



# **MENTAL WELFARE COMMISSION FOR SCOTLAND**

## **ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED**

**31 March 2017**

Thistle House  
91 Haymarket Terrace  
Edinburgh  
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# **MENTAL WELFARE COMMISSION FOR SCOTLAND**

## **Annual Report and Accounts for year ended 31 March 2017**

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## Performance Report

### 1. Overview

#### 1.1. Brief history

The Mental Welfare Commission for Scotland was originally constituted under the Mental Health Act of 1960 replacing a body that can be traced back to 1857. The current duties of the Commission are embodied in the Mental Health (Care & Treatment) (Scotland) Act 2003 (MHCT Act 2003) as amended by both the Public Services Reform (Scotland) Act 2010 and Victims and Witnesses (Scotland) Act 2014; and the Adults with Incapacity (Scotland) Act 2000 (AWI Act 2000). Schedule 1 of the 2003 Act applies certain provisions of the NHS (Scotland) Act 1978 with regards to annual accounts. The Commission's accounts are consolidated into those of the NHS in Scotland and it follows procedures outlined in the Health Board Accounts Manual.

The Commission's purpose is to protect and promote the human rights of people with mental illness, learning disabilities, dementia and related conditions.

We do this by;

- Checking if individual care and treatment are lawful and in line with good practice
- Empowering individuals and their carers through advice, guidance and information
- Promoting best practice in applying mental health and incapacity law
- Influencing legislation, policy and service development

Individuals may be vulnerable because they are less able at times to safeguard their own interests. They can have restrictions placed on them in order to receive care and treatment. When this happens, we make sure it is legal and ethical.

#### 1.2. Key issues and risks

The Board sets the strategic direction for the organisation and monitors performance against key strategic objectives. It is also responsible for ensuring sound corporate governance. The strategic and business plans are available on the website.

Through the strategic planning and risk management processes the Board reviews the principal risks and uncertainties facing the Commission. This year the Board identified financial sustainability, investigations and the ongoing operation of the National Confidential Forum as the key risks.

To address the risks around sustainability the Board devoted one meeting solely to developing a strategy that ensures the most impact in the work that we do and focuses our work on people who are the most vulnerable. The strategy for 2017-2020 was finalised in March 2017 and focusses on four strategic priorities

- To challenge and to promote change
- Focus on the most vulnerable

- Increase our impact (in the work that we do)
- Improve our efficiency and effectiveness

All of our activity will be focussed to achieve these objectives and in so doing will ensure value for money.

Our core budget has remained at £3.6 million since 2011/12 and absorbed significant increases to NHS employer pension costs, annual pay increases, increases to employer national insurance and increases in costs of providing second medical opinions under Part 16 of MHCT Act 2003 and section 48 of AWI Act 2000. The use of these provisions in the Acts increases every year as reported in our monitoring reports. The second opinion fees are therefore demand led and difficult to plan. This increasing demand makes it very difficult to manage a decreasing budget. The Board considered this fully and instructed the Chief Executive to cap the budget for second opinions in future years at 11% of the core budget - £396,000. For any expenditure above this amount, additional funding will be requested from the Scottish Government.

### **1.3. Performance summary**

#### **Influencing and Empowering**

We held three seminars on law reform during the year in partnership with Napier University's Centre for Mental Health and Capacity Law. The seminars focussed on graded guardianship, capacity as a basis for compulsory treatment and the possibility of unified mental health and capacity legislation. A report from the seminars was published in May 2017. The purpose of the report is to highlight the need for mental health and incapacity law reform if Scotland is to continue as a world leader in terms of principled and rights based law to protect the rights of people with mental illness, learning disability, dementia and associated conditions. International human rights law in this field has continued to develop. These developments reflect a societal shift from paternalism to empowerment, and making the rights, will and preference of the individual with lived experience central to decisions about their care, treatment and welfare. They require an increased emphasis on supported decision making where an individual's decision making is impaired. We hope this report will lead the debate on mental health and capacity law reform in Scotland.

We continue to contribute to the Scottish Government's review of incapacity legislation. During the year we completed further work with the Office of the Public Guardian on proposals for graded guardianship. These were discussed at the law seminar (see previous paragraph) in November 2016 and discussed with the Scottish Government.

We facilitated a scoping exercise on whether people with learning disability and/or autism should be covered by mental health legislation. This was on behalf of the Scottish Government and in partnership with the Scottish Commission for Learning Disability (SCLD). The report is published on the government's website and the Scottish Government has committed to carrying out a full review.

