

**Social
Care Institute
for
Excellence**

**Annual Report and Financial
Statements**

31 March 2018

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 2018

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 Lord Michael Bichard (until 27 July 2017)
Rt Hon Paul Burstow (from 27 July 2017)
David Archibald (until 30 November 2017)
Rachel Armitage (from 24 May 2018)
Katie Brennan (from 24 May 2018)
Tina Coldham (until 29 March 2018)
John Evans
Sue Gower (from 24 May 2018)
Alex Fox
Peter Hay
Sean Holland (from 29 March 2018)
Annie Hudson
Fionnuala McAndrew (until 29 March 2018)
Mary McKenna
Bev Searle
Ossie Stuart
Sally Warren

Company secretary Stephen Goulder

Chief executive Tony Hunter

Senior executives Stephen Goulder (Director of Operations)
Ewan King (Director of Business Development & Delivery)

Registered and principal office 3rd & 4th floors, Watson House
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E: info@scie.org.uk
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Reference and administrative information Year to 31 March 2018

Company registration number 04289790 (England and Wales)

Charity registration number 1092778

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Solicitor Anthony Collins Solicitors LLP
St Philip's Gate
5 Waterloo Street
Birmingham
B2 5PG

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

Trustees' report (including the strategic report) 31 March 2018

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 2018.

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 23 to 26 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 in 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 2018

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 2018

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 12 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:

Trustee	Appointed/resigned	Audit and Risk Committee
Lord Michael Bichard (Chair)	Appointed 2 April 2013 Resigned 27 July 2017	
Rt Hon Paul Burstow (Chair)	Appointed 27 July	
David Archibald	Appointed 16 November 2011 Resigned 30 November 2017	
Tina Coldham	Appointed 22 March 2012 Resigned 29 March 2018	
John Evans	Appointed 21 January 2016	
Alex Fox	Appointed 17 September 2013	
Peter Hay	Appointed 17 September 2013	
Annie Hudson	Appointed 21 January 2016	
Fionnuala McAndrew	Appointed 24 May 2014 Resigned 29 March 2018	
Mary McKenna	Appointed 17 September 2013	Member
Bev Searle	Appointed 17 September 2013	Chair
Dr Ossie Stuart	Appointed 21 January 2016	
Sally Warren	Appointed 17 September 2013	Member
Rachel Armitage	Appointed 24 May 2018	
Katie Brennan	Appointed 24 May 2018	Member
Sue Gower	Appointed 24 May 2018	Member
Sean Holland	Appointed 29 March 2018	

Trustees' report (including the strategic report) 31 March 2018

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 £26,776 (2017 - £30,300) during the year for services undertaken in the administration of the charity. Two other trustees were paid a total of £12,000 (2017 – one trustee was paid an aggregate of £8,400) on the same basis. The payment for such services has been authorised by the Charity Commission.

Out of pocket travelling and subsistence expenses totalling £4,302 (2017 - £5,601) were reimbursed to 8 (2017 – 10) 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 £6,903 (2017 - £6,757) and provides cover of up to a maximum of £2 million (2017 - £2 million).

The charity made payments of £nil (2017 - £4,113) to the Association of Directors of Adult Social Services (ADASS) 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 no members of the board of trustees, the chief executive or senior staff are members of ADASS.

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 business with assistance from the executive directors.

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

The key management personnel of the charity comprise the trustees together with the Chief Executive, Director of Operations and the Director of Business Development and Delivery. 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 absencing 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

Business plan and objectives for 2017-18

Vision and values

We believe that our vision and values are entirely consistent with our aim to be a Small and Medium-sized Enterprise (SME), improving the lives of those who need care and support.

Vision

We improve the quality of care and support services for adults and children by:

- ◆ *Identifying and sharing knowledge about what works and what's new.*
- ◆ *Supporting people who plan, commission, deliver and use services to put that knowledge into practice.*
- ◆ *Informing, influencing and inspiring the direction of future practice and policy.*

Values

This vision 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.*

STRATEGIC REPORT (continued)

Business plan and objectives for 2017-18 (continued)

Vision and values (continued)

Values (continued)

- ◆ ***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 2017-18 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.
- ◆ Develop and deliver a training, consultancy, research, and evaluation offer to support the improvement of children's social care.
- ◆ Develop and deliver a training, consultancy, and research offer to support the delivery of safe services for adults.
- ◆ Develop and deliver a training, consultancy, research, and evaluation offer to support better ageing.

