

# REGISTRAR OF COMPANIES

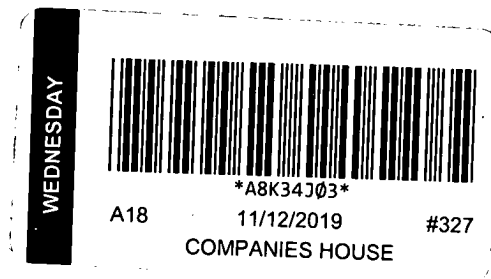
## Social Care Institute for Excellence

### Annual Report and Financial Statements

31 March 2019

Company Limited by Guarantee  
Registration Number  
04289790 (England and Wales)

Charity Registration Number  
1092778



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## Reference and administrative information Year to 31 March 2019

**Status** Social Care Institute for Excellence (SCIE) is a charitable company limited by guarantee, incorporated on 19 September 2001 and registered as a charity on 3 July 2002.

In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.

**Governing document** The organisation was established under a memorandum of association, which established the objects and powers of the organisation, and is governed under its articles of association.

**Trustees** Rt Hon Paul Burstow  
Rachel Armitage  
Katie Brennan  
Sue Gower  
Alex Fox  
Peter Hay  
Sean Holland  
Annie Hudson  
Mary McKenna  
Bev Searle  
Ossie Stuart  
Sally Warren  
Eustace DeSousa  
Mark Atkinson  
Margaret Lally

**Company secretary** Tony Hunter

**Chief executive** Tony Hunter

**Chief operating officer** Ewan King

**Registered and principal office** 3<sup>rd</sup> & 4<sup>th</sup> floors, Watson House  
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**Company registration number** 04289790 (England and Wales)

**Reference and administrative information Year to 31 March 2019**

**Charity registration number** 1092778

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Solicitor** Browne Jacobson LLP  
6 Bevis Marks  
London  
EC3A 7BA

**Banker** Barclays Bank plc  
Public Sector Team  
Level 27  
1 Churchill Place  
London  
E14 5HP

## **Trustees' report (including the strategic report) 31 March 2019**

The trustees of the Social Care Institute for Excellence (SCIE) present their trustees' report (including the strategic report) together with the financial statements for the year ended 31 March 2019.

The report has been prepared in accordance with Part VIII of the Charities Act 2011 and constitutes a directors' report as required by the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached financial statements and comply with the charity's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **How SCIE works**

#### ***SCIE's charitable object***

As set out in the memorandum and articles of association, SCIE's object is the 'relief of need arising from youth, illness, disability, old age or poverty, by the review, provision and dissemination of knowledge of, and guidelines for, good practice, and other information, to persons who use, work in or are otherwise involved in social care'.

To fulfil its charitable object, SCIE conducts its work under three core functions:

- ◆ Building a knowledge base about what works in social care;
- ◆ Translating the findings into resources to support improved practice and the quality of service delivery; and
- ◆ Disseminating good practice across the social care sector.

These activities are reflected in SCIE's achievements, developments and future plans, which are organised by strategic priorities as explained on the following pages.

#### ***Statement of trustees' responsibilities***

The trustees (who are also directors of SCIE for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

## Trustees' report (including the strategic report) 31 March 2019

### How SCIE works (continued)

#### *Statement of trustees' responsibilities (continued)*

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Trustees' report (including the strategic report) 31 March 2019

### How SCIE works (continued)

#### **SCIE's board of trustees**

Up to 15 people are able to sit on SCIE's board of trustees. At the time of this report, the board had 15 members, including its chair.

New trustees are elected by existing trustees and serve for a term of three years before retiring from office. Retiring trustees can be nominated to serve a second consecutive term provided that no trustee serves more than two consecutive terms of office, except with the unanimous support of all the other trustees.

Constant regard is paid to the skills mix of the trustees to ensure that they have all the necessary skills required to contribute fully to the charity's development.

On agreeing to become a trustee of the charity, the trustees are thoroughly briefed by their co-trustees on the history of the charity, the day-to-day management, the responsibilities of the trustees, the current objectives and future plans. The trustees are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

The board of trustees is supported by the Audit and Risk Committee which meets throughout the year.

The following trustees were in office at the time this report was approved and served throughout the year, except where shown:

<b>Trustee</b>	<b>Appointed/resigned</b>	<b>Audit and Risk Committee</b>
Rt Hon Paul Burstow (Chair)		
John Evans	Resigned 21 March 2019	
Alex Fox		
Peter Hay		
Annie Hudson		
Mary McKenna		Member
Bev Searle		Member
Dr Ossie Stuart		
Sally Warren		Member
Rachel Armitage	Appointed 24 May 2018	
Katie Brennan	Appointed 24 May 2018	Chair
Sue Gower	Appointed 24 May 2018	Member
Sean Holland	Appointed 29 March 2018	
Eustace DeSousa	Appointed 21 March 2019	
Mark Atkinson	Appointed 21 March 2019	
Margaret Lally	Appointed 21 March 2019	

## Trustees' report (including the strategic report) 31 March 2019

### How SCIE works (continued)

#### *SCIE's board of trustees (continued)*

In accordance with the charity's memorandum and articles of association, the Chair of the trustees was paid £27,287 (2018 - £26,776) during the year for services undertaken in the administration of the charity. Two other trustees were paid a total of £10,069 (2018 – two trustees were paid a total of £12,000) on the same basis. The payment for such services has been authorised by the Charity Commission.

Out of pocket travelling and subsistence expenses totalling £6,410 (2018 - £4,302) were reimbursed to 6 (2018 – 8) trustees during the year.

The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £6,079 (2018 - £6,903) and provides cover of up to a maximum of £2 million (2018 - £2 million).

The charity made payments of £15,000 (2018 - £nil) to Shared Lives Plus during the year. These payments related to the provision of services at arm's length from which no trustee or senior executive benefited. To ensure full transparency, it is confirmed that Alex Fox is an employee of Shared Lives Plus.

SCIE hosts the central team for the Think Local Act Personal (TLAP) partnership and also provides back office services such as facilities, finance and HR support. The funds are provided for TLAP by the Department of Health and Social Care (DHSC) and details of the funds movement is provided in note 13. Alex Fox is a trustee of the TLAP partnership.

#### **Structure**

The chief executive and senior staff attend, and provide reports to, regular meetings of the board of trustees. This enables the business of the board, including strategy, development and governance, to be undertaken collaboratively and in accordance with good practice. The chief executive manages the day-to-day activity with assistance from senior executives.

Through involvement of staff representatives, circulation of papers, and via Salesforce, there is wide communication of board discussions and decisions to staff members.

#### **Key management personnel**

During the year ended 31 March 2019, the key management personnel of the charity comprised the trustees together with the Chief Executive, Director of Operations and the Director of Business Development and Delivery. After a review during the year, the decision was made to further streamline the management structure. From 1 April 2019 the key management personnel are the trustees together with the Chief Executive and the Chief Operating Officer. The salaries of the staff members of key management are reviewed on a triennial basis through external benchmarking. Payments made to trustees are set out above with all such payments being approved by the board, those receiving such payments absenting themselves from such approval.



## How SCIE works (continued)

### **Employees**

SCIE is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunities and, where appropriate and possible, special training to enable them to progress both within and outside the organisation.

### **Co-production Network**

The Co-production Network involves users and carers in shaping and influencing SCIE's work. The Network works with SCIE on its work programme, priorities and performance.

Building on SCIE's strong reputation for working with service users and carers, the Co-production Network met during the year, chaired by a SCIE trustee (who is also a user of services), to hold the organisation to account for ensuring the core values of the organisation continued to underpin its overall business plan.

## STRATEGIC REPORT

### **Our purpose**

*"SCIE improves the lives of people of all ages by co-producing, sharing, and supporting the use of the best available knowledge and evidence about what works in practice"*

### **About us**

The Social Care Institute for Excellence (SCIE) is a leading values-driven improvement agency. In recent years we have evolved from a largely government funded body to a fast-moving high-profile, more commercial organisation and thought leader.

