

Commission
for Social Care
Inspection

CSCI

Making Social Care
Better for People

Annual Report and Accounts 2005-06



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Commission for Social Care Inspection

Annual Report and Accounts 2005-06

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Comptroller and Auditor General in pursuance of para 10(4) of
Schedule 7 of the Health and Social Care (Community Health
and Standards) Act 2003

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Foreword



Dame Denise Platt DBE



David Behan CBE

This is the Commission for Social Care Inspection's (CSCI's) second annual report.

In our first year, we described our achievements in establishing ourselves as a new organisation, and launching our three-year corporate plan to drive improvement in the quality of social care services across England. We also presented our specific goals for 2005-06.

This annual report describes how we strived to achieve those goals.

The last twelve months have been marked by progress, change, achievement and challenge for CSCI. Progress in driving forward our improvement agenda; change in the way we carry out our work; achievement in completing our full inspection programme for the second successive year, introducing new arrangements for assessing children's social care, and helping improve the quality of social care services across England. The challenges have included the imperative to match or improve on our first year's performance, whilst also working with our partners to plan for the transition to new regulatory structures over the next two years.

We have again organised our annual report to reflect the vision and values of our organisation. In particular, the report starts with our work to engage with people who use social care services, to listen to and amplify their voices, and to ensure that our inspectors put them first in the course of their day to day work. It is imperative that we do this if we are to improve services for the 1.6 million people who use social care, for the 8 million carers who look after their relatives on a daily basis – and for those who will do so in future, in the context of significant social change.

We hope this report will demonstrate how CSCI itself is changing, and how it is encouraging the sector to make essential improvements, to ensure our social care services continue to do justice to people's rights, choices, and expectations.

A handwritten signature in black ink, appearing to read 'Denise Platt'.

Dame Denise Platt DBE
Chair

A handwritten signature in black ink, appearing to read 'David Behan'.

David Behan CBE
Chief Inspector

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1 Introduction

The Commission for Social Care Inspection (CSCI) came into operation on 1 April 2004. It was created as a Non-Departmental Public Body with a remit to improve the quality of adults' and children's social care in England.

CSCI has an overview of all private, voluntary and council-run social care services. We register, inspect and review social care provision to ensure that people using social care receive a safe, high quality service that gives value for money.

Our industry-wide perspective, and our ongoing engagement with those who use services, enable us to answer a number of inter-related questions (Figure A). We seek to promote improvement by using our influence with policy-makers, with those who commission services and those who provide them.

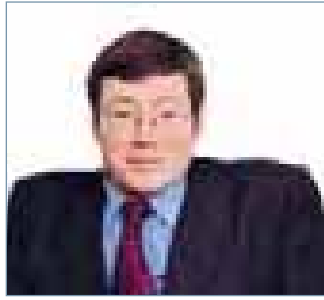
Our statutory duties and associated legislative framework are described in the Management Commentary on page 61.

Figure A





Dame Denise Platt DBE (Chair)



John Knight (Commissioner)



Professor Jim Mansell (Commissioner)



Olu Olasode (Commissioner)



Beryl Seaman CBE (Commissioner)



Peter Westland CBE (Commissioner)



David Behan CBE (Chief Inspector)

How we do our work

Chair and Commissioners

Dame Denise Platt DBE is the Chair of the Commission. There are five Commissioners: John Knight, Professor Jim Mansell, Olu Olasode, Beryl Seaman CBE and Peter Westland CBE. The Commission approves the work plans and priorities for the year and sets the overall strategic direction of the organisation. The Commission aims to be open and transparent, holding the majority of its meetings in public in various locations in England. Minutes of these meetings plus Commission papers are available on our website www.csci.org.uk.

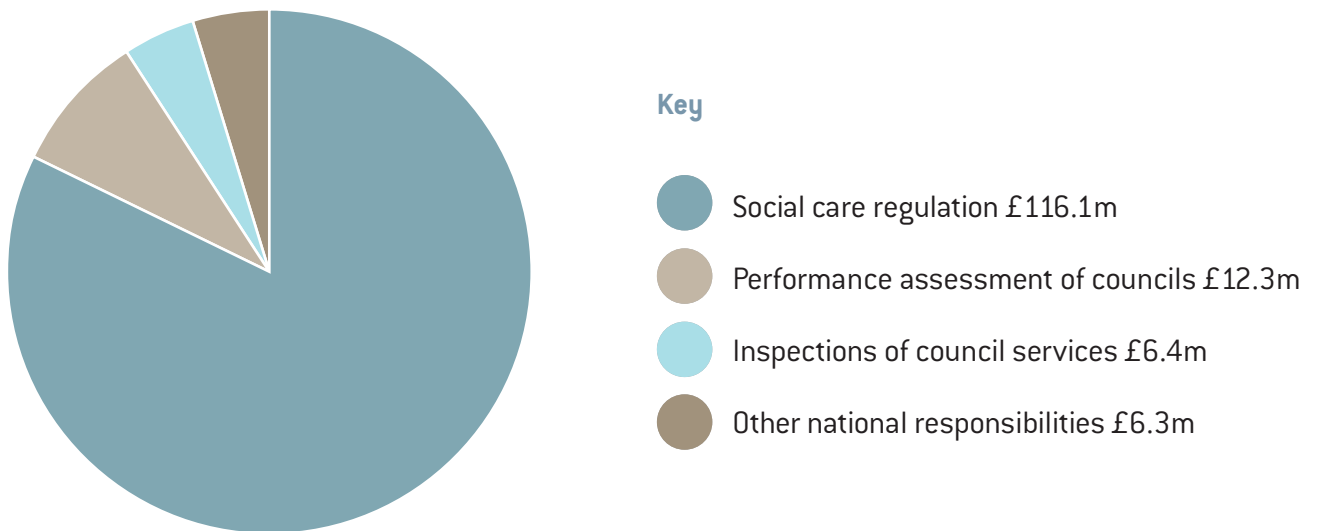
Chief Inspector and staff

David Behan CBE is CSCI's Chief Inspector. He leads an executive team of six Business Directors and the Children's Rights Director who devise and manage the implementation of CSCI's work programme (see page 103).

National, Regional and local structure

CSCI has three offices with Headquarters functions in London, Leeds and Newcastle. Most of its operational activity is managed from within its nine Regions and Regional Offices (see page 103) and conducted from our network of around 80 local offices, spread throughout England.

Figure B CSCI's expenditure by function 2005-06



Organisation and resources

CSCI employs 2,389 contracted staff (compared with 2,422 in 2004-05). The majority work in the regional and local offices and are directly engaged in statutory work such as carrying out or supporting inspections of registered services and assessing the performance and value for money of council social services. A small nationally-managed team undertakes inspections of councils' social care services. The remainder work in corporate services - such as finance, people development, data analysis and communications - which are based in CSCI's head offices in London, Leeds and Newcastle.

Our 2005-06 budget was 6% smaller than in the previous year, in line with our plan to streamline our activity and deliver significant efficiency savings over a three-year period. Figure B above shows CSCI's expenditure by function in 2005-06.

A detailed breakdown of CSCI's expenditure is in the Financial Statements on pages 79-88.

CSCI's Vision and Values

to put the people who use social care first;
to improve services and stamp out bad practice;
to be an expert voice on social care; and
to practise what we preach in our own organisation.

The structure of this report

This Annual Report outlines CSCI's activities in 2005-06. The structure of the report reflects the four statements of our vision and values. This year we have explored new ways of engaging people of diverse ages and backgrounds, and worked hard to ensure that our activities are shaped by what they are telling us. This work is described in Chapter 2.

We have begun to implement our plans to modernise and improve our regulatory work. We have also introduced new arrangements for assessing council's social care services for children, in partnership with Ofsted. How we performed against the challenging objectives we set ourselves – with a particular focus on how we drove improvement and stamped out bad practice – is set out in Chapter 3.

We have increased our expertise and shared this with stakeholders in the sector, issuing a range of reports and special studies, including our first overview report on the state of social care in England. More details are in Chapter 4.

We could not achieve all that we have done without the commitment of our staff who have helped to unify the organisation from the three separate bodies that were brought together to create CSCI in 2004. How we have tried to practise what we preach, including our work to develop our staff and to deliver significant efficiency savings is explained in Chapter 5. Finally, changes to the way we will regulate the care sector in the future are set out in Chapter 6.

“CSCI has made a great start to their work and everyone should feel very proud of what has been achieved so quickly. The changes to come must not distract us, indeed we must see them as an opportunity to do even better for the people we serve.”

Dr Stephen Ladyman MP, Parliamentary Under Secretary of State for Community (2003-2005), April 2005





2

Putting people who
use social care first

We aim to ensure that our own plans are influenced by people who use social care, that our judgements properly reflect their experience, and that our products (such as our inspection reports) are more accessible to people from diverse communities and backgrounds.

We encourage councils and service providers not only to engage well with the people using their services, but also to act on the feedback they receive. Our shared task is to develop better access to social care, and to make services more flexible and responsive to the needs of individuals and their families. To achieve this we need to start by listening.

Our objectives for 2005-06 were:

- To establish an innovative user involvement project in each Region, in addition to initiatives at national level;
- To provide training and guidance for staff on how to engage with people who use services;
- To ensure that CSCI's core documents are available in a range of accessible formats;
- To review the use of lay assessors in inspections, and to develop proposals for taking this work forward; and
- To develop and support an 'Engage Network' so that people who have experience of using services are influencing the policies and practices of CSCI.

“It is not enough simply to ask people's views and tick the 'consultation' box.”

Dame Denise Platt DBE

Our activities in 2005-06

Amplifying the voice of people who use social care services

During 2005-06, CSCI contributed to the development of the Department of Health's White Paper, *Our Health, Our Care, Our Say*, by submitting a range of evidence about topics that are important to people.

Most of CSCI's submissions were put together in partnership with people who use social care services. A number of national events and seminars provided important opportunities for CSCI's Commissioners and senior managers to listen, learn and discuss some complex issues with people who are 'experts by experience'.

What does 'risk' mean to people?

Most people think that inspectors have an important role in safeguarding people, but there are many different views on what is an acceptable level of risk. How can we help people to manage risks without stifling their freedom to make choices for themselves? CSCI made this a theme in many of its engagements with people throughout 2005-06, including a seminar involving CSCI's Commissioners and a group of people with learning disabilities in Manchester in June 2005. The conclusions – about the need to balance control, choice and risk – influenced CSCI's submission for the Department of Health's 2006 White Paper, and the development of its own new methodologies.

"It's not unreasonable for us to be vociferous when we're not getting the same as you."

Ian Loynes, Chair, Southampton CIL

"Services can all too easily deny individuals this experience through well-intentioned over-protectiveness, lack of imagination or flexibility, fear of blame if something goes wrong, or inability or unwillingness to provide the resources to support risk-taking."

David Behan, speech to The Guardian 'Managing New Realities' conference, March 2006

What outcomes do people want for themselves?

The Department of Health's Green Paper, *Independence, Well-being and Choice*, encouraged the sector to judge its success by the outcomes achieved for people. During 2005, groups of 'experts by experience' helped CSCI to define what successful outcomes might really feel like for them. CSCI drew up a list of statements that begin to reflect what people themselves value, and shared this with the Department of Health. The 2006 White Paper, *Our Health, Our Care, Our Say*, asks CSCI and the Healthcare Commission to take this work forward, by developing a new methodology for assessing the performance of local agencies, to encourage them to achieve better outcomes.

"I am central to all decisions about my life"

"I can take part in the life of my community through paid or voluntary work and can join in local activities and events"

"My cultural, ethnic, religious and sexual needs are respected"

"I have privacy when I need it"

"I am not exploited, abused and bullied"

Extracts from CSCI's proposed outcome framework, November 2005

“It was good to meet the inspectors. When they come to our home again we won’t be so nervous.”

People who attended a CSCI Regional event

“Things like this wouldn’t have happened for us a couple of years ago – working with you guys in this room. And to us this is the turning point ‘cos we’re all starting to work together and listen to each other. ‘Cos it’s our lives and we’ve got you people to listen to us and support us in what we want. To me, I think it’s great ‘cos it’s a turning point.”

‘Expert by experience’ who attended the Manchester seminar in June 2005

Regional user involvement projects

At regional and local level, CSCI set out to find new ways of engaging with people who use social care, and also to ask what they think about plans to change the way we regulate and inspect.

■ Seeking advice on how to improve our inspections of care homes – Birmingham and Solihull

Eighty people from care homes in Birmingham and Solihull attended a local event in October to tell us how they would like to develop links with our local offices. Very helpful suggestions were put forward, some of which challenged our current methods of working. For example, people asked about the feasibility of having a planned meeting with the people who live in a particular care home, instead of a second inspection. Feedback from the event was positive.

■ Engaging with people who have a sensory impairment – Darlington

In the North East, regional staff are working with Darlington Association on Disability to explore the best ways of gaining the views of people with a sensory impairment. The project has three main aims:

- ◆ to involve people who have a sensory impairment in inspections of local services;
- ◆ to produce a toolkit to help CSCI to understand the things that are most important to people with sensory impairments who live in a care home; and
- ◆ to provide local CSCI staff with some training about disability equality and communicating with people who have a sensory impairment.

Experts by Experience

CSCI has longstanding experience of involving people who use services in the inspection process, to the extent that this now happens routinely in our inspections of councils' services for people with learning disabilities. During 2005-06, we looked at how to extend this practice. We are now developing a new programme – Experts by Experience – to involve people with experience of using regulated services in our inspection activity. By the middle of 2006, about 10-15% of regulated inspections and 100% of council service inspections will involve such an expert.

To ensure we get the best out of the user involvement projects, staff training on engaging with people who use social care has been incorporated into our corporate training programme. CSCI has also established a virtual network of staff – the Engage Network – to support our work to become more skilled at involving people who use social care services.

Service Improvement Boards

CSCI's Service Improvement Boards give people who use services and other stakeholders the opportunity to become engaged in CSCI's work and offer advice, views and concerns on a range of issues. There are 5 Boards covering: children and young people; older people; physical and sensory disability; mental health; and learning disability. The Boards meet quarterly and explore topics that are important to social care policy, or are relevant to ongoing Government consultations, or will help to shape CSCI's future corporate priorities.

Listening to and acting on what people have told us

People who have had experience of looking for a suitable care service have consistently told us that they want clearer information and easier access to our inspection reports. In response to this, we have improved the format of these reports to make them easier to read, as part of a programme to make CSCI's core documents available in a wide range of accessible formats.

We have also improved our website to make it more accessible and make information easier to download. The redesigned website became operational from April 2006 at www.csci.gov.uk.

“The experts are disabled people.”

Person using service

“If you're only aware of half the things, you can't take advantage of the opportunities.”

Young person

CSCI's web statistics

- The average number of monthly individual visitors to CSCI's website increased to 78,595 in 2005-06, more than double the 2004-05 figure. 27% of these visit the site more than once a month.
- The average number of visits per day reached over 8,000 in March 2006.
- The most frequently used pages are those that help people to find a registered service in their area, or to download an inspection report.



Children's Rights Director reports

CSCI hosts the statutory post of Children's Rights Director, who acts as an independent "Children's Auditor" to ensure CSCI helps safeguard and promote the rights and welfare of children in care. Part of the Children's Rights Director's role is to consult with children and ask them for their views about their welfare and the quality of services they receive. These are then reported to the Commission and its inspectors who check the standards of care of children's services. Reports are published through the Commission and the Director sends them to appropriate Government Ministers so they can be taken into account when making policies or evaluating their effectiveness.

All the reports are published on the dedicated children's website www.rights4me.org.

The Children's Rights Director and his team also advise and assist on individual cases referred to them. This can involve, for example, raising children's concerns with councils on issues such as being moved too often, and ensuring councils listen fully to the views of the children involved.

The Children's Rights Director and his team issued a report on their activities in December 2005, the *Children's Rights Report 2005*.

Another report, *Young People's Views on Leaving Care (February 2006)* recorded the opinions and experiences of young people with first hand experience of leaving or preparing for leaving care. One of the main findings was that there was little middle ground in the quality of support for young people leaving care – services were either excellent or poor, depending on the commitment of individuals working in council services or the councils themselves.

Sorting out Inspection (November 2005) reported on children's views on the Government's plans to reform the inspection programme for children and learners.

Private Fostering (May 2005) reported children's views on the proposed changes to private fostering arrangements, so that these could be taken into account when the changes were being considered.

The Children's Rights Director and his team use many different methods for consulting children and young people. These include visits to homes, schools and colleges, postal surveys, and a variety of different events. For example, they have held discussion groups at child-friendly venues such as zoos, aquariums, bowling alleys and theme parks, and held pizza evenings at one of CSCI's own premises. They also have a small but growing panel of young people who have volunteered to send text responses to questions they are sent by mobile phone. This "Be Heard" panel is particularly useful for getting rapid responses to test out ideas and seek volunteers to look in detail at materials we might be developing.

"I worried about not being offered guidance and worried about getting lonely."

Care leaver

"Kids shouldn't have complete control but should be taken into account."

Young person who attended a CSCI consultation event

"We are listened to more, now."

Young person who attended a CSCI consultation event



Complaints about CSCI

The Commission is keen to learn from its own mistakes and therefore takes very seriously complaints about its own performance. A reformed corporate complaints procedure was implemented in April 2005.