Supporting programmes

- ◆ Develop and deliver a communications and marketing strategy that positions SCIE as a leading improvement agency. Support each delivery programme with a marketing campaign.
- ◆ 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 2018 and ensures its sustainability.

In the year to the 31 March 2018, our key achievements were:

STRATEGIC REPORT (continued)

Business plan and objectives for 2017-18 (continued)

Supporting programmes (continued)

- ◆ **Department of Health and Social Care (DHSC).** SCIE supported the development of policy on Innovation and Asset Based Care. This included a workshop on Innovation together with NESTA and Shared Lives attended by a range of stakeholders, and the publication of a report in early December 2017.
- ◆ **Safeguarding:** The extension of our work auditing the Church of England's safeguarding policies and practices to the Catholic Church and the Jewish Faith Community.
- ◆ **Integration:** SCIE published research alongside the 2017-2019 Integration and Better Care Fund Policy Framework. SCIE's full report is available at www.scie.org.uk/integrated-health-social-care/integration-2020/research The DHSC commissioned SCIE to help develop metrics- bringing elements of the integration standard into a wider balanced scorecard using both qualitative and quantitative data, comprising a mix of indicators that captured both service user and system-wide impacts.
- ◆ **What Works Centre for Children's Social Care.** SCIE was part of the successful consortium, contracted by the Department for Education (DfE) to establish the What Works Centre for Children's Social Care.
- ◆ **National Institute for Clinical Excellence (NICE) Collaborating Centre for Social Care.** SCIE delivered the remaining requirements of its contract with NICE which ended on 31 March 2018. This included delivering the following guidelines:
 - People's experience in adult social care services: improving the experience of care for people using adult social care services. Published on the 7 February.
 - Care and support of older people with learning disabilities, to be published by NICE on 11 April.
 - Learning disabilities and behaviour that challenges, to be published by NICE on 23 April.
 - Decision making and mental capacity, to be published on 16 May.
- ◆ **Northern Ireland.** SCIE supported work to implement the Social Work Strategy, including the facilitation of a national event in Northern Ireland on the 20 June 2017. SCIE also supported the evaluation of the impact of changes in the requirements for registration of the social care workforce, and developed an Improvement digital 'workbook'.

STRATEGIC REPORT (continued)

Business plan and objectives for 2017-18 (continued)

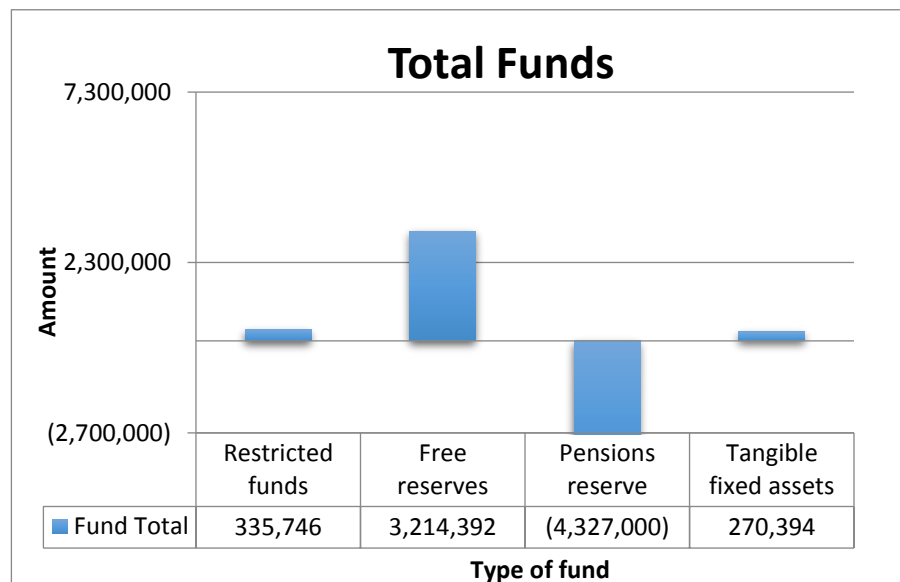
Supporting Programmes (continued)

- ◆ **Wales.** In Wales, SCIE provided information from Social Care Online and our Prevention resource accessible from the Social Care Wales website with content tailored to a Welsh audience. We developed guidance on improving the mental health and emotional needs of children and undertook a research synthesis on good practice in carers support.
- ◆ Supported an **Expert Working Group** to complete a report to DHSC, DfE, and NHSE that made recommendations that would improve the mental health and Wellbeing of Looked After Children
- ◆ **Independent support for local health and care systems.** SCIE provided independent support for the localities following the Care Quality Commission (CQC) local area reviews, helping prepare for summits and develop subsequent action plans.
- ◆ **Accommodation.** Following the end of SCIE's lease at Kinnaird House, new office accommodation was secured at Watson House, Baker Street, London to which SCIE moved in March 2018.