We are independent and people-focused, operating at policy and practice levels with a huge database of 'what works' good practice and eLearning tools and resources. Working beyond and across social care and health and children's and adult's sectors, we contribute to the development and implementation of better care, support and safeguarding at national and local level. We support commissioners and providers in developing and embedding practices which are innovative, have impact, and enable effective scrutiny and accountability.

We offer a wide range of tailored and flexible improvement support, working collaboratively with associates and partner organisations. SCIE's future success depends on our ability to continue developing our range of large and small commercial projects covering consultancy, training, evaluation and research to complement our government funded commissions.

## Trustees' report (including the strategic report) 31 March 2019

### STRATEGIC REPORT (continued)

#### About us (continued)

##### ***What makes us special***

We believe that the five factors below, in combination, make us a unique and essential improvement partner for the Department of Health and Social Care (DHSC) and our range of customers across sectors and at national and local levels.

We:

- ◆ *are independent, people focused, driven by co-production principles and ways of working, and in children's services by hearing the voice of the child*
- ◆ *operate at policy development, strategic and operational levels, with a golden thread of what works in practice*
- ◆ *benefit from huge reach and a vast knowledge/evidence base including e-learning tools and resources alongside topical blogs and articles*
- ◆ *offer a range of flexible and tailored input (training, consultancy, topic expertise, research, evaluation, facilitation, coaching)*
- ◆ *work in highly collaborative ways, including leveraging in others where this might lead to better solutions and outcomes.*

##### **Our values**

Our range of improvement-focused work is underpinned by the way we work, which is:

- ◆ ***Co productive and collaborative:*** *We co-produce our work with people who use services and their carers to identify what works and how that knowledge can be put into practice. We promote equality, and value diversity and human rights. We collaborate with partners to influence future policy and practice to increase our reach and impact.*
- ◆ ***Innovative and customer – focused:*** *We meet the changing needs of our diverse audiences and customers with new and better services and products that support the delivery of high quality services.*
- ◆ ***Enterprising and expert:*** *We seek new opportunities to promote our knowledge and skills throughout the care and support and other sectors. Our work is based on a rigorous approach to identifying good and developing practice.*

##### **Business Objectives**

SCIE's key business objectives for 2018-19 were:

##### ***Delivery programmes***

- ◆ Support the integration and transformation of health, care and support services through a training, consultancy, research, and evaluation offer, and by the development of a balanced scorecard.

## Trustees' report (including the strategic report) 31 March 2019

### STRATEGIC REPORT (continued)

#### Business Objectives (continued)

##### *Delivery programmes (continued)*

- ◆ Build SCIE's safeguarding offer and promote to potential customers.
- ◆ Grow SCIE's offer to the children's sector from our work for the What Works Centre for Children's Social Care.
- ◆ Position SCIE to be a key contributor to the development of the DHSC Green Paper on care and support for older people.

##### *Supporting programmes*

- ◆ Develop and deliver a communications and marketing strategy that positions SCIE as a leading improvement agency and contributor to thinking on the Green Paper.
- ◆ Ensure that the co-production voice informs, and is influential in all aspects of our work.
- ◆ Through a programme of organisational and personal development, build capacity and skill staff to achieve our business objectives.
- ◆ Operate within the agreed income and expenditure budgets, seeking efficiencies and new sources of income that minimises SCIE's operational deficit at 31 March 2019 and ensures its sustainability.

##### *Our work in Co-Production*

Co-production is about sharing power between social care professionals and people who use services and carers. Working to promote co-production is among SCIE's key values.

Since 2017 SCIE has been working with Oxfordshire County Council (OCC) Adult Social Care Service to support a shift from engagement to co-production. The £188,000 programme of work is due to finish in January 2020. The work has included supporting the development of:

- ◆ a co-production staff team;
- ◆ an advisory Board co-chaired by the Director of Adult Services and a local carer; and
- ◆ a staff champions network.

SCIE's work during 2018–19 has mainly focussed on a training offer and evaluating the programme. The training was developed specially for OCC and was the result of an inclusive co-design process. Training sessions have been delivered to several groups of OCC staff and people who use services. SCIE has also given presentations at an OCC social care scrutiny meeting.

The evaluation has been co-produced. SCIE employed two service users from our co-production network to be peer researchers. We trained and supported them and they have undertaken the majority of field work including observations, individual interviews and focus

## Trustees' report (including the strategic report) 31 March 2019

### STRATEGIC REPORT (continued)

#### Business Objectives (continued)

#### *Supporting programmes* (continued)

##### *Our work in Co-Production* (continued)

groups. The evaluation has been managed by a small group which included SCIE staff, peer researchers and members of the OCC co-production team and Board. The final report will be received by OCC in December 2019. We expect the findings to show that OCC has made good progress in all four of the agreed programme aims.

The learning for SCIE has included:

- ◆ A greater understanding of how to embed co-production in a large complex organisation
- ◆ The importance of setting clear aims and objectives for multi-stakeholder projects
- ◆ An understanding of how evaluation can support programmes

The OCC work has led to more local authority training opportunities and we are in discussions with another County Council about a co-production evaluation.

#### **Achievements and performance**

In the year to the 31 March 2019, our key achievements were:

- ◆ **Department of Health and Social Care (DHSC):** The creation of the Innovation Network; led by SCIE, TLAP and Shared Lives Plus, to help the sector to scale up innovation. We've held two well attended sector events and a webinar. We will be hosting a podcast and writing Blogs for DHSC and National Voices.
- ◆ **Safeguarding:** We continued our extensive work with the Church of England, as part of our wider support and training to help churches and faith groups to keep children and adults safe and improve how they respond to safeguarding concerns. A highlight this year was a SCIE-run safeguarding survivors' survey for the Church of England.
- ◆ **Improvement Partnerships:** In the latter part of the financial year we began work which is still continuing in three large care organisations; assisting them in planning and delivering a range of improvement related activities. Operating flexibly to meet evolving priorities, our input has included subject matter expertise advice, training, workshop facilitation, and critical friend challenge and support.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

*Our Work as an Improvement Partner*

One of our four business priorities for 2018-19 was to position ourselves as an improvement partner for organisations focused on planning and delivering better care and support experiences and outcomes. We were contacted by the chief executive of Surrey County Council and invited to submit a proposal on how we could utilise our range of inputs to work alongside them for a year.

We met senior managers to consider how our capacity could best help; and then proposed a programme which could evolve over the period but which would initially comprise:

- ◆ Being a critical friend as they developed their comprehensive improvement plan and monitored delivery;
- ◆ A programme of strengths based training, seen as the key to delivering real and sustainable change; and
- ◆ Specific research and facilitated workshops to support the development of strategies for people with learning disability and reablement

As the year progressed, we facilitated more events and are currently scheduled to run a senior leadership team development event. The £160,000 programme commenced in October 2018 and is nearing completion, with us well positioned for further support work.

The learning for us is that our USPs equip us well to act in this improvement partner role, in particular:

- ◆ our people focused independence;
- ◆ our capacity to operate at policy development and practice levels;
- ◆ our range of available tools and resources;
- ◆ the breadth of our input (training, consultancy, research, evaluation, facilitation, coaching); and
- ◆ our readiness to lever in specialists where needed to meet clients' needs.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

*Our Work as an Improvement Partner* (continued)

In further pursuit of improvement partner opportunities, we have also been appointed as Learning and Development Partner for the States of Jersey, to assist in planning and delivering their children's services recovery plans after much-publicised difficulties. As in Surrey, we have operated flexibly to meet their evolving requirements. The work will extend into 2020/21 and thus far has included

- ◆ work alongside staff to develop and implement an owned and understood practice model;
- ◆ good practice supervision training for managers; and
- ◆ individual coaching sessions for senior managers.

Therefore, we will continue to offer wide-ranging and flexible improvement support, now also provided in London Borough of Bexley.