The following table reflects operational (casework) activity during 2005-06:

Table 1: Complaints about CSCI, 2005-06

Activity Area	Cases	Commentary
Special Enquiries	16	Independent Reviews and other associated work
Ombudsman	29	5 Open, 24 Closed
Corporate Stage 2	45	27 Open, 18 Closed
Corporate Stage 1	126	Approximately 32 open, 94 closed
Correspondence	57	Miscellaneous Enquiries
Total	273	

CSCI has established a complaints review service (CRS) to deal with this work. The service is responsible for the assessment of all cases after they have passed the initial stage of a two-stage process. The complaints service commissions investigations and monitors and supports cases through to the adjudication process. Cases are referred to the Ombudsman if they are not closed after the second stage.

A corporate complaints database is currently being developed which will identify complaints outcomes and the complainant's experience. This will inform organisational learning, including looking at complaints which were upheld as well as those which were not upheld but which can still lead to operational change. The CRS is also reviewing the current complaints procedure after its first full year of operation. This will include learning lessons from both stages of the complaints process; service improvements brought about as a result of complaints; and the CRS' contribution to the wider reform agenda around social care complaints.

People make complaints about CSCI for a variety of reasons. A significant proportion of complaints are made by providers in relation to our registration and inspection activity, as opposed to our findings and judgements. Where we have made mistakes we aim to put them right and apply lessons learned. Action we have taken this year includes: apologising to complainants; revising and improving our guidance to inspectors; training staff in issues such as report writing; and taking appropriate remedial management action.

In addition, the CRS is responsible for the management and administration of a large pool of independent investigators and for securing other independent and consultancy services where required.



3 Improving standards and stamping out bad practice

CSCI inspects, reviews and assesses the performance of councils' social care services and of all regulated care services. We aim to ensure that the quality of social care improves year on year. Where services present a risk to people in their care or are weak for other reasons, they are assisted to improve. Where risks are unacceptable and improvement is unlikely, CSCI takes prompt action to close the service to protect people from harm.

Our objectives for 2005-06 were:

- To complete a full programme of statutory registration and inspection work;
- To take appropriate action to enforce standards;
- To implement specific improvements to regulatory practices and to develop proposals for more radical changes to the regulatory regime in 2006;
- To deliver a new methodology for registering adoption support services, and for inspecting services in specific settings such as boarding schools;
- To deliver the 2005 'star ratings' of councils in November 2005, encompassing separate judgements for adults' and children's services;
- To continue to work with Ofsted and other partners jointly to review councils' children's services;
- To agree new frameworks for working in partnership with the Healthcare Commission to assess services for people who use both social care and health care services;
- To continue to develop our capacity to assess how well councils are using their resources; and
- To review our approach to the performance assessment of councils, in the light of anticipated legislative changes.

Our activities in 2005-06¹

Table 2: Registered social care services in England, March 2006

Adult care home services and places	31 March 2005	31 March 2006
Services registered	19,762	18,752
Places available	441,376	440,223
Adult placement schemes	52	123
Domiciliary care services	4,120	4,632

Children's home services and places	31 March 2005	31 March 2006
Services registered	2,046	2,040
Registered places in homes	12,195	11,823
Residential family centres	38	40
Residential family places	355	276

CSCI's statutory registration and inspection programme

CSCI maintains a register of social care services in England. We collect information about the number and type of registered services and the number of places they provide, and make this available to researchers and policy makers. The current position is illustrated in Table 2.

As CSCI reported in *The State of Social Care in England 2004-05*, the data suggest that the quality of these services has been improving, both in terms of the average performance and in the number of services meeting almost all the national minimum standards. This pattern of improvement has continued in 2005-06. Details will be set out in our 2005-06 *State of Social Care* report, due to be published later in 2006.

Registrations of care services

Any new service in a registrable category must first register with CSCI before it can start operating. The registration process involves assessing the people running the organisation and the premises to ensure the proposed service is fit for purpose and the people who use it will be safe.

- In 2005-06, we piloted a new registration process, designed to be less bureaucratic and more efficient. For example, we halved the length of the application forms and made them all available online. We also changed the way we assess a provider's fitness to operate, cutting down references to other regulators, reducing the number of inspectors involved, and stopping routine visits to agencies.

We set ourselves a target of four months to register services; this includes checking personal references, Criminal Records Bureau checks and liaison with other bodies such as local planning and fire authorities.

- 13,592 registrations were completed in 2005-06.
- 13,089 valid registration applications were received in 2005-06 compared with 7,400 in 2004-05. Of these, 6,557 were completed within 3 months and 10,471 within 6 months (this compares with 4,884 and 6,956 in 2004-05).
- 2,722 registrations received towards the end of the financial year were carried over to be completed in 2006-07 (compared with 2,725 last year).

¹ Additional statistical information about CSCI's statutory work is set out in the Management Commentary at the back of this publication, pages 60 – 69.

Inspections of care services

CSCI inspects individual care services at statutory intervals, to assess their quality against national minimum standards and to produce a public report on our findings. In 2005-06:

- We completed a full inspection programme of almost 50,000 inspections, for the second year running.
- In response to recommendations made by stakeholders including people using care services, we altered the balance between 'announced' and 'unannounced' inspections, placing more emphasis on the latter. There were 9,000 more unannounced inspections (with the number of announced inspections falling accordingly).
- In 2005-06, CSCI completed 6,133 inspections of domiciliary care services. This was the first full year of inspections of these services. We will report on our findings later in 2006.

Our 2005-06 target was to complete each inspection report within four weeks – a more demanding target than the 10 weeks set in the previous year.

- Almost nine out of 10 reports were completed within the target time period. This compares to just under eight out of 10 in the previous year.
- We also improved our inspection reports, making it easier for people to find out about the performance of registered services, and to obtain information about services of a particular type or in a certain geographical area. There is evidence that more people are reading our reports, by downloading them from the internet (See page 14). During a quality review of the reports carried out in 2005, people were generally positive about the improved format.

Stamping out bad practice

CSCI's inspectors can and do use a range of enforcement methods to encourage service improvement and help eliminate bad practice.

- 7,786 enforcement actions were taken by CSCI in 2005-06, including 3,750 urgent actions. This represents less enforcement activity than in the previous year (where the equivalent figures were 9,514 and 4,488 respectively). Whilst this may be a reflection of improved performance against the national minimum standards, CSCI remains vigilant regarding the unsatisfactory practice which still occurs. Fuller evaluation is needed before firm conclusions can be reliably drawn.
- CSCI also undertook five prosecutions, four of which resulted in penalties being imposed. This compares to eight prosecutions in 2004-05.
- We dealt with 69 appeals to the Care Standards Tribunal, 32 of which were brought forward from 2004-05. Only 12 appeals are now outstanding. Of the 57 concluded cases, 34 were withdrawn, 19 were dismissed, one was allowed, one was settled, one was partially upheld and a further one was struck out.

“The new revised report format is much better than the previous layout, and we are sure it will now be a useful tool for both providers and service users.”

Care home manager

Enforcement action

A decision to take some kind of enforcement action is determined by applying three main criteria:

- *performance history* – is the failure persistent or one-off?
- *impact on the people who use the care services* – how serious is the risk to people using the services?
- *attitude of the care service provider* – how willing and able is the provider to tackle service deficiencies?

Following the decision, CSCI develops an action plan to ensure that the underlying reasons for poor performance are tackled. This can involve: planning minimum levels of progress a provider must make to avoid formal enforcement action; discussing with providers what external help they may need; scheduling additional unannounced inspections; issuing enforcement notices; prosecution action; cancellation of registration.

Regional Improvement Strategies

We have devised regional 'Improvement Strategies' to ensure a more consistent approach to addressing weaknesses in regulated services' performance within each region. Using information from risk assessments to identify the services that most need to improve, the strategies aim to:

- identify any common underlying themes in a region, such as commissioning weaknesses or shortages of qualified and effective care home managers;
- agree strategies to secure service improvement;
- agree a regional action plan for focusing on high risk care services;
- agree monitoring and review arrangements; and
- ensure cross-regional consistency in dealing with poorly performing services.

Making a difference – safeguarding people in care homes

As the result of evidence obtained from a number of inspections, plus a complaint about a care home for older people in Eastern England, CSCI prosecuted the provider on four counts: two counts each of failing to make proper provision for the care, treatment and supervision of the people living there; and failing to maintain proper records about handling, administering and disposing of medication. Following a trial the provider was found guilty on three counts, fined £4,000 and ordered to pay £25,000 costs.

The provider appealed to the High Court on three counts, all of which the Commission won.

Since the court case, CSCI has maintained its vigilance, conducting a number of unannounced inspections, working with and supporting the home and its management to ensure that its practice improves and that the people living there are safe. The home has recently been assessed as being in a reduced risk category.

Making a difference – stamping out bad practice and developing good practice

A home in the South East caring for 18 older people demonstrated a decline in standards over a number of months which ended up presenting serious risks to the people living there. Working closely with the local council, CSCI closed the home once the residents had been safely moved to alternative accommodation.

CSCI staff produced a clear, evidence-based case for closing the care home, ensuring that the provider was involved throughout, so that the process and consequences were clear and that the needs of the people who had to be moved were fully taken into account.



Complaints against regulated services

In 2005-06, CSCI conducted a major review of how it manages complaints about regulated care services. New arrangements came into effect at the end of the year, which emphasise the service provider's responsibility to have an accessible complaints procedure and good arrangements for responding. A new CSCI leaflet *Concerns and Complaints* has been produced to inform the public about what they have a right to expect. This can be accessed from our website www.csci.org.uk.

CSCI monitors and ensures that care providers respond effectively to complaints and take appropriate follow-up action.

This year there were 6,829 complaints about registered services containing 17,911 complaint elements. The reasons complaints were made and the breakdown by type of care service are shown in Tables 3 and 4. Of the 17,911 complaints issues received, 16,022 (almost 90%) have been resolved. Figure C (below) shows complaint outcomes.

Table 3: Reason for complaining

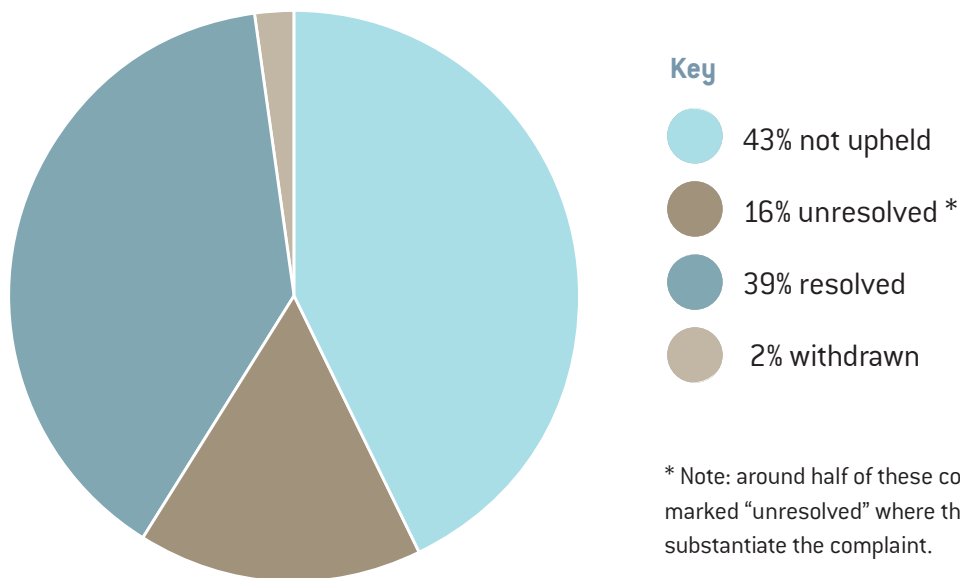
		%
Care practice	4508	25
Staffing	4384	24
Abuse	2394	13
Premises	1423	8
Registration	1076	6
Other	929	5
Health and Safety	919	5
Food	812	5
Facilities	384	2
Incidents	342	2
Activity	323	2
Access	261	1
Admission fees and practice	156	1
Total	17,911	99

Note: due to rounding, total may not add to 100%

Table 4: Complaints by type of service, 2005-06

Type of service	2004-05	2005-06
Adult care home	91%	85%
Domiciliary care agency	6%	10%
Children's home	2%	4%
Nurses' agencies	1%	1%

Figure C Outcomes of complaints about regulated services, 2005-06



There has been a reduction in the proportion of complaints about care homes for adults and increases in the proportion of complaints about domiciliary care agencies and children's homes compared to 2004-05. Even so, the breakdown in reasons for complaining is very similar to last year, with care practice, staffing and abuse (financial, physical, verbal, sexual) still the three main reasons for complaints.

As last year, the largest number of complainants – 41% – were either a relative or carer of the person using the services. People using services accounted for only 5% of complaints, up from 4% in 2004-05. In 19% of cases, the complainant was anonymous or not known. Complaints were also made by current staff members (11%); social workers or placing staff (6%); health professionals (5%); former staff members (4%); and members of the public (4%).

Concerns and complaints about a social care service can give us useful information about how well the service is meeting the needs of the people who live there or use it.

“Services should meet my needs, not what the social worker thinks I have.”

Young person who receives a direct payment

“I found this inspection much more user friendly than previous inspections. Much more time was spent on the floor speaking to service users, their families and staff members rather than sitting in the office reading file after file.”

Care home manager (from a comment card)



Modernising Regulation - Inspecting for Better Lives

Inspecting for Better Lives is our modernisation programme. It involves designing and delivering change throughout the organisation so our regulatory work is more responsive to people using services.

As described throughout this chapter, the change also involves more carefully targeting our activity, and removing steps we consider unnecessary and bureaucratic.

During 2005, the Department of Health consulted the sector about making CSCI's inspection activity more proportionate and therefore more effective. The proposals included removing the statutory obligation for CSCI to inspect every care home twice a year, even where they are offering the highest quality service and may not need to be inspected so often.

Legislation enabling the new proposals came into effect on 1 April 2006 and the new system will be rolled out over the next 18 months.

Multi-agency teamwork to improve a service for people with dementia

Inspection and monitoring of a nursing home for 50 people with dementia continued to identify concerns which the management was unable to resolve in a sustainable way. An information-sharing meeting was convened by CSCI, following which the council led local partners in identifying actions which they might take to bring about real change. A multi-agency improvement team was assembled and began work within two weeks, with the agreement of the provider. The team has identified some core issues that need resolution by the provider; modelled good practice for staff; and drawn up a plan with milestones for implementation by the home.

This approach has prevented the continued decline of the home and serious enforcement action that might have led to the home's closure. By working together to build an improvement plan which can be sustained by the home's management, local agencies are investing to secure the standards they expect and minimising disruption for the residents.

Regulation of adult placement schemes

This year, we changed the way we register and inspect adult placement schemes. (These are locally-run schemes that enable between one and three people with care or support needs to live for some time in the home of a carer.)

CSCI wished to put more emphasis on the outcomes being achieved for people as opposed to bureaucratic processes. Before making any changes, we held consultation events and invited adult placement carers and people in adult placements to give their views on the inspection process and the role they should play in it.

The National Association of Adult Placement Services (NAAPS) complimented CSCI on its inclusive approach, which also ensured the commitment and co-operation of the sector to the new way of working. We involved NAAPS in working with schemes that were struggling with registration to ensure they understood the process and what was expected of them. As a result, all the schemes were registered before the deadline of 31 August 2005, enabling CSCI to complete its first planned inspection programme before 31 March 2006.

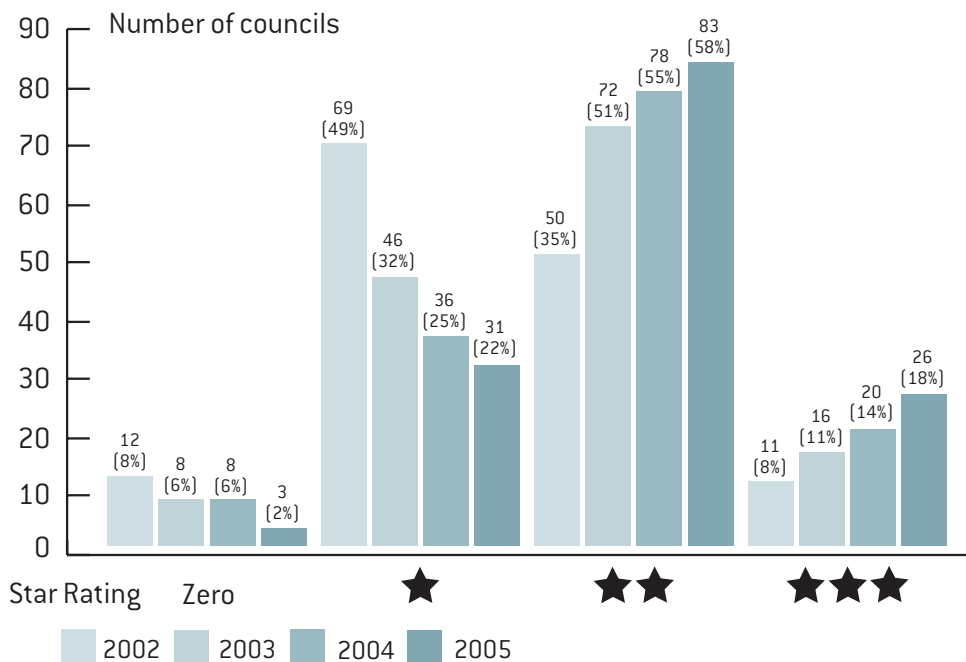
Regulation of adoption support agencies

Since December 2005 organisations and sole practitioners who offer and provide adoption support have had to apply to be registered with CSCI as an adoption support agency. We are currently processing registration applications and once services are registered they will have their first baseline inspection in 2006-07.

