

**Social  
Care Institute  
for  
Excellence**

**Annual Report and Financial  
Statements**

31 March 2016

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

Charity Registration Number  
1092778

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## Reference and administrative information

Status	<p>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.</p> <p>In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.</p>
Governing document	<p>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.</p>
Trustees	<p>Lord Michael Bichard David Archibald Tina Coldham John Evans Alex Fox Peter Hay Annie Hudson Mario Kreft Fionnuala McAndrew Mary McKenna Terry Moran Bev Searle Ossie Stuart Sally Warren</p>
Company secretary	<p>Stephen Goulder</p>
Chief executive	<p>Tony Hunter</p>
Senior executives	<p>Amanda Edwards (Director of Knowledge and Evidence) Stephen Goulder (Director of Operations) Ewan King (Director of Business Development and Delivery)</p>
Registered and principal office	<p>First floor, Kinnaird House 1 Pall Mall East London SW1Y 5BP T: +44 (0)20 7766 7400 E: <a href="mailto:info@scie.org.uk">info@scie.org.uk</a> W: <a href="http://www.scie.org.uk">www.scie.org.uk</a></p>
Company registration number	<p>04289790 (England and Wales)</p>

## Reference and administrative information

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) Year to 31 March 2016**

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 2016.

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 24 to 28 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), effective from accounting periods commencing 1 January 2015 or later.

### **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:

- creating a knowledge base about what works in social care;
- translating the findings into good practice guidance to improve practice and service delivery; and
- disseminating this guidance 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 incoming resources and application of resources, including 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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

## Trustees' report (including the strategic report) Year to 31 March 2016

### 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 Financial Reporting standard applicable in 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) Year to 31 March 2016

### 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 13 members, including its chair.

New trustees are elected by existing trustees (the Secretary of State for Health being entitled to nominate three trustees, the Welsh Government one trustee and the Department of Health, Social Services and Public Safety (DHSSPS) in Northern Ireland one trustee) 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>
Lord Michael Bichard (Chair)	Appointed 2 April 2013	
David Archibald	Appointed 16 November 2011	
Tina Coldham	Appointed 22 March 2012	
John Evans	Appointed 21 January 2016	
Alex Fox	Appointed 17 September 2013	
Peter Hay	Appointed 17 September 2013	
Annie Hudson	Appointed 21 January 2016	
Sukhvinder Kaur-Stubbs	Resigned 27 November 2015	
Mario Kreft	Appointed 20 January 2011	
Ann MacFarlane	Resigned 21 January 2016	
Fionnuala McAndrew	Appointed 24 May 2014	
Mary McKenna	Appointed 17 September 2013	Member
Terry Moran	Appointed 17 September 2013	Chair
Bev Searle	Appointed 17 September 2013	Member
Ossie Stuart	Appointed 21 January 2016	
Rachael Wallach	Appointed 21 January 2016; Resigned 1 September 2016	Member
Sally Warren	Appointed 17 September 2013	

## Trustees' report (including the strategic report) Year to 31 March 2016

### HOW SCIE WORKS (continued)

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

During the year, with the express permission of the Charity Commission and in accordance with provisions set out in the charity's memorandum of association, the chair of the board of trustees was paid £30,300 (2015 - £30,300) for services undertaken in the administration of SCIE. Four other trustees were paid a total of £12,550 (2015 – two trustees - £12,250) on the same basis.

Out of pocket travelling and subsistence expenses totalling £6,134 (2015 – £4,911) were reimbursed to 11 (2015 – 7) 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 £7,075 (2015 – £6,360) and provides cover of up to a maximum of £2 million (2015 – £2 million).

The charity made payments of £1,483 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 DH 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 through the Executive Management Group.

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

## **HOW SCIE WORKS (continued)**

### **Key management personnel**

The key management personnel of the charity comprise the trustees together with the Chief Executive, Director of Knowledge and Evidence, Director of Operations, and the Director of Business Development and Delivery. The salaries of those members of key management personnel who are employees of the charity are reviewed on a triennial basis through external benchmarking and approved by the trustees. Payments to the trustees are agreed by the trustees with the individual to whom payment is being proposed withdrawing from the discussion. Payments are made only when it is considered in the best interests of the charity. The amounts paid are determined with reference to external benchmarking and comparison to employee salaries.

### **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***

### **OBJECTIVES AND ACHIEVEMENTS**

#### **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; and
- Informing, influencing and inspiring the direction of future practice and policy.

**STRATEGIC REPORT** (continued)

**OBJECTIVES AND ACHIEVEMENTS** (continued)

**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.
- **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 2015-16 were:

- Position SCIE as the leading knowledge and evidence based agency recognised for supporting improvement of the social care and support system.
- Deliver a programme of commissioned work for the Department of Health that supports the implementation of the Care Act and social care reform. Deliver programmes of work for the Welsh Government and Northern Ireland Assembly that meet their priorities.
- Deliver the requirements of our contract with the National Institute for Clinical Excellence (NICE) to provide the NICE Collaborating Centre for Social Care (NCCSC), continue the development of ten guidelines and support the implementation of four published guidelines and NICE quality standards relating to social care as required.
- Ensure that the co-productive voice of people who use services, their families and carers is included in all aspects of our work and forms part of our commercial offer.
- Successfully deliver a strategy for generating commercial income with four priority offers:
  - ◇ Improvement support.
  - ◇ Care Act implementation.
  - ◇ Integrating Health and Social Care.
  - ◇ Safeguarding.

**STRATEGIC REPORT** (continued)

**OBJECTIVES AND ACHIEVEMENTS** (continued)

**Business objectives** (continued)

- 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 2016 and ensures its sustainability.