During the year we piloted a patient rights pathway in two wards in Scotland. From the evaluation of this pilot we have developed some resources aimed at encouraging and supporting staff to consider how they can best make sure that patients are afforded their human rights in the community, on admission to a ward, during their time on the ward and at discharge. They will also be useful for many patients and carers to help them understand what their rights are. The resources launched in May 2017. We received a grant of £15k from Legal Education Foundation for 2017/18 to help us to evaluate this project.

During the year we continued to participate in the Scottish Parliament's cross party groups on mental health, dementia and learning disability. We responded to ten Scottish Government policy or legislative consultation documents of relevance to the work of the Commission.

### **Visiting**

We continued to visit people who are being treated under mental health and incapacity law or who are otherwise receiving care and treatment in hospital, community and other settings. When we visit an individual we find out their views of their care and treatment. We also check that their care and treatment is in line with the MHCT Act 2003, the AWI Act 2000 or any other relevant legislation. We make an assessment of the facilities available for their care. We expect to find that the individual's needs are met and their rights respected. If not, we make recommendations for improvement.

This year we carried out two national themed visits and an exploratory themed visit to individuals who were homeless. These visits follow a standard format and result in a national report comparing issues for individuals receiving care and treatment across Scotland and making recommendations. The themed visits were to:

- individuals in adult acute psychiatric wards
- individuals in low and medium secure forensic units (report will be published in August 2017)

We also carried out 116 local visits to hospitals and care services, of which 30 were unannounced. We particularly focus on units where there is a major deprivation of liberty, where intelligence gathered from themed visits, previous visits, service user concerns and other sources raise concerns about care and treatment or where it has been some time since our last visit. For each local visit we provided feedback and recommendations for improvement to the services involved. The local visits are published on our website.

### **Monitoring of Mental Health and Incapacity Legislation**

We have various duties under the MHCT Act 2003 to receive, check and report on statutory interventions and notifications. We also promote the principles of that Act. In addition, we receive statutory notifications of certain welfare interventions under the AWI Act 2000. Our monitoring work involves both checking the paperwork and records of people who are being cared for or treated under mental health or incapacity law and

analysing and reporting on trends and differences in the way the law is being used across the country.

In 2016/17 we processed 35,754 (15/16: 33,454) forms and other notifications related to mental health and incapacity legislation; 3,291 (15/16: 2,898) Guardianship and Intervention Orders; and registered around 750 (15/16: 952) telephone notifications of emergency detentions. We published annual statistics and analysis on the use of the Acts on our website for services to compare practice across the country.

From this reporting and through consultations with our advisory group we review our priorities for monitoring on an annual basis. In 2016/17 we continued to monitor services for younger people and advance statement overrides. We do this by monitoring paperwork sent to us by services.

This year we undertook some more detailed analysis of the use of place of safety. Place of safety orders can be used by the police to allow an individual to be assessed. Police cells should not be used as a place of safety. We reviewed all place of safety orders over a three month period. Our report highlights differences in practice throughout Scotland and we intend to do a second phase of this monitoring in 2017/18 to contact police officers who have used the order. We also intend to engage with some service user organisations to find out if individuals would be prepared to share their experiences of being removed to a place of safety.

This year we visited 407 people subject to guardianship orders under the Adults with Incapacity Act. We select a sample of guardianship orders based on our previous knowledge of the sorts of orders that might raise concerns. We review the paperwork and meet with the individual and their guardian or carer, where appropriate. We complete a standard monitoring form for each visit which allows us to compare and contrast the use of welfare guardianship across Scotland.

Under Section 233 of the MHCT Act 2003, the Commission is responsible for appointing Designated Medical Practitioners (DMPs). Their function is to provide a second medical opinion when medical treatments are prescribed under Part 16 of the MHCT Act 2003 (and section 48 of the AWI Act 2000). During the year we held two induction sessions and one seminar for DMPs and organised 1,858 (15/16: 1,877) second medical opinions.

### **Investigations and Inquiries**

We carry out an investigation when we believe something may have gone seriously wrong with an individual's care and treatment. Investigations are at many levels from a telephone call to a service to a more in depth investigation where we might interview individuals and staff involved. Of course, we cannot formally investigate every case of potentially poor treatment, so we aim to choose cases which have implications for services across Scotland.