We have devised new guidance for adoption agencies and are piloting this with four organisations that are going through the registration process. Feedback from the pilots will be taken into account in developing the guidance further and informing the adoption inspection programme. To help adoption support agency staff interpret the legislation and standards, we have established guidance logs. These will be made available to the public through our website.

Performance assessment of councils

Figure D Star ratings of councils' social care services, 2002-05



CSCI assesses the performance of the 150 councils responsible for social services throughout England, making judgements about the quality and cost effectiveness of their social care.

In 2005, CSCI changed its assessment methodology, to reflect the new arrangements for overseeing children's services in councils. As Directors of Children's Services were appointed to integrate local children's services, CSCI worked with Ofsted to make a separate assessment of the overall performance of children's services for the first time.

- CSCI published its star ratings of 142 councils in December 2005, comprising separate judgements of adults' and children's social care. The remaining eight councils' star ratings were published in March 2006 once children's services Joint Area Reviews were completed.
- These ratings contributed to the Audit Commission's comprehensive performance assessment of councils for 2004-05.

Councils' star ratings range from no stars for the lowest performers to three stars for the best. The ratings are formulated using evidence from performance indicators, inspections, self-assessments by each council and other monitoring information. For children's services, the national programme of Joint Area Reviews – which look at the whole system of children's services in each locality, and involve a partnership between 10 inspectorates – play a particularly important part in the process.

A summary of councils' ratings for 2005-06 is set out in Figure D above. This compares performance over the last four years.

The average ratings have improved steadily over a four-year period, with nearly three quarters of councils now having two or three stars for their social services. However, 25% of councils are still only achieving one star or none at all, and more councils dropped down to a low position than in the previous year. CSCI works more intensively with the councils that are struggling or failing to improve, with special monitoring arrangements in place for those of particular concern.

Making a difference – assisting councils to improve

A council's social services was assessed at zero stars due to a number of factors: instability in top level management; high staff turnover; unclear commitment to social care; failure to deliver adequate social care for adults.

CSCI's Chief Inspector invited the council's leaders to a meeting to discuss the issues to be resolved, to demonstrate that they were committed to change, and that the council had the capacity to improve. A performance improvement plan was agreed.

CSCI informed the Parliamentary Under Secretary of State for Care Services about the council's plans to improve.

CSCI then brokered support for the council with the Department of Health; worked with the Government Office for the Region; conducted monthly monitoring visits which looked for evidence of achievement; noted how the council was addressing the issues of concern; and briefed the Minister every 6 months.

There was a successful outcome. In December 2005, CSCI announced that the council's performance had improved to one star. In the next round of social services assessments, CSCI will look for the demonstrated improvement to continue.

A fuller analysis of trends in performance can be found in:

- *Performance Ratings for Social Services in England* (pub. CSCI December 2005, updated in March 2006), and
- *The State of Social Care in England 2004-05* (pub. CSCI December 2005).

Service inspections

CSCI inspects local councils' social care services, to assess how councils deliver their social services functions and use their resources. Our inspection approach is proportionate, with excellent councils receiving no inspections and others being inspected on the basis of a plan derived from their annual performance assessment.

- In 2005-06, CSCI completed its target of 82 inspections of council services, an increase compared with 71 inspections the previous year. This was due to the introduction of Joint Area Reviews (JARs) of children's services. Details of these inspections are in Tables 5 and 6 below.
- An increasing percentage of these were joint inspections with other agencies, including 30 JARs of children's services (27 reviews and three pilot reviews).
- With the Healthcare Commission and the Audit Commission, we completed the national programme of reviews of older people's services. The key findings are set out in *Living Well in Later Life*, published in March 2006 (see page 37).
- CSCI also contributed to 42 Supporting People inspections led by the Audit Commission's Housing Inspectorate. These inspections assess how well the Government programme to plan and develop housing with support is progressing. CSCI published its findings in *Supporting People – promoting independence* in May 2006. See www.csci.org.uk.
- In addition, CSCI took part in 31 Youth Offending Team inspections, led by the Probation Inspectorate. These look at actions being taken to help prevent young people from offending, whilst safeguarding their rights and promoting their welfare.

Table 5: Inspections of council services, 2005-06

Type of inspection	Output
Child protection	1 inspection
Children's services	4 inspections (including 3 follow-up inspections)
Learning disability inspections	11 inspections
Mental health inspections	11 inspections
Older people's inspections	13 inspections conducted
Physical and sensory disability inspections	6 inspections conducted
Total	46 inspections

Table 6: Inspections with Partners, 2005-06

Inspection type	Partners	Function	Output
Joint Area Reviews	Ofsted	To find out and report on how councils, health partners and others are delivering effective services for children and young people in their area	30 inspections conducted (including 3 pilot inspections)
Whole service reviews	Healthcare Commission; Audit Commission	To find out how local councils, health partners and others are delivering effective services for older people in their area	6 inspections conducted
Total			36 inspections



In addition to the above inspections, the Commission also participates in inspections led by other inspectorates. Details are in the table below.

Table 7: Joint inspections led by other inspectorates, 2005-06

Type of inspection	Lead inspectorate	Function	Output
Supporting People inspections	Audit Commission Housing Inspectorate	To look at how local councils are delivering the Government programme to plan and develop housing support	42 inspections conducted report published in May 2006
Youth offending team inspections	Probation Inspectorate	To look at how Youth Offending teams prevent young people from offending, safeguard young people's rights and promote their welfare	31 inspections conducted
Total			73 inspections

Further details of our inspections of local authority services are at page 65.

Holding councils to account

CSCI's 'whole systems' perspective has made it increasingly possible to piece together evidence to get to the root cause of a problem in local service provision. Some examples of this way of working are set out on pages 22-25 above. Whilst these examples illustrate how CSCI inspectors have worked with councils to address weak practice in care settings, intelligence from our regulatory work can equally be used to challenge councils about their own commissioning practices. Three examples are given below.

CSCI is now working to ensure that the evidence about councils' commissioning of registered services is collected more systematically. In 2005-06, 'area profiles' were created for each local authority area, to show key patterns and trends in each place. Improved versions of these profiles will be used as the basis for discussion with each council during the 2006-07 performance assessment process.

Addressing cross-border funding disputes

In the north east, a CSCI regulatory inspector became concerned about the high and rising proportion of people being admitted to care homes from a long distance, differences in costs from one council to another, limited provision of information by independent providers, and an erosion of people's choices and options. These issues were raised at a routine business meeting with a council. The council knew that many people from other councils were moving into local care homes. It is now meeting regularly with neighbouring authorities to discuss how to manage and develop the care homes market, and has developed a regional protocol for handling cross border disputes.

Levering improvement in assessment and care management practice

In one area in the north west, CSCI's regulatory inspectors noticed that people who use services were being admitted to care homes when the assessment undertaken by social workers from the council was not sufficiently detailed. This was raised in a business meeting with the council.

The council acted promptly upon receiving this information and for a period of time following the meeting they quality controlled a number of the assessments. They agreed with our findings and addressed the issue with the social work team. The outcome has been that the assessments are of much improved quality, thus allowing a far more informed decision for care providers at the admission stage, and a better experience for the residents.

Addressing poor payment practice by a council.

Following up information obtained by a regulatory inspector during an inspection, CSCI chased up significant funds that were due to a provider by the council, thereby ensuring that the provider's cash flow problem was resolved. At the next business meeting with the council, the cause of this problem, and the potential consequences for local small businesses, were discussed.

Working in partnership

Working in partnership with other regulators and stakeholders is key for CSCI to achieve real improvements for people using social care services. Our partnership working moved up another gear in 2005-06.

- We worked with Ofsted and other children's regulators to implement the next phase of our integrated performance assessment arrangements, publishing a joint report on the performance of councils' children's services in March 2006.
- We signed a framework Partnership Agreement and information-sharing protocol with the Audit Commission.
- We continued a programme of intensive joint work with the Healthcare Commission and established a joint partnership board to oversee the integration of our activities. We have agreed a new framework for working with them to assess the quality of services for those using both health and social care services. This involves:

- ◆ Sharing local intelligence and performance assessments to ensure that our respective audits and inspections are based on a common understanding of the greatest risks and local improvement issues.
- ◆ Coordinating visits and inspections, undertaking joint visits where appropriate, or negotiating that one partner visits and the other relies on the findings to minimise the impact on healthcare and other organisations.

As set out in the Department of Health's White Paper, *Our Health, Our Care, Our Say*, the two agencies are now beginning to design a fully aligned performance assessment framework to take effect from 2008.

Our work to prepare for the launch of the new Ofsted, and a new social care and health inspectorate, over the next two years is described further in Chapter 6.

“So I feel that I have the best of both worlds; the independence of my own flat as well as a social life along the corridor, whenever I want it.”

Person who has recently moved to an 'extra care' housing scheme

“They'll adjust the times that the care workers come. They're very good like that.”

Person who was interviewed during a CSCI domiciliary care inspection





4

Being an expert voice in social care

CSCI aims to be an expert voice in social care. We are committed to ensuring that our evidence and data are made available to a wide audience, and that we fulfil our statutory duty to report to Government on the state of social care in England. By undertaking special studies, and engaging well with our wide range of stakeholders, we gather evidence about the issues that matter to people and use this to influence policy-makers. In doing so, we try always to bear in mind our responsibility to amplify the voices of the people who use social care services.

Our objectives for 2005-06 were to publish:

- a national overview report on the state of social care;
- a national review of how children are being safeguarded, in partnership with other agencies;
- a follow-up study relating to our 2004 *Leaving Hospital* report;
- a special study on the needs of parents of children on child protection registers;
- a discussion paper on support brokerage; and
- other occasional reports on specific topics.

Social care in England – Key facts and figures

- There are 388,000 children in need, 61,000 of whom are looked after by councils (2003 data)
- 1.2 million older people and 450,000 adults under 65 receive services from councils (2004 data)
- Over 5 million people help care for their relatives. 950,000 of these spend more than 50 hours per week on their caring tasks
- 28,000 providers are registered with CSCI
- 150 councils have social services responsibilities
- Councils spent £17.8 billion on the sector in 2003-04.

Source: The State of Social Care in England 2004-05, pub. CSCI 2005

The State of Social Care in England, 2004-05



In December 2005, CSCI published its first overview report on the state of social care in England. This was the first report of its kind to set out a complete picture of social care across the range of private, voluntary and public sectors, using the different types of information available to CSCI

– from people using services, from our own inspectors and assessors, from those providing services and from those commissioning them.

Overall trends suggest a picture of improvement, both in the performance of councils and in the quality of local care provision. However, the report sets out an agenda for further improvement and modernisation, stressing that overall, social care services still need to be transformed to meet the changing needs of communities.

The full state of social care report is available at:
www.csci.org.uk/about_csci/publications.aspx.

“The quality and dignity of millions of people’s lives depend on good social care services. When it is done well, social care can transform lives.”

Dame Denise Platt DBE, December 2005

State of Social Care in England 2004-05: key findings

- Resources are being targeted on people with the highest levels of need, so that fewer people are receiving support to live independently at home. The need for early intervention receives insufficient attention in councils’ commissioning plans;
- People can have difficulty in finding out about services and obtaining the support they need, particularly if they are paying for their own care;
- More support should be offered to the 5 million unpaid carers, on whose contribution the social care system depends;
- Councils are getting better at consulting with people, but need to do more to consult a wider range of people, especially black and minority ethnic communities. Councils also need to make sure they act on what they are told, so people can see it makes a difference;
- Councils better understand the need for a strategic approach to commissioning services, and the importance of partnership working. However, they are not yet being sufficiently innovative. In general, services are still too heavily weighted towards traditional and institutional models of care and there is insufficient choice for local people;
- Staff vacancy rates in social care are higher than for all other employment sectors in England, and pay and conditions are sometimes not competitive with other professions or other sectors. 25% of residential care homes have insufficient staff. Staff shortages impact directly on the quality of care: assessments take longer, reviews are not always undertaken on time and people can wait longer for services to be delivered; and
- Good management makes a difference. Care services that meet the management standard are much more likely to meet other standards, too.



Safeguarding Children, July 2005



In July 2005, CSCI and seven other inspectorates published a report on safeguarding children.

The report is the sequel to the 2002 *Safeguarding Children* report, published around the time of the Victoria Climbié Inquiry. The report finds that the status of

work in child protection and child welfare has improved. There are many examples of good practice, and agencies are working together better to safeguard children.

It also highlights some areas of concern. For example:

- some agencies still give insufficient priority to safeguarding children's interests and there are some groups of children – including those with disabilities, those living away from home, and asylum seekers – whose needs are not always given sufficient recognition or priority;
- there are still considerable concerns about the differing thresholds applied by social services in their child protection and family support work and about the lack of understanding of the role of social workers by other agencies; and

- continuing difficulties in recruitment and retention in some services affect their ability to safeguard children effectively, and may restrict their capacity to deliver the planned improvements to local service delivery.

The Government accepted 22 of the 24 recommendations made in the report.

The report can be downloaded from: www.safeguardingchildren.org.uk.

“The priority given to safeguarding children across local government, health services and the justice system has increased in the three years since 2002.”

Safeguarding Children, 2005

“Providing these services is labour intensive. As councils improve the quality of services for children in need of protection or who are looked after, they have less capacity to offer support to the wider group of children in need and their families.”

Making Every Child Matter, October 2005

Making Every Child Matter, October 2005



In October, CSCI published *Making Every Child Matter* which set out the lessons from 69 inspections of children’s social services carried out between 2003 and 2005. The report draws on what parents and children told us about their experiences, and includes good practice examples.

Overall, we again report an improvement in the quality of services. For example, children who are looked after often have positive experiences to relate about social services.

However, this report again draws attention to the shortages of qualified, experienced social workers which have affected the rate of progress in many councils. And in the area of fostering, difficulties in recruiting local foster carers have affected councils’ ability to arrange appropriate placements for all looked after children, especially teenagers and those from ethnic minorities. Where councils are focusing more resources on looked after children, other children and families in need can have difficulties in getting the help they need.

The report has been shared with the Department for Education and Skills - which is expected to issue a Green Paper about looked after children during 2006. The report can be viewed at:

www.csci.org.uk/about_csci/publications.aspx.

Living Well in Later Life, March 2006



The Healthcare Commission, the Commission for Social Care Inspection and the Audit Commission jointly undertook a review to obtain a national snapshot of the state of services for older people. The review looked at a range of services that

contribute towards the health, well-being and quality of life of older people. It also looked at progress in implementing the Government's National Service Framework (NSF) for older people.

This is the first collaborative in-depth review carried out by the three Commissions and the findings have been published in the report *Living Well in Later Life: a review of progress against the National Service Framework for Older People (March 2006)*. The report finds evidence of 'ageism' across all services and urges all agencies to ensure that services for older people (including, for example, those with mental health difficulties) are delivered to the same standard as those for other groups.

"There is still evidence of ageism across all services. This ranges from patronising and thoughtless treatment from staff, to the failure of some mainstream public services such as transport, to take the needs and aspirations of older people seriously. Many older people find it difficult to challenge ageist attitudes and their reluctance to complain can often mean nothing changes."

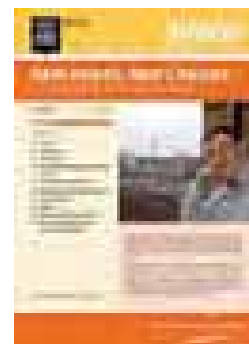
Living Well in Later Life, March 2006

Promoting best practice in care settings – CSCI's 'quality issues' bulletins

In 2005, CSCI launched a regular series of bulletins about practice issues in care settings. These are designed to raise awareness about areas where further improvement may be necessary according to CSCI's inspectors and the 'experts by experience' who help shape our priorities. The bulletins published so far include:

- *Handled with Care?* Report on the handling of medication in care homes, February 2006
- *Highlight of the Day?* Report on improving meals for older people in care homes, March 2006
- *Real Voices Real Choices.* Report on the qualities people expect from care services, March 2006

More bulletins in this series will be published throughout 2006.



“It’s my home, so respect my needs and my standards and my expectations.”

Person interviewed during a domiciliary care inspection



Other reports

During the year, CSCI issued a number of other reports relevant to social care and the people who use it (see the publications list at page 41).

Some of these were follow-up reports to previous publications. For example, we published additional studies on leaving hospital and on medication practice in care homes, to track whether performance was improving. Along with the Healthcare Commission, we also updated the Health Select Committee on progress to tackle the issue of elder abuse in the settings we regulate.

Supporting parents, safeguarding children (February 2006) was a special study that explored how well councils meet the needs of parents with children on the child protection register.

Support Brokerage (March 2006) explored the idea of brokers or navigators to assist people to choose their care services taking account of the other benefits and services (such as housing, leisure and transport) that might also be important to them. This links with the Government’s plans to pilot giving individual budgets to people, to help them buy services for themselves. View the report at: www.csci.org.uk/about_csci/publications.aspx.

To help ensure a more co-ordinated approach to future publications, CSCI, the Audit Commission, the Healthcare Commission and the National Audit Office jointly consulted on their *2006 Health and Social Care Review and Studies Programme*. The four organisations are committed to planning topics and publication dates together, and to carrying out studies in partnership wherever this is most appropriate.

“CSCI have... been unstinting in their generosity in sharing what they have learned, and their insight into how things should be done better.”