**Key achievements**

In the year to 31 March 2016 our key achievements were to:

- In partnership with KPMG and PPL Consultants we delivered Better Care Fund (BCF) implementation support. We managed stakeholder expectations and requirements in the production of a guide signposting localities to the range of support tools available. We also directly supported arrangements for localities requesting assistance at very short notice.
- Regarding our work for NICE, we delivered a challenging work programme, including:
  - ◇ Publication and launch of the Home Care guideline. This was a success in terms of the level of engagement of the Guideline Committee members in launch and the profile of the guideline in national press.
  - ◇ Submission of the first full draft of three social care guidelines (Long-term Conditions, Transitions from Hospital to Home, and Children's to Adults' Transitions Guidelines).
  - ◇ Appointment of people using services who have learning disabilities to the Service Models and Older People with Learning Disabilities guidelines and commencement of a piece of work to tailor the guideline development programme to meet their needs.
- We have recognised the importance of building on the high volume of Care Act training and consultancy work. Support for implementation has included:
  - ◇ Supporting Medway Council with Care Act Culture training sessions
  - ◇ Conducting an independent 'health check' review of Birmingham's Care Act implementation
  - ◇ Delivering Care Act consultancy support to the London Borough of Barnet
- In Northern Ireland, SCIE contributed to a review of commissioning and advised on the evaluation methodology to establish a baseline from which the impact of changes in workforce regulation can be evaluated.

**STRATEGIC REPORT** (continued)

**OBJECTIVES AND ACHIEVEMENTS** (continued)

**Key achievements** (continued)

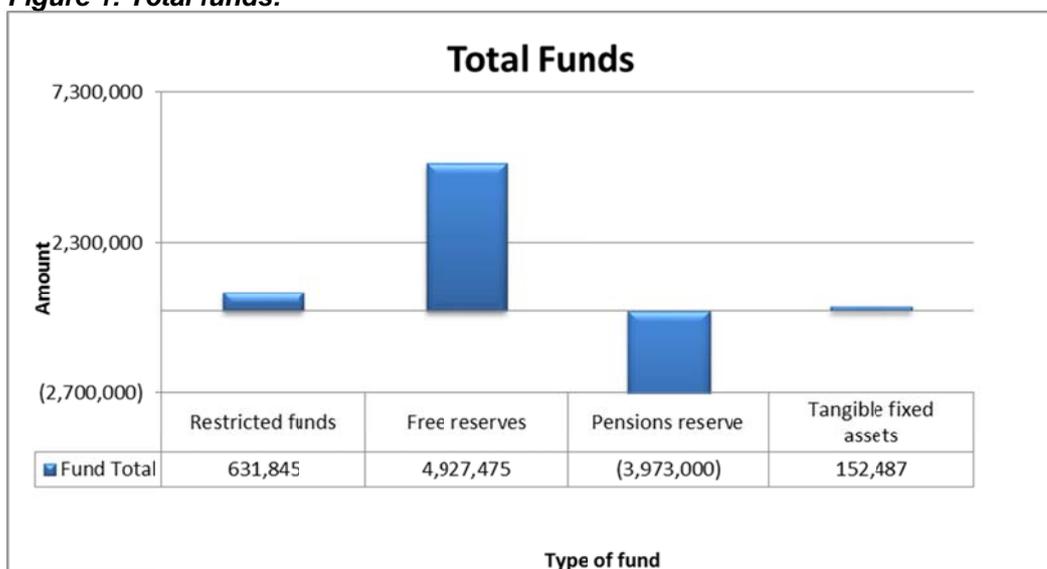
- In Wales, SCIE was part of a Ministerial Advisory Group to support the creation of Social Care Wales. In particular, we worked as part of the Research subgroup.
- The Department of Education (DfE) Innovation Unit funded the learning into Practice Project (LIPP) to support the identification and embedding of learning from Serious Case Reviews and the work of Childrens' Safeguarding Boards.
- Other commercial opportunities won included:
  - ◇ **Health Foundation.** A program of co-produced research and policy analysis on facilitating constructive conversations surrounding the implementation of the Five Year Forward View's 'new models of care'.
  - ◇ **JP Morgan.** A scoping study into workforce readiness, recruitment and progression in the social care sector.
  - ◇ **HC-One.** HC-One is developing a new role within its workforce with the aim of increasing retention of high performing staff at the same time as improving the quality of care – the Nursing Assistant. SCIE provided an independent evaluation of the nursing assistant role.
  - ◇ **Department for Education.** Children's Social Care Innovation Framework - Cambridgeshire partnership led by the Anna Freud Centre: SCIE, working with Cambridgeshire Multi Systemic Therapy team conducted process evaluation of their move to a neutral mode of service delivery.
  - ◇ **Malta.** Delivered a programme of sessions on the English care system to a delegation from Malta through a European funded training grant.

**STRATEGIC REPORT** (continued)

**FINANCIAL REVIEW FOR 2015–16**

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

**Figure 1: Total funds:**



The balance sheet shows total funds of £1,738,807 at 31 March 2016. At this date, restricted funds amounted to £631,845. 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.

£152,487 of the total funds is represented by tangible fixed assets held as part of unrestricted funds.

The actuaries have calculated SCIE's share of the deficit on the defined benefit pension fund at 31 March 2016 to be £3,973,000. For further information, see note 16 of the financial statements.