This year we published one investigation into the care and treatment of a woman who killed her baby. Scottish Ministers had requested us to do this investigation. We made a range of recommendations - nine for all joint health and social care bodies in

Scotland; three for the specific health board involved, one for Scottish Government, and one for the Royal College of General Practitioners Scotland. The recommendation for Scottish Government was that priority should be given to establishing a national managed clinical network for perinatal mental health. We were very pleased to see that this clinical network was set up in January 2017. We will be following up all of the other recommendations over the next year.

### **Information and Advice**

The Commission operates a telephone advice line aimed at helping service users, carers, practitioners and others to understand more about individuals' rights and effective use of mental health and incapacity law. The number of telephone calls logged was 6,078 (15/16: 6,870) with 4,475<sup>1</sup> (15/16: 4,839) of these allocated as requests for advice. (The total also includes 750 notifications of Emergency Detention Certificates; note that this is less than last year's figure of 952. Notifying the Commission of Emergency Detention Certificates by telephone will no longer be a requirement with the introduction of the Mental Health (Scotland) Act 2015 (MHA 2015). In anticipation of this, the Commission continued to receive the calls but, on 1 Feb 2017, ceased to record them. Much of our work is at the complex interface between the individual's rights, the law and ethics and the care the person is receiving. We work across the continuum of health and social care and are the only organisation to do so.

We regularly carry out a sample audit of advice given out by individual practitioners and this has consistently revealed an accuracy rate in excess of 97.5%, which is the Commission's target.

We consulted and published two new good practice guides targeted at non specialist mental health and learning disability staff; the Mental Health Act in general hospitals and the Adults with Incapacity Act in general hospitals and care homes. We published the two good practice guides consulted and drafted the previous year; one on supported decision making and one on equality and mental health. We updated one existing good practice guide.

This year we ran two Excellence in Practice seminars on topics that covered capacity, consent and restrictions in relation to treatment and welfare guardianships and powers of attorney. These seminars aim to assist practitioners in applying best practice in legal and ethical issues to an individual's care and treatment. The seminars cover issues that are commonly raised with us through our phone line or through visits or investigations. In total 51 senior practitioners from across Scotland attended.

### **Continuous Improvement**

We are committed to demonstrating that our work provides value for money.

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<sup>1</sup> This number is all requests for advice which is different to requests for advice allocated to the duty practitioner reported in the KPIs

We continue to evaluate the advice given on the telephone advice line and our local visits. Results from these evaluations are fed back to the practitioners to improve practice and share any learning points.

We held a pilot engagement forum for people with lived experience of mental illness. 41 people attended the event in Glasgow in November 2016. It focussed on discussing the priorities for our work over the next few years and the feedback from the event informed our strategic planning.

We have updated the part of our knowledge management system that includes a Question & Answer (Q&A) section on the intranet. This records advice that we have given on complicated cases where legal and ethical issues impact on care and treatment. The first part of this project included reviewing all the Q&As to update and take account of the changes to the MHA 2015. The next stage is to consider whether any of this advice could be published on the website.

Our previous themed visit reports on the use of suspension of detention and compulsory treatment orders in the community raised concerns that the use of these orders tended to be for preventative measures rather than promoting recovery and engaging with other services. This year we held a series of engagement sessions with Community Psychiatric Nurses (CPNs) to promote rights based care and the benefits of advance statements. We held 17 sessions throughout Scotland with 364 CPNs attending. The sessions were very well received and the feedback will be analysed to decide on our next focus.

We reviewed our ongoing financial sustainability through a representative project group. We implemented some changes in working practices to free up staff time and other resources. We identified a reduction in our accommodation space as a significant way to save money and will assess the feasibility of this in the early part of 2017/18.

We implemented our new intranet during the year which has improved our knowledge management and internal communications. The results from the staff survey in January 2017 show an increase from 42% to 79% in staff response to the intranet being an effective way to keep people up to date.

We carried out the biennial staff survey in January 2017. 91% of staff responded. The results showed improvements in 65% of the metrics but with areas for improvement including job satisfaction for casework administration staff and strengthening the consistency and visibility of leadership in the organisation. We will develop an action plan for improvements in consultation with staff.

The Board, Audit Committee and Operational Management Group carried out a self - assessment of its effectiveness and implemented any changes identified.

### **National Confidential Forum (NCF)**

The National Confidential Forum recorded 98 enquiries, received 58 applications and held 47 hearings during the year. It continues with communication campaigns to raise



awareness of its work and to reach out to people who may wish to give testimony. This year it targeted its communications on three main groups; women 25- 45; homelessness; and the young care experienced.