FINANCIAL REVIEW FOR 2017-18 (continued)

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

Figure 1: Total funds:



Trustees' report (including the strategic report) 31 March 2018

FINANCIAL REVIEW FOR 2017-18 (continued)

The balance sheet shows total funds to be in deficit by £506,468 at 31 March 2018. At this date, restricted funds amounted to £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.

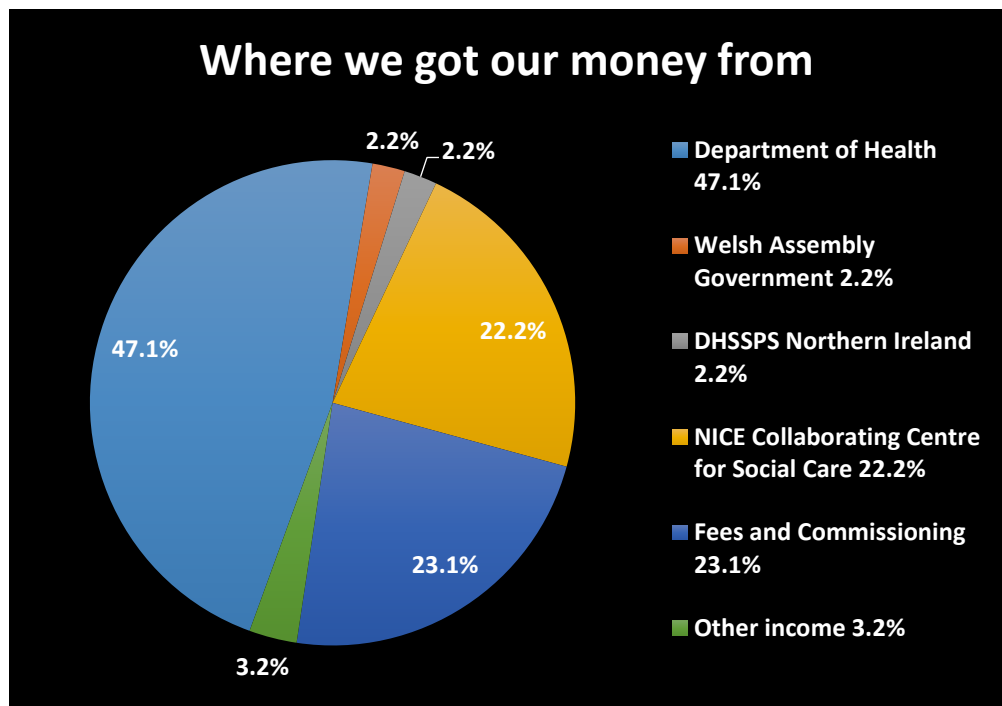
£270,394 of the total funds is represented by tangible fixed assets held in unrestricted funds.

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

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 £3,214,392 at 31 March 2018.

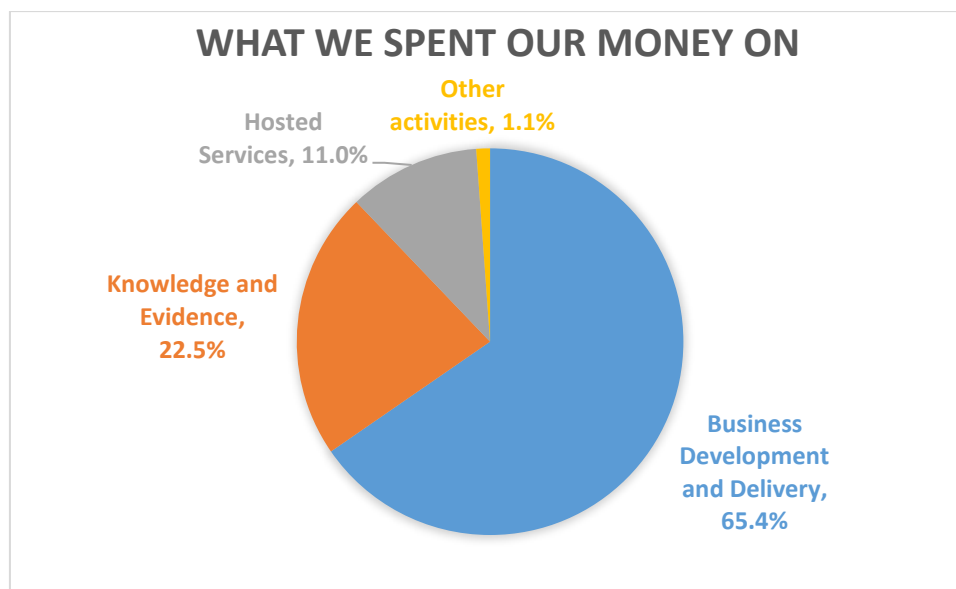
SCIE received its income mainly in the form of grants and spent its money on charitable activities set out in contracts and agreements.