Liam Byrne MP, July 2005



Influencing social care policy

CSCI is committed to sharing its evidence and amplifying the voice of people who use social care in its contributions to the Government policy agenda. In 2005-06, we responded to 35 consultations altogether, including contributions to:

- *Our Health, Our Care, Our Say* (Department of Health)
- *Best Practice Guidance on the role of Directors of Adults Social Services* (Department of Health)
- *Youth Matters* (Department for Education and Skills)
- *Creating Sustainable Communities: Supporting Independence* (Office of the Deputy Prime Minister)
- *Local Strategic Partnerships: Shaping their Future* (Office of the Deputy Prime Minister).

CSCI staff actively engaged in a number of national policy initiatives. For example, we:

- contributed to the development of a national workforce strategy, by representing CSCI on the ‘Options for Excellence’ Board and task groups;

- helped to appraise councils’ bids to pilot ‘partnership for older people’ and ‘individual budget’ initiatives;
- worked closely with the DWP and Better Government for Older People, contributing to implementation of the *Opportunity Age* strategy for an ageing population; and
- responded actively to the Office of Fair Trading market study of care homes, published in May 2005. The report highlighted various causes for concern – for example about the lack of information available to people, and about contracts that were unfair or not sufficiently transparent. CSCI is committed to addressing the report’s recommendations. We will publish our follow-up to the OFT findings early in 2007.

In July 2005, we arranged a reception for over 100 stakeholders and Parliamentarians, including the Ministers for Care Services and Education (Liam Byrne MP and Rt Hon Beverley Hughes MP), to discuss social care and to raise awareness of the work of CSCI. We also wanted to hear views on how we should take forward our work to promote improvement in social care.

Our Health, Our Care, Our Say

Throughout 2005-06, CSCI contributed in a range of ways to the Department of Health's preparation of a White Paper, *Our Health, Our Care, Our Say*, which sets the future direction for community health and social care services.

The White Paper, published in January 2006, sets out a significant agenda for change and asks CSCI to play an active role in its implementation.

Examples of planned work include:

- Working with the Department of Health and Healthcare Commission to build on the proposals about what outcomes social care should achieve (see page 12), and extend them to apply across the NHS and social care;
- Working with the Healthcare Commission to design an integrated performance assessment regime, to assess how well commissioning agencies ensure the delivery of locally agreed plans to promote health and well-being;
- Monitoring the leadership role played by Directors of Adult Social Services ;
- Supporting the Department of Health's *Dignity in Care* initiative, and working with the Healthcare Commission to build these principles into our inspection and review activities;
- Supporting the delivery of challenging new targets – for example, to increase the take-up of direct payments;
- Helping to assess the impact of innovative projects and pilots such as individual budgets, "*Link-age Plus*" and "*Partnerships for older people*";
- Contributing to the development of a national approach to risk management in social care;
- Taking steps to promote a 'new deal' for carers;
- Participating in the task force to support the development of the third sector and social enterprise; and
- Continuing to input to the *Options for Excellence* review of the wider social care workforce.



CSCI national reports published since April 2005

Date	Report	Author
May 2005	CSCI Race Equality Scheme	CSCI
Jun 2005	Being Fostered, Children's Rights Director report	CSCI
Jul 2005	CSCI Annual report 2004-05	CSCI
Jul 2005	Safeguarding Children – 2nd joint Chief Inspector's report on arrangements to safeguard children	CSCI
Jul 2005	Making Social Care Better for People - CSCI's Corporate Plan 2005-08	CSCI
Jul 2005	CSCI – Inspecting for Better Lives – Delivering Change	CSCI
Aug 2005	Younger Children's Views on "Every Child Matters", Children's Rights Director Report	CSCI
Oct 2005	Making Every Child Matter	CSCI
Oct 2005	Code of Practice in relation to Confidential Information	CSCI
Oct 2005	Leaving Hospital revisited – follow-up report	CSCI
Dec 2005	Performance Assessment Framework 2004-05	CSCI
Dec 2005	Performance Ratings for Social Services in England 2005	CSCI
Dec 2005	The State of Social Care in England 2004-05	CSCI
Dec 2005	Children's Rights Report 2005, Children's Rights Director report	CSCI
Jan 2006	Being a Young Carer, Children's Rights Director report	CSCI
Feb 2006	Handled with Care? Special Study report	CSCI
Feb 2006	Young People's Views on Leaving Care, Children's Rights Director Report	CSCI
Feb 2006	Supporting parents, safeguarding children Special Study report	CSCI
Mar 2006	Living Well in Later Life: a review of progress against the National Service Framework for Older People	CSCI, Audit Commission & Healthcare Commission
Mar 2006	Highlight of the Day? Improving meals for older people in care homes	CSCI
Mar 2006	Support Brokerage, a discussion paper	CSCI
Mar 2006	Annual performance assessment (APA): Local authority children's services 2005 - Report on outcomes	CSCI and Ofsted
Mar 2006	Real Voices, Real Choices	CSCI



5

Practising what we preach

CSCI believes that major changes are needed to the way social care is commissioned, delivered and regulated. In order to play our role in supporting improvement in social care, we need to improve our own performance as an organisation.

CSCI has set out to become both more effective and more efficient, and to prepare our staff and systems for a period of intensive change. To this end, we have sought to value and listen to our staff, and to invest in their development. Simultaneously we are investing in new systems – such as better information technology – that will contribute to better working practices and a reduction in bureaucracy. Over a three-year period, we are committed to reducing the overall size of our organisation and to delivering significant budget reductions.

Our specific objectives for 2005-06 were:

- To develop and implement a strategy to develop the workforce further;
- To complete the design of common terms and conditions for all CSCI staff;
- To continue to deliver CSCI's 'Learning and Performance Deal' for staff;
- To design and implement a strategy for tendering our ICT support;
- To develop, pilot and roll out new ways of managing our records and documents; and
- To begin to deliver our three-year financial strategy, including target budget and headcount reductions in the first year.

Our activities in 2005-06

Workforce Strategy

In 2005-06, CSCI completed the task of assimilating its staff into new roles, and developed a range of new employment policies. Discussions took place with the Trade Unions about implementing the results of job evaluation and moving all staff onto common terms and conditions. It is anticipated that the results of this programme will be implemented during 2006-07.

“An excellent course, facilitators were first class, the full benefits will be realised as the days go by.”

Manager attending the workshop

Learning and Performance

CSCI has introduced a ‘Learning and Performance Deal’ for its staff. This entails the setting of individual performance targets and learning objectives for all staff, which are in turn linked to team, directorate and corporate objectives. It explains how our staff will learn, what is expected of them and how CSCI will turn this learning into action to deliver improved social care.

We have implemented a number of initiatives under this Deal:

- We began ‘Inspiring to Coach’ workshops for managers, to help them develop the skills of their staff, and to improve both individual and team performance. Initial feedback has been very positive.
- With de Montfort University we have begun to offer a post-graduate diploma in management, *Managing in Health and Social Care*. CSCI commissioned the programme to assist managers to develop the skills and knowledge they will need to be effective in a changing and challenging environment. The first cohort graduated this year.
- A Change Management Education Programme is currently being implemented throughout CSCI, with the objective of providing managers with the tools and techniques to enable them to manage change effectively. This programme is supported by ongoing work at national, regional and local levels to develop the organisation’s culture and to secure the engagement of staff in the process of change.



Equality and Diversity

CSCI recognises the importance of promoting equality, valuing diversity, tackling discrimination, and acting to ensure we practice inside the organisation what we preach outside. The Commission considers this to be a priority.

Race Equality Scheme

In 2005-06, we published our Race Equality Scheme and a draft Equalities and Diversity Strategy.

The Race Equality Scheme sets out our priorities and specific objectives, covering both our work with councils and service providers, and actions to improve our own performance. Its key priorities include:

- Devising equality impact assessments - to ensure that our policies, methodologies and ways of working promote equality and diversity;
- Providing leadership – setting up a Programme Board, having a race equality champion and ensuring we have enough staff with the right skills to deliver the scheme;
- Creating partnerships – by working with and consulting black and ethnic minority communities, people who use services and staff;
- Developing new methodologies – ensuring all our new inspection methodologies promote race equality, and that we improve our collection of data for ethnic monitoring;
- Focussing on staff recruitment and development – addressing the current deficits within CSCI and providing in-depth training and development for our staff; and
- Developing tools to monitor and manage our performance in delivering the Race Equality Scheme.

“Everyone should get a fair share of the pie when it comes to services, no matter whether you’re a white person or from a BME community, it should be fair.”

Person using a service



Promoting equality

To help encourage the development of services for people in black and ethnic minority communities, we simplified the registration process to remove unhelpful obstacles to registering care services. We also emphasised in our dealings with councils and care services the ways in which race equality can be promoted through proper handling of complaints. In our inspections of care homes, we introduced “case tracking”, which looks at how well people’s needs have been met, including looking at records, talking to the person concerned and professionals involved in their care. We also looked at how employers in social care services develop black and minority ethnic members of staff.

In 2006, CSCI signed up to an Age Concern resource pack on meeting the needs of older lesbians, gay men and bisexuals. The guide helps staff who work in care homes think about their own attitudes and approaches to help ensure that all older people, regardless of their sexuality, are treated with dignity and respect.

We have supported the development of a range of staff diversity groups: a black workers’ group; a disability at work group; a lesbian, gay, bisexual and transgender workers group; and a staff diversity group made up of people across the Commission. These groups actively contribute to the development of our equalities and diversity work, and send representatives to meet regularly with members of the Programme Board to monitor progress. An ‘Experts by Experience’ Group makes a similar contribution, representing people from minority groups who use social care services.

Three-year financial strategy

CSCI has adopted a three-year financial strategy, to underpin the corporate plan and *Inspecting for Better Lives* change programme. The strategy sets demanding savings targets over three years; the first year’s reduction targets were reflected in the organisation’s budget allocation from the Department of Health. The steps taken in 2005-06 include:

- CSCI has developed an ICT strategy which will deliver the tools needed to support our modernisation programme, whilst also being sufficiently flexible to adapt to further changes;
- CSCI has developed close working relationships with the Healthcare Commission, managed through a senior level joint partnership board, to align the development of our respective ICT strategies and other infrastructure changes;
- We began a programme to rationalise our office accommodation and have set targets for further efficiency gains in this area;
- We reduced the number of established posts by 127, in line with the targets agreed with the Department of Health; and
- Overall, we reduced our base expenditure budget by over £6 million (to £147.7 million) after allowing for one-off transitional costs.



6

The future

CSCI's business plan for 2006-07, *Delivering Change*, describes how we will intensify our work to transform the way social care services are regulated.

We shall also implement efficiency savings and further reduce the size of our organisation whilst planning for the transition of our staff to two new inspectorates in 2007 and 2008.

Inspecting for Better Lives



Following recent changes to legislation, CSCI will introduce a more proportionate approach to its regulatory work in 2006-07. New types of inspection will be introduced to replace the 'one size fits all' approach, and their frequency will depend on an assessment of the risks within each service. There will be an even greater focus on the experience of people using care services as well as on how providers take responsibility for ensuring the quality of their own services.

In the summer of 2006, CSCI will contribute to the Department of Health's review of the National Minimum Standards and associated regulations for care services. Some of the consequent changes are expected to come into effect during 2007, and others from April 2008.



Assessing the performance of councils

In 2006, CSCI will again publish star ratings of councils' services for adults, and a separate annual performance assessment for children's social care. In response to the *Our Health, Our Care, Our Say* White Paper, we will be working with the Healthcare Commission on a new joint performance assessment methodology. The first stage of this change will be implemented in 2007, when we will use a new outcome-based framework to assess councils' performance in adult social care.

The creation of new public sector inspectorates

Following the Chancellor of the Exchequer's announcement in March 2004 of planned reductions in the number of public sector inspectorates, the next two years will see further change in the way social care for children and adults is regulated.

An Education and Inspections Bill is currently before Parliament. This contains details of the new inspectorate for children's social care and education, which will combine the relevant functions of CSCI with the education inspection functions of Ofsted and the Adult Learning Inspectorate. It is expected to come into operation from April 2007.

Subject to further legislative changes, CSCI expects that its other responsibilities will transfer to a new social care and health inspectorate during 2008.



Financial accounts

For year 1 April 2005 - 31 March 2006

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Introduction to Accounts for year 1st April 2005 to 31st March 2006

The Commission for Social Care Inspection (CSCI) presents the Annual Report and Accounts for the year ended 31 March 2006.

The Commission

The Chair and Commissioners at the 31 March 2006, were:

	Date Appointed
Dame Denise Platt, DBE (Chair)	5 January 2004
John Knight **	5 January 2004
Professor Jim Mansell	5 January 2004
Olu Olasode *	5 January 2004
Beryl Seaman, CBE **	5 January 2004
Peter Westland, CBE *	5 January 2004

Beryl Seaman was appointed member of the Interim Strategy Board of the Office for Standards in Education, Children's Services and Skills from 1st January 2006, and was awarded a CBE in the New Years Honours list.

Independent Members

The effective date of appointment is the date of the first meeting they attended: -

Trevor Baker *	15th December 2004
John Campbell **	21st June 2004
Philippa Newsam *	28th April 2004
Charles Nolda **	21st June 2004

* denotes member of the Audit Committee during 2005-06

** denotes member of the Remuneration Committee during 2005-06

Business Directors

The Chair of the Commission during the year was Dame Denise Platt, DBE. The Commissioners have appointed an Executive Team to manage its activities. Individuals who served on the Executive Team during the year were as follows:

Chief Inspector	David Behan, CBE
Director of Corporate Services	Hazel Parker-Brown
Director of Strategy	David Walden
Director of Inspection, Regulation and Review	Paul Snell
Director of Quality, Performance and Methods	Jonathan Phillips
Director of Information and Knowledge Management	Professor Geraldine Macdonald
Director of Communications, User and Public Involvement	Judith Thomas
Children's Rights Director	Dr Roger Morgan, OBE

Register of Interests

The Commission maintains a Register of Interests for Commissioners and Independent Members, which is kept by the Commission Secretary. Where any decisions are taken which could give rise to a possible or perceived conflict of interest, the Commissioner or Member concerned will declare the same and will not vote on the item on the agenda. At the Chair's discretion he or she may be asked to withdraw for the duration of any discussion of the item.

Possible circumstances where conflicts of interest have or could be perceived to have arisen, have taken place in meetings held during the period 1st April 2005 to 31st March 2006. Declarations of conflict of interest were made at the relevant meeting and were minuted.

Commissioner Responsibilities

1. To act corporately on behalf of CSCI, to establish and promote public confidence in it as an organisation committed to high quality services focused on the needs of the people who use them.
2. To establish CSCI as an organisation with integrity, committed to quality improvement, robust performance assessment, and value for money; which is highly professional in the way it conducts its work programme and relationships; and fair in its dealings with users of the service, local government, the independent sector, the NHS and other health and social care organisations.
3. To contribute to the Commission meetings, and its sub-committees where appropriate, provide leadership to CSCI as an organisation, and work corporately to achieve its objectives.
4. To work informally with executive staff on matters where their own experience and networks are valuable and offer advice from time to time.
5. As a Commission member acting corporately, to hold the Chief Inspector of CSCI to account for the delivery of the Commission's work programme and day-to-day operations across the range of its functions, effectively, economically and efficiently.
6. To ensure that CSCI fulfils its statutory duties, and complies with all statutory and administrative requirements of the use of public funds, and observes high standards of corporate governance.

Availability of Information for Audit

As far as the Accounting Officer is aware, there is no relevant audit information of which CSCI's auditors (National Audit Office) are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information, and has established that the CSCI's auditors are aware of that information.

Financial Statements – Form of Account

The Financial Statements have been prepared in the form directed by the Secretary of State for Health, with the approval of the Treasury, in accordance with the Health and Social Care (Community Health and Standards) Act 2003, and the Financial Reporting Manual (FReM) 2005-06.

Financial Results and Review

The results for the year ended 31 March 2006 are set out in the Financial Statements on pages 79 to 102.

CSCI's costs, including depreciation, FRS17 disclosures, and a loss on revaluation of fixed assets totalled £152.605m while income totalled £151.071m, producing an operating deficit, after exceptional items (£0.251m), and interest receivable (£0.458m) of £1.327m. However, the underlying surplus was £0.430m before inclusion of an FRS17 adjustment of £1.757m relating to pension funding.

These figures are in line with our three year financial plan and include significant savings. This is in addition to agreeing the release of £6m to the Department of Health, at their request, in recognition of the emerging financial position within the NHS.

Principal Risks and Uncertainties

CSCI has a Risk Management Strategy as approved by the Audit Committee, and a Risk Management Policy (as detailed in the Statement on Internal Control on pages 80 to 83). CSCI's key risks are set out in its corporate risk register. This is embedded within the business planning cycle and process, as discussed and approved by the Commission each year.

Pension Costs

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 90, in the Salaries and Wages note to the Financial Statements (note 4 page 91), and in the Remuneration Report on pages 70 to 78.

Employment, Health & Safety and Environmental Policies

Health and safety

CSCI has a Health, Safety and Welfare policy which applies to staff, visitors, contractors and anyone who might be affected by CSCI's activities. CSCI recognises and accepts its responsibility as an employer to provide and maintain, so far as is reasonably practicable, a safe and healthy working environment. CSCI proactively seeks to comply with the requirements of the Health and Safety at Work Act 1974 (HaSWA) and other relevant health and safety legislation and codes of practice. CSCI wishes to develop and improve all health, safety and welfare issues to achieve and maintain the desired results.