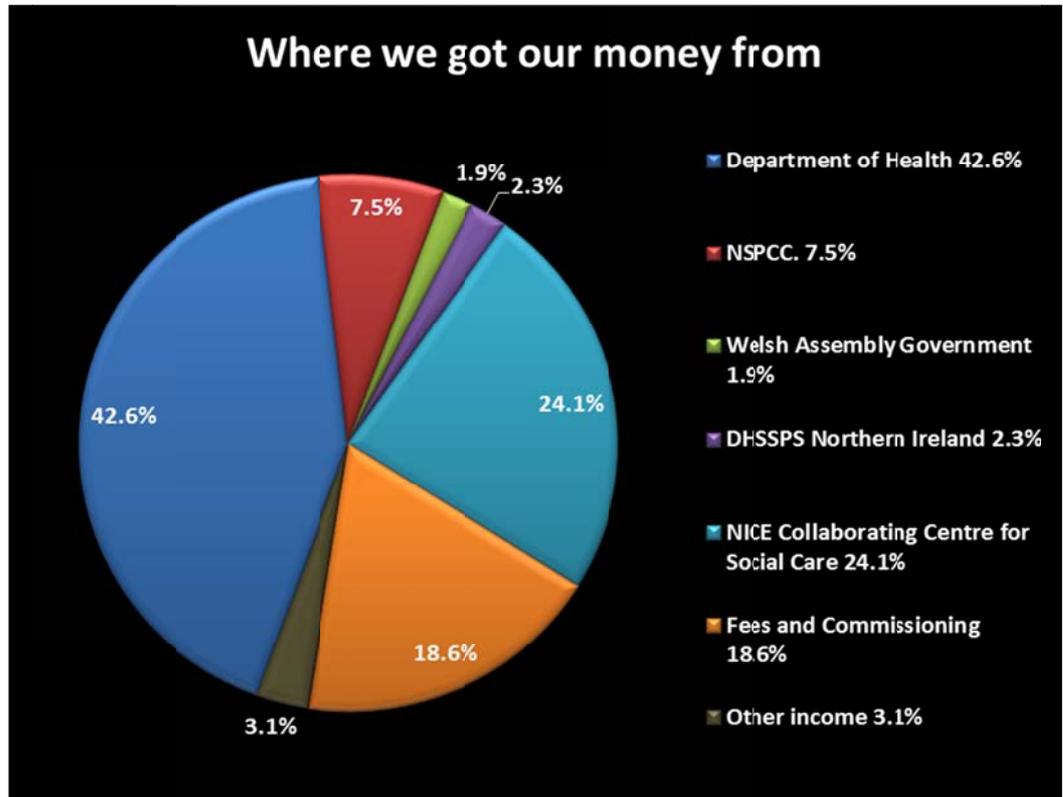
SCIE's funds which are unrestricted but exclude tangible fixed assets and before the defined benefit pension fund liability are 'free reserves' and total £4,927,475 at 31 March 2016.

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

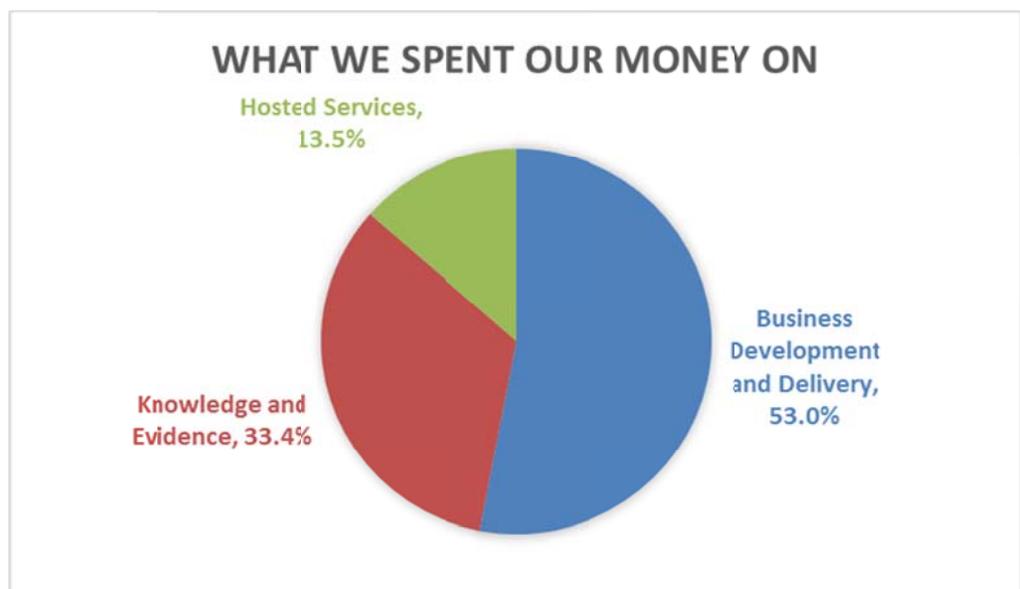
**STRATEGIC REPORT** (continued)

**FINANCIAL REVIEW FOR 2015–16** (continued)

**Figure 2: Income**



**Figure 3: Expenditure**



***STRATEGIC REPORT*** (continued)

**FUTURE PLANS 2016–17**

***Strategic context***

The overall outcome of the Comprehensive Spending Review (CSR), published in November 2015, has been to reduce non-protected Government spending by 30% over the four years to 2016-20.

It has been unclear how these reductions will be phased, but the commitment to commission work from SCIE to support the development of an integration dashboard aside, our Department of Health (DH) commission will reduce by approximately 10% in 2016-17. We will therefore assume a further 20% reduction frontloaded from 2017-18. Also the DH has strongly signalled that it will be moving from grant based funding of organisations to a procurement model. Whilst this could still involve single tender actions, it is likely to make our income from DH even more uncertain and complex to model.

Considerable work has taken place to review our current and potential sources of income, including:

- Provision by SCIE, with our partners, of the NICE Collaborating Centre for Social Care (NCCSC). NICE has contracted with SCIE to deliver the NCCSC to March 2017, with one further extension until March 2018. The contract will not be retendered thereafter, because of efficiencies that NICE must achieve in the delivery of its work. NICE may also reduce the value of the contract in 2017-18.
- The development and delivery of verification and validation of the DH Integration dashboard.
- Continued support for the implementation of the Prevention Library.
- Our work with KPMG and Public Private Limited (PPL) to support Better Care Implementation and the development of Strategic Transformation Plans that has positioned SCIE strongly to be their social care partner of choice when bidding for work to support the social care and health sectors, and in their work to integrate health and care services.
- The success of our two bids, in collaboration with new partners, to the DfE Innovation Programme that strengthens our position in children's care.
- Building on the two high-profile evaluation contracts we have secured in respect of adult social care services: the Department of Health funded Carers in Evaluation study and the Lloyds Foundation/Big Lottery-funded Home Share programme evaluation, we have established a clear commercial offer in respect of evaluation research.
- Our work, funded by JP Morgan to research social care employment opportunities for disadvantaged groups, has given SCIE a presence in Workforce, and provided the basis for SCIE to develop a Workforce development offer.