Figure 2: Income



FINANCIAL REVIEW FOR 2017-18 (continued)

Figure 3: Expenditure



FUTURE PLANS 2018-19

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

- ◆ Redefine its purpose – who are we and what are we seeking to achieve.
- ◆ Focus its strategy on accelerating income growth to achieve a 5% surplus over the period to 2021.
- ◆ Ensure that SCIE has the organisation capability, capacity and culture required to deliver the boards strategic objectives.
- ◆ Engage all staff in developing and delivering SCIE's strategy.

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.
- ◆ Build SCIE's safeguarding offer and promote to potential customers.
- ◆ Grow SCIE's offer to the children's sector from our work for the WWC for children's social care.
- ◆ Position SCIE to be a key contributor to the development of the DH Green Paper on care and support for older people.

FUTURE PLANS 2018-19 (continued)

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 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, research but with a strong local support component, including advising on co-production.
- ◆ **Safeguarding.** Learning Together (LT) continues to be a successful model which we utilise for serious case reviews and audits in both children's and adult's services for a wide range of organisations, including local authorities, national charities, Ofsted, and the Church of England. This year we will build on this by exploring the development of a wider improvement offer using the LT methodology, including using it to provide post inspection support to local authorities.
- ◆ **Children's services.** The Children and Social Work Act, will enable us to identify training, consultancy or other commercial products and services which the sector requires.

Key risks

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

1. SCIE is not financially sustainable at 31 March 2019.

Mitigation. Our business plan for 2018-19 is based on agreements with Department of Health and Social Care, the Social Care Wales, Department of Health Northern Ireland and an analysis of our commercial sources of income. This is incorporated into an income and expenditure model from which income and expenditure targets are agreed. Income and expenditure is reported monthly. The pipeline is updated on won/highly likely/likely work monthly. Horizon-scanning identifies new and developing commercial opportunities and risks. A reserves policy has been agreed and supports the operation of SCIE and the investment in future products and services.

FUTURE PLANS 2018-19 (continued)

Key risks (continued)

2. Our commercial offers are not seen to support quality improvement and our customers do not purchase our products and services.

Mitigation. We base our products and services on the experience we have gained in 2017-18 and market intelligence, including horizon scanning. We seek feedback on what we do through evaluation, surveys and measurement of repeat business. Client feedback and our impact is shared through case studies, articles, and summary impact reports via website and other channels. Our work is knowledge and evidence based, and developed with those who use services and their carers. Our improvement offers are based on the needs of our customers' stakeholders and partners and successfully marketed via digital channels, and stakeholder relationships.

3. SCIE does not have sufficient staff capacity with the skills and experience to deliver its commercial work and commissioned work, particularly in relation to integrated care and children's services.

Mitigation. SCIE will review its organisation to ensure that it is positioned to become a more commercially successful organisation.

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 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 £3 million.

Trustees' report (including the strategic report) 31 March 2018

FUTURE PLANS 2018-19 (continued)

Policies (continued)

The level of free reserves was £3,214,392 at 31 March 2018. 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.

The DHSC has confirmed that it will make a grant of up to £1,861,000 available to SCIE for 2018-19 which is in accordance with expectations and a grant of up to £698,250 for Think Local Act Personal (TLAP).

Funding from Northern Ireland and Wales was agreed after negotiations.

Investment policy

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

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:

Trustee

Approved by the trustees on:

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 2018 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 2018 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.

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 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 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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. 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.

