3,762</b>

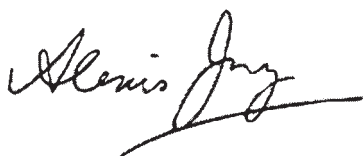
**Statement of Recognised Gains and Losses  
for the year ended 31 March 2008**

	<b>2007-08 £'000</b>	<b>2006-07 £'000</b>
<b>Net gain on revaluation of assets</b>	–	–

The notes on pages 34-40 form part of these accounts.

**Balance Sheet  
as at 31 March 2008**

	Notes	2007-08 £'000	2006-07 £'000
<b>Fixed Assets</b>	5	45	39
<b>Current Assets</b>	6	8	21
Debtors & Prepayments			
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	7	(311)	(407)
Net Current Liabilities		(303)	(386)
<b>Total Assets less Current Liabilities</b>		<b>(258)</b>	<b>(347)</b>
Creditors due more than one year		-	-
<b>Net assets/(liabilities)</b>		<b>(258)</b>	<b>(347)</b>
<b>Financed by:</b>			
General Fund	9	(258)	(347)
		<b>(258)</b>	<b>(347)</b>



**Alexis Jay**  
Chief Executive  
9 June 2008



**Philip Rycroft**  
Accountable Officer  
9 June 2008

The notes on pages 34-40 form part of these accounts.

## Cash Flow Statement for the year ended 31 March 2008

		2007-08 £'000	2006-07 £'000
	<b>Notes</b>		
Net cash outflow from operating activities	(a)	(3,840)	(3,337)
Capital expenditure and financial investment	(b)	(35)	(34)
Funding	(c)	3,875	3,371
<b>Increase/decrease in cash</b>		<u>–</u>	<u>–</u>

### Notes to the Cash Flow Statement

#### (a) Reconciliation of net operating costs for year to net cash outflow from operating activities

		2007-08 £'000	2006-07 £'000
	<b>Notes</b>		
Net Operating Cost		(3,803)	(3,762)
Adjustment for items not involving cash:			
Depreciation	5	28	22
Loss on disposal of fixed assets		1	–
Notional charges:			
Capital charges		(11)	(6)
Other notional charges	3.2	28	29
Adjustments for movements in working capital:			
(Increase)/decrease in debtors	6	13	229
Increase/(decrease) in creditors	7	(96)	151
<b>Net cash outflow from operating activities</b>		<u><b>(3,840)</b></u>	<u><b>(3,337)</b></u>

#### (b) Capital Expenditure and Financial Investment

Purchase of fixed assets	5	(35)	(34)
		<u><b>(35)</b></u>	<u><b>(34)</b></u>

#### (c) Funding

	9	<u><b>3,875</b></u>	<u><b>3,371</b></u>
--	---	---------------------	---------------------

The notes on pages 34-40 form part of these accounts.

## Notes to the Accounts

### 1. Accounting Policies

In accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the *Government Financial Reporting Manual*, which follows generally accepted accounting policies in the UK to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by SWIA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

The accounts have been prepared under the historic cost convention modified to account for the revaluation of fixed assets, at their value to SWIA by reference to their current costs, where such re-valuation is considered material.

#### 1.2 Continuing Activities

The results of the SWIA Operating Cost Statement derive from operating activities, all of which are continuing.

#### 1.3 Fixed Assets

Fixed assets comprise office and IT equipment. These are capitalised at their cost of acquisition and installation. Office and IT equipment are not revalued on the grounds that their value is not material.

The threshold for capitalising tangible fixed assets is £1,000. Office and IT equipment include individual assets whose costs fall below the threshold, but as they are of a similar nature they are grouped together and capitalised.

#### 1.4 Depreciation

Provision for depreciation is made to write-off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The expected useful lives are as follows:

Office Equipment	5 years
IT Equipment	3 years

#### 1.5 Cost of Capital

A charge reflecting the cost of capital utilised by SWIA is included in the operating statement. The charge is calculated on the average value of fixed assets and working capital held during the year at the real rate set by HM Treasury (currently 3.5% per annum).

## **1.6 Value Added Tax**

SWIA accounts for VAT in line with normal practice as amended by contracted-out rules applicable to government departments. Operating Costs are stated net of VAT where VAT is recoverable by SWIA.

SWIA is registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue & Customs on behalf of SWIA.

## **1.7 Pensions**

Past and present SWIA employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are reported in the Remuneration Report and in Note 2. Full superannuation costs are an expense of SWIA at rates determined by HM Treasury.

## **1.8 Operating Income**

Operating income is credited to the Operating Cost Statement on an accruals basis.

## **1.9 Leases**

From the 2005-06 financial year, SWIA leases buildings in Edinburgh and Glasgow. These leases are operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

## **1.10 Going Concern**

The financial statements for the year to 31 March 2008 show a deficit on the general fund of £258,000. This has arisen as a result of the requirement to account for the activities of SWIA on an accruals basis, whilst recording funding from the Scottish Government as they arise. There is no risk to SWIA's financial position as a result of these accounting requirements, and these financial statements have been prepared on a 'going concern' basis.