CSCI has a Health and Safety Committee. In accordance with the CSCI Health, Safety and Welfare policy, the committee must ensure that it:

1. Studies accidents and occupational diseases with a view to identifying trends and reporting to management on unsafe/unhealthy conditions and practices, and provide recommendations for corrective action.
2. Actions concerns raised by safety representatives and employees.
3. Assists in developing health and safety policies, rules and systems of work.
4. Checks the effectiveness of safety training and communications.
5. Actions reports and information provided by the Health and Safety Executive.
6. Carries out inspections where appropriate.
7. Examines audits and safety inspections and monitors corrective actions.

Employee information and consultation

CSCI formally recognises UNISON, PROSPECT, RCN, and AMICUS. Regular consultations have taken place with all recognised trade unions to consider and address a range of HR issues. There has also been joint working and consultation on the formation of new policies. In 2005-06 CSCI has been involved in a major joint programme to achieve the implementation of job evaluation and to transfer all employees to a common set of terms and conditions of service. It is anticipated that the results of this programme will be implemented in 2006-07.

With regard to the provision of information to CSCI employees, the following channels exist:

- Team Brief – monthly meetings held by senior managers, to disseminate key messages, for example from the Senior Management Board, to all staff.
- E-connect – a weekly electronic newsletter is sent to all staff.
- Intranet – this is kept up to date by the Communications department and holds information on each Directorate and details CSCI initiatives and achievements.
- Regular bulletins are sent to staff on long term sick, maternity leave and secondment, to keep them updated about CSCI's work.

Employment of disabled persons

The number of disabled persons employed by CSCI is 158.

CSCI follows good practice in the employment of disabled employees and adheres to the following 5 commitments as a Disability Symbol User.

1. To interview all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities.
2. To ensure that there is a mechanism in place to discuss at any time, but at least once a year, with disabled employees what can be done to make sure they can develop and use their abilities.
3. To make every effort when employees become disabled to make sure they stay in employment.
4. To take action to ensure that all employees develop the appropriate level of disability awareness.
5. To carry out an annual review of policies and practices.

In addition, CSCI actively follows the 'Code of Practice for the Elimination of Discrimination in the Field of Employment against Disabled Persons or Persons who have had a Disability'.

A full set of policies can be accessed by staff on the CSCI intranet.

CSCI has a Disability at Work Group, whose remit is to work with management to ensure that best practice is effectively implemented (see page 47, above).

Better Payment Practice Code

CSCI is committed to the Better Payment Practice Code, and aims to pay 90% of undisputed invoices within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. In 2005-06, CSCI paid 84.78% based on volume within 30 days (75.8% in 2004-05), and 91.63% of invoices based on value within 30 days (68.2% in 2004-05).

Post Balance Sheet Events

No post balance sheet events occurred relating to the financial year ended 31st March 2006.

Auditors

The Comptroller and Auditor General is appointed by statute to audit CSCI and report to Parliament on the truth and fairness of the annual financial statements and regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

Audit Services £60,000

External audit fees relate to the audit of the 2005-06 Annual Report and Accounts. There was no remuneration paid for non-audit work during the year.

Political and charitable donations

CSCI made no political or charitable donations during the year.

Research and Development Activities

The Health and Social Care (Community Health and Standards) Act 2003 conveys powers on CSCI to conduct studies and review research. CSCI reports annually on the State of Social Care and produces its own special studies and other publications in relation to the effectiveness, economy and efficiency of social care services.

All CSCI publications are available on the CSCI website at http://www.csci.org.uk/about_csci/publications.aspx

No research and development activities have been capitalised in the financial statements.

Freedom of Information

CSCI is one of the public authorities (referred to in section 7 of the Freedom of Information Act 2000) to which the Act has limited application. CSCI is subject to the Act for its functions as an inspectorate and regulatory body only and specifically not for its functions as a registration authority.

Under the Act we must consider publishing information that we have not made public before; we regularly review the information that we produce for inclusion in our Publication Scheme if we think it is in the public interest.

We also respond to requests from the public exercising their right of access to unpublished information that we hold. This right of access covers information recorded in any form and obtained from any source, not just documents published by CSCI.

The right of access to information does not, however, give the public an automatic right to reuse information held by CSCI in any way that would infringe copyright, such as making multiple copies, publishing or distributing to the public.

We are committed to responding positively to requests unless the information is exempt from disclosure. See our website at http://www.csci.org.uk/system_pages/freedom_of_information.aspx for more details of our approach to the Act.

Management Commentary for year 1 April 2005 to 31 March 2006

Management Commentary

Principal Activities

CSCI came into operation on 1 April 2004. It was established as a Non-Departmental Public Body under the Health and Social Care (Community Health and Standards) Act 2003 with the primary function of promoting improvement in the quality of social care in England. The main activities of CSCI derive from the duties and functions set out in the Health and Social Care (Community Health and Standards) Act 2003 (see below).

Legislative framework

The Health and Social Care (Community Health and Standards) Act 2003, the Care Standards Act 2000, the Children Act 1989 and regulations made under these Acts provide the legislative framework for assessing social care services. Service-specific National Minimum Standards guide service providers on what is expected of them and assist inspectors in their assessments.

Duties and functions

The Health and Social Care (Community Health and Standards) Act 2003, which established CSCI, set out a number of principal duties and functions:

Duties

- (i) Promoting the improvement of social care services in England;
- (ii) Laying an annual report before Parliament on our work during the year;
- (iii) Reporting annually on the state of social care in England;
- (iv) Co-operating with and consulting the Healthcare Commission, Audit Commission and other key partners where appropriate; and
- (v) Making information available to the public about registered social care services in England.

Functions

- (i) Statutory registration and inspection of social care services;
- (ii) Assessing how well local councils undertake their social services functions;
- (iii) Policy analysis and comment on the impact of policies on the people who use social care services;
- (iv) Working effectively with other agencies involved in health, social care and other parts of local government; and
- (v) Hosting the statutory post of Children's Rights Director.

Scope

The legislative framework quoted above also defines the scope of the CSCI's functions, which relate to:

- care homes;
- children's homes;
- residential family centres;
- domiciliary care agencies;
- voluntary adoption agencies;
- adoption support agencies;
- nurses' agencies;

- adult placement schemes; and
- encouraging improvement in the provision of local authority social services.

The operating context

The Department of Health (DH) and the Department for Education and Skills (DfES) are responsible for adults' and children's social care respectively.

Adults' social care

In March 2005, the Department of Health published a Green Paper *Independence, Well-being and Choice* which set out proposals to personalise social care services and give individuals greater say in and control over the care they received. The resulting White Paper confirming the policy - *Our Health, Our Care, Our Say* - was published in March 2006. These proposals are linked to other Government initiatives such as the Department of Work and Pension's *Opportunity Age* proposals and the Prime Minister's Strategy Unit's document on *Improving the Life Chances of Disabled People*, which focus on inclusion, citizenship and supporting people to achieve their aspirations and contribute to the communities in which they live. Central to councils delivering the Government's vision for adult social care is the creation of the role of Director of Adults' Social Services. Councils have flexibility to combine the functions of this role with other relevant areas, such as health, housing and community services, as well as ensuring effective collaboration with the equivalent role for children's social services.

Children's social care

The framework for change began with *Every Child Matters* in 2003, followed by the Children Act 2004 and then *Change for Children*. Councils are re-designing the way social care services are managed at a local level. The Children Act 2004 has paved the way for the creation of Directors of Children's Services, and the development of Children's Trust arrangements across the country, ensuring that agencies work together more closely to plan and deliver services in local communities.

Councils are also required to establish Safeguarding Boards, to advance information sharing, and to produce a local Children and Young People's Plan. Parallel expectations are outlined in *Youth Matters*, which sets out a vision for reformed support services to vulnerable young people. In addition, and in tandem with the above, the DfES has produced a 10-year strategy for childcare with a framework for councils and their partners to adopt.

Future of local government

The Department of Health's new vision also dovetails with the Department for Communities and Local Government and the Office of the Deputy Prime Minister's 10-year strategy on the future of local government, which promotes partnership working through Local Strategic Partnerships and Local Area Agreements, to help improve co-ordination between central government, councils and their partners, and include challenging targets for service improvement. The vision also links with plans to strengthen the role of local councils, and improve citizen engagement.

Future of social care regulation

Following the Chancellor of the Exchequer's announcement in March 2005 that CSCI's function of inspecting children's services would be combined with the Office for Standards in Education's (Ofsted's) functions of inspecting schools, CSCI is now working with Ofsted and DfES on plans to effect the transition to the new body, which is expected to come into operation by April 2007.

The Chancellor also announced that CSCI's functions relating to adults' social care would be combined with the Healthcare Commission's functions and a new social care and health body is expected to be operational in 2008. CSCI is continuing to work closely with the Healthcare Commission on the development of our methodologies, systems and infrastructure whilst awaiting more details of the proposed merger.

No financial implications from this reorganisation have been anticipated in the 2005-06 Financial Statements.

Objectives and strategies for achieving activities

CSCI's Corporate Plan 2005-08 set out:

- priorities for delivering change in that period;
- the specific objectives for each priority; and
- the changes expected to take place in 2005-06.

This three-year plan is underpinned by a corporate business plan for 2005-06 – *From Design to Delivery* – which summarises the plans of individual directorates and programmes and is aligned with the first phase of our three year financial strategy. The corporate business plan sets out how the Corporate Plan will be implemented in 2005-06, focusing on specific actions to achieve particular objectives.

CSCI's stated priorities are:

- giving more weight to the views of people using social care services;
- driving service improvement by modernising the regulation of social care services;
- promoting better outcomes for people through inspections, reviews and performance assessment;
- being an expert voice in social care;
- building our capacity by supporting our staff and developing our systems;
- becoming demonstrably more effective and efficient.

Specific plans to modernise our approach to service regulation were set out in *Inspecting for Better Lives – Delivering Change*, which followed a widescale public consultation in 2004-05 (*Inspecting for Better Lives*) and took into account stakeholders' views and concerns.

Each CSCI Directorate has a series of key performance indicators (KPIs) for delivering the Corporate Plan and helping drive the change agenda. CSCI's main operational arm - the Inspection, Regulation and Review Directorate - has KPIs, which fall under 5 headings, broadly reflecting CSCI's statutory functions and operational priorities.

KPIs are evidenced by data collected by inspectors in the inspection programme and by the finance and human resources databases.

Performance against KPIs in 2005-06

Registered Care Services

Registrations:

Number of registrations	13,592
Number processed within target period	65%
Number processed within 6 months	80%
Number carried over to 2006-07	2,722

Inspections of care services

Regulatory inspections (adults' services)

	2002-03*	2003-04*	2004-05	2005-06
Announced inspections due	23,666	22,582	22,738	12,165
Announced inspections completed	23,666	21,973	22,738	12,165
Percentage completed	100%	97.3%	100%	100%
Unannounced inspections due	22,821	21,161	20,557	29,434
Unannounced inspections completed	14,614	20,411	20,557	29,434
Percentage completed	64%	96.5%	100%	100%
Total inspections due	46,487	43,743	43,295	41,599
Total inspections completed	38,280	42,384	43,295	41,599
Total percentage completed	82.3%	96.9%	100%	100%

Regulatory inspections (Children's services)

	2002-03*	2003-04*	2004-05	2005-06
Total inspections due	3,697	4,542	4,767	5,742
Total inspections completed	3,154	4,384	4,767	5,742
Total percentage completed	85.3%	96.5%	100%	100%

Regulatory inspections (Total)

	2002-03*	2003-04*	2004-05	2005-06
Total inspections due	50,184	48,285	48,062	47,341
Total inspections completed	41,434	46,768	48,062	47,341
Total percentage completed	82.6%	96.8%	100%	100%

Note: * refers to performance of the National Care Standards Commission

Inspection Reports

Percentage of draft reports completed for 2005-06 inspections:	97%
Number of reports issued:	41,158
Percentage of total:	87%
Percentage issued within timescale:	86%

Councils

Number of star ratings for councils with social services responsibilities published on target: 142*

*142 results published in December 2005. The remaining 8 councils' star ratings were published in March 2006, once they had completed Joint Area Reviews for children's services.

Inspections of council services

Target:	82
Completed:	82
% Completed	100%

Details of inspections of council services are in the tables below.

Type of inspection	Output
Child protection	1 inspection
Children services	4 inspections (including 3 follow-up inspections)
Learning disability inspections	11 inspections
Mental health inspections	11 inspections
Older people's inspections	13 inspections conducted
Physical and sensory disability inspections	6 inspections conducted
TOTAL	46 inspections

Additional inspections with partners

Inspection Type	Partners	Output
Joint Area Reviews	Ofsted	30 inspections conducted (including 3 pilot inspections)
Whole service reviews	Healthcare Commission; Audit Commission	6 inspections conducted
TOTAL		36 inspections

Other KPIs

Analysis and narrative relating to the issues below, together with examples of good practice are detailed in the main body of the Annual Report pages 18 to 31.

Enforcement:

	Statutory notices	Requirement notices	Urgent action	Prosecution
Adults	364	3,568	3,462	4
Children	28	176	288	1
Total	392	3,744	3,750	5

Appeals

Number of appeals to Care Standards Tribunal	69
Number ongoing	12
Number of appeals concluded:	57
- dismissed	19
- withdrawn	34
- allowed	1
- settled	1
- partially upheld	1
- struck out	1

Complaints:

This year there were 6,829 complaints about registered services containing 17,911 complaint elements. Of these, 16,022 (almost 90%) have been resolved.

Financial performance and position

The detail of our financial performance is shown within the Income and Expenditure Account on page 86, and in the other financial statements and associated notes.

CSCI's operating costs of £141.153m were within our approved budget, and fee and other income exceeded the budgets by over £1.8m.

CSCI has adopted a three year financial strategy in conjunction with our *Inspecting for Better Lives* change programme. The Strategy sets demanding savings targets, which were reflected in the budget allocation received from the Department of Health (DH). The targets are also in line with the Department's requirements for cost savings required by its Arms Length Bodies Change Programme.

Our target at the beginning of the year was to reduce base expenditure budgets by over £6m to £147.760m after allowing £3.5m for one off transitional costs. We achieved this target and in addition, agreed at the request of the DH to release a further £6m of our allocated funding in recognition of the wider financial issues emerging within the Department and in return for the early award of £12m capital funding in 2006-07.

The additional income also enabled CSCI to support additional capital investment. Total spending on ICT and buildings during 2005-06 was £7.136m compared to the Department of Health budget allocation of £6m. We also increased our fixed assets by the transfer of £7.066m costs from the Department. These costs related to the set-up of CSCI on 1st April 2004 and depreciation has been charged into the accounts for 2004-05 and 2005-06.

We are continuing to develop our three year financial strategy, which will produce further savings in 2006-07 and 2007/08 provided the necessary regulatory changes are made and capital investment provided. The changes and investment required for 2006-07 are in place.

Further significant change to our plans and targets will be required over the next two years as CSCI's work on children's services is transferred to the New Ofsted and the remaining adults' services work, together with the work of the Healthcare Commission is brought together in a new body in 2008. We are already working in partnership with the Healthcare Commission on a wide range of issues including the development of our ICT Strategy.

Going Concern

The financial accounts have been prepared on the basis that CSCI is a going concern. Grants for 2006-07, taking into account the amounts required to meet CSCI's liabilities falling due that year, have been included in DH's estimates, which have been approved by Parliament. By 2008, the work of the CSCI will transfer to a new Inspectorate.

Contractual Obligations

CSCI operates a contracts register, which shows the contracts currently let for CSCI.

CSCI has a number of IT service contracts in place, the major service supplier being Fujitsu. Fujitsu supply services relating to Registration & Inspection (R&I), hardware maintenance, IS infrastructure, and IT operations.

Hyder Business Solutions Business Services Group Limited currently provides the payroll service to CSCI.

CSCI also has a contract with the Office of Government Commerce in relation to the provision of telecoms services.

New developments to the scope of our work

2005-06 was CSCI's second year as an organisation. We set out to implement some key changes to our methodologies which had been designed and agreed in the previous year. For example, the introduction of a more proportionate and risk-based approach to our regulatory work enabled us to be more responsive to the local context whilst also achieving financial and headcount reductions. The Department of Health's announcement that it intends to change the regulations relating to the frequency of inspections with effect from April 2006 will pave the way for further modernisation.

In our work with councils, we made separate judgements about children's and adults' social care for the first time in 2005-06, as part of a phased programme with Ofsted to introduce a new joint inspection and performance assessment regime for children and young people's services. As stated above, responsibility for assessing children's social care will transfer to the New Ofsted in 2007.

Our Resources

CSCI employs 2389 contract staff, the majority of whom work in the regions to deliver and support our inspection, performance and regulatory work. Staff are based in an estate of some 80 offices throughout England.

In 2005-06, our resources totalled £151m, including £11m of capital charges. Most of this was spent on our work to regulate registered care services, with the remainder spent on our work with local councils and our other responsibilities.

CSCI has adopted a three year financial strategy, which will see reductions in financial, staff, and estate resources. This will be supported through capital investment of £20m in 2006-07, and increased learning and training opportunities for staff.

Managing Risks

A corporate risk register was developed early in CSCI's first year and reviewed as part of the 2005/6 business planning process. The identified risks, and the effectiveness of the agreed actions to address these risks, have been monitored by the Commission at quarterly intervals.

The Environment and Sustainability

CSCI seeks to tender with environmentally friendly organisations. When tendering, we issue companies a questionnaire, which asks about their environmental policies, objectives and whether they have been accredited for implementing and maintaining environmental management systems. The questionnaire also seeks information on whether a company considers or is willing to consider the issue of sustainability.