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

Statement of financial activities Year to 31 March 2018

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Income from:				
Short term bank deposits				
. Interest receivable	25,368	—	25,368	21,027
Charitable activities				
. Contracts, grants, service level agreements and fees receivable	1 3,122,093	2,996,543	6,118,636	6,471,438
Total income	<u>3,147,461</u>	<u>2,996,543</u>	<u>6,144,004</u>	<u>6,492,465</u>
Expenditure on:				
Charitable activities				
. Provision and dissemination of knowledge and good practice in social care	2 4,618,056	3,072,643	7,690,699	7,522,045
Total expenditure	<u>4,618,056</u>	<u>3,072,643</u>	<u>7,690,699</u>	<u>7,522,045</u>
Net expenditure for the year	5 (1,470,595)	(76,100)	(1,546,695)	(1,029,580)
Other recognised gains and losses				
Actuarial gains (losses) in respect to defined benefit pension scheme	16 1,892,000	—	1,892,000	(1,561,000)
Net movement in funds	421,405	(76,100)	345,305	(2,590,580)
Reconciliation of funds:				
Fund balances brought forward at 1 April 2017	(1,263,619)	411,846	(851,773)	1,738,807
Fund balances carried forward at 31 March 2018	<u>(842,214)</u>	<u>335,746</u>	<u>(506,468)</u>	<u>(851,773)</u>

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

Balance sheet 31 March 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		270,394		89,297
Current assets					
Debtors	10	1,521,735		707,044	
Short term deposits		3,000,000		3,000,000	
Cash at bank and in hand		370,030		2,249,804	
		4,891,765		5,956,848	
Creditors: amounts falling due within one year	11	(1,341,627)		(1,140,918)	
Net current assets			3,550,138		4,815,930
Total net assets excluding pension liability			3,820,532		4,905,227
Pension liability	16		(4,327,000)		(5,757,000)
Total net assets including pension liability			(506,468)		(851,773)
The funds of the charity					
Restricted funds	13		335,746		411,846
Unrestricted funds					
. General fund					
.. Free reserves			3,214,392		4,404,084
.. Pension reserve	16		(4,327,000)		(5,757,000)
			(1,112,608)		(1,352,916)
. Tangible fixed assets fund			270,394		89,297
			(506,468)		(851,773)

Approved by the trustees and signed on their behalf by:

Trustee

Approved on:

Company Registration No. 04289790 (England and Wales)

Charity Registration No.1092778

Statement of cash flows Year to 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,627,386)	(548,294)
Cash flows from investing activities:			
Interest received		25,368	21,027
Proceeds from short term deposits		—	1,000,000
Purchase of tangible fixed assets		(277,756)	(19,580)
Net cash provided by investing activities		(252,388)	1,001,447
Change in cash and cash equivalents in the year		(1,879,774)	453,153
Cash and cash equivalents at 1 April 2017	B	2,249,804	1,796,651
Cash and cash equivalents at 31 March 2018	B	370,030	2,249,804

Notes to the statement of cash flows for the year to 31 March 2018

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

	2018 £	2017 £
Net expenditure for the year (as per the statement of financial activities)	(1,546,695)	(1,029,580)
Adjustments for:		
Depreciation charge	96,659	82,770
FRS 102 pension charge	462,000	223,000
Interest receivable	(25,368)	(21,027)
(Increase) decrease in debtors	(814,691)	220,344
Increase (decrease) in creditors	200,709	(23,801)
Net cash used in operating activities	(1,627,386)	(548,294)

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	370,030	2,249,804
Short term deposits	3,000,000	3,000,000
	3,370,030	5,249,804

Principal accounting policies 31 March 2018

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 2018 with comparative information provided in respect to the year to 31 March 2017.

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 2.

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.

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 2019, 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.

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.