The Forum published its annual report and an interim report "What we have heard so far". In February 2017 it held three consultation events with stakeholders to discuss the interim report and to get feedback on how stakeholders see the future of the Forum. Following these events the Commission Board produced an options paper for Scottish Ministers on the future of the Forum. We expect to meet with Scottish Ministers over the summer and for a decision to be made in the autumn.

The NCF is required by legislation to produce a separate annual report to that of the Commission. It will be produced by the end of June 2017 and will be available on the Forum's website.

## **2. Performance Analysis**

### **Financial Performance**

The Commission's revenue resource allocation from the Scottish Government for 2016/17 was £4,455,000 (prior year £4,417,000). The Commission received no capital allocation in 2016/17.

The revenue resource allocation includes funding for Commission 'core activities' and funding for the operation of the National Confidential Forum.

Details of the Commission's financial performance are given below and in the following statements and supporting notes.

|  | <b>Limit as set by<br/>SGHSCD<br/>£'000</b> | <b>Actual<br/>Outturn<br/>£'000</b> | <b>Variance<br/>(Over)/Under<br/>£'000</b> |
|--|---|-------------------------------------|--|
| <b>1 Core Revenue Resource Limit</b>   |   |                                     |  |
| • MWC Core                             | 3,620                                       | 3,596                               | 24   |
| • NCF                                  | 835   | 670                                 | 165  |
| <b>Non-core Revenue Resource Limit</b> |   |                                     |  |
| • MWC Core                             | 0   | 4                                   | (4)  |
| • NCF                                  | 0   | 98                                  | (98)                                       |
| <b>Total</b>                           | <b>4,455</b>                                | <b>4,368</b>                        | <b>87</b>                                  |

**MEMORANDUM FOR IN YEAR OUTTURN**

|  | <b>£'000</b> |
|--|--------------|
| Brought forward deficit/(surplus) from previous financial year | Nil          |
| Saving/(excess) against in year total Revenue Resource Limit   | 87           |

The Commission is showing net liabilities of £180,000 (prior year: £282,000 net liabilities).

Given the continuing funding, the accounts have been prepared on the going concern basis.

Total current liabilities of £241k (note 9) are slightly lower than as at 31 March 2016 due to a lower value of accruals at the year end.

There were no impairments of receivables (2015/16: nil)

There are no significant remote contingent liabilities.

There are no legal obligations as at 31 March 2017.

There were no Post-Balance Sheet items requiring adjustment of the accounts.

## Performance against Key Non-Financial Targets

The Commission has five key performance indicators (KPIs) agreed with the Scottish Government. Performance against each of these KPIs is noted below.

- a) Visit at least 1,500 individual services users
- b) Complete 25% of local visits in the unannounced format

Most of our visits involved interviewing individuals receiving care and treatment. Sometimes, we were not able to interview the individual, but we still reviewed their case files.

| Type of visit   | Target      | Individuals visited | File review only | Total       |
|---|-------------|---------------------|------------------|-------------|
| Visits to individuals subject to AWI powers             | 450         | 407                 | 0                | 407         |
| Individuals seen as part of themed visits               | 450         |                     |                  |             |
| Adult acute (350)                                       | 350         | 324                 |                  | 532         |
| Homeless (30)   | 30          | 43                  |                  |             |
| Forensic (70)   | 70          | 165                 |                  |             |
| Individuals seen as part of local visits                | 600         | 597                 | 72               | 669         |
| Individuals subject to MHA powers                       |             | 274                 |                  |             |
| Individuals subject to AWI powers                       |             | 32                  |                  |             |
| Individuals subject to CPSA powers                      |             | 50                  |                  |             |
| Individuals that were informal                          |             | 207                 |                  |             |
| Other/field not completed                               |             | 34                  |                  |             |
| Other individual visits                                 | 0           | 47                  |                  | 47          |
| (Young people, cross border transfer and MWC initiated) |             |                     |                  |             |
| Individuals subject to MHA powers                       |             |                     |                  |             |
| Individuals subject to AWI powers                       |             |                     |                  |             |
| Individuals subject to CPSA powers                      |             |                     |                  |             |
| Individuals that were informal                          |             |                     |                  |             |
| Other/field not completed                               |             |                     |                  |             |
| <b>TOTALS</b>   | <b>1500</b> | <b>1583</b>         | <b>72</b>        | <b>1655</b> |

In total we have reviewed the care and treatment of 1655 individuals.

We met with 38 advocacy workers and 80 relatives/carers during our themed and local visits.