Within CSCI, the majority of offices have been fitted to current building regulations, meeting environmental regulations. We have carried out energy audits of our buildings. Our offices recycle waste paper and toner cartridges and there is high usage of recycled paper across the estate. In addition, photocopiers are preset to encourage double-sided copying.

Our People

Joint Job Evaluation

Discussions are currently ongoing with the Trade Unions about implementing the results of job evaluation and moving all staff onto common CSCI terms and conditions and a new CSCI pay scale.

Joint discussions are also taking place on assimilation arrangements and a range of common HR policies and practices.

No financial implications relating to the job evaluation scheme have been anticipated in the 2005-06 Financial Statements.

Learning and Performance Deal

CSCI is committed to staff development and performance management and has introduced a "Learning and Performance Deal". This entails the setting of individual performance targets and learning objectives for all staff, which are in turn linked to team, directorate and corporate objectives. It explains how staff will learn, what is expected of them and how CSCI will turn this learning into action to deliver improved social care.

The Learning and Performance Deal is currently being re-launched with CSCI providing one to one guidance and coaching for managers. A draft competency framework has been developed and is available to staff on the CSCI intranet.

CSCI Employment Policies

A range of new employment policies has been developed. They will be launched on the intranet and training and development rolled out in the near future. Further policies are currently awaiting final approval.

All current CSCI policies are available to staff on the CSCI Intranet.

Equality and Diversity

CSCI values the diversity of its employees and the people and communities that it serves, and is committed to promoting equality and to tackling discrimination. It seeks to ensure that no individual or group receives less favourable treatment on the grounds of race, gender, disability, religion, gender reassignment, sexual orientation or use of mental health services, or is disadvantaged by conditions or requirements which cannot be seen to be justifiable.

CSCI has an Equalities and Diversity Programme Board which is chaired by the Chief Inspector. It also has 3 staff diversity groups.

CSCI published its Race Equality Scheme in May 2005. In response to its extending responsibilities under human rights and disabilities legislation, and the Equalities Bill, CSCI is developing an integrated Equalities and Diversity Strategy which will incorporate a revised Race Equality Scheme and a Disability Equality Scheme. CSCI consulted on this Strategy in the spring of 2006 and will publish it in the summer of 2006.

Remuneration Report for year 1 April 2005 to 31 March 2006

Remuneration Report

This report for the year ended 31st March 2006 deals with the remuneration of the Chair, Commissioners, Chief Inspector and Executive Directors who have influence over the decisions of CSCI as a whole.

Remuneration Committee

The remuneration of the Chief Inspector and Business Directors is set by the Remuneration Committee and is reviewed annually.

The Remuneration Committee considers all general remuneration issues relating to staff, together with other people development issues.

At each committee meeting, a range of people development statistics and data is considered. For example, staff establishment statistics, diversity data, and learning and development statistics.

During the year the Remuneration Committee has steered the job evaluation process that has been conducted jointly with staff representatives. It has also approved the work involved and monitored progress towards implementing the results via a revised pay and grading system and establishing common terms and conditions.

The Remuneration Committee meets 4 times per year and comprises:

Beryl Seaman, CBE	Chair
John Knight	Commissioner
John Campbell	Independent Member
Charles Nolda	Independent Member

Also in attendance:

David Behan, CBE	Chief Inspector
Sue Browell	Head of People Development
Hazel Parker-Brown	Business Director – Corporate Services
John Burman	Commission Secretary

In reaching its recommendations, the Remuneration Committee is to have regard to the following considerations:

- The need to recruit, maintain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- The Government's inflation target.

Remuneration Policy

The Remuneration Committee advises CSCI's Commissioners on all pay and remuneration issues affecting staff.

All senior managers/directors are employed on CSCI terms and conditions.

All senior managers receive a salary and are members of a pension scheme (either local authority or Civil Service depending on their previous employment). Additionally, a small travel allowance is paid annually.

All senior managers have agreed objectives.

The Chief Inspector and Business Directors' performance will be reviewed annually with the potential to move one step within their pay grade each year, up to a maximum of three steps above their salary on appointment.

All employees must have a minimum of four months service and be in post at 1st April in any year to be eligible for an annual salary review.

All salary review recommendations will be subject to final approval by the Remuneration Committee.

In the event of early severance, compensation would be payable in accordance with CSCI terms and conditions.

Service Contracts

It is our policy to recruit senior managers on the basis of fair and open competition. Such appointments are 'open-ended' until they reach the CSCI normal retirement age of 65. For some individuals, earlier retirement is possible dependent upon the conditions of the pension scheme. However, the Remuneration and Audit Committees would approve any requests for early retirement.

Please see the Emoluments Table for details of the terms of appointment of the Commissioners. The Chair and Commissioners are appointed by the NHS Appointments Commission, acting on behalf of the Secretary of State for Health. Appointments are made in accordance with the Commission of Public Appointments code. The term appointments of two Commissioners, Professor Jim Mansell and Peter Westland, CBE, which were due to end on 4th January 2006, were extended by the NHS Appointments Commission to 2008.

The Commissioners are appraised by the Chair and copies are sent to the NHS Appointments Commission. The Chair's appraisal is done by the Chair of the NHS Appointments Commission. Any issue arising in connection with individual performance including termination of appointment would be dealt within this context.

The following sections provide details of the remuneration and pension interests of Commissioners, Independent Members, Chief Inspector, and senior managers.

Emoluments of Chair and Commissioners

Details of the remuneration of the Chair and Commissioners for 2005-06 are contained within Tables 1 and 2.

Table 1 – Chair’s Emoluments

	Date of Appointment	2005-06 Salary	2005-06 Bonus	2005-06 Compensation for loss of Office	2005-06 Benefits	Total 2005-06 Salary	Total 2004-05 Salary
		(£)	(£)	(£)	(£)	(£)	(£)
Dame Denise Platt, DBE	05/01/2004	84,456	0	0	0	84,456	84,456

Table 2 – Commissioners’ Emoluments

	Date of Appointment	2005-06 Salary	2005-06 Bonus	2005-06 Compensation for loss of Office	2005-06 Benefits	Total 2005-06 Salary	Total 2004-05 Salary
		(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
John Knight	05/01/2004	5-10	0	0	0	5-10	5-10
Professor James Mansell	05/01/2004	5-10	0	0	0	5-10	5-10
Olu Olasode	05/01/2004	5-10	0	0	0	5-10	5-10
Beryl Seaman, CBE	05/01/2004	5-10	0	0	0	5-10	5-10
Peter Westland, CBE	05/01/2004	5-10	0	0	0	5-10	5-10

The term of appointment of the Chair and Commissioners expire in 2008.

Payments to Independent Members

Details of the payments made to Independent Members are contained within Table 3.

Table 3 – Payments to Independent Members

		Year to 31/03/06 (£000)	Year to 31/03/05 (£000)
Trevor Baker	Audit Committee	0-5	0-5
John Campbell	Remuneration Committee	0-5	0-5
Philippa Newsam	Audit Committee	0-5	0-5
Charles Nolda	Remuneration Committee	0-5	0-5

The Independent Members received no benefits in kind.

Emoluments of Chief Inspector and Senior Managers

The Chief Inspector David Behan and all other members of the senior management team are employed under permanent employment contracts. The Chief Inspector and senior managers work for CSCI full time.

For the Chief Inspector and senior management team early termination, other than for misconduct, will be under the terms of the Principal Civil Service Pension Scheme (PCSPS), and Local Government Pension Scheme (LGPS).

Details of the remuneration of the Chief Inspector and Senior Managers for 2005-06 are contained within Tables 4 and 5.

Table 4 – Chief Inspector’s Emoluments

	Date of Appointment	2005-06 Salary	2005-06 Bonus	2005-06 Compensation for loss of Office	2005-06 Benefits	Total 2005-06 Salary	Total 2004-05 Salary
		(£)	(£)	(£)	(£)	(£)	(£)
David Behan, CBE	05/01/04	162,903	14,500	0	0	177,403	145,349

Table 5 – Other Senior Manager’s Emoluments

	Date of Appointment	2005-06 Salary	2005-06 Bonus	2005-06 Compensation for loss of Office	Total 2005-06 Salary	Total 2004-05 Salary
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Prof Geraldine MacDonald Business Director Information and Knowledge Management	01/04/04	100-105	5-10	0	105-110	95-100
Dr Roger Morgan Children’s Rights Director	01/04/04	85-90	5-10	0	90-95	75-80
Hazel Parker-Brown Business Director Corporate Services	01/03/04	105-110	5-10	0	115-120	95-100
Jonathan Phillips Business Director Quality, Performance and Methods	23/02/04	95-100	5-10	0	100-105	90-95
Paul Snell Business Director Inspections, Regulation and Review		CONSENT TO DISCLOSURE WITHHELD				
Judith Thomas Business Director Communications, User and Public Involvement	02/02/04	95-100	5-10	0	100-105	90-95
David Walden Business Director Strategy	18/02/04	115-120	10-15	0	125-130	110-115

Bonus Payments

Bonus payments are non-consolidated and are not pensionable. These can be up to 10% of salary based on performance (5% individual and 5% corporate).

The proportion of corporate bonus available is considered on an annual basis and based upon the achievement of CSCI’s key objectives.

The amount of individual bonus available is dependent upon the individual’s achievement of personal objectives as set out in the Learning and Performance Deal process.

All salary review recommendations will be subject to final approval by the Remuneration Committee.

Benefits in Kind

The Chairman and Commissioners received no benefits in kind during the period.

A taxable benefit of £300 was paid to the Chief Inspector and each Senior Manager in respect of travel allowances.

Pension Benefits

Pension Benefits of Chairman and Commissioners

The Chair is not eligible to join CSCI's Pension Scheme.

Commissioners remuneration is not superannuable.

Pension Benefits of Chief Inspector and Senior Managers

Details of the pension benefits of the Chief Inspector and other Senior Managers are contained in Table 6.

Table 6 – Pension Benefits of Chief Inspector & Senior Managers

	Accrued Benefits				Cash Equivalent Transfer Values		
	Real increase in year		Benefits as at 31/03/06		CETV at 31/03/05 (£000)	CETV at 31/03/06 (£000)	Real Increase in CETV (£000)
	Lump Sum (£000)	Pension (£000)	Lump Sum (£000)	Pension (£000)			
**David Behan Chief Inspector	165-167.5	55-57.5	170-175	55-60	22	894	871
**Prof Geraldine MacDonald Business Director Information and Knowledge Management	5-7.5	0-2.5	85-90	25-30	416	491	64
**Dr Roger Morgan Children's Rights Director	7.5-10	2.5-5	95-100	30-35	498	570	58
*Hazel Parker-Brown Business Director Corporate Services	5-7.5	0-2.5	95-100	30-35	492	657	40
*Jonathan Phillips Business Director Quality, Performance and Methods	2.5-5	0-2.5	100-105	30-35	518	676	30
**Paul Snell Business Director Inspections, Regulation and Review	CONSENT TO DISCLOSURE WITHHELD						
*Judith Thomas Business Director Communications, User and Public Involvement	2.5-5	0-2.5	30-35	10-15	100	156	17
*David Walden Business Director Strategy	5-7.5	0-2.5	120-125	40-45	600	801	38

* are all members of PCSPS and the Classic Scheme

** are members of Local Government Schemes

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 CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. 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 takes account of 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.

Non Cash Remuneration

There was no non-cash remuneration during the period.

Compensation Paid, Significant Awards to Former Senior Managers

There were no compensation or significant awards paid to former senior managers during the period.

Amounts Payable to Third Party for Services as a Senior Manager

A Director of Corporate Development, David Clark, was seconded to CSCI from the Department of Health at a net cost of £9,520. This consists of a total cost of £147,020 for 2005-06 (£107,589 July 04-March 05), less a contribution from the Department of Health of £137,500. The total cost includes gross salary; a London weighting allowance, National Insurance and pension costs.

Payments for Loss of Office

There were no payments for loss of office during the period.

Local Government Pension Schemes

The Local Government Pension Scheme is a guaranteed, final salary pension scheme open primarily to employees of local government but also to those who work in other organisations associated with local government. It is also a funded scheme, with its pension funds being managed and invested locally within the framework of regulations provided by Government.

CSCI offers the Local Government Pension Scheme administered by Teesside Pension Scheme. However, because of legacy arrangements, we also have other Local Government Schemes, 17 in total. All schemes other than Teesside Pension Scheme are closed schemes. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

Employer contributions for 2005-06 were £8,125k in total, at rates ranging between 12.5% and 30.4% (£8,056k at rates ranging between 10.3% and 18.5% in 2004-05). Employer contributions relating to Teesside Pension Fund were £6,650k at a rate of 14.7% (£6,722k at a rate of 16.10% in 2004-05). Contribution rates for 2006-07 are not significantly different to those of 2005-06.

Civil Service Pensions (CSP)

CSCI offers the Local Government Pension Scheme administered by Teesside Pension Scheme. However, because of legacy arrangements we also have staff that are members of Civil Service Pension Schemes.

Some of the CSCI directors are members of the Civil Service Pension Scheme because they were allowed to transfer/maintain continuity.

Pension benefits are provided through the CSP arrangements.

From 1st October 2002, civil servants may be in one of three statutory based “final salary” defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1st October 2002 may choose between membership of premium or joining a good quality “money purchase” stakeholder arrangement 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1st October 2002 calculated broadly as per classic.

Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member’s pension. On death in service, the scheme pays a lump sum benefit of twice-pensionable pay and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS scheme is an unfunded multi-employer defined benefit scheme but CSCI is unable to identify its share of underlying assets and liabilities. The scheme actuary valued the scheme as at 31st March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005-06, employers' contributions of £1,366k were payable to the PCSPS (2004-05 £1,155k) at one of four rates in the range 16.2% to 24.6% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Salary bands and the associated employers contributions have changed for 2006-07 and are as follows:

	New Salary Band (£)	Contribution (%)
Band 1	18,500 and under	17.1
Band 2	18,501 to 38,000	19.5
Band 3	38,001 to 65,000	23.2
Band 4	65,001 and over	26.5

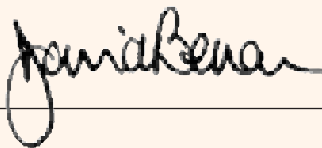
Other Pension Schemes

NHS Pension Scheme

Due to legacy arrangements, CSCI have staff that are members of an NHS Scheme.

NHS Pension Scheme is a multi-employer unfunded defined benefit scheme but the CSCI is unable to identify its share of the underlying assets and liabilities. A full valuation of the scheme was carried out as at 31st March 1999. The Government Actuary has updated this to 31st March 2002. At that time the value of scheme liabilities was £66 billion. In 2005-06 CSCI employer's contributions were £739k, at a rate of 14% of pensionable pay (2004-05 £839k at the rate of 14% of pensionable pay). The contribution rate is to remain the same in 2006-07.

Signed:



Name: David Behan, CBE

Position: Chief Inspector/Accounting Officer

Dated: 12 July 2006

Financial Statements for year 1 April 2005 to 31 March 2006

Statement of Accounting Officer's Responsibilities

Under the Health and Social Care (Community Health and Standards) Act 2003 CSCI is required to prepare annual accounts in respect of each financial year in such form as the Secretary of State may determine. The accounts are prepared on an accruals basis, and must show a true and fair view of CSCI's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flow for the financial year.

In preparing the accounts CSCI is required to: -

- observe the accounts direction and financial memorandum issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, on the presumption that CSCI will continue in operation.

The Accounting Officer's responsibilities include responsibility for ensuring propriety, and regularity of the public finances and for the keeping of proper records and advising and informing the Board of financial considerations, controlling and monitoring expenditure and income and ensuring effective systems are maintained for internal management, financial control, and internal audit.

These requirements are set out in the "Non-Departmental Public Bodies" Accounting Officer's Memorandum issued by the Treasury and published in Government Accounting.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CSCI's policies, aims and objectives, whilst safeguarding the public's funds and assets for which I am personally responsible, in accordance with Government Accounting, the Management Statement, Financial Memorandum and relevant Dear Accounting Officer (DAO) letters.

CSCI was established on 1st April 2004 and is a non-departmental public body of the sponsoring Department of Health, to whom we provide regular reports. The Commission has corporate responsibility for ensuring that it fulfils the objectives set by statute and agreed by the Secretary of State and for promoting the efficient and effective use of resources by the organisation. I, as the designated Accounting Officer, establish CSCI's Corporate and Business Plans in agreement with the Commission and the Department and advise the Commission on performance against those agreed aims and objectives.

The process of producing a Business Plan for 2005-06 and the regular review of performance and financial monitoring by the Commission, the Department of Health and Senior Management Board enabled me to monitor and be accountable for the achievement of aims and objectives.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CSCI's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the CSCI throughout the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. The Capacity to Handle Risk

The Commission has overall responsibility for risk management within CSCI. The Audit Committee also plays a key role and has received regular updates on the overall risk strategy and the corporate risk register. Risk management is led by the Business Director of Corporate Services, supported primarily by the Head of Finance and the Head of Strategy, who lead work on corporate and business planning and who have ensured that risk has been an integral element of the business planning and performance management processes through the development of risk registers in each directorate and by each programme board. The risk management process has been developed to ensure that risks are adequately managed and that ownership and accountability are clear. The Leadership Group, comprising the top 35 managers, led the business planning and associated risk management work collectively and individually in their regions, functional areas or directorates.

As a result of an Audit Committee self-assessment workshop, facilitated by the National Audit Office, the Commission and key stakeholders held a strategy seminar, which clarified respective roles in relation to risk management. The Audit Committee will be renamed as the Audit and Risk Committee to better reflect its agreed role.