◆ **Integration:**

- ◇ SCIE produced a report for the NHS leadership academy called *Leadership in Integrated Care Systems*. This is a *Future of Care* paper, aimed at chief executives, directors and senior managers from the NHS, local authorities, housing organisations and the voluntary and community sector. It is based on findings from interviews with systems leaders and a review of the literature.
- ◇ SCIE also produced an *Integration Care and Research Resource*. This new resource will support the planning, commissioning and delivery of coordinated person-centred care. Based on the integration logic model, it brings together the evidence base and practice guidance on what good integrated care looks like
- ◆ **What Works Centre for Children's Social Care (WWC):** SCIE is part of the consortium, led by Nesta, which has been commissioned by the Department for Education (DfE) to establish a new What Works Centre for Children's Social Care. SCIE's main role has been to lead on engagement with the sector to build interest and ownership over the new Centre. This has involved us setting up and facilitating a number of forums including a children and young people's panel and a voluntary and community sector forum.
- ◆ **National Institute for Clinical Excellence (NICE) Collaborating Centre for Social Care:** Following the end of our contract to host the Collaborating Centre, SCIE now has an implementation contract. We worked on ten programmes. We produced 10 quick guides and four webinars in 2018-2019.

**STRATEGIC REPORT** (continued)

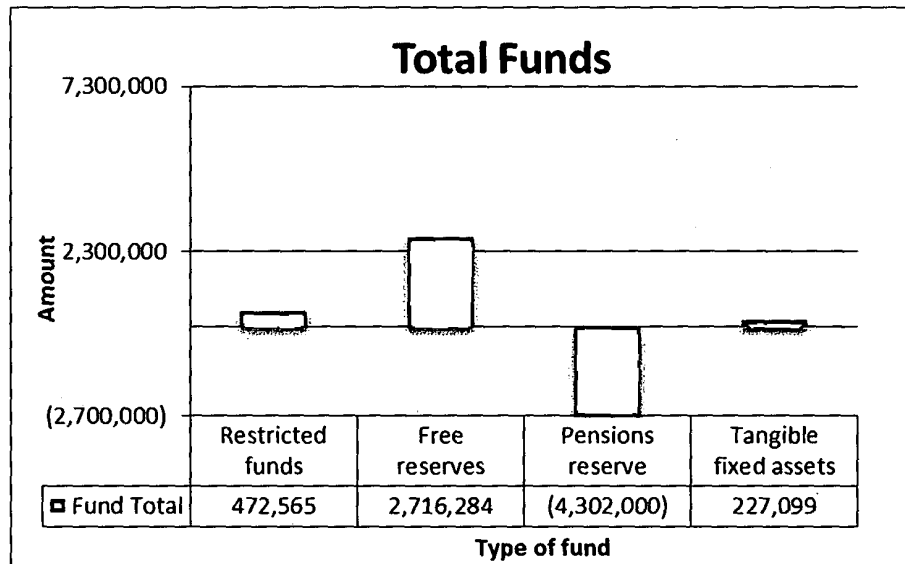
**Achievements and performance** (continued)

- ◆ **Better Care Support Team (BCST):** SCIE supported the development of integrated working through the dissemination of good practice by masterclasses, webinars, and the production of good practice national and regional events and workshops.
- ◆ **Northern Ireland.** SCIE worked with colleagues in Northern Ireland to develop an online hub, hosted on the SCIE site, for the social work and social care community to share and promote local good practice. The digital resource was launched by Sean Holland, Chief Social Worker for Northern Ireland. SCIE also provided strategic advice as part of an evaluation of the impact of social care workforce registration and the implementation of codes of conduct and practice standards. In addition, SCIE has been supporting the evaluation of peripatetic support for residential child care. Both evaluation projects are ongoing pieces of work for 2019/20 as part of a work programme that more closely aligns with SCIE's wider offer.
- ◆ **Wales.** SCIE conducted a range of research projects and rapid reviews, including a review of evidence on support for young carers and a review of performance measures for the Welsh Government. SCIE also participated in the Social Care Strategic Coordination Group. SCIE's ongoing support to Wales has now been refreshed and reimagined and reflects SCIE's wider work on innovation, transformation and improvement.
- ◆ **PASS system:** SCIE has co-produced the first part of an evaluation in building an evidence-base around effective use of technology in social care. The PASS system is a digital care management platform which has been adopted by approximately 700 care providers across the UK.
- ◆ **Strengths-based social care for children, young people and their families:** A SCIE Highlights Report, written jointly with Leeds City Council and Shared Lives Plus, describes how strength-based approaches work in children and family settings.

**FINANCIAL REVIEW FOR 2018-19**

The financial position at the end of the year is set out below.

**Figure 1: Total funds:**



The balance sheet shows total funds to be in deficit by £886,052 at 31 March 2019 (2018: deficit of £506,468). At this date, restricted funds amounted to £472,565 (2018: £335,746). These monies have either been restricted for use on specific projects or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds can be found in note 13 to the financial statements together with an analysis of movements in the year.

£227,099 (2018: £270,394) of the total funds is represented by tangible fixed assets held in unrestricted funds.

The actuaries have calculated SCIE's share of the deficit on the defined benefit pension fund at 31 March 2019 to be £4,302,000 (2018: £4,327,000). For further information, see note 16 to the financial statements.

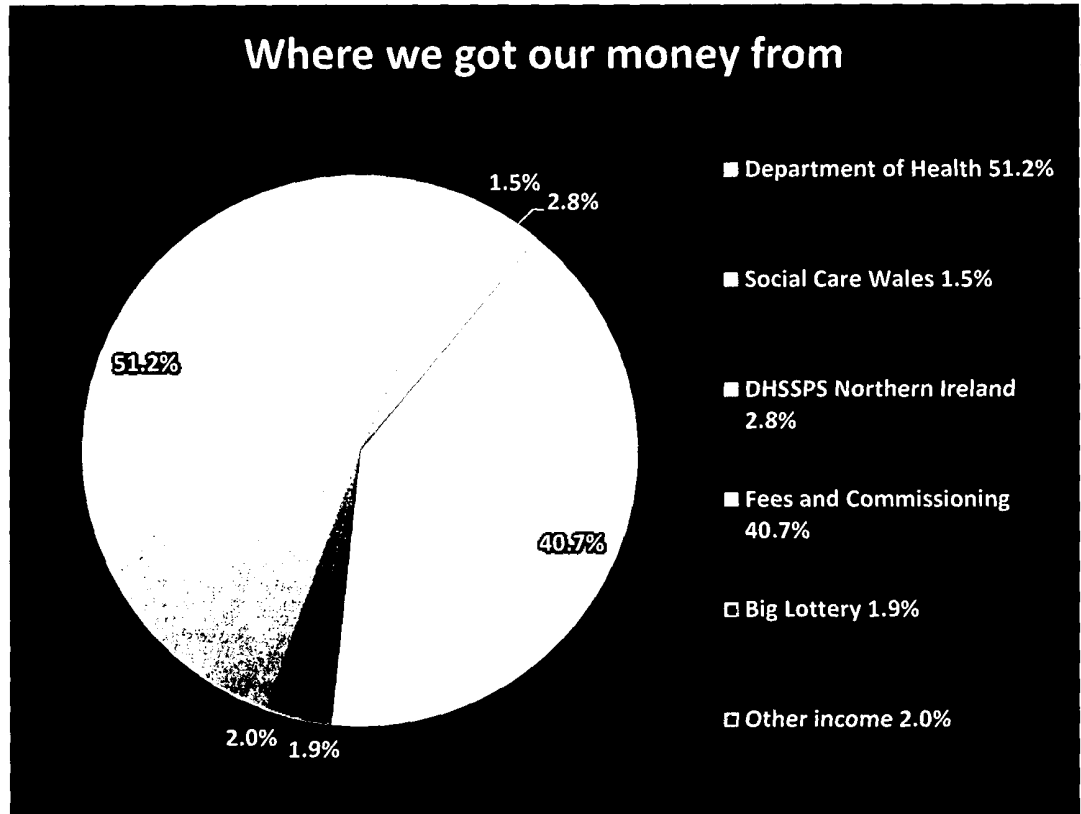


**FINANCIAL REVIEW FOR 2018-19** (continued)

The remaining general funds of SCIE (being unrestricted funds excluding tangible fixed assets but before the defined benefit pension fund liability) are 'free reserves' and total £2,716,284 at 31 March 2019 (2018: £3,214,392).