***STRATEGIC REPORT*** (continued)

**FUTURE PLANS 2016–17** (continued)

***Strategic context*** (continued)

Our performance in 2015-16 demonstrates that we can compete in the social care marketplace, but we must be prepared for increased competitive pressure for 2016 onwards by:

- Meeting the needs of our customers with offers that provide value for money and achieve impact, for example our safeguarding training.
- Using our marketing intelligence to develop our existing offers to meet emerging needs with refreshed and/or new products, for example the single improvement resource that we will provide.
- Extend our work into new sectors.

We believe that our vision and values are entirely consistent with our aim to be an organisation, commissioned and contracted to improve the lives of those who need care and support.

SCIE's key business objectives for 2016-17 are as follows:

***Delivery programmes***

- Support providers to sustain and improve the quality of care and support services through a programme of work including the provision of the NCCSC.
- Support the integration of health and social care services through a training, consultancy and research offer, and by validating and verifying the integration dashboard.
- Develop and deliver a training, consultancy and research offer to support the improvement of children's social care.
- Develop and deliver a training, consultancy, and research offer that support the delivery of safe services for adults and children.

***Supporting Programmes***

- Develop and deliver a communications and marketing strategy to position SCIE as a leading improvement agency. Support each delivery priority with a marketing plan.
- 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.

**STRATEGIC REPORT** (continued)

**FUTURE PLANS 2016–17** (continued)

**Supporting Programmes** (continued)

- Operate within the agreed income and expenditure budgets, seeking efficiencies and new sources of income that minimises SCIE's operational deficit at 31 March 2017, and ensures its sustainability.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The executive team and board regularly review the strategic risk register and have identified key risks and determined their mitigation. These include:

**1. SCIE is not financially sustainable at 31 March 2017.**

**Mitigation.** Our business plan for 2016-17 is based on agreements with DH, Welsh Assembly Government, Department of Health, Social Services and Public Safety 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 based on won/highly likely/likely every month. Horizon-scanning identifies new and developing commercial opportunities and risks. The reserves policy has been agreed and supports the operation of SCIE and investment in future products and services.

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

**Mitigation.** We based our products and services on the experience we have gained in 2015-16 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 report 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's children's offer is not endorsed by DfE or successful with the sector.**

**Mitigation.** SCIE has met with senior DfE officials to discuss the charity's offer. The LIPP programme in 2015-16 has been successful. Stakeholders have been engaged to support the development of the SCIE offer. An internal task and finish group has been assembled to build collaborations and bid to provide the What Works Centre offer. There is a communications plan in development to build our profile on our children's offer. Profile and uptake of children's commercial offers will be monitored.

**STRATEGIC REPORT** (continued)

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

4. **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.** Staff have been allocated to commissioned, contracted, and commercial income streams. A Learning and Development strategy has been developed with consultancy, social media, and marketing skills training provided to staff. Systems are being improved to manage enquiries. Targeted staff recruitment has been agreed to support priority programmes.

**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 is £3.75 million.

The level of free reserves was £4,927,475 at 31 March 2016. The trustees acknowledge that whilst the level of free reserves at 31 March 2016 was higher than that required by the above reserves policy, they believe that at this time of continuing transition for the charity and general economic uncertainty, it is appropriate. 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.

***Commissioned work***

The DH has made a grant of up to £2.1 million available to SCIE for 2016-17 which is in accordance with expectations.

Funding from Northern Ireland and Wales was agreed after negotiations.

**Trustees' report (including the strategic report) Year to 31 March 2016**

***STRATEGIC REPORT*** (continued)

**POLICIES** (continued)

***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**

We have audited the financial statements of Social Care Institute for Excellence for the year ended 31 March 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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.

**Respective responsibilities of trustees and the auditor**

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report (including the strategic report) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies we consider the implications for our report.

## **Independent auditor's report 31 March 2016**

### **Opinion on financial statements**

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 2016 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.

### **Opinion on other matter 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 has been prepared in accordance with applicable legal requirements. Also, in our opinion, in the light of the knowledge and understanding of the charitable company obtained in the course of the audit, we have identified no material misstatements in the trustees' report.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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.

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 2016

	Notes	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
<b>Income and expenditure</b>					
<b>Income from:</b>					
Short term bank deposits					
		34,904	—	<b>34,904</b>	39,202
Charitable activities					
	1	3,059,098	3,578,008	<b>6,637,106</b>	7,018,324
<b>Total income</b>		<b>3,094,002</b>	<b>3,578,008</b>	<b>6,672,010</b>	<b>7,057,526</b>
<b>Expenditure on:</b>					
Charitable activities					
Provision and dissemination of knowledge and good practice in social care					
	2&3	3,916,394	3,697,787	<b>7,614,181</b>	7,546,498
<b>Total expenditure</b>		<b>3,916,394</b>	<b>3,697,787</b>	<b>7,614,181</b>	<b>7,546,498</b>
<b>Net expenditure for the year</b>	5	(822,392)	(119,779)	<b>(942,171)</b>	(488,972)
<b>Other recognised gains and losses</b>					
Actuarial gains (losses) in respect to defined benefit pension scheme					
	16	979,000	—	<b>979,000</b>	(1,183,000)
<b>Net movement in funds</b>		<b>156,608</b>	<b>(119,779)</b>	<b>36,829</b>	<b>(1,671,972)</b>
<b>Reconciliation of funds:</b>					
Fund balances brought forward at 1 April 2015					
		950,354	751,624	<b>1,701,978</b>	3,373,950
Fund balances carried forward at 31 March 2016					
		<b>1,106,962</b>	<b>631,845</b>	<b>1,738,807</b>	1,701,978