4. The risk and control framework

CSCI has established a continuous process for identifying, evaluating and managing significant risks, which has been in place and operating for the period to which this statement relates. Key elements of the risk management strategy are:

- The Commission meets regularly to consider its plans, performance and strategic direction.
- The Audit Committee receives regular reports on risk management, the corporate risk register and aspects of internal control. The Committee has approved the Risk Policy. The Committee formally reports to the Commission after each of its meetings.
- A programme management structure with programme and project board workstreams has been established and reviewed to enable CSCI to manage those programmes and projects that cut across the responsibilities of more than one Directorate. This includes,

the transition of CSCI to the new Ofsted and the new Social Care and Health Inspectorate by 2008. The structure provides the basis for our Programme Office management arrangements, which is monitored by the Strategy Directorate. Each programme is required to identify, evaluate and manage the risks to its success and to formally report on progress towards agreed milestones on a regular basis. Each programme board and project is also required to establish a risk register and to review its management of those risks. The Senior Management Board monitors the programme boards on a regular basis.

- Risk management continues to be embedded throughout the organisation through the development of the corporate risk register, directorate risk registers, risk assessment of programmes and projects and review processes.

The processes in place have been reviewed and improved during the course of the year to ensure that risk registers are correctly focussed on CSCI's objectives, that training and guidance is available to ensure consistency and that risks identified locally are escalated to the directorate and corporate level when necessary.

Key risks identified at the beginning of 2005-06 included the inadequate provision of capital funding to rationalise our inherited estate of offices and replace our legacy ICT systems, which could not support our comprehensive modernisation and change programme. Our funding situation has been managed through our three year financial strategy which identified both the funding required and the modernisation and efficiency benefits that would result; by detailed discussions with the Department of Health; comprehensive monthly budget monitoring and reporting; detailed reporting of efficiency savings and resource modelling.

The funding obtained in 2005-06 was sufficient to support our plans, although it was released later than would have been ideal. The legacy ICT risk has been managed through the development of an ICT strategy aimed at the timely delivery of the tools required to support CSCI's modernisation programme, including the implementation of the "Inspecting for Better Lives" change programme, while maintaining appropriate flexibility to be adaptable in the event of change in the future. In this respect, we have developed a close working relationship with the Healthcare Commission, under the auspices of a joint working partnership board, so as to 'futureproof' our ICT strategy in the context of the announced creation of a merged social care and health inspectorate by 2008. Securing the release of sufficient capital funding to support the first stages of the strategy in 2005-06 was crucial to progressing our programme of modernisation.

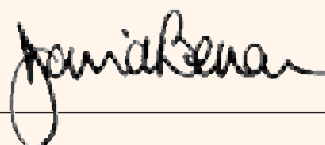
5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors and the executive managers within CSCI who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Commission and the Audit Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

The effectiveness of the system of internal control is maintained by a wide range of activity:

- The Commission meets regularly to consider performance against a range of key indicators.
- The Audit Committee thoroughly reviews Internal Audit reports including continuous monitoring of the implementation of all improvement recommendations.
- Detailed monitoring and management of the performance of CSCI is carried out by fortnightly meetings of a Senior Management Board comprising myself and all 6 Business Directors and the Children's Rights Director. A Delegated Decision Making Group has also been established to deal with operational decisions that do not need to take the time of the full SMB.
- The Internal Audit service for 2005-06 was provided by KPMG, following a competitive tendering process, and is carried out as defined by the Government Internal Audit Standards.
- Internal audit conduct a range of investigations to an annual plan following a review of the corporate risk register and discussions with myself, Business Directors and the Audit Committee.
- Everyone in the organisation, including myself and the Business Directors, operates under a performance management system called the Learning & Performance Deal. Personal objectives to deliver an individual's contribution to the business plan are agreed in one to one sessions between individuals and their line managers. Any learning necessary to enable delivery against these objectives is identified and actioned. These objectives are then monitored regularly throughout the year and action is taken, as necessary, to ensure that objectives are met, so that the totality of CSCI's objectives are delivered as planned. These arrangements provide assurance as to the deliverability of the overall plan and engage all staff so that they all have a stake in the success of the organisation.
- At operational level, performance was monitored at national, regional and area level and quality checks are carried out on the output of Inspectors. The Business Director, (Inspection, Regulation and Review), regularly reviews performance against targets. Equivalent arrangements are in place in the other directorates to ensure that they too deliver to plan.

There are no significant control issues to report.

Signed: 

Name: David Behan, CBE

Position: Chief Inspector

Dated: 12 July 2006

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Commission for Social Care Inspection (CSCI) for the year ended 31st March 2006 under the Health and Social Care (Community Health and Standards) Act 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Commission, Chief Inspector and Auditor

The Commission and Chief Inspector are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Health and Social Care (Community Health and Standards) Act 2003 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

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 Health and Social Care (Community Health and Standards) Act 2003 and Secretary of State directions made thereunder. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if CSCI 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 pages 80 to 83 reflects CSCI compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of CSCI'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 only the Annual Report, the unaudited part of the Remuneration Report and the Management Commentary. 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions 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 judgments made by the Commission and Chief Inspector in the preparation of the financial statements, and of whether the accounting policies are most appropriate to CSCI'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 income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. 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.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Health and Social Care (Community Health and Standards) Act 2003 and directions made thereunder by the Secretary of State, of the state of CSCI's affairs as at 31st March 2006 and of its deficit 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 Health and Social Care (Community Health and Standards) Act 2003 and the Secretary of State directions made thereunder; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Signed: John Bourn

Date: 14 July 2006

*John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP*

Income and Expenditure Account for the year ended 31st March 2006

	Note	Year to 31/03/06		Year to 31/03/05	
		£'000	£'000	£'000	£'000
Continuing Operations					
Gross Income					
Grant in Aid	2	82,864		96,961	
Other Income	3	56,755		47,378	
CSCI set up recharge		-		641	
Transfer from Government	11	11,452		11,331	
Grant Reserve					
Total Income			151,071		156,311
Expenditure					
Staff costs	4a	95,793		97,490	
Other operating charges	5	45,360		43,519	
Depreciation and other amounts written off tangible and intangible fixed assets	8	9,561		8,124	
Loss on revaluation of fixed assets	8	1,891		3,207	
Total expenditure			152,605		152,340
Operating (deficit)/surplus on continuing operations			(1,534)		3,971
• Exceptional Item – termination of employment	6		(251)		(3,781)
• Exceptional Item – payment of pensions deficit	6		-		(1,462)
• Interest receivable and other finance income	7		458		74
• Notional cost of capital	1e		(243)		(378)
Deficit for period on ordinary activities			(1,570)		(1,576)
• Write back of notional cost of capital			243		378
Deficit for the period carried forward			(1,327)		(1,198)

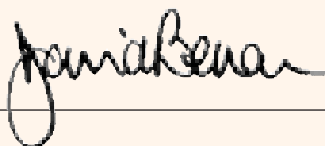
Statement of Total Recognised Gains and Losses for the year ended 31st March 2006

	Note	Year to 31/03/06	Year to 31/03/05
		£'000	£'000
Deficit for the period carried forward		(1,327)	(1,198)
Revaluation of tangible fixed assets not released to income and expenditure	8	261	977
Actuarial gain in pension schemes	4b	8,337	5,214
Total gains recognised since last report		7,271	4,993

Balance Sheet as at 31st March 2006

	Note	As at 31/03/06		As at 31/03/05	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Fixed Assets	8a		551		615
Tangible Fixed Assets	8b		27,547		24,472
			28,098		25,087
Current Assets					
Debtors/Prepayments: -					
• Amounts falling due within one year	9	6,542		4,889	
• Cash at bank and in hand		1,289		2,068	
			7,831		6,957
Current Liabilities					
Creditors/Accruals: -					
• Amounts falling due within one year	10a		(8,342)		(8,127)
Current Assets less Current Liabilities					
			(511)		(1,170)
Long-term Liabilities					
• Amounts falling due after more than one year	10b		(229)		-
Total assets less liabilities excluding pension liabilities					
			27,358		23,917
Pension liabilities	4b		(29,280)		(35,860)
Total assets less liabilities including pension liabilities					
			(1,922)		(11,943)
Financed by: -					
Income and Expenditure reserve – excluding pension liabilities					
	12		(11,111)		(9,784)
Pension Reserve	13		(18,939)		(27,276)
Government Grant Reserve	11		28,128		25,117
			(1,922)		(11,943)

Signed: _____



Name: David Behan, CBE

Position: Chief Inspector

Dated: 12 July 2006

Cash Flow Statement
for the year ended 31st March 2006

	Note	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Operating Activities: -			
Net cash (outflow)/inflow from operating activities	16	(1,000)	129
Returns on investment and servicing of finance: -			
Interest received	7	221	271
		(779)	400
Capital expenditure and financial investments: -			
Payments to acquire fixed assets	8	(7,136)	(4,036)
Cash outflow from capital expenditure and financial investment		(7,915)	(3,636)
Financing			
Grant in Aid received for capital expenditure	11	7,136	4,000
(Decrease)/Increase in cash in period	17	(779)	364

Net cash outflow from operating activities includes exceptional items of £251k (2005 - £5,243k).

The notes on pages 89 to 102 form part of these accounts.

Notes to the Accounts

1. Accounting Policies

a) Accounting Convention

The Financial Accounts cover the period 1st April 2005 to 31st March 2006.

The financial statements have been prepared under the modified historic cost convention, in accordance with the Commission for Social Care Inspection Financial Memorandum, Accounts Direction issued by the Secretary of State and in accordance with applicable accounting standards.

b) Fixed Assets

Fixed assets were capitalised in the Balance Sheet at their modified historic cost less depreciation or amortisation.

Fixed assets other than software licences were capitalised as tangible assets.

Fixed assets expenditure was defined as expenditure of £5,000 or more on land, new construction, extensions or alterations to existing buildings and the purchase of any other fixed assets e.g. IT equipment and vehicles with an expected working life of more than one year.

Purchased computer software was capitalised as an intangible asset where expenditure of £5,000 or more is incurred.

c) Depreciation and amortisation

Depreciation and amortisation on fixed assets was provided on a straight-line basis, at rates calculated to write off the cost, less any residual value, over their estimated useful lives as follows:

Computer software	5 years
IT Infrastructure	5 years
Furniture and fittings:	
- Office refurbishment	10 years
- Furniture	5 years
Office Equipment	5 years
Information technology:	
- Computer equipment & website	3 years
- IT capital projects	5 years
Motor Vehicles	4 years

d) Operating Leases

Rental payable under operating leases was charged to the income and expenditure account on a straight-line basis over the lease term.

e) Notional Costs

A notional cost of capital has been charged in accordance with HM Treasury requirements at a rate of 3.5% on the average of capital employed during the year. The notional cost of capital for the year ended 31st March 2006 was £(243)k.

f) Value Added Tax

CSCI is not registered for Value Added Tax. All expenditure reported in these statements therefore includes VAT where this was charged. All irrecoverable VAT is charged to expenditure in the year in which it was incurred.

g) Income

Government grants received for revenue expenditure were credited to income in the year to which they related. Government grants received for capital expenditure were credited to a Government Grant Reserve and released to the Income and Expenditure account to match depreciation and indexation where appropriate.

h) Pension Costs

The majority of CSCI's employees (79%) are members of local authority pension schemes. These are defined benefit schemes and are independent of CSCI. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries to enable the administering bodies to meet from the schemes the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The decrease in the present value of the liabilities of CSCI's defined benefit pension schemes expected to arise from employee service in the period is reflected in the operating deficit on continuing operations. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

Some of CSCI's employees (8%) participated in the National Health Service Pension Scheme and (7%) participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a statutory scheme under the Superannuation Act 1972. Both are defined benefit schemes and CSCI's contributions are charged to the Income and Expenditure account as and when they are due so as to spread the cost of pensions over the employees' working lives within CSCI.

2. Government Grant in Aid

	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Grant in Aid credited to I & E Account	82,864	96,961
Grant in Aid used for capital expenditure	7,136	4,000
Grant in Aid received from Department of Health	90,000	100,961

3. Other Income

	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Income from fees	56,364	47,119
Other Income	391	259
Total Other Income	56,755	47,378

4. Employee Information

a) Staff costs

Staff costs include: -	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Salaries and Wages	72,947	71,250
Employers National Insurance	6,345	6,234
Employers Superannuation	10,279	9,977
External Consultants & Agency Staff	3,445	5,465
Secondments	(19)	119
Other staff costs	816	1,552
Increase in operating charge for pensions	1,980	2,893
Total Staff Costs	95,793	97,490

Staff costs include external consultants and agency staff. These are disclosed separately in the table above.

The increase in the operating charge for pensions relates to current service costs less employer contributions of £2,967k, past service costs of £(692)k and curtailment and settlement costs of £348k. An adjustment of £(500)k has been made in relation to a deficit payment to Merseyside Pension Fund in 2004-05. This is shown in the actuarial opening deficit for 2005-06, but not reflected in the closing deficit within the 2004-05 accounts, although disclosed as an exceptional item. Another adjustment of £(143)k concerns West Yorkshire Pension Fund and an actuarial revision of augmentation costs for 2004-05.

Termination of employment costs totalling £175k were incurred in 2005-06, (£3,781k - 2004-05). Termination of employment costs are reported as an exceptional item and are not included as staff costs.

Nine persons retired early on ill health grounds. The total additional accrued pension liabilities in the year amounted to £47k (Pension £12k, and Lump Sum £35k).

The average number of whole-time equivalent employees during the year ended 31st March 2006, was 2479 analysed as follows: -

	Outward Contract		Inward Secondment		Secondment		Agency		Total	
	05/06	04/05	05/06	04/05	05/06	04/05	05/06	04/05	05/06	04/05
Senior Mgt	24	27	(0)	(0)	1	1	-	-	25	28
Management	413	381	(4)	(3)	4	6	-	-	413	384
Inspectors	1294	1324	(4)	(6)	6	6	16	25	1312	1349
Admin	658	690	(2)	(2)	3	1	70	98	729	787
	2389	2422	(10)	(11)	14	14	86	123	2479	2548

b) Pension Arrangements

CSCI operates a number of pension schemes of the defined benefit type under which contributions are paid by the CSCI and employees.

The net pension liability of each Local Government defined benefit scheme is as follows:

	Assets Year to 31/03/06 £'000	Liabilities Year to 31/03/06 £'000	Deficit Year to 31/03/06 £'000	Deficit Year to 31/03/05 £'000
Teesside Pension Fund	154,353	(173,621)	(19,268)	(25,337)
Essex Pension Fund	3,539	(4,822)	(1,283)	(1,229)
Merseyside Pension Fund	4,327	(4,612)	(285)	(850)
Greater Manchester Pension Fund	8,723	(10,191)	(1,468)	(1,225)
Derbyshire County Council Pension Fund	2,985	(3,071)	(86)	(209)
Hampshire County Council Pension Fund	3,830	(4,840)	(1,010)	(1,100)
West Yorkshire Pension Fund	6,355	(7,070)	(715)	(1,089)
Cheshire Pension Fund	2,830	(3,270)	(440)	(390)
Avon Pension Fund	3,458	(4,020)	(562)	(459)
Cumbria Pension Fund	2,237	(3,063)	(826)	(814)
Cambridgeshire County Council Pension Fund	1,674	(1,942)	(268)	(231)
Suffolk County Council Pension Fund	2,564	(3,113)	(549)	(524)
East Sussex County Council Pension Fund	3,360	(3,840)	(480)	(342)
Surrey Pension Fund	2,770	(3,560)	(790)	(669)
West Sussex County Council Pension Fund	2,036	(2,371)	(335)	(396)
Dorset County Council Pension Fund	1,679	(1,972)	(293)	(327)
Shropshire County Council Pension Fund	1,652	(2,274)	(622)	(669)
TOTAL	208,372	(237,652)	(29,280)	(35,860)

A summary of the FRS17 Disclosure information for each Pension Fund is as follows:

The range of major assumptions used by the actuaries at 31st March 2006 are as follows:

	04/05 Teesside Pension Fund	05/06 Teesside Pension Fund	04/05 Other Pension Funds	05/06 Other Pension Funds
	% per annum	% per annum	% per annum	% per annum
Price increases	2.9	3.0	2.9	2.9 to 3.1
Rate of increase in salaries	4.9	5.0	4.15 to 4.17	4.15 to 4.8
Rate of pension increases	2.9	3.0	2.9	2.9 to 3.1
Discount rate	5.4	4.9	5.3 to 5.5	4.9

The Net Pension Liability based on the share in respect of CSCI

	31/03/06 £'000	31/03/05 £'000
Total market value of assets	208,372	147,476
Present value of scheme liabilities	(237,652)	(183,336)
Net pension liability	(29,280)	(35,860)

The assets in the scheme and the expected rate of return were:

	Range of Long Term Rates Expected at 31/03/06 % per annum	Value at 31/03/06 £000s	Range of Long Term Rates Expected at 31/03/05 % per annum	Value at 31/03/05 £000s
Equities	7.0 to 7.4	156,285	7.5 to 7.7	106,998
Gilts	4.2 to 4.3	18,329	4.5 to 4.7	15,079
Bonds	4.6 to 4.9	7,757	4.7 to 5.4	5,954
Property	5.5 to 6.5	10,762	5.7 to 7.0	8,121
Cash	4.0 to 4.6	14,665	4.3 to 4.8	11,037
Other	7.0	574	7.5	287
Total Market Value of Assets		208,372		147,476

Analysis of the Amount Charged to Income and Expenditure

	31/03/06 £'000	31/03/05 £'000
Current service cost	11,011	10,592
Past service cost	(692)	429
Curtailements and settlements	348	900
Changes in accounting methodology	-	400
Total operating charge	10,667	12,321

Analysis of Amount Credited to Other Finance Income

	31/03/06 £000s	31/03/05 £000s
Expected return on pension scheme assets	10,626	8,348
Interest on pension scheme liabilities	(10,403)	(8,566)
Net return	223	(218)
Total charge to the Income and Expenditure Account	10,444	12,539

Movement of deficit during the year

	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Deficit at beginning of year	(35,860)	(37,963)
Effect of change in accounting methodology	-	(400)
Current service cost	(11,011)	(10,592)
Employer contributions	8,687	9,428
Past service costs	692	(429)
Impact of settlements and curtailments	(348)	(900)
Net return on assets	223	(218)
Actuarial gains	8,337	5,214
Deficit at end of year	(29,280)	(35,860)

Analysis of the Amount Recognised within the Statement of Total Recognised Gains and Losses

	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Difference between the expected and actual return on scheme assets	33,491	6,224
Experience gains and losses of scheme liabilities	(980)	3,791
Changes in financial assumptions underlying the present value of the scheme liabilities	(24,174)	(4,801)
Actuarial gains recognised in statement of total recognised gains and losses	8,337	5,214

History of experience Gains and Losses

	2005-06	2004-05
Difference between the expected and actual return on scheme assets:		
Amount (£000s)	33,491	6,224
Percentage of scheme assets	16%	4%

Experience gains and losses on scheme liabilities:

Amount (£000s)	(980)	3,791
Percentage of the present value of the scheme liabilities	0%	2%

Total amount recognised in statement of total recognised gains and losses:

Amount (£000s)	8,337	5,214
Percentage of the present value of the scheme liabilities	4%	3%

The full requirement of FRS17 in relation to prior years disclosure has not been made as CSCI has only existed for two years.