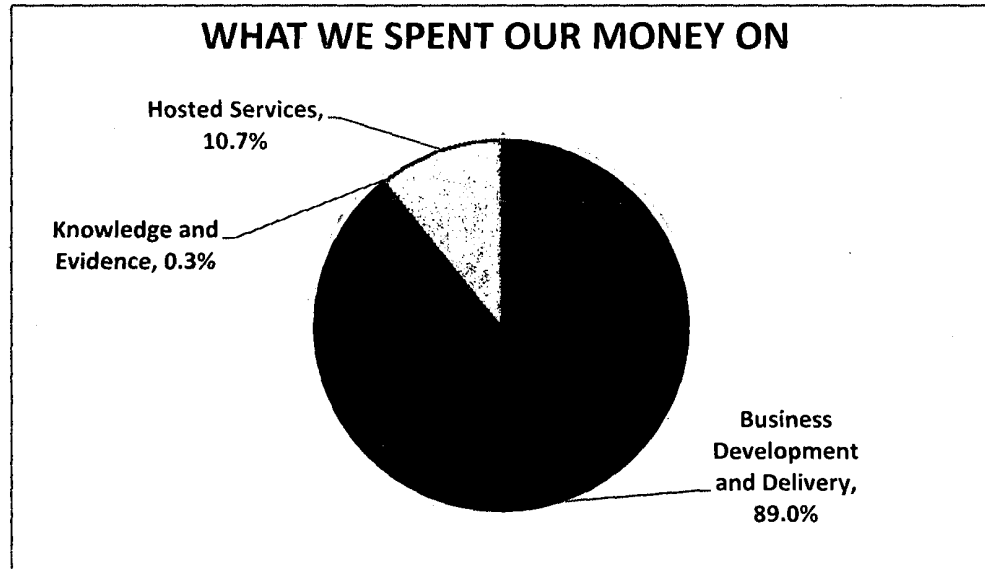
SCIE received its income from two principal sources - grants and fees and commissioning income. It spent its money on charitable activities delivering projects and meeting contracts and agreements.

**Figure 2: Income**



FINANCIAL REVIEW FOR 2018-19 (continued)

Figure 3: Expenditure



**FUTURE PLANS 2019-20**

SCIE's over-arching strategic plans are that SCIE should:

- ◆ Focus its organisational structure and strategy on accelerating income growth to achieve surpluses and hold sufficient reserves over the period to 2021.
- ◆ Ensure that SCIE has the organisation capability, capacity and culture required to deliver the board's strategic objectives.
- ◆ Engage all staff in developing and delivering SCIE's strategy.

**Delivery programmes**

- ◆ Deliver high value, high margin consultancy work through operational transformation.
- ◆ Achieve further growth in safeguarding based on our credibility and reach.
- ◆ Improve SCIE's reach and profile in the children's sector, building on our emerging strengths in this area.
- ◆ Scale and spread the improvement offer.

## FUTURE PLANS 2019-20 (continued)

### Supporting programmes

- ◆ Develop a clear organisational narrative within which everyone can see their role and which can define external communications with the sector.
- ◆ Ensure that the co-production voice informs, and is influential in all aspects of our work.
- ◆ Develop ourselves for better impact through using and improving our skills.
- ◆ Operate within the agreed income and expenditure budgets, seeking efficiencies and new sources of income that minimises SCIE's operational deficit at 31 March 2020 and ensures its sustainability.

Our priority offers include:

- ◆ **Integration:** National bodies - in particular DHSC, NHSE, NHS Leadership Academy and NHS Improvement (NHSI), have a growing knowledge of our capabilities to support national and local improvement work. This provides opportunities for us to support national programmes and research but with a strong local support component, including advising on co-production.
- ◆ **Safeguarding:** This area of our work is well regarded in the sector. We will continue to seek opportunities to expand safeguarding services to a wider range of sectors including charities, academy schools, and a wider range of faith groups. We will explore gaps in opportunities in the market for safeguarding children training and update safeguarding offers to cover new areas of risk, namely violence and contextual safeguarding. We will also develop a support offer for local child safeguarding practice reviews required under revised Working Together.
- ◆ **Children's services:** We continue to work towards improving our presence in the children's sector. We will codify and further refine a whole-systems improvement offer for local authorities so this can be marketed as a tailored offer. We will also host two policy round tables - in London and in the North of England - so that we can build our profile in the children's sector.

### KEY RISKS

Members of key management regularly review the strategic risk register and have identified key risks and their mitigation. These include:

#### 1. SCIE is not financially sustainable

**Mitigation** Our business plan for 2019-20 has been prepared on the basis of detailed discussions with DHSC, Social Care Wales (SCW), Department of Health Northern Ireland (DHNI), and an analysis of our current commercial sources of income. Further work will take place to develop our Children's and Improvement offers. The full plan was agreed by the board at its May meeting. Work continues to engage DHSC to begin discussion of procurement and grant funding of SCIE for the forthcoming years.

**KEY RISKS** (continued)

**2. Brexit reduces the range and financial value of contracts tendered by central and local government**

**Mitigation:** SCIE will maintain close relationships with its key funders and be prepared for potential delays to work tendered. Reserves can mitigate the impact in the short term. Close monitoring of the commercial pipeline and of the phasing of opportunities will take place.

**3. The income growth necessary to meet SCIE's target of achieving a 5% surplus by 2020-21 is not being met**

**Mitigation:** Programmes of work have been established to deliver our plans to increase income from our offers on Integration, Safeguarding, and Children's Services. Progress on these programmes of work is reviewed at the senior managers' meetings. Business planning targets for 2019-20 incorporate the assumptions of accelerating growth.

**POLICIES**

**Reserves policy**

SCIE carries out a diverse range of activities, some of which comprise short-term and externally funded projects, whilst others are long-term projects requiring significant ongoing financial commitment and investment.

The trustees have examined the requirement for free reserves, that is, those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. This has been undertaken by a regular consideration of pension liabilities both by the Audit Committee and the trustees, including the information from the triennial review and the FRS 102 valuation. The trustees have assessed the risks arising from a more uncertain future.

In the current climate, SCIE is determined to keep a level of reserves commensurate with balancing the need to release funds for new streams of income generation with the need to retain sufficient funds for liabilities that may arise in respect to the pension scheme and in relation to future accommodation needs; and, in addition, having funds to support three months of operating costs in the unlikely event of a closure. The trustees believe the minimum level of free reserves should be £2.5 million.

The level of free reserves was £2,716,284 at 31 March 2019. The trustees believe that this level of free reserves is adequate but not excessive and that it is consistent with the reserves policy above. The current free reserves provide a solid foundation to support SCIE's transformation by enabling investment in the development of its commercial offer, diversification of sources of income, and in meeting its future liabilities. The reserves policy will be kept under regular review.

**Investment policy**

SCIE does not have long-term investments. Funds that are surplus to requirements in the short term are kept on treasury deposit.

**Trustees' report (including the strategic report) 31 March 2019**

**POLICIES (continued)**

***The charity's assets***

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements (see note 9).