We completed 116 local visits, with 30 of these undertaken in an unannounced format (26%)

**We will produce statistics and analysis on the use of mental health and incapacity legislation on time, within six months of the end of the year**

The reports were posted on the website on 29 September 2016.

**We will complete and publish two investigation reports by the end of March 2017**

During the year we progressed 23 investigations, 10 of which were new. Of these one was published on the website.

We remitted four cases back to local services after initial investigation. In these cases, we expressed concerns and made recommendations to service managers for further internal investigation and action. In five cases, we looked at the review carried out by local services following which we were satisfied with the outcome. In two of these cases we were satisfied that there was no deficiency of care. In the remaining three cases, we were satisfied that appropriate action had been taken to address deficiencies identified.

We are continuing to investigate a further 13 cases.

Although we did not meet our KPI for this year, we published one report and completed further analysis and draft report for a second investigation.

**We will assess samples of our telephone advice and aim for at least 97.5% of all our advice to be accurate**

During the year there were 4,388 (2015/16 4,727) calls allocated to duty practitioners as "requests for advice". When we audited calls this year, we found that around 7% (2015/2016 9%) of these resulted in information being recorded but no advice being requested or given. We therefore estimate the approximate number of calls requesting advice at around 4,082 (2015/2016 4,320).

We audited 172 calls, which is 4% of the total "requests for advice" allocated to duty practitioners. We gave advice in 160 of these calls.

|                                       |     |
|---------------------------------------|-----|
| Number of calls where advice given    | 160 |
| Number of calls where advice accurate | 158 |

(We did not audit any calls this year in which we could have added to the advice given (3.5% of calls in 2015-16))

|                            |        |
|----------------------------|--------|
| Inaccurate items of advice | 2 (1%) |
| % accuracy                 | 99%    |
| Target for accuracy        | 97.5%  |

We have therefore performed better than our target of 97.5%.

**We will publicly report, within the agreed timescales, the outcome of the recommendations we make to services in 90% of cases**

Our local visits to individuals allow us to make specific recommendations to services. We made 329 recommendations following 94 local visits conducted during 1 January 2016 and 31 December 2016. Note that this is not the same as the number of visits reported during the year 1 April 2016 to 31 March 2017 as we allow a 3 month response window from services.

- a) We were satisfied that services had responded to 308 (94%) of recommendations.
- b) We have not yet received responses to 17 (5%) recommendations although we have been in contact with service managers to request this information. Responses were due by 31 March 2017 and we will take further action in 2017/18.
- c) Responses to 4 (1%) recommendations are unsatisfactory and further information about work being undertaken is required. These are being followed up with service managers.
- d) We have therefore ensured that we followed up all recommendations for which response were due between 1 April 2016 and 31 March 2017.

We have therefore exceeded the performance indicator of 90% by undertaking follow-up action on 94% of our recommendations.

We are currently looking at improving how we write and follow up on our recommendations to further demonstrate our effectiveness in influencing service improvements through a targeted, risk based programme of local visits.

## **Payment policy**

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Commission did endeavour to comply with the principles of 'The Better Payment Practice Code' (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

- In 2016/17 average credit taken was 5 days (2015/16: 6 days)
- In 2016/17 the Commission paid 100% by value and 99.6% by volume within 30 days (2015/16: 98.7% and 98.9%)
- In 2016/17 the Commission paid 98.2% by value and 97.4% by volume within 10 days (2015/16: 95.1% and 94.2%)

### **Pension Liabilities**

The accounting policy note for pensions is provided in note 1 and disclosure of the costs is shown within note 15 and the Remuneration Report

### **Sustainability and Environmental performing**

As the Commission is not a listed body, it is not required, under the Climate Change (Scotland) Act 2009, to produce an annual report on sustainability.

### **Approval and signing of the Performance Report**

  
.....  
Colin McKay  
Chief Executive Officer  
27<sup>th</sup> June 2017

## Accountability Report

### 1. Corporate Governance Report

#### The Directors' Report

##### Date of Issue

The financial statements were approved and authorised for issue by the Board on 27 June 2017.

##### Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Scott Moncrieff to undertake the audit of the Mental Welfare Commission. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

##### Board Membership

The Commission is a body corporate under the Mental Health (Care & Treatment) (Scotland) Act 2003 as amended by the Public Services Reform (Scotland) Act 2010. The Board members are appointed by Scottish Ministers and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice.

| Board Member                              | Date of appointment | Due to demit office |
|---|---------------------|---------------------|
| Very Revd Dr Graham Forbes CBE<br>(Chair) | 1 April 2011        | 31 March 2019       |
| Mr Nigel Henderson                        | 1 April 2011        | 31 March 2017       |
| Mrs Elaine Noad OBE                       | 1 April 2011        | 31 March 2017       |
| Ms Lesley Smith                           | 1 April 2011        | 31 March 2017       |
| Mr Paul Dumbleton                         | 1 April 2011        | 31 March 2019       |
| Mr Norman Dunning                         | 1 April 2011        | 31 March 2018       |
| Dr Sivasankaran Sashidharan               | 1 April 2011        | 31 March 2018       |
| Mrs Safaa Baxter                          | 1 September 2014    | 31 March 2022       |
| Ms Mary Twaddle                           | 1 April 2017        | 31 March 2021       |
| Mr Alexander Riddell                      | 1 April 2017        | 31 March 2021       |
| Mr Gordon Johnston                        | 1 April 2017        | 31 March 2021       |

The Board members' responsibilities in relation to the accounts are set out in a statement below.

### **Statement of Board Members' Responsibilities**

Under the National Health Service (Scotland) Act 1978, the Commission is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Commission as at 31 March 2017 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Commission will continue to operate.

The Board Members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of Scottish Ministers. They are also responsible for safeguarding the assets of the Commission and hence taking reasonable steps for the prevention of fraud and other irregularities.

The Board Members confirm that they have discharged the above responsibilities during the financial year and in preparing the accounts.

### **Board members' and senior manager's interests**

During the year the Mental Welfare Commission for Scotland has not entered into any material related party transactions as per note 19.

Registers of interests are available on <http://www.mwscot.org.uk> and on <http://www.nationalconfidentialforum.org.uk>

### **Third party indemnity provisions**

There are no qualifying third party indemnity provisions in place for one or more of the Board.



### **Remuneration for non-audit work**

Details of any remuneration paid to auditors in respect of any non audit work carried out on behalf of the Commission is disclosed in note 3.

### **Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. A statement on this is available on our website <http://www.mwcscot.org.uk>

### **Personal data related incidents reported to the Information Commissioner**

No personal data incidents were reported during the year (2015/16: One)

### **Disclosure of Information to Auditors**

The Executive Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Commission's auditor is unaware; and each Executive Director has taken all the steps that he/she ought reasonably to have taken as an Executive Director to make himself/herself aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

### **Events after the end of the reporting period**

The Commission has no post balance sheet events after the reporting period that have a material effect on the accounts.

### **Statement of the Accountable Officer's responsibilities**

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of the Mental Welfare Commission for Scotland.

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- for the economical, efficient and effective use of resources placed at the Commission's disposal; and
- safeguarding the assets of the Commission.

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual and, in particular to;

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the accounts on a going concern basis.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 20 March 2014.

## **Governance Statement**

### **Scope of Responsibility**

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

### **Purpose of Internal Control**

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

### **Governance Framework**

The Board is responsible for setting the overall strategic direction for the organisation and has corporate responsibility for ensuring that the organisation fulfils its strategic aims and objectives. The Board met seven times during the year to progress the business of the Commission.

The Board comprises a Chair and seven Board members. The Board members are appointed by Scottish Ministers and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice. The Chief Executive Officer and the executive team are not Board members but attend all meetings.

The Board completed a self-assessment using the NHS Board Diagnostic self-assessment in May 2016. The Board identified the key risks for the organisation as financial sustainability, investigations and NCF. The Board agreed to devote a meeting of the Board to discuss strategic planning and sustainability and this was held in

December 2016. The main outcome from the self-assessment was an agreement to review and update the process to make it more meaningful for the Commission. A working group of Board members designed a new self-assessment pro-forma which was approved by the Board in December and completed in January 2017. In the future the annual assessment will be completed in December each year to allow the risks identified by the Board to be incorporated into the revisions to the risk management strategy each year.

Each Board member has an appraisal with the Chair. The Chair is subject to appraisal by the Scottish Government sponsor department. New guidelines for Chair and Board appraisal were issued in February 2017 which will be reviewed and implemented. Any development needs for individuals are identified through this process.

The Standing Orders of the Commission outline the scheme of delegation to the Audit Committee, the executive managers of the Commission and the Head of NCF. There are two standing committees; the Audit Committee and the Advisory Committee. The Standing Orders and Standing Financial Instructions are reviewed and updated on an annual basis by the Audit Committee and approved by the Board in March each year. The Procurement Policy is reviewed and approved annually by the Audit Committee ensuring the Commission is compliant with procurement regulations.