FRS17 Disclosure information for each individual Pension Fund can be provided on request.

Requests for FRS17 disclosure information should be addressed to the Financial Controller, Commission for Social Care Inspection, St Nicholas Building, St Nicholas Street, Newcastle upon Tyne, NE1 1NB.

5. Other Operating Charges

	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Operating Leases (equipment)	434	439
Operating Leases (Premises)	8,363	8,658
Other Premises Costs	7,414	7,056
Recruitment & Staff Search	700	606
Travel and Subsistence	4,762	4,076
Training & Development Costs	1,769	1,190
Office Supplies	1,518	2,055
External Audit Fees	63	69
Bad Debt write back	(64)	(201)
Costs relating to CSCI set up	-	641
Other costs	20,401	18,930
Total Other Operating Costs	45,360	43,519

External audit fees include £3k for the audit of the 2004-05 Annual Report and Accounts, and an estimated cost of £60k in relation to the audit of the 2005-06 Annual Report and Accounts. The external auditors performed no other work for CSCI.

6. Exceptional Items

Termination of Employment

At the end of 2005/06 a total of £175k was incurred in relation to termination of employment. (£3,781k 2004/05).

Fruitless payments relating to lieu of notice totalled £49k, and £126k was paid during the year in redundancy costs, £117k of which related to staff who took redundancy in 04/05 and for whom the full charge was not incurred until 05/06.

Pension Advice

In addition, a payment of £76k was made to Teesside Pension Fund during the financial year for pension advice in relation to the set up of CSCI in 2004.

Exceptional Items	Year to 31/03/06 £'000
Termination of Employment	
Redundancy payments	126
Payments in lieu of notice	49
Payments to employees	175
Pension Advice	
CSCI Pension Set up Advice	76
Total	251

7. Interest Receivable and Other Finance Income

	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Net return on pension scheme assets and liabilities	223	(218)
Interest receivable	235	292
Total	458	74

Interest of £235k was receivable during the period (2004-05 £292k). At 31st March 2006, £14k had not been received.

8. Fixed Assets

Depreciation and other amounts written off totalled £9,561k. The depreciation and amortisation charges against fixed assets for the year were £13,272k. Modified Historical Cost Accounting was applied to the tangible fixed assets resulting in a depreciation reduction of £3,711k.

The indexation adjustment of £3,066k is made up of £3,631k reduction in depreciation, and £565k increase on disposal of assets.

The indexation adjustment of £985k is made up of a loss on revaluation of £1,891k and an upward revaluation of £341k and a disposal of assets of £565k. The revaluation of tangible fixed assets not released to income and expenditure is £261k (as shown in the Statement of Total Recognised Gains and Losses).

CSCI's fixed assets had a net book value of £28,098k on 31st March 2006.

Additions relating to the set up of CSCI were confirmed by the Department of Health during the year. These amounted to £7,066k. As such, 2 years depreciation totalling £2,934k was charged in 2005-06, of which £1,467k related to 2004-05.

a) Intangible fixed assets

	Computer Software £'000
Cost/valuation:	
At 01 April 2005	1,198
Additions	219
At 31 March 2006	1,417
Amortisation:	
At 01 April 2005	583
Charge for the year	283
At 31 March 2006	866
NBV at 01 April 2005	615
NBV at 31 March 2006	551
Decrease in NBV	(64)

b) Tangible fixed assets

	IT Infrastructure £'000	Furniture and Fittings £'000	Information Technology £'000	Motor Vehicles £'000	Totals £'000
Cost/Valuation:					
At 01 April 2005	8,962	25,768	14,158	67	48,955
Assets transferred on 01 April 2004	-	2,005	5,061	-	7,066
Additions	244	607	6,066	-	6,917
Disposals	-	-	(1,693)	-	(1,693)
Indexation	(358)	340	(968)	1	(985)
At 31 March 2006	8,848	28,720	22,624	68	60,260
Depreciation:					
At 01 April 2005	5,292	9,591	9,565	35	24,483
Charge for the year	2,687	3,673	6,612	17	12,989
Disposals	-	-	(1,693)	-	(1,693)
Indexation	(1,144)	324	(2,247)	1	(3,066)
At 31 March 2006	6,835	13,588	12,237	53	32,713
NBV at 01 April 2005	3,670	16,177	4,593	32	24,472
NBV at 31 March 2006	2,013	15,132	10,387	15	27,547
(Decrease)/Increase in NBV	(1,657)	(1,045)	5,794	(17)	3,075

9. Debtors

(a)

	As at 31/03/06 £'000	As at 31/03/05 £'000
Prepayments and accrued income	3,904	2,026
Amounts falling due within one year	2,638	2,863
Total debtors	6,542	4,889

(b) Disclosure of intra-government balances

Balances between CSCI and other government bodies were:

	As at 31/03/06 £'000
Debtors	
Central Government bodies	93
Local Authorities	385
NHS Trust	27
Public corporation and trading funds	0
Intra-government Debtors	505

10. Creditors

(a) Current Liabilities

	As at 31/03/06	As at 31/03/05
	£'000	£'000
Creditors	3,450	2,222
Accruals	2,798	3,763
Taxation and social security	2,094	2,142
Total creditors	8,342	8,127

(b) Long-Term Liabilities – Principal Civil Service Pension Scheme

The liability split for CSCI's PCSPS creditor is as follows:

	£'000	£'000
Due within one year		100
Due within two to five years	191	
Due after five years	38	
		229
Total		329

(c) Disclosure of intra-government balances

Balances between CSCI and other government bodies were:

	As at 31/03/06
	£'000
Creditors	
Central Government bodies	1209
Local Authorities	0
NHS Trust	0
Public corporation and trading funds	0
Intra-government Creditors	1209

11. Government grant reserve

	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Opening Balance	25,117	31,424
Movements in Year		
Transfer from Department of Health	7,066	47
Asset Additions	7,136	4,000
Surplus on revaluation	261	977

Amounts released to Income & Expenditure:

Depreciation and amortisation	(9,561)	(7,910)
Loss on revaluation	(1,891)	(3,207)
Loss on disposal of fixed assets	-	(214)
Total	(11,452)	(11,331)
Closing balance	28,128	25,117

12. Income and expenditure reserve

	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Opening Balance	(9,784)	(8,586)
Deficit for Period	(1,327)	(1,198)
Closing Balance	(11,111)	(9,784)

13. Pension reserve

	Year to 31/03/06	Year to 31/03/05
	£'000	£'000
Deficit at beginning of the year	(27,276)	(32,490)
Recognition of pension liability actuarial gains	8,337	5,214
Deficit at end of year	(18,939)	(27,276)

14. Capital Commitments

CSCI's capital spend was controlled by the Department of Health for the year to 31st March 2006.

CSCI had outstanding commitments of £692k, based on orders in place, as at 31st March 2006.

15. Contingent Liabilities

CSCI identified the following contingent liabilities at the balance sheet date:

Care Standards Tribunals (CST):	There are 12 tribunals currently being defended by CSCI. These may involve non-recoverable costs of attendance, and additional complexity may arise as evidence is investigated further. The possible liabilities arising are estimated cumulatively at £180k. A recently concluded CST has resulted in as-yet unbilled Counsel's fees of £20k.
Personal Injury Claims:	The possible liabilities arising from legal, compensation and settlement costs are estimated to be a maximum of £60k.
Ongoing complex matters:	We are presently engaged in detailed legal discussion with the DH re the fundamental interpretation of 'personal care'. This has necessitated the involvement of a QC. The cost of unbilled advice is £10k.

16. Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities

	Year to 31/03/06 £'000	Year to 31/03/05 £'000
Operating (deficit)/surplus	(1,534)	3,971
Termination of Employment	(175)	(3,781)
CSCI Pension Setup Advice	(76)	-
Pension Deficit repayment	-	(1,462)
Transfer from Government Grant reserve	(11,452)	(11,331)
Depreciation and amortisation	9,561	7,910
Loss on disposal of fixed assets	-	214
Loss on revaluation of fixed assets	1,891	3,207
Pension liability	1,980	2,893
(Increase)/Decrease in debtors	(1,653)	739
Bank interest debtor	14	21
Increase/(Decrease) in creditors	444	(2,252)
Net cash (outflow)/inflow from Operating Activities	(1,000)	129

17. Analysis of changes in cash during the period

	Period to 31/03/06 £'000	Period to 31/03/05 £'000
(Decrease)/Increase in cash for the period	(779)	364
Opening net funds	2,068	1,704
Closing net funds	1,289	2,068

18. Financial Commitments

The CSCI was committed to make the following operating lease payments during the next financial year.

	2006-07 £'000	2005-06 £'000
Land and buildings		
Leases which expire within one year	145	11
Leases which expire within two to five years	1,294	1,256
Leases which expire after five years	6,669	6,986
Other leases		
Leases which expire within one year	212	50
Leases which expire within two to five years	154	298

19. Related Party Transactions

CSCI is a Non-Departmental Public Body sponsored by the Department of Health.

The Department of Health is regarded as a related party. During the year CSCI made a number of material transactions with the Department and other entities for which the Department was regarded as the parent Department.

CSCI made no material transactions with any other central government bodies.

The following Commissioners of the CSCI were associated with organisations that were deemed related parties of the CSCI:

Mr Peter Westland, CBE was a board member and trustee of the charity Action on Elder Abuse. During the year £6,067 (2004-05, £7,207) was paid to Action on Elder Abuse in relation to conference fees and expenses.

Prof. Jim Mansell is Professor of Applied Learning Disability at the Tizard Centre at the University of Kent, and a trustee of United Response. During the year £1,725 (2004-05, £29,938) was paid to the University of Kent in relation to BSc Psychology and Diploma in Positive Behaviour expenses. In 2005-06 CSCI charged United Response £22,212 (2004-05, £17,782) in relation to service provider fees.

John Knight is the Head of Policy and Campaigns with the Leonard Cheshire Foundation. In 2005-06 CSCI charged Leonard Cheshire Foundation £31,505 (2004-05 £20,396) in relation to service provider fees.

Olu Olasode is Chief Executive of TL First Consulting, an audit and public service productivity practice. He is also a member of ODPM Beacon's Panel and Chair of its General Performance Panel. Olu further serves as a non-executive Director of Bromley NHS PCT and Chairs its Audit Committee. He was also Chair of South London Family Housing Association (SLFHA) until June 2005.

Beryl Seaman, CBE was appointed a member of the interim Strategy Board of the Office for Standards in Education, Children Services and Skills on 1 January 2006. She is Chair of the charity Voluntary Action Sheffield. In July 2005 she was appointed a Commissioner of the Legal Services Commission.

20. FRS13 Financial Instruments

FRS13

Derivatives and other Financial Instruments require disclosure of the role, which financial instruments have had during the period increasing or changing the risks CSCI faces in undertaking its activities.

Interest Rate Risk

Interest rate risk is not significant, as CSCI has no borrowings or material interest bearing deposits.

Liquidity Risk

CSCI is not exposed to significant liquidity risk, as it has no borrowing facilities, and cash requirements are met by Department of Health.

Currency Risk

Currency risk is not significant, as CSCI does not hold foreign currency assets or liabilities.

Credit Risk

CSCI is not exposed to credit risk.

CSCI Business Directors, Regions, Regional Directors and Regional Offices

Geraldine Macdonald¹
Business Director of Information and Knowledge Management

Dr Roger Morgan OBE
Children's Rights Director

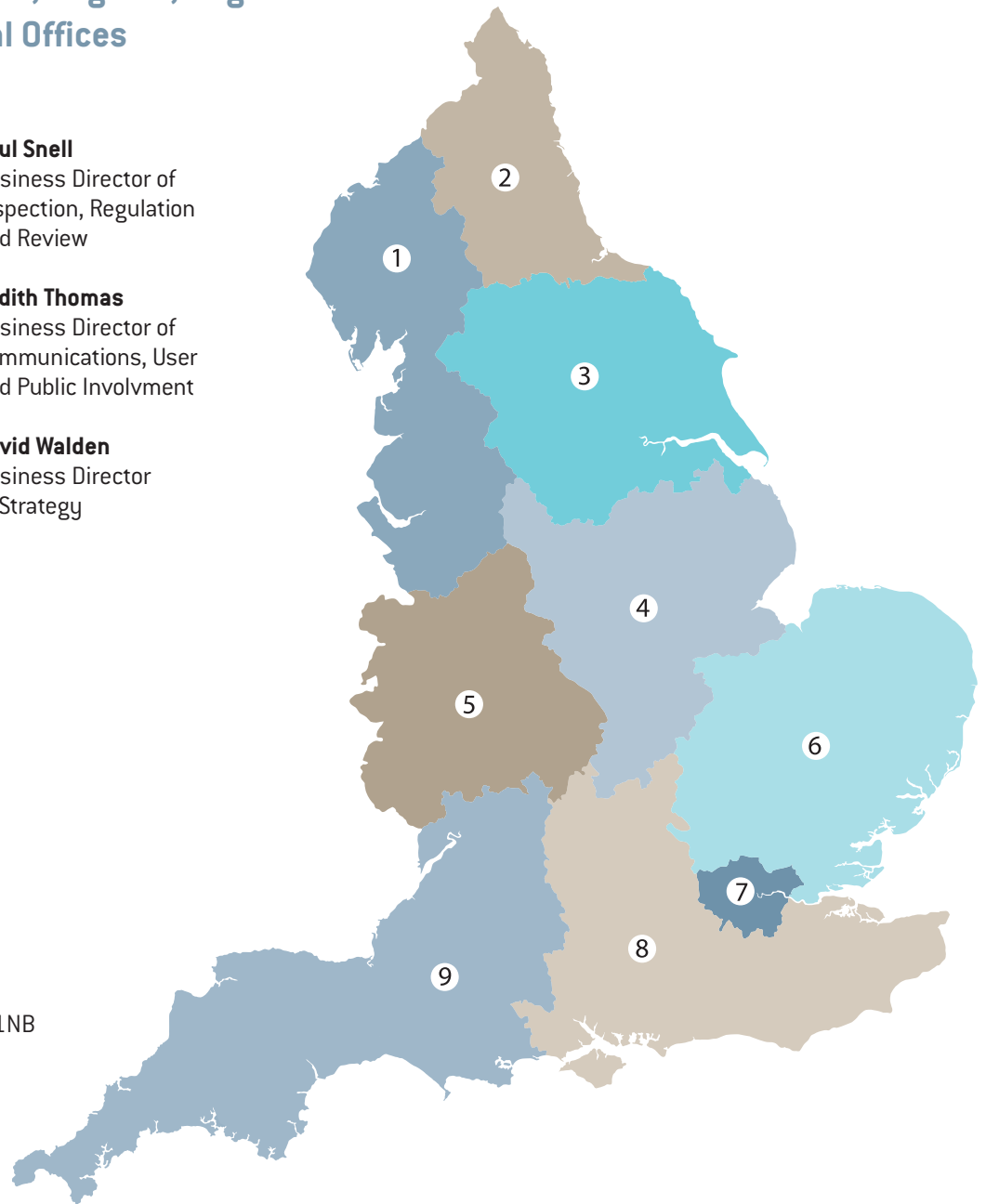
Hazel Parker-Brown
Business Director of Corporate Services

Jonathan Phillips
Business Director of Quality, Performance and Methods

Paul Snell
Business Director of Inspection, Regulation and Review

Judith Thomas
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¹Geraldine Macdonald left CSCI in May 2006. The Directorate's staff and work were then transferred to the Strategy and Quality, Performance and Methods Directorates.

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