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

**Balance sheet** 31 March 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	9		<b>152,487</b>		57,712
<b>Current assets</b>					
Debtors	10	<b>927,388</b>		479,514	
Short term deposits		<b>4,000,000</b>		5,000,000	
Cash at bank and in hand		<b>1,796,651</b>		1,656,123	
		<b>6,724,039</b>		7,135,637	
<b>Creditors:</b> amounts falling due within one year	11	<b>(1,164,719)</b>		(829,371)	
<b>Net current assets</b>			<b>5,559,320</b>		6,306,266
<b>Total net assets excluding pension liability</b>			<b>5,711,807</b>		6,363,978
Pension liability	16	<b>(3,973,000)</b>		(4,662,000)	
<b>Total net assets including pension liability</b>			<b>1,738,807</b>		1,701,978
<b>The funds of the charity</b>					
Restricted funds	13		<b>631,845</b>		751,624
Unrestricted funds					
. General fund					
.. Free reserves			<b>4,927,475</b>		5,554,642
.. Pension reserve	16		<b>(3,973,000)</b>		(4,662,000)
			<b>954,475</b>		892,642
. Tangible fixed assets fund			<b>152,487</b>		57,712
			<b>1,738,807</b>		1,701,978

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 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(715,654)</b>	(432,983)
<b>Cash flows from investing activities:</b>			
Interest received		<b>34,904</b>	39,202
Proceeds from short term deposits		<b>1,000,000</b>	500,000
Purchase of tangible fixed assets		<b>(178,722)</b>	—
<b>Net cash provided by investing activities</b>		<b>856,182</b>	539,202
<b>Change in cash and cash equivalents in the year</b>		<b>140,528</b>	106,219
<b>Cash and cash equivalents at 1 April 2015</b>	B	<b>1,656,123</b>	1,549,904
<b>Cash and cash equivalents at 31 March 2016</b>	B	<b>1,796,651</b>	1,656,123

### Notes to the statement of cash flows for the year to 31 March 2016.

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

	2016 £	2015 £
<b>Net expenditure for the year (as per the statement of financial activities)</b>	<b>(942,171)</b>	(488,972)
<b>Adjustments for:</b>		
Depreciation charge	<b>83,947</b>	36,032
FRS 102 pension charge	<b>290,000</b>	112,000
Interest receivable	<b>(34,904)</b>	(39,202)
Increase in debtors	<b>(447,874)</b>	(4,150)
Increase (decrease) in creditors	<b>335,348</b>	(48,691)
<b>Net cash used in operating activities</b>	<b>(715,654)</b>	(432,983)

#### B Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<b>1,796,651</b>	1,656,123

## Principal accounting policies 31 March 2016

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 2016.

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. This is the first set of financial statements of the charitable company prepared in accordance with the Charities SORP FRS 102.

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.

### **Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

No restatements were required to the balance sheets as at 31 March 2014 or 31 March 2015.

The following restatements were required to the statement of financial activities for the year ended 31 March 2015:

- ◆ Governance costs which were previously reported as a separate line of expenditure within the statement of financial activities are now allocated to expenditure on charitable activities (see note 2).
- ◆ Movements in the defined benefit pension deficit in the year have been reanalysed. The changes resulted in a increase in expenditure and an decrease in actuarial losses.

The adjustments above have had the following effect on the net expenditure per the statement of financial activities for the year ended 31 March 2015:

**Reconciliation with previous Generally Accepted Accounting Practice** (continued)

	2015 £
Reconciliation of reported net expenditure:	
Net expenditure as previously stated	(297,972)
Adjustment for change in analysis of pension scheme interest income under FRS 102	(191,000)
2015 net expenditure as restated	<u>(488,972)</u>

**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 accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

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 2017, 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 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 of 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.

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.

**Allocation of support and governance costs** (continued)

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.

## Principal accounting policies 31 March 2016

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

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Department of Health				
. Project grants	—	2,826,588	<b>2,826,588</b>	4,421,249
Department for Education	—	—	—	133,719
Welsh Government	123,500	—	<b>123,500</b>	123,500
Department of Health, Social Services and Public Safety Northern Ireland	82,460	71,000	<b>153,460</b>	151,000
NSPCC	—	498,551	<b>498,551</b>	—
National Lottery	—	—	—	2,865
J P Morgan Chase	—	61,596	<b>61,596</b>	—
Local Government and care partnerships	—	96,250	<b>96,250</b>	—
NICE Collaborating Centre for Social Care (NCCSC)	1,598,821	—	<b>1,598,821</b>	1,800,970
Fees and commissioning	1,223,927	7,623	<b>1,231,550</b>	285,893
Other funders	30,390	16,400	<b>46,790</b>	99,128
<b>2016 Total funds</b>	<b>3,059,098</b>	<b>3,578,008</b>	<b>6,637,106</b>	<b>7,018,324</b>
2015 Total funds	2,306,363	4,711,961	7,018,324	

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

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Business, Development & Delivery (BDD)	1,415,141	2,591,376	<b>4,006,517</b>	3,791,746
Knowledge and Evidence (including NCCSC)	1,598,896	16,400	<b>1,615,296</b>	1,883,936
Hosted Services	—	962,743	<b>970,232</b>	1,317,100
Other activities	45,016	—	<b>45,016</b>	25,542
<b>2016 Total funds</b>	<b>3,059,098</b>	<b>3,578,008</b>	<b>6,637,106</b>	<b>7,018,324</b>
2015 Total funds	2,306,363	4,711,961	7,018,324	