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

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Department of Health and Social Care				
. Project grants	6,820	2,874,077	2,880,897	2,955,361
Social Care Wales	132,615		132,615	123,500
Department of Health, Northern Ireland	135,000	—	135,000	135,000
NICE Collaborating Centre for Social Care (NCCSC)	1,360,000	—	1,360,000	1,646,059
Fees and commissioning	1,415,172	—	1,415,172	1,491,704
Other funders	72,486	100,944	173,430	119,814
2018 Total funds	3,122,093	2,996,543	6,118,636	6,471,438
2017 Total funds	3,477,737	2,993,701	6,471,438	

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

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Business, Development & Delivery (BDD)	1,692,185	2,308,614	4,000,799	3,898,243
Knowledge and Evidence (including NCCSC)	1,362,166	12,300	1,374,466	1,670,166
Hosted Services	—	673,259	673,259	810,785
Other activities	67,742	2,370	70,112	92,244
2018 Total funds	3,122,093	2,996,543	6,118,636	6,471,438
2017 Total funds	3,477,737	2,993,701	6,471,438	

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

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Business, Development & Delivery (BDD)				
Staff costs	805,082	1,753,659	2,558,741	2,635,522
Office costs	92,811	3,973	96,784	85,026
Premises costs	360,525	—	360,525	241,526
Commissioning costs (see below)	212,402	(102,112)	110,290	448,689
Electronic access and publication costs	2,322	2,506	4,828	1,854
Publicity and dissemination	5,629	2,070	7,699	13,389
Support costs (note 3)	804,930	371,376	1,176,306	715,203
	<u>2,283,701</u>	<u>2,031,472</u>	<u>4,315,173</u>	<u>4,141,209</u>
Knowledge and Evidence (incl NCCSC)				
Staff costs	926,465	12,300	938,765	856,221
Office costs	100,691	—	100,691	112,132
Premises costs	302,841	—	302,841	246,809
Commissioning costs	351,413	—	351,413	530,107
Electronic access and publication costs	347	—	347	141
Publicity and dissemination	—	—	—	473
Support costs (note 3)	652,598	305,839	958,437	737,554
	<u>2,334,355</u>	<u>318,139</u>	<u>2,652,494</u>	<u>2,483,437</u>
Hosted Services				
Staff costs	—	540,725	540,725	670,443
Office costs	—	441	441	3,540
Commissioning costs	—	15,918	15,918	5,414
Electronic access and publication costs	—	24,246	24,246	39,531
Publicity and dissemination	—	41,127	41,127	72,515
Other costs	—	—	—	276
Support costs (note 3)	—	100,575	100,575	105,680
	<u>—</u>	<u>723,032</u>	<u>723,032</u>	<u>897,399</u>
2018 Total funds	<u>4,618,056</u>	<u>3,072,653</u>	<u>7,690,699</u>	<u>7,522,045</u>
2017 Total funds	<u>4,308,345</u>	<u>3,213,700</u>	<u>7,522,045</u>	

During 2015/16 the charity received funding from the then Department of Health for the commissioning of local authorities to carry out pilot studies in respect to Direct Payments to people in residential care. The cost of commissioning these pilot studies was charged against commissioning costs in the accounts for the year to 31 March 2016. In the event, certain of these studies did not take place as planned. As a consequence, and following discussions with the now Department of Health and Social Care (DHSC), the costs have been credited back in the current year as shown above. Following agreement with the DHSC, the funding received by the charity has been redirected towards a project that provided direct brokerage support to local health and care services in areas subject to CQC reviews. This has been reflected as a transfer between the relevant restricted funds as shown in note 13 to these financial statements.

Notes to the financial statements 31 March 2018

3. Support costs

	Business, Development and Delivery (BDD) £	Knowledge services and Evidence (including NCCSC) £	Hosted Services £	2018 Total funds £	2017 Total funds £
Staff costs	836,956	688,213	10,217	1,535,386	1,020,355
Premises costs	101,385	78,010	53,625	233,020	162,611
Office costs	29,951	24,441	2,195	56,587	47,731
Electronic access and publication costs	3,447	2,839	—	6,286	12,684
Publicity and dissemination costs	45,879	37,783	—	83,662	76,584
Governance costs (excluding staff costs) (note 4)	54,210	44,643	—	98,853	103,082
Other costs	104,478	82,508	34,538	221,524	135,390
	1,176,306	958,437	100,575	2,235,318	1,558,437

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 £160,000 (2017 – £144,000) (see note 16).

4. Governance costs

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Legal and professional fees	19,749	—	19,749	19,907
Trustees' expenses, payments to trustees and other governance and organisational related costs, including staff costs	84,754	—	84,754	95,060
Co-production Network costs	32,872	—	32,872	24,893
2018 Total funds	137,375	—	137,375	139,860
2017 Total funds	139,860	—	139,860	

The above governance costs include £38,522 in relation to staff costs (2017 - £36,778).