Trustees' report (including the strategic report) approved by the trustees and signed on their behalf by:



*Kate Brennan*  
Trustee

PAUL BURSTOW

Approved by the trustees on: 3 October 2019

**Independent auditor's report to the members of Social Care Institute for Excellence**

**Opinion**

We have audited the financial statements of Social Care Institute for Excellence (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

## **Independent auditor's report 31 March 2019**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law, including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, including the strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

## Independent auditor's report 31 March 2019

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the director of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bzzacott LLP

Amanda Francis (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

4 December 2019



## Statement of financial activities Year to 31 March 2019

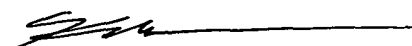
	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Income from:</b>							
Short term bank deposits							
Interest receivable		16,783	—	16,783	25,368	—	25,368
Charitable activities							
Contracts, grants, service level agreements and fees receivable	1	2,474,517	2,869,284	5,343,801	3,122,093	2,996,543	6,118,636
<b>Total income</b>		<b>2,491,300</b>	<b>2,869,284</b>	<b>5,360,584</b>	<b>3,147,461</b>	<b>2,996,543</b>	<b>6,144,004</b>
<b>Expenditure on:</b>							
Charitable activities							
Provision and dissemination of knowledge and good practice in social care	2	3,905,703	2,732,465	6,638,168	4,618,056	3,072,643	7,690,699
<b>Total expenditure</b>		<b>3,905,703</b>	<b>2,732,465</b>	<b>6,638,168</b>	<b>4,618,056</b>	<b>3,072,643</b>	<b>7,690,699</b>
<b>Net expenditure for the year</b>	5	<b>(1,414,403)</b>	<b>136,819</b>	<b>(1,277,584)</b>	<b>(1,470,595)</b>	<b>(76,100)</b>	<b>(1,546,695)</b>
<b>Other recognised gains and losses</b>							
Actuarial gains in respect to defined benefit pension scheme	16	898,000	—	898,000	1,892,000	—	1,892,000
<b>Net movement in funds</b>		<b>(516,403)</b>	<b>136,819</b>	<b>(379,584)</b>	<b>421,405</b>	<b>(76,100)</b>	<b>345,305</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April 2017		(842,214)	335,746	(506,468)	(1,263,619)	411,846	(851,773)
Fund balances carried forward at 31 March 2018		(1,358,617)	472,565	(886,052)	(842,214)	335,746	(506,468)

All of the charity's activities derived from continuing operations during the above two financial periods.

**Balance sheet 31 March 2019**

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	9		227,099		270,394
<b>Current assets</b>					
Debtors	10	1,952,852		1,521,735	
Short term deposits		1,000,000		3,000,000	
Cash at bank and in hand		1,178,987		370,030	
		<u>4,131,839</u>		<u>4,891,765</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(942,990)</u>		<u>(1,341,627)</u>	
<b>Net current assets</b>			<u>3,188,849</u>		<u>3,550,138</u>
<b>Total net assets excluding pension liability</b>			<u>3,415,948</u>		<u>3,820,532</u>
Pension liability	16		<u>(4,302,000)</u>		<u>(4,327,000)</u>
<b>Total net assets including pension liability</b>			<u>(886,052)</u>		<u>(506,468)</u>
<b>The funds of the charity</b>					
Restricted funds	13		472,565		335,746
Unrestricted funds					
. General fund					
.. Free reserves			2,716,284		3,214,392
.. Pension reserve	16		(4,302,000)		(4,327,000)
			(1,414,716)		(1,112,608)
. Tangible fixed assets fund			227,099		270,394
			<u>(886,052)</u>		<u>(506,468)</u>

Approved by the trustees and signed on their behalf by:



Katie Brennan  
Trustee



PAUL BURSTOW

Approved on: 3 October 2019

Company Registration No. 04289790 (England and Wales)

Charity Registration No. 1092778

## Statement of cash flows Year to 31 March 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(1,201,300)	(1,627,386)
<b>Cash flows from investing activities:</b>			
Interest received		16,783	25,368
Purchase of tangible fixed assets		(6,526)	(277,756)
<b>Net cash provided by investing activities</b>		<b>10,257</b>	<b>(252,388)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,191,043)</b>	<b>(1,879,774)</b>
Cash and cash equivalents at 1 April 2018	B	3,370,030	2,249,804
<b>Cash and cash equivalents at 31 March 2019</b>	<b>B</b>	<b>2,178,987</b>	<b>370,030</b>

### Notes to the statement of cash flows for the year to 31 March 2019

#### A Reconciliation of net expenditure for the year to net cash used in operating activities

	2019 £	2018 £
<b>Net expenditure for the year (as per the statement of financial activities)</b>	<b>(1,277,584)</b>	<b>(1,546,695)</b>
<b>Adjustments for:</b>		
Depreciation charge	49,821	96,659
FRS 102 pension charge	873,000	462,000
Interest receivable	(16,783)	(25,368)
Increase in debtors	(431,117)	(814,691)
(Decrease) increase in creditors	(398,637)	200,709
<b>Net cash used in operating activities</b>	<b>(1,201,300)</b>	<b>(1,627,386)</b>

#### B Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,178,987	370,030
Short term deposits	1,000,000	3,000,000
	<b>2,178,987</b>	<b>3,370,030</b>

## Principal accounting policies 31 March 2019

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 31 March 2019 with comparative information provided in respect to the year to 31 March 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- ◆ Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- ◆ Assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme; and
- ◆ Determining the basis for the allocation of support and governance costs across the charitable key areas of activity as shown in note 3.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

## Principal accounting policies 31 March 2019

### **Assessment of going concern** (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2020, the most significant issues that affect the carrying value of the assets held by the charitable company are the availability of grants and funding from government and other agencies and the impact of general economic conditions on the level of commercial sources of income.

### **Income recognition**

Income is recognised in the year in which the charity is entitled to receipt, it is probable the charity will receive the income and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises interest receivable on short term deposits with the charity's bankers, grants and funding from government and other agencies and income from commercial sources.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Grants and funding from government and other agencies have been included as income from charitable activities as these comprise either contracts for services or they relate to specific services.

Income of a contractual nature and income generated from commercial sources is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

### **Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to expenditure on charitable activities which is sub-divided into expenditure on Business, Development and Delivery, Knowledge and Evidence (including the NICE Collaborating Centre for Social Care), Hosted Services and other charitable activities.

## Principal accounting policies 31 March 2019

### **Expenditure recognition** (continued)

All expenditure is incurred on the charity's primary charitable purposes as described in the trustees' report. It includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

### **Allocation of support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are allocated as described in note 3 to these financial statements.

### **Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Computer and IT equipment                      33.3% per annum based on cost
- ◆ Office furniture and fittings                      25% to 33.3% per annum based on cost
- ◆ Leasehold improvements                      over the remaining period of the lease

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Fund structure**

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

The general fund represents those monies which are available for application towards achieving any charitable purpose that falls within the charity's objects. It is represented by free reserves and a pension reserve which represents the FRS 102 pension liability on the charity's defined benefit pension scheme as calculated by the scheme's actuary as at the balance sheet date.

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets held under unrestricted funds. This fund has been separated from other unrestricted funds in order to emphasise that the assets are of fundamental importance to the charity being able to achieve its charitable objectives and, as such, their value should not be regarded as realisable.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

**Pension costs**

The charity contributes to a defined benefits pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held and managed separately from those of the charity.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increases in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as part of other recognised gains and losses for the period.