## Principal accounting policies 31 March 2016

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

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
<b>Business, Development &amp; Delivery (BDD)</b>				
Staff costs	764,906	1,565,380	<b>2,330,286</b>	2,096,069
Office costs	85,633	2,771	<b>88,404</b>	109,435
Premises costs	246,108	—	<b>246,108</b>	130,945
Commissioning costs	133,444	481,094	<b>614,538</b>	816,402
Electronic access and publication costs	1,024	1,482	<b>2,506</b>	22,725
Publicity and dissemination	247	29,502	<b>29,749</b>	34,003
Other costs	—	—	—	1,733
Support costs (note 3)	453,579	270,585	<b>724,164</b>	716,102
	<u>1,684,941</u>	<u>2,350,814</u>	<u><b>4,035,755</b></u>	<u>3,927,414</u>
<b>Knowledge and Evidence (incl NCCSC)</b>				
Staff costs	986,261	36,400	<b>1,022,661</b>	1,022,661
Office costs	122,449	—	<b>122,449</b>	105,810
Premises costs	241,431	—	<b>241,431</b>	129,279
Commissioning costs	409,140	—	<b>409,140</b>	358,005
Electronic access and publication costs	4,005	—	<b>4,005</b>	21,813
Publicity and dissemination	415	—	<b>415</b>	3,487
Support costs (note 3)	467,752	279,040	<b>746,792</b>	707,066
	<u>2,231,453</u>	<u>315,440</u>	<u><b>2,546,893</b></u>	<u>2,348,121</u>
<b>Hosted Services</b>				
Staff costs	—	738,741	<b>738,741</b>	823,970
Office costs	—	5,755	<b>5,755</b>	3,237
Commissioning costs	—	10,546	<b>10,546</b>	117,476
Electronic access and publication costs	—	28,915	<b>28,915</b>	100,666
Publicity and dissemination	—	104,606	<b>104,606</b>	109,204
Other costs	—	—	—	4,857
Support costs (note 3)	—	142,970	<b>142,970</b>	102,375
		<u>1,031,533</u>	<u><b>1,031,533</b></u>	<u>1,261,785</u>
<b>Other charitable activities</b>				
Staff costs	—	—	—	6,900
Commissioning costs	—	—	—	2,278
	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,178</u>
<b>2016 Total funds</b>	<u>3,916,394</u>	<u>3,697,787</u>	<u><b>7,614,181</b></u>	<u>7,546,498</u>
2015 Total funds	<u>2,790,002</u>	<u>4,756,496</u>	<u><b>7,546,498</b></u>	

## Principal accounting policies 31 March 2016

### 3 Support costs

	Business, Development and Delivery (BDD) £	Knowledge services and Evidence (including NCCSC) £	Hosted Services £	2016 total funds £	2015 total funds £
Staff costs	491,934	507,307	11,592	<b>1,010,833</b>	842,036
Premises costs	41,145	42,430	75,493	<b>159,068</b>	134,408
Office costs	17,904	18,463	16,242	<b>52,609</b>	70,472
Electronic access and publication costs	2,608	2,690	—	<b>5,298</b>	4,891
Publicity and dissemination costs	61,008	62,914	—	<b>123,922</b>	123,906
Governance costs (excluding staff costs) (note 4)	55,584	57,322	—	<b>112,906</b>	117,666
Other costs	53,980	55,667	39,643	<b>149,290</b>	232,164
	<b>724,163</b>	<b>746,793</b>	<b>142,970</b>	<b>1,613,926</b>	<b>1,525,543</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 £158,000 (2015 – £153,000 net interest charge) (see note 16).

### 4 Governance costs

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Legal and professional fees	25,089	(420)	<b>24,669</b>	22,828
Trustees' expenses, payments to trustees and other governance and organisational related costs, including staff costs	86,981	—	<b>86,981</b>	84,789
Co-production Network costs	37,969	—	<b>37,969</b>	48,970
<b>2016 Total funds</b>	<b>150,039</b>	<b>(420)</b>	<b>149,619</b>	<b>156,587</b>
2015 Total funds	151,067	5,520	156,587	

The above governance costs include £36,713 in relation to staff costs (2015 - £38,921).

## Principal accounting policies 31 March 2016

### 5 Net expenditure for the year

This is stated after charging:

	<b>2016 Total funds £</b>	2015 Total funds £
Staff costs (note 6)	<b>5,069,235</b>	4,791,636
Auditor's remuneration		
. Statutory audit services		
.. Current year	<b>22,500</b>	22,828
.. Previous year	<b>3,000</b>	—
. Other services	<b>3,045</b>	3,040
Depreciation	<b>83,947</b>	36,032
Operating lease rentals	<b>322,294</b>	305,113

### 6 Employees and staff costs

Staff costs during the period were as follows:

	<b>2016 £</b>	2015 £
Wages and salaries	<b>3,220,525</b>	2,961,944
Social security costs	<b>297,138</b>	275,231
Other pension costs	<b>476,061</b>	420,616
FRS 102 pension charge (note 16)	<b>132,000</b>	(47,000)
	<b>4,125,724</b>	3,610,791
Payments to agency staff and consultants	<b>611,278</b>	857,486
Other staff related costs	<b>332,233</b>	323,359
	<b>5,069,235</b>	4,791,636

Included within wages and salaries are fees to consultants paid by SCIE 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 of staff training and reimbursed out-of-pocket expenses.

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

	<b>2016 No.</b>	2015 No.
Charitable activities		
. Business, Development & Delivery (BDD)	<b>32</b>	30
. Knowledge and Evidence	<b>33</b>	30
. Hosted services	<b>6</b>	4
Governance	<b>1</b>	1
	<b>72</b>	65

**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:

	2016 No.	2015 No.
£60,001 - £70,000	4	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	2
£90,001 - £100,000	—	1
£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, the Director of Knowledge 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 £516,795 (2015 - £482,110).

**7 Payments in relation to trustees**

In accordance with the charity's memorandum and articles of association, the Chair of the trustees was paid £30,300 (2015 - £30,300) during the year for services undertaken in the administration of the charity. Four other trustees were paid a total of £12,550 (2015 – two trustees – £12,250) on the same basis. The payment for such services has been authorised by the Charity Commission.

Out of pocket travelling and subsistence expenses totalling £6,134 (2015 - £4,911) were reimbursed to 11 (2015 – 7) 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 £7,075 (2015 - £6,360) and provides cover of up to a maximum of £2 million (2015 - £2 million).

The charity made payments of £1,483 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 DH and details of the funds movement is provided in note 13. Alex Fox is a trustee of the TLAP partnership.