Notes to the financial statements 31 March 2018

5. Net expenditure for the year

This is stated after charging (crediting):

	2018 Total funds £	2017 Total funds £
Staff costs (note 6)	5,573,179	5,181,023
Auditor's remuneration		
. Statutory audit services		
.. Current year	22,800	22,800
.. Previous year	(3,051)	(3,193)
Other services:	1,348	—
Depreciation	96,659	82,770
Operating lease rentals	477,948	365,767

6. Employees and staff costs

Staff costs during the year were as follows:

	2018 £	2017 £
Wages and salaries	3,144,799	3,210,347
Social security costs	325,663	348,935
Other pension costs	728,748	492,657
FRS 102 pension charge (note 16)	302,000	79,000
	4,501,210	4,130,939
Payments to agency staff and consultants	604,548	774,719
Other staff related costs	237,485	275,365
Redundancy payments	229,936	—
	5,573,179	5,181,023

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.

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:

	2018 No.	2017 No.
Charitable activities		
. Business, Development & Delivery (BDD)	34	32
. Knowledge and Evidence	28	33
. Hosted services	3	6
Governance	1	1
	66	72

6. Employees and staff costs (continued)

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:

	2018 No.	2017 No.
£60,001 - £70,000	5	4
£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 comprise 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 £435,654 (2017 - £429,804).

7. Payments in relation to trustees

In accordance with the charity's memorandum and articles of association, the Chair of the trustees was paid £26,776 (2017 - £30,300) during the year for services undertaken in the administration of the charity. Two other trustees were paid a total of £12,000 (2017 - one trustee was paid £8,400) on the same basis. The payment for such services has been authorised by the Charity Commission.

Out of pocket travelling and subsistence expenses totalling £4,302 (2017 - £5,601) were reimbursed to 8 (2017 - 10) 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 £6,903 (2017 - £6,757) and provides cover of up to a maximum of £2 million (2017 - £2 million).

The charity made payments of £nil (2017 - £4,113) to the Association of Directors of Adult Social Services (ADASS) 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 Peter Hay, Tony Hunter, David Archibald and Annie Hudson are members of ADASS.

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.

Notes to the financial statements 31 March 2018

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 £	
Cost					
At 1 April 2017	126,351	75,681	213,701	37,740	453,473
Additions	—	—	277,756	—	277,756
Disposals	—	—	(213,701)	—	(213,701)
At 31 March 2018	<u>126,351</u>	<u>75,681</u>	<u>277,756</u>	<u>37,740</u>	517,528
Depreciation					
At 1 April 2017	108,287	75,681	142,468	37,740	364,176
Charge for year	11,537	—	85,122	—	96,659
On disposals	—	—	(213,701)	—	(213,701)
At 31 March 2018	<u>119,824</u>	<u>75,681</u>	<u>13,889</u>	<u>37,740</u>	247,134
Net book values					
At 31 March 2018	<u>6,527</u>	<u>—</u>	<u>263,867</u>	<u>—</u>	270,394
At 31 March 2017	<u>18,064</u>	<u>—</u>	<u>71,233</u>	<u>—</u>	89,297

10. Debtors

	2018 £	2017 £
Prepayments	218,932	155,822
Rent deposit	116,890	45,721
Fees and other income receivable	1,185,913	505,501
	<u>1,521,735</u>	<u>707,044</u>

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Expense creditors	365,350	212,103
Taxation and social security	280,297	241,247
Redundancy costs	199,570	—
Accruals	349,107	646,875
Deferred income (note 12)	147,303	40,693
	<u>1,341,627</u>	<u>1,140,918</u>

12. Deferred income

	2018 £	2017 £
Balance at 1 April 2017	40,693	173,222
Income received in advance	147,303	40,693
Released to statement of financial activities	(40,693)	(173,222)
Balance at 31 March 2018 (note 11)	147,303	40,693

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

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 2017 £	Income £	Expenditure		Transfers £	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)	—	—	—
	411,846	2,996,543	(2,294,853)	(777,790)	—	335,746

See note 2 to these financial statements for an explanation of the transfers shown above.

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:

13. Restricted funds (continued)

- ◆ **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.

Brokerage

The project provided independent brokerage support to local health and care services in areas subject to 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.

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 is 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.

13. Restricted funds (continued)

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 has been 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 2018 £
		General fund £	Tangible fixed assets fund £	
Fund balances at 31 March 2018 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)
Total net assets	335,746	(1,112,608)	270,394	(506,468)

15. Leasing commitments

Operating leases

At 31 March 2018, the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2018 £	2017 £
Operating lease payments which fall due:		
Within one year	389,632	354,494
Between two and five years	1,948,160	—
Over 5 years	129,877	—
	2,467,669	354,494

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 2018, 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 2018, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2017.