Notes to the financial statements 31 March 2019

1. Contracts, grants, service level agreements and fees receivable

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Department of Health and Social Care						
Project grants	—	2,744,252	2,744,252	6,820	2,874,077	2,880,897
Social Care Wales	81,250	—	81,250	132,615	—	132,615
Department of Health, Northern Ireland	147,450	—	147,450	135,000	—	135,000
NICE Collaborating Centre for Social Care (NCCSC)	—	—	—	1,360,000	—	1,360,000
Fees and commissioning	2,180,088	—	2,180,088	1,415,172	—	1,415,172
Big Lottery	—	102,553	102,553	—	—	—
Other funders	82,512	22,479	104,991	72,486	122,466	194,952
	<b>2,491,300</b>	<b>2,869,284</b>	<b>5,360,584</b>	<b>3,122,093</b>	<b>2,996,543</b>	<b>6,118,636</b>

The above contracts, grants, service level agreements and fees receivable relate to the following charitable activities:

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Business, Development & Delivery (BDD)	2,415,227	2,108,553	4,523,780	1,692,185	2,308,614	4,000,799
Knowledge and Evidence (including NCCSC)	—	16,400	16,400	1,362,166	12,300	1,374,466
Hosted Services	—	738,252	738,252	—	673,259	673,259
Other activities	76,073	6,079	82,152	67,742	2,370	70,112
	<b>2,491,300</b>	<b>2,869,284</b>	<b>5,360,584</b>	<b>3,122,093</b>	<b>2,996,543</b>	<b>6,118,636</b>



Notes to the financial statements 31 March 2019

2. Provision and dissemination of knowledge and good practice in social care

	Unrestricted funds	Restricted funds	2019 Total funds	Unrestricted funds	Restricted funds	2018 Total funds
	£	£	£	£	£	£
<b>Business, Development &amp; Delivery (BDD)</b>						
Staff costs	1,617,274	1,232,788	2,850,062	805,082	1,753,659	2,558,741
Office costs	167,573	3,448	171,021	92,811	3,973	96,784
Premises costs	413,048	—	413,048	360,525	—	360,525
Commissioning costs	245,346	206,556	451,902	212,402	(102,112)	110,290
Electronic access and publication costs	8,528	14,675	23,203	2,322	2,506	4,828
Publicity and dissemination	9,392	2,040	11,432	5,629	2,070	7,699
Support costs (note 3)	1,443,520	546,480	1,990,000	804,930	371,376	1,176,306
	<b>3,904,681</b>	<b>2,005,987</b>	<b>5,910,668</b>	<b>2,283,701</b>	<b>2,031,472</b>	<b>4,315,173</b>
<b>Knowledge and Evidence (incl NCCSC)</b>						
Staff costs	—	16,400	16,400	926,465	12,300	938,765
Office costs	—	—	—	100,691	—	100,691
Premises costs	—	—	—	302,841	—	302,841
Commissioning costs	1,022	—	1,022	351,413	—	351,413
Electronic access and publication costs	—	—	—	347	—	347
Support costs (note 3)	—	—	—	652,598	305,839	958,437
	<b>1,022</b>	<b>16,400</b>	<b>17,422</b>	<b>2,334,355</b>	<b>318,139</b>	<b>2,652,494</b>
<b>Hosted Services</b>						
Staff costs	—	567,335	567,335	—	540,725	540,725
Office costs	—	3,968	3,968	—	441	441
Commissioning costs	—	6,737	6,737	—	15,918	15,918
Electronic access and publication costs	—	2,868	2,868	—	24,246	24,246
Publicity and dissemination	—	37,170	37,170	—	41,127	41,127
Support costs (note 3)	—	92,000	92,000	—	100,575	100,575
	<b>—</b>	<b>710,078</b>	<b>710,078</b>	<b>—</b>	<b>723,032</b>	<b>723,032</b>
	<b>3,905,703</b>	<b>2,732,465</b>	<b>6,638,168</b>	<b>4,618,056</b>	<b>3,072,653</b>	<b>7,690,699</b>

Notes to the financial statements 31 March 2019

3. Support costs

	Business, Development and Delivery (BDD) £	Knowledge services and Evidence (including NCCSC) £	Hosted Services £	2019 Total funds £
Staff costs	1,502,365	—	10,217	1,512,582
Premises costs	180,851	—	53,625	234,476
Office costs	89,477	—	2,195	91,672
Electronic access and publication costs	1,909	—	—	1,909
Publicity and dissemination costs	31,372	—	—	31,372
Governance costs (excluding staff costs) (note 4)	76,485	—	—	76,485
Other costs	107,541	—	25,963	133,504
	<b>1,990,000</b>	<b>—</b>	<b>92,000</b>	<b>2,082,000</b>

	Business, Development and Delivery (BDD) £	Knowledge services and Evidence (including NCCSC) £	Hosted Services £	2018 Total funds £
Staff costs	836,956	688,213	10,217	1,535,386
Premises costs	101,385	78,010	53,625	233,020
Office costs	29,951	24,441	2,195	56,587
Electronic access and publication costs	3,447	2,839	—	6,286
Publicity and dissemination costs	45,879	37,783	—	83,662
Governance costs (excluding staff costs) (note 4)	54,210	44,643	—	98,853
Other costs	104,478	82,508	34,538	221,524
	<b>1,176,306</b>	<b>958,437</b>	<b>100,575</b>	<b>2,235,318</b>

In relation to Hosted Services, support costs are allocated based on the terms of the appropriate written agreement with the Hosted Service. In relation to other charitable activities, support costs are allocated on the basis of the numbers of staff working in each area.

Other costs include the net interest charge on the charity's defined benefits pension scheme of £119,000 (2018 – £160,000) (see note 16).

## Notes to the financial statements 31 March 2019

### 4. Governance costs

The above governance costs include £48,475 in relation to staff costs (2018 - £38,522).

All governance costs relate to unrestricted funds in both 2018 and 2019.

### 5. Net expenditure for the year

This is stated after charging (crediting):

	2019 Total funds £	2018 Total funds £
Staff costs (note 6)	4,775,382	5,573,179
Auditor's remuneration		
· Statutory audit services		
.. Current year	20,000	22,800
.. Previous year	(2,541)	(3,051)
Other services: taxation services	—	1,348
Depreciation	49,821	96,659
Operating lease rentals	389,632	477,948

### 6. Employees and staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,341,427	3,144,799
Social security costs	255,223	325,663
Other pension costs	583,458	728,748
FRS 102 pension charge	754,000	302,000
	<b>3,934,108</b>	<b>4,501,210</b>
Payments to agency staff and consultants	628,924	604,548
Other staff related costs	248,718	237,485
Redundancy payments	134,632	229,936
	<b>4,946,382</b>	<b>5,573,179</b>

Included within wages and salaries are fees paid by SCIE to consultants who are treated as employees for tax purposes but are not SCIE employees as defined by employment law and thus are not included within the average number of employees in the table below.

**6. Employees and staff costs (continued)**

Payments to agency staff during the period reflect the need to have personnel in post in order to progress the work of SCIE. Other staff related costs include expenditure in respect to staff training and reimbursed out-of-pocket expenses.

The average number of employees during the period, analysed by function, was as follows:

	2019 No.	2018 No.
Charitable activities		
· Business, Development & Delivery (BDD)	40	34
· Knowledge and Evidence	—	28
· Hosted services	7	3
Governance	1	1
	48	66

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2019 No.	2018 No.
£60,001 - £70,000	6	5
£70,001 - £80,000	2	2
£90,001 - £100,000	2	2
£140,001 - £150,000	1	1

Contributions were made to a defined benefits pension scheme in respect to all the above employees.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprised the trustees, the Chief Executive and Evidence, the Director of Operations and the Director of Business Development and Delivery. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £430,749 (2018 - £435,654).

**7. Payments in relation to trustees**

In accordance with the charity's memorandum and articles of association, the Chair of the trustees was paid £27,287 (2018 - £26,776) during the year for services undertaken in the administration of the charity. Two other trustees were paid a total of £10,069 (2018 - two trustees were paid £12,000) on the same basis. The payment for such services has been authorised by the Charity Commission.

Out of pocket travelling and subsistence expenses totalling £6,410 (2018 - £4,302) were reimbursed to 6 (2018 - 8) trustees during the year.

## Notes to the financial statements 31 March 2019

### 7. Payments in relation to trustees (continued)

The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £6,079 (2018 - £6,903) and provides cover of up to a maximum of £2 million (2018 - £2 million).

The charity made payments of £15,000 (2018 - £nil) to Shared Lives plus during the year. These payments related to the provision of services at arm's length from which no trustee or senior executive benefited. To ensure full transparency, it is confirmed that Alex Fox is an employee of Shared Lives Plus.