## Principal accounting policies 31 March 2016

### 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 improvements £	Computer and IT equipment £	
<b>Cost</b>					
At 1 April 2015	99,472	75,681	42,278	37,740	<b>255,171</b>
Additions	7,299	—	171,423	—	<b>178,722</b>
At 31 March 2016	106,771	75,681	213,701	37,740	<b>433,893</b>
<b>Depreciation</b>					
At 1 April 2015	84,038	75,681	—	37,740	<b>197,459</b>
Charge for year	12,713	—	71,234	—	<b>83,947</b>
At 31 March 2016	96,751	75,681	71,234	37,740	<b>281,406</b>
<b>Net book values</b>					
At 31 March 2016	10,020	—	142,467	—	<b>152,487</b>
At 31 March 2015	15,434	—	42,278	—	<b>57,712</b>

### 10 Debtors

	2016 £	2015 £
Prepayments	<b>162,175</b>	70,356
Grants income receivable	<b>27,940</b>	56,553
Rent deposit	<b>91,442</b>	107,850
Fees and other income receivable	<b>645,831</b>	244,755
	<b>927,388</b>	479,514

### 11 Creditors: amounts falling due within one year

	2016 £	2015 £
Expense creditors	<b>212,311</b>	233,977
Taxation and social security	<b>212,918</b>	188,248
Accruals	<b>566,268</b>	360,545
Deferred income (note 12)	<b>173,222</b>	46,601
	<b>1,164,719</b>	829,371

## Principal accounting policies 31 March 2016

### 12 Deferred income

	2016 £	2015 £
Balance at 1 April 2015	46,601	23,100
Income received in advance	173,222	46,601
Released to statement of financial activities	(46,601)	(23,100)
Balance at 31 March 2016 (note 11)	<b>173,222</b>	46,601

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 2015 £	Income resources £	Expenditure		At 31 March 2016 £
			Direct costs £	Support costs £	
DH Commissions	6,397	400,000	306,401	99,996	—
Digital learning	3,000	700,000	528,000	175,000	—
Social Care Online	232	350,000	225,232	125,000	—
PRU	—	16,400	16,400	—	—
Neglect (VCS)	—	—	(115)	115	—
Direct Payments	243,056	262,000	352,894	—	<b>152,164</b>
Think Local Act Personal (TLAP)	457,056	970,232	888,563	142,970	<b>395,755</b>
DHSSPS	—	71,000	71,000	—	—
Digital Library	2,156	150,000	102,156	50,000	—
NSPCC LiPP	—	498,685	398,752	99,933	—
Supporting Carers in Employment	19,727	—	19,727	—	—
Social Care Research Gateway	20,000	—	20,000	—	—
JP Morgan Chase Foundation	—	61,596	21,532	—	<b>41,064</b>
3D Smart Homes	—	47,780	18,293	—	<b>29,487</b>
Post Diagnosis Support Hub	—	22,375	9,000	—	<b>13,375</b>
Dementia e learning videos	—	26,095	26,095	—	—
Other restricted funds	—	1,846	1,846	—	—
	<b>751,624</b>	<b>3,578,009</b>	<b>3,005,774</b>	<b>693,014</b>	<b>631,845</b>

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

#### *DH Commissions*

The Department of Health provides funds to enable SCIE to continue to support DH policy development and sector led improvement through the development of guidance, products and services that support safe, high quality services.

**13 Restricted funds** (continued)

*Digital learning*

The Department of Health provides 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.

*Social Care Online*

The Department of Health provides 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 is a valued and unique service providing social care information that supports the development of guidance and is used by practitioners and others.

*PRU*

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

*Neglect (VCS)*

This fund from the Department for Education supports the development of blended learning for multidisciplinary teams providing support to children at risk of neglect.

*Direct payments in residential care pilot programme*

This fund from the Department of Health 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 DH.

*DHSSPS*

This fund represents monies from the Department of Health, Social Services and Public Safety in Northern Ireland to fund the costs of the Northern Ireland Practice Development Manager.

*Digital Library*

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 DH commissioned implementation support tools for the Care Act.

**13 Restricted funds** (continued)

*NSPCC LiPP*

The Learning into Practice Project (LiPP) was undertaken between March 2015 and March 2016 by the NSPCC and the Social Care Institute for Excellence, funded by the Department for Education Innovation Programme. The project developed and tested a number of ways to improve the quality of Serious Case Reviews (SCRs) and their impact on local and national child protection practice.

*Supporting Carers in Employment*

Funding to support the development of pilots that will provide a range of new and innovative support to carers in employment.

*Social Care Research Gateway*

This fund represents funding from DH for SCIE, School for Social Care Research (SSCR) and the Social Care Workforce Research Unit (SCWRU) to jointly promote social care research and to improve quality in social care, by:

- promoting the specific contribution of social care research;
- building capacity within the social care research community;
- sound and participative methodologies for social care research; and
- active dissemination of social care research findings into practice

*J P Morgan Chase Foundation*

SCIE has been commissioned by the JPMorgan Chase Foundation to undertake a research study into workforce readiness, recruitment and progression in the social care sector.

*3D SmartHomes*

3D Smart Homes is an app designed to support living with dementia in their own homes. The design tool funded by the Local Government and Care partnerships enables people to understand how best to optimise their own personal space, watch 'how to' videos and purchase products and services.

*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.

## Principal accounting policies 31 March 2016

### 13 Restricted funds (continued)

#### *Dementia elearning behaviour*

SCIE is developing an all new dementia elearning course in partnership with Kings College aimed at the residential care workforce. Much of the learning guidance needs video to illustrate best practise and approaches, and this grant from the Local Government and Care partnerships has enabled us to create both actuality film content and some dramatic reconstruction.