## **1.11 Date on which financial statements are authorised for issue**

The Annual Report and Accounts are authorised for issue on the date they are signed by the external auditor.

## 2. Staff Costs and Numbers

### 2.1 Staff costs during the year were:

	2007-08 £'000	2006-07 £'000
Wages and salaries	1,566	1,493
Social security costs	168	140
Other pension costs	475	357
Seconded staff	144	269
Lay and sessional staff	234	235
Agency costs	23	87
Other staff costs	13	16
	<b>2,623</b>	<b>2,597</b>

Other pension costs include back-dated employer superannuation contributions for fixed-term appointment sessional inspectors not previously included as staff. The amount involved is £106k (2006-07 £nil).

### 2.2 The average number of persons employed during the year was:

	2007-08	2006-07
Senior Management	5.0	5.0
Other staff	66.3	48.3
	<b>71.3</b>	<b>53.3</b>

The average number of staff in 2007-08 includes 18 fixed-term appointment sessional inspectors not previously classified as staff.

### 2.3 Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but SWIA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For 2007-08, employer's contributions of £474,728 (2006-07 £356,514) were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full-scheme valuation. (The rates will be changing with effect from April 2009.)

The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. Further information on pension arrangements is contained in the remuneration report on page 21.

### 3. Other Administration Costs

#### 3.1 Costs

	2007-08 £'000	2006-07 £'000
Consultancy fees	–	27
Conferences	89	43
Travel costs	223	326
Equipment	4	22
Rent, rates, utilities & maintenance	330	221
Advertising costs	8	7
Printing	153	178
IT System support	65	50
Website maintenance and redevelopment	51	56
Other services (including multi-agency questionnaires)	48	67
Other office costs	164	135
	1,135	1,132

#### 3.2 Notional Costs

External Audit fee*	28	29
	28	29
Total Other administration costs	1,163	1,161

\*No other services were supplied by Audit Scotland during the period ended 31 March 2008.

### 4. Income

	2007-08 £'000	2006-07 £'000
Fees and Charges	–	–
Other Income	–	12
<b>Total</b>	<b>–</b>	<b>12</b>

## 5. Fixed Assets

	Office Equipment 2007-08 £'000	IT Equipment 2007-08 £'000	Total 2007-08 £'000	Total 2006-07 £'000
<b>Cost</b>				
As at 1 April	20	62	82	52
Additions	31	4	35	34
Disposals	–	(7)	(7)	(4)
<b>At 31 March</b>	<b>51</b>	<b>59</b>	<b>110</b>	<b>82</b>
<b>Depreciation</b>				
As at 1 April	6	37	43	24
Charge for year	10	18	28	22
Disposals	–	(6)	(6)	(3)
<b>At 31 March</b>	<b>16</b>	<b>49</b>	<b>65</b>	<b>43</b>
<b>Net Book Value</b>				
<b>At 31 March 2008</b>	<b>35</b>	<b>10</b>	<b>45</b>	
<b>At 31 March 2007</b>	<b>14</b>	<b>25</b>	<b>39</b>	

## 6. Debtors

	2007-08 £'000	2006-07 £'000
Due within one year:		
Debtors and accrued income	3	–
Prepayments	5	–
Scottish Government	–	10
NHS debtors	–	11
<b>Total debtors due within one year</b>	<b>8</b>	<b>21</b>
Debtors due after one year	nil	nil

## 7. Creditors

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year:		
Trade creditors	38	196
Accruals	141	141
Provision for backdated employer superannuation contributions (see note 2)	106	–
Government departments	3	12
Local authority and NHS creditors	23	58
<b>Total creditors due within one year</b>	<b>311</b>	<b>407</b>
Creditors due after one year	<b>nil</b>	<b>nil</b>

## 8. Leasing Commitments

At 31 March 2008, SWIA was committed to making the following payments during the next year in respect of operating leases:

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	250	132
In two to five years	66	122
In over five years	–	–
<b>Total</b>	<b>316</b>	<b>254</b>

## 9. Movements in General Fund

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	(347)	22
Net Funding	3,875	3,371
Net Operating Costs for Year	(3,803)	(3,762)
Notional charges	17	22
<b>Balance at 31 March</b>	<b>(258)</b>	<b>(347)</b>

## **10. Related Party Transactions**

SWIA is an executive agency of the Scottish Government. During the year SWIA had a number of transactions with government departments and bodies.

During the year the managerial staff and board members have not undertaken any material transactions with SWIA.

## **11. Capital Commitments and Contingent Liabilities**

There were no capital commitments or contingent liabilities existing at the year end.



SOCIAL WORK INSPECTION AGENCY

**Direction by the Scottish Ministers**

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

A handwritten signature in black ink, appearing to read 'Alison Stiffner', written in a cursive style.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006