SCIE hosts the central team for the Think Local Act Personal (TLAP) partnership and also provides back office services such as facilities, finance and HR support. The funds are provided for TLAP by DHSC and details of the funds movement is provided in note 13. Alex Fox is a board member of the TLAP partnership.

### 8. Taxation

SCIE is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

SCIE is registered for VAT but is partially exempt and so only able to recover a proportion of its input tax.

### 9. Tangible fixed assets

	Unrestricted funds			Restricted funds	Total £
	Computer and IT equipment £	Office furniture and fittings £	Leasehold improve - ments £	Computer and IT equipment £	
<b>Cost</b>					
At 1 April 2018	126,351	75,681	277,756	37,740	517,528
Additions	—	6,526	—	—	6,526
At 31 March 2019	126,351	82,207	277,756	37,740	524,054
<b>Depreciation</b>					
At 1 April 2018	119,824	75,681	13,889	37,740	247,134
Charge for year	6,527	1,631	41,663	—	49,821
At 31 March 2019	126,351	77,312	55,552	37,740	296,955
<b>Net book values</b>					
At 31 March 2019	—	4,895	222,204	—	227,099
At 31 March 2018	6,527	—	263,867	—	270,394

Notes to the financial statements 31 March 2019

**10. Debtors**

	2019 £	2018 £
Prepayments	206,992	218,932
Rent deposit	116,890	116,890
Fees and other income receivable	1,628,970	1,185,913
	<u>1,952,852</u>	<u>1,521,735</u>

**11. Creditors: amounts falling due within one year**

	2019 £	2018 £
Expense creditors	104,179	365,350
Taxation and social security	264,492	280,297
Redundancy costs	109,040	199,570
Accruals	423,529	349,107
Deferred income (note 12)	41,750	147,303
	<u>942,990</u>	<u>1,341,627</u>

**12. Deferred income**

	2019 £	2018 £
Balance at 1 April 2018	147,303	40,693
Income received in advance	41,750	147,303
Released to statement of financial activities	(147,303)	(40,693)
Balance at 31 March 2019 (note 11)	<u>41,750</u>	<u>147,303</u>

Deferred income comprises funding received in advance from government and other agencies.

Notes to the financial statements 31 March 2019

13. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of grants and funding held to be applied for specific purposes:

	At 1 April 2018 £	Income £	Expenditure		Transfers £	At 31 March 2019 £
			Direct costs £	Support costs £		
DHSC Commissions						
Digital learning	—	536,000	(416,000)	(120,000)	—	—
Ensuring Stability	—	510,000	(365,672)	(144,328)	—	—
Integration	—	483,000	(309,673)	(145,800)	—	27,527
Prevention	—	122,000	(89,172)	(32,828)	—	—
Best Practice for Workers	—	60,000	(41,465)	(18,535)	—	—
Brokerage	—	150,000	(76,535)	(73,465)	—	—
LRS programme	—	45,000	(35,487)	(9,513)	—	—
Innovation Network	—	100,000	(6,331)	—	—	93,669
PRU	—	16,400	(16,400)	—	—	—
Think Local Act Personal (TLAP)	279,303	744,331	(618,078)	(92,000)	—	313,556
Supporting Each Other Equals Power	56,443	102,553	(119,171)	(2,012)	—	37,813
	<b>335,746</b>	<b>2,869,284</b>	<b>(2,093,984)</b>	<b>(638,481)</b>	<b>—</b>	<b>472,565</b>

	At 1 April 2017 £	Income £	Expenditure		Transfers £	At 31 March 2018 £
			Direct costs £	Support costs £		
DHSC Commissions						
Digital learning	—	600,273	(437,231)	(163,042)	—	—
Ensuring Stability	—	568,000	(456,207)	(111,793)	—	—
Integration	—	540,000	(378,000)	(162,000)	—	—
Prevention	—	135,000	(96,204)	(38,796)	—	—
Brokerage	—	90,294	(143,694)	(61,600)	115,000	—
Better Care Fund	—	273,282	(202,163)	(71,119)	—	—
PRU	—	12,300	(12,300)	—	—	—
Direct Payments	47,768	—	(136,097)	(68,865)	(115,000)	—
Think Local Act Personal (TLAP)	326,978	675,357	(622,457)	(100,575)	—	279,303
Supporting Each Other Equals Power	—	80,515	(24,072)	—	—	56,443
Curate Arts Practice	—	21,522	(21,522)	—	—	—
Post Diagnosis Support Hub	37,100	—	(37,100)	—	—	—
	<b>411,846</b>	<b>2,996,543</b>	<b>(2,294,853)</b>	<b>(777,790)</b>	<b>—</b>	<b>335,746</b>

13. **Restricted funds** (continued)

The specific purposes for which the funds were to be used are as follows:

**DHSC Commissions**

The Department of Health and Social Care (DHSC) provided funds to enable SCIE to continue to support DHSC policy development and sector led improvement through the development of guidance, products and services that support safe, high quality services. The commission includes:

- ◆ **Digital learning.** The DHSC provided funds to maintain our existing work on topics and policy priorities such as leadership, older people, and carers and provide social care TV films, E-Learning and digital resources to support the dissemination and adoption of good practice.
- ◆ **Ensuring Stability.** The DHSC provided funds to maintain the provision of Social Care Online which is SCIE's most comprehensive searchable database of information and research on social care and social work. It also funded the development of digital tools and resources to support improvement.
- ◆ **Integration.** This project resulted in a report presenting the findings from a programme of scoping research and engagement to better understand what excellent integrated health and social care should look like in 2020; to test out the Integration Standard with national stakeholders and local areas; and to provide feedback and support for further development of the standard.
- ◆ **Prevention.** This fund has supported the development of a prevention library which is a single bank of evidence for preventive interventions in care and support to improve the way evidence is used and accessed. This resource was launched alongside other DHSC commissioned implementation support tools for the Care Act.
- ◆ **Best Practice for workers.** SCIE supported the development of integrated working through the dissemination of good practice through masterclasses, webinars, and the production of good practice.
- ◆ **Brokerage.** The project provided independent brokerage support to local health and care services in areas subject to Care Quality Commission (CQC) reviews. This enabled the summits to be well planned and attended at short notice and supported planning and facilitation to ensure that a consensus is built amongst systems' leaders on agreed actions

**LRS Programme.**

In 2018/19 SCIE continued its work commissioned by DHSC beginning in 2017/18 supporting a total of 23 local health and care systems take forward the findings and recommendations of Care Quality Commission reviews. This support involved helping system leaders prepare for summits to explore improvement opportunities, and then assist in the development of action plans designed to improve experiences for those using health and care services



**13. Restricted funds (continued)**

***Innovation Network***

The Department of Health and Social Care is funding SCIE, Think Local Act Personal (TLAP) and Shared Lives Plus to develop the Innovation Network to help local areas take innovative approaches to social care which work

***Better Care Fund***

SCIE supported the development of integrated working through the dissemination of good practice through masterclasses, webinars, and the production of good practice.

***PRU***

The aim of this project was to contribute to the creation of a policy and it now supports that function.

***Direct Payments***

This fund from the Department of Health and Social Care was to pilot the provision of direct payments to people in residential care.

***Think Local Act Personal (TLAP)***

The Think Local Act Personal partnership is comprised of over 30 national and umbrella organisations representing the broad interest in personalisation and community-based support. SCIE hosts the central team and also provides back office services such as facilities, finance and HR support. The funds are provided by DHSC.

***Supporting Each Other Equals Power***

Funds have been provided by the Big Lottery to look into issues of exclusion, loneliness and insufficient support for people with learning difficulties

***Curate Arts practice***

The Baring Foundation provided funds to curate examples of arts practice in social care throughout SCIE's resources

***Post Diagnosis Support Hub***

In the past few years, the emphasis on helping people with dementia has focused on early diagnosis. Evidence is now emerging that whilst diagnostic rates have improved, support and information on what to do afterwards has not. SCIE was funded by the Local Government and Care Partnerships to build a new central repository of information on best practise for health and social care commissioners to develop better local services.