### 14 Analysis of net assets between funds

	Restricted funds £	Unrestricted funds		Total 2016 £
		General fund £	Tangible fixed assets fund £	
<b>Fund balances at 31 March 2016 are represented by:</b>				
Tangible fixed assets	—	—	152,487	<b>152,487</b>
Net current assets	631,855	4,927,465	—	<b>5,559,320</b>
Pension liability	—	(3,973,000)	—	<b>(3,973,000)</b>
<b>Total net assets</b>	<b>631,855</b>	<b>954,465</b>	<b>152,487</b>	<b>1,738,807</b>

### 15 Leasing commitments

#### *Operating leases*

At 31 March 2016, the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016 £	2015 £
Operating lease payments which fall due:		
Within one year	<b>365,767</b>	365,767
Between one and two years*	<b>354,494</b>	365,767
Between two and five years*	—	354,494
	<b>720,261</b>	1,086,028

### 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.

## Principal accounting policies 31 March 2016

### 16 Pension commitments (continued)

The most recent triennial valuation at 31 March 2013, showed that the market value of the scheme's assets were £3,958 million and that the actuarial value of those assets represented 80% 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 6.0% per annum, the discount rate would be 5.8% per annum and that salary increases would average 4.5% per annum after 31 March 2015. For the two years to 31 March 2015, the assumed salary increases will be in line with the Consumer Price Index assumption, currently 2.7% 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 2016.

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 2015, 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 2015, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2013.

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

	<b>2016</b> % per annum	2015 % per annum
Rate of increase in salaries	<b>4.2</b>	4.2
Rate of increase in pension payments	<b>2.4</b>	2.4
Discount rate	<b>3.7</b>	3.4
Rate of inflation - RPI	<b>3.3</b>	3.3
Rate of Inflation - CPI	<b>2.4</b>	2.4

The mortality assumptions used were as follows:

	<b>2016</b> years	2015 years
Longevity at age 65 for current pensioners		
. Men	<b>22.9</b>	22.8
. Women	<b>25.3</b>	25.2
Longevity at age 65 for future pensioners		
. Men	<b>25.2</b>	25.1
. Women	<b>27.7</b>	27.6

## Principal accounting policies 31 March 2016

### 16 Pension commitments (continued)

*FRS 102 (continued)*

The net movement in the FRS102 liability during the year was:

	2016 £'000s	2015 £'000s
Net deficit in scheme at 1 April	(4,662)	(3,367)
Service cost	(597)	(415)
Net interest	(151)	(153)
Administration expenses	(7)	(6)
Employer contributions	465	462
Remeasurement of the net assets/(defined liability)	979	(1,183)
<b>Net deficit in scheme at 31 March</b>	<b>(3,973)</b>	<b>(4,662)</b>

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

	2016 £000s	2015 £000s
Service cost	(597)	(415)
Net interest on the defined liability	(151)	(153)
Administration expenses	(7)	(6)
<b>Total expenditure recognised in SOFA</b>	<b>(755)</b>	<b>(574)</b>
Employer contributions	465	462
<b>FRS 102 charge</b>	<b>(290)</b>	<b>(112)</b>

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

	2016 £000s	2015 £000s
Return of fund assets in excess of interest	(146)	1,182
Experience gains/(loss) on the defined benefit obligation	1	(2)
Changes in financial assumptions	1,124	(2,363)
<b>Remeasurement of the net assets/(defined liability)</b>	<b>979</b>	<b>(1,183)</b>

Asset and benefit obligation reconciliation for the year to 31 March 2016:

	2016 £000s	2015 £000s
Opening defined benefit obligation	19,303	16,024
Current service cost	597	415
Interest cost	652	725
Contributions by scheme participants	184	171
Change in financial assumptions	(1,124)	2,363
Experience loss/(gain) on defined benefit obligation	(1)	2
Benefits paid	(439)	(397)
<b>Closing defined benefit obligation</b>	<b>19,172</b>	<b>19,303</b>

## Principal accounting policies 31 March 2016

### 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 2016:

	2016 £000s	2015 £000s
Opening defined benefit obligation	90	82
Interest cost	3	4
Change in financial assumptions	(3)	6
Experience (gain)/loss on defined benefit obligation	(1)	2
Benefits paid	(4)	(4)
<b>Unfunded scheme liabilities at 31 March</b>	<b>85</b>	<b>90</b>

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

	2016 £000s	2015 £000s
Fair value of scheme assets at 1 April	14,641	12,657
Interest on assets	501	572
Return on assets less interest	(146)	1,182
Contributions by employer	465	462
Contributions by fund participants	184	171
Administration expenses	(7)	(6)
Benefits paid	(439)	(397)
<b>Fair value of scheme assets at 31 March</b>	<b>15,199</b>	<b>14,641</b>

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

	%	Value at 31 March 2016 £'000	%	Value at 31 March 2015 £'000
Equities	68%	10,286	67%	9,850
Government bonds	3%	448	4%	643
Other bonds	5%	730	10%	1,401
Property	12%	1,810	11%	1,590
Cash	3%	494	2%	321
Alternative assets	4%	676	6%	836
Other managed Funds	5%	755	—	—
<b>Total market value of assets</b>		<b>15,199</b>		<b>14,641</b>

## Principal accounting policies 31 March 2016

### 16 Pension commitments (continued)

*FRS 102 (continued)*

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

	<b>31 March 2016 £'000s</b>	31 March 2015 £'000s	31 March 2014 £'000s	31 March 2013 £'000s	31 March 2012 £'000s
Fair value of assets	<b>15,199</b>	14,641	12,657	11,166	9,802
Present value of scheme liabilities	<b>(19,172)</b>	(19,303)	(16,024)	(16,716)	(15,414)
Deficit in scheme	<b>(3,973)</b>	(4,662)	(3,367)	(5,550)	(5,612)
Experience adjustment on scheme assets	<b>501</b>	991	523	652	(497)
Percentage of scheme assets	<b>3.3%</b>	6.8%	4.1%	5.8%	(5.1%)
Experience adjustment on scheme liabilities	<b>1</b>	(2)	1,504	10	3
Percentage of scheme liabilities	<b>0.0%</b>	(0.0%)	9.4%	0.1%	(0.0%)

#### **Contributions**

The total contributions payable by the employer in the year, were £476,061 (2015 - £420,616). At 31 March 2016, there was no outstanding amount due (2015 - £nil).

The best estimate of contributions to be paid by the charity to the scheme for the year ending 31 March 2017 is £454,000.