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

	2018 % per annum	2017 % per annum
Rate of increase in salaries	3.8	4.2
Rate of increase in pension payments	2.3	2.7
Discount rate	2.55	2.8
Rate of Inflation - CPI	2.3	2.7

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 for current pensioners		
. Men	22.2	22.1
. Women	24.7	24.6
Longevity at age 65 for future pensioners		
. Men	24.4	24.3
. Women	27.0	26.9

16. Pension commitments (continued)

FRS 102 (continued)

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

	2018 £'000s	2017 £'000s
Net deficit in scheme at 1 April	(5,757)	(3,973)
Service cost	(829)	(561)
Net interest	(154)	(138)
Administration expenses	(6)	(6)
Employer contributions	527	482
Re-measurement of the defined liability	1,892	(1,561)
Net deficit in scheme at 31 March	(4,327)	(5,757)

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

	2018 £000s	2017 £000s
Service cost	(829)	(561)
Net interest on the defined liability	(154)	(138)
Administration expenses	(6)	(6)
Total expenditure recognised in SOFA	(989)	(705)
Employer contributions	527	482
FRS 102 charge	(462)	(223)

The net gain (loss) recognised in the re-measurements in other comprehensive income was:

	2018 £000s	2017 £000s
Return of fund assets in excess of interest	1,167	2,431
Experience gains on the defined benefit obligation	—	945
Other actuarial gains (losses)	—	(683)
Change in demographic assumptions	—	279
Changes in financial assumptions	725	(4,533)
Remeasurement of the defined liability	1,892	(1561)

Asset and benefit obligation reconciliation for the year to 31 March 2018:

	2018 £000s	2017 £000s
Opening defined benefit obligation	23,563	19,172
Current service cost	798	561
Past Service costs incl curtailments	31	
Interest cost	655	706
Contributions by scheme participants	171	181
Change in financial assumptions	(725)	4,533
Experience loss on defined benefit obligation	—	(945)
Benefits paid	(496)	(366)
Change in demographic assumptions	—	(279)
Closing defined benefit obligation	23,997	23,563

16. Pension commitments (continued)

FRS 102 (continued)

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

Unfunded benefit obligation reconciliation for the year to 31 March 2018:

	2018 £000s	2017 £000s
Opening defined benefit obligation	90	85
Interest cost	2	3
Change in demographic assumptions	—	(4)
Change in financial assumptions	(1)	12
Experience gain on defined benefit obligation	—	(2)
Benefits paid	(4)	(4)
Unfunded scheme liabilities at 31 March	87	90

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

	2018 £000s	2017 £000s
Fair value of scheme assets at 1 April	17,806	15,199
Interest on assets	501	568
Return on assets less interest	1,167	2,431
Other actuarial losses	—	(683)
Contributions by employer	527	482
Contributions by fund participants	171	181
Administration expenses	(6)	(6)
Benefits paid	(496)	(366)
Fair value of scheme assets at 31 March	19,670	17,806

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

	%	Value at 31 March 2018 £'000	%	Value at 31 March 2017 £'000
Equities	66%	12,942	68%	12,161
Government bonds	7%	1,336	4%	674
Other bonds	4%	721	4%	724
Property	9%	1,819	10%	1,732
Cash	4%	720	3%	536
Alternative assets	7%	1,344	7%	1,188
Other managed Funds	4%	788	4%	791
Total market value of assets		19,670		17,806

16. Pension commitments (continued)

FRS 102 (continued)

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

	31 March 2018 £'000s	31 March 2017 £'000s	31 March 2016 £'000s	31 March 2015 £'000s	31 March 2014 £'000s
Fair value of assets	19,670	17,806	15,199	14,641	12,657
Present value of scheme liabilities	(23,997)	(23,563)	(19,172)	(19,303)	(16,024)
Deficit in scheme	(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	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%	4.0%	0.0%	(0.0%)	9.4%

Contributions

The total contributions payable by the employer in the year, were £529,178 (2017 - £492,657). At 31 March 2018, there was £nil outstanding amount due (2017 - £nil).

The best estimate of contributions to be paid by the charity to the scheme for the year ending 31 March 2019 is £494,000