**14. Analysis of net assets between funds**

	Restricted funds £	Unrestricted funds		Total 2019 £
		General fund £	Tangible fixed assets fund £	
<b>Fund balances at 31 March 2019</b>				
are represented by:				
Tangible fixed assets	—	—	227,099	227,099
Net current assets	472,565	2,716,284	—	3,188,849
Pension liability	—	(4,302,000)	—	(4,302,000)
<b>Total net assets</b>	<b>472,565</b>	<b>(1,585,716)</b>	<b>227,099</b>	<b>(886,052)</b>

	Restricted funds £	Unrestricted funds		Total 2018 £
		General fund £	Tangible fixed assets fund £	
<b>Fund balances at 31 March 2018</b>				
are represented by:				
Tangible fixed assets	—	—	270,394	270,394
Net current assets	335,746	3,214,392	—	3,550,138
Pension liability	—	(4,327,000)	—	(4,327,000)
<b>Total net assets</b>	<b>335,746</b>	<b>(1,112,608)</b>	<b>270,394</b>	<b>(506,468)</b>

**15. Leasing commitments**

**Operating leases**

At 31 March 2019, the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2019 £	2018 £
Operating lease payments which fall due:		
Within one year	389,632	389,632
Between two and five years	1,298,773	1,948,160
Over 5 years	—	129,877
	<b>1,688,405</b>	<b>2,467,669</b>

**16. Pension commitments**

The charity operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separate from those of the charity, being invested with the Essex County Council Pension Scheme. The contributions are determined on the basis of triennial valuations by a qualified actuary using the projected unit method.

**16. Pension commitments (continued)**

The most recent triennial valuation at 31 March 2016, showed that the market value of the scheme's assets were £4,993 million and that the actuarial value of those assets represented 89% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The principal assumptions made were that the investment returns would be 6.4% per annum, the discount rate would be 5.1% per annum and that salary increases would average 3.9% per annum after 31 March 2020. For the three years to 31 March 2020, the assumed salary increases would be in line with the Consumer Price Index assumption, currently 2.4% per annum. No allowance was made for possible discretionary increases in pensions beyond those prescribed in the scheme rules. The next formal valuation is at 31 March 2019.

Trustees receive regular reports on the pension scheme and monitor its performance. The board has agreed a policy of building a reserve to meet its potential future liabilities.

**FRS 102**

Financial Reporting Standard 102 (FRS 102) requires the surplus or deficit on the Scheme as at 31 March 2019, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary.

In order to assess the actuarial value of the charity's assets and liabilities as at 31 March 2019, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2018.

The major assumptions used by the actuary in preparing the FRS 102 figures were:

	2019 % per annum	2018 % per annum
Rate of increase in salaries	3.90	3.8
Rate of increase in pension payments	2.40	2.3
Discount rate	2.40	2.55
Rate of Inflation - CPI	2.40	2.3

The mortality assumptions used were as follows:

	2019 years	2018 years
Longevity at age 65 for current pensioners		
Men	21.3	22.2
Women	23.6	24.7
Longevity at age 65 for future pensioners		
Men	22.9	24.4
Women	25.4	27.0

## Notes to the financial statements 31 March 2019

### 16. Pension commitments (continued)

#### FRS 102 (continued)

The net movement in the FRS 102 liability during the year was:

	2019 £'000s	2018 £'000s
Net deficit in scheme at 1 April	(4,327)	(5,757)
Service cost	(1,417)	(829)
Net interest	(111)	(154)
Administration expenses	(8)	(6)
Employer contributions	663	527
Re-measurement of the defined liability	898	1,892
<b>Net deficit in scheme at 31 March</b>	<b>(4,302)</b>	<b>(4,327)</b>

Total expenditure recognised in the statement of financial activities (SOFA) was:

	2019 £000s	2018 £000s
Service cost	(1,417)	(829)
Net interest on the defined liability	(111)	(154)
Administration expenses	(8)	(6)
<b>Total expenditure recognised in SOFA</b>	<b>(1,536)</b>	<b>(989)</b>
Employer contributions	663	527
<b>FRS 102 charge</b>	<b>(873)</b>	<b>(462)</b>

The net gain recognised in the re-measurements in other recognised gains and losses was:

	2019 £000s	2018 £000s
Return of fund assets in excess of interest	694	1,167
Change in demographic assumptions	1,407	—
Changes in financial assumptions	(1,203)	725
<b>Remeasurement of the defined liability</b>	<b>898</b>	<b>1,892</b>

Asset and benefit obligation reconciliation for the year to 31 March 2019:

	2019 £000s	2018 £000s
Opening defined benefit obligation	23,997	23,563
Current service cost	669	798
Past service costs including curtailments	748	31
Interest cost	615	655
Contributions by scheme participants	154	171
Change in financial assumptions	1,203	(725)
Benefits paid	(618)	(496)
Change in demographic assumptions	(1,407)	—
<b>Closing defined benefit obligation</b>	<b>25,361</b>	<b>23,997</b>

The above reconciliation includes the following amounts arising from wholly unfunded liabilities.

Notes to the financial statements 31 March 2019

16. Pension commitments (continued)

*FRS 102 (continued)*

Unfunded benefit obligation reconciliation for the year to 31 March 2019:

	2019 £000s	2018 £000s
Opening defined benefit obligation	87	90
Interest cost	2	2
Change in demographic assumptions	(4)	—
Change in financial assumptions	2	(1)
Benefits paid	(4)	(4)
<b>Unfunded scheme liabilities at 31 March</b>	<b>83</b>	<b>87</b>

Reconciliation of opening and closing balances of the fair value of the charity's share of the scheme assets:

	2019 £000s	2018 £000s
Fair value of scheme assets at 1 April	19,670	17,806
Interest on assets	504	501
Return on assets less interest	694	1,167
Other actuarial losses	—	—
Contributions by employer	663	527
Contributions by fund participants	154	171
Administration expenses	(8)	(6)
Benefits paid	(618)	(496)
<b>Fair value of scheme assets at 31 March</b>	<b>21,059</b>	<b>19,670</b>

The charity's share of the assets in the scheme and the expected rates of return were:

	%	Value at 31 March 2019 £'000	%	Value at 31 March 2018 £'000
Equities	62%	13,111	66%	12,942
Government bonds	5%	1,118	7%	1,336
Other bonds	6%	1,231	4%	721
Property	9%	1,872	9%	1,819
Cash	3%	555	4%	720
Alternative assets	10%	2,053	7%	1,344
Other managed funds	5%	1,119	3%	788
<b>Total market value of assets</b>		<b>21,059</b>		<b>19,670</b>

Notes to the financial statements 31 March 2019

16. Pension commitments (continued)

*FRS 102 (continued)*

Amounts for the current and previous four periods are as follows:

	31 March 2019 £'000s	31 March 2018 £'000s	31 March 2017 £'000s	31 March 2016 £'000s	31 March 2015 £'000s	31 March 2014 £'000s
Fair value of assets	21,059	19,670	17,806	15,199	14,641	12,657
Present value of scheme liabilities	(25,361)	(23,997)	(23,563)	(19,172)	(19,303)	(16,024)
Deficit in scheme	(4,302)	(4,327)	(5,757)	(3,973)	(4,662)	(3,367)
Experience adjustment on scheme assets	—	1,167	2,431	146	991	523
Percentage of scheme assets	0.0%	5.9%	13.7%	1.0%	6.8%	4.1%
Experience adjustment on scheme liabilities	—	—	945	1	(2)	1,504
Percentage of scheme liabilities	0.0%	0.0%	4.0%	0.0%	(0.0%)	9.4%

**Contributions**

The total contributions payable by the employer in the year were £474,418 (2018 - £529,178). At 31 March 2019, there was £nil outstanding amount due (2018 - £nil).

The best estimate of contributions to be paid by the charity to the scheme for the year ending 31 March 2020 is £458,000.