The Audit Committee remit and membership is outlined in the standing orders. It comprises two Board members (Norman Dunning (Chair), Elaine Noad until March 2017 and Alexander Riddell from May 2017) and a co-opted member (Robin McNaught) who is an external person with expertise in NHS finance. It met three times during the year to consider the operational effectiveness of the internal control structure, to approve the strategic and annual internal audit plan and external audit arrangements and risk management. The Audit Committee undertakes an annual self-assessment of its effectiveness and the Audit Committee Chair formally reports to the Board twice a year (once recommending the annual accounts and once an annual report of Audit Committee activities and objectives for the following year). Minutes of each Audit Committee meeting are presented to the Board.

By statute the Commission is required to have an advisory committee and it meets twice a year. Its remit and membership is outlined in the standing orders and includes representatives from relevant stakeholder groups. The Advisory Committee gives the Board advice on the Commission's functions and how it exercises its functions.

The Board retains the scrutiny and decision making on appointments and remuneration. All staff, except medical consultants, are covered by the Scottish Government Pay Policy. The Chief Executive Officer is covered by the Scottish Government Pay Policy for senior appointments. The Board approves the pay remit in line with the pay policy guidance for approval by Scottish Ministers. Medical consultants' pay mirror those in the NHS in Scotland.

The National Confidential Forum (NCF) is established as a committee of the Commission through amendments to the Mental Health (Care & Treatment)(Scotland) Act 2003 by the Victims and Witnesses (Scotland) Act 2014. The Standing Orders outline its remit and delegated authority to the Forum Head although the rules and

procedures of committee meetings do not apply. There is a memorandum of understanding between the Scottish Government and the Commission on the operation of the NCF, including corporate governance arrangements.

The Forum comprises the Head and members. At the start of the year there were five members with four resigning during the year and a further member appointed in November 2016. The Forum currently comprises a Head and two members. The Head and members are appointed by Scottish Ministers and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice. The Head is accountable to the Commission Chair and reported to every Board meeting. The Forum met five times during the year with minutes of the meetings presented to the Board and published on the Forum's website.

The Head of the Forum reported to every Board meeting during the year.

The Operational Management Group (OMG) assists the Chief Executive Officer on the day to day management of the organisation. It meets twice a month and covers all the key strategy areas in its remit. It is not a standing committee of the Board but the remit of the group is approved by the Board and it reports to the Board on a regular basis. The OMG carried out a self-assessment of its effectiveness, implemented improvements and reported on this to the Board.

The Chief Executive Officer is accountable to the Board through the Chair of the Commission. The Chair, along with the Board, agrees the Chief Executive Officer's annual objectives in line with the Commission's strategic and business plans. The members of the executive team set objectives with the Chief Executive Officer and identify any development needs.

The Commission has a Public Interest Disclosure policy to facilitate investigation of staff concerns and Complaints against the Commission policy to record and investigate complaints from the public.

The organisation strives to consult and involve all of its key stakeholders. We do this by

- Meeting with the Advisory Committee and consulting on our strategic priorities
- Ensuring that the composition of the Board reflects the breadth of stakeholder groups.
- Meeting with the Minister for Mental Health on our strategic and operational plans and highlight the use of the Acts across Scotland and any areas of concern that the Commission has in mental health and learning disability care and treatment.
- Meeting senior staff in NHS Boards and local authorities on an annual basis. These meetings allow us to feedback to senior managers our activity over the year and to receive update reports on progress made.

- Meetings with professional, service user and carer groups nationally and locally.
- The development of good practice guides done through extensive involvement and consultation including consultation events to discuss the issues and circulation of drafts to relevant stakeholders.

The Commission has a statutory duty to consult with the Care Inspectorate and Healthcare Improvement Scotland. We have memoranda of understanding with both organisations. We have also had discussions around joint working and where this would add value.

### **Review of Adequacy and Effectiveness**

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- Board meetings seven times during the year;
- periodic reports from the chair of the organisation's Audit Committee, to the Board, concerning internal control;
- the ongoing work of the risk management group in reviewing the risk universe and business continuity plans and developing associated action plans to mitigate the identified risks;
- the development of a risk universe associated with the risks to the Commission from the operation of the NCF and an associated action plan;
- the development and implementation of the best value framework and progress report to the Board;
- a corporate governance statement from the NCF outlining the internal control structure;
- the work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
- comments by the external auditors in their management letters and other reports.

### **Risk Assessment**

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with

relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Scrutiny of the risk management strategy is delegated to the Audit Committee. The Commission has an established risk strategy in place. This incorporates a risk universe identifying all the key operational areas of the Commission's work and associated risks and is reviewed and updated on an annual basis by a risk management group. There is also a risk universe identifying the key risks to the Commission from the operation of the NCF. The group comprises staff from different parts of the Commission. From the review of the risk universe an action plan is devised and implemented. The action plan identifies the greatest areas of risk and takes action to mitigate the risks. This action plan is reviewed by the Operational Management Group, and reported to the Audit Committee three times per year.

The NCF has established a risk universe identifying the operational areas of NCF work and associated risks. An action plan to mitigate the greatest risks has been identified. The risk universe and action plan was agreed at a meeting of the Forum and approved by the Audit Committee. The Forum will review the action plan and report to the Audit Committee three times a year.

The Board approved the risk management strategy for 2017/18, which incorporates NCF, at its meeting in March 2017.

Risks to information are considered in line with the process described above and the Commission's Risk Register specifically includes information risks with associated action plans. There is an approved Information Risk Management Policy in place based on guidance from the NHS information risk management policy. Following an audit recommendation we have implemented a data security log which records near misses and actions to mitigate the risks. This log will be discussed at the risk management group. During the year we contracted an external company to carry out a penetration test and vulnerability assessment of our external infrastructure. We received a report in March 2017 and will review and implement the recommendations.

The risk management group also review the business continuity strategy on an annual basis. This involves reviewing the risk register and devising an action plan. The business continuity strategy is approved by the Operational Management Group which reports on the action plan to the Audit Committee three times a year. The NCF has a business continuity strategy approved by the Forum which reports on the action plan to the Audit Committee.

More generally, the organisation is committed to continuous development (see continuous improvement section of performance report) and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, during the year the organisation has:

- Reviewed and revised its strategic plan which is now underpinned by four strategic priorities which all of our activity will support

- Reviewed our financial sustainability in conjunction with the strategic review and made changes to the team structure to free up resource to focus on the impact of our work
- Held an event for individuals with lived experience of mental illness and a series of meetings for Community Psychiatric Nurses throughout Scotland
- Updated our Q&A section of the intranet
- Conducted a biennial staff survey
- Discussed strategic priorities on our visiting and monitoring work and areas for good practice guide development with the advisory committee and staff
- Carried out self-assessments of the Board, Audit Committee and Operational Management Group and implemented improvements.
- Implemented its best value framework and provided an end of year report to the Board.

## **Disclosures**

During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. There were no significant lapses in data security.



## **2. Remuneration Report**

The Commission determines pay and terms and conditions of employment for staff. This is governed by the Board which recommended the pay remit to Scottish Ministers. Scottish Ministers approved the Pay remit agreed for the year ended 31 March 2017, in April 2016. There were no departures from the policy in 2016/17, 2015/16 or 2014/15.

There are no additional performance related bonuses. All staff with the exception of the Chief Executive Officer, Executive Director (Medical) and medical consultant are covered by the pay remit. Medical consultant pay mirrors those of the NHS in Scotland.

The remuneration of the Board, NCF Head of Forum, NCF Panel Members, and the Chief Executive Officer is covered by the Public Sector Pay Policy for Senior Appointments.

Duration of Board appointments can be found in the Accountability report. The Chief Executive Officer and Directors are employed on permanent contracts with three month notice periods. There have been no significant awards made to past senior managers (Prior year: Nil)

The remuneration of senior staff, Board members and other public appointees is outlined as follows:

**Remuneration Table**

|   | Gross Salary<br>(bands of<br>£5,000) | Bonus<br>Payments<br>(bands of<br>£5,000) | Benefit<br>s in<br>Kind | Total<br>Earnings<br>In year | Pension<br>Benefits<br>Note 1 | Total Remuneration<br>(bands of £5,000) |
|---|--------------------------------------|---|-------------------------|------------------------------|-------------------------------|---|
|   | £'000                                | £'000                                     | £'000                   | £'000                        | £'000                         | £'000                                   |
| <b>Executive</b>  |                                      |   |                         |                              |                               |   |
| Mr C McKay<br><i>Chief Executive<br/>Officer</i><br><i>Started: 11.04.14</i>                                    | 95 – 100                             | -   | -                       | 95 -100                      | 41                            | 140 -145                                |
| Dr G Morrison<br><i>Executive Director<br/>(Medical)</i><br><i>Started:01.11.13</i>                             | 130 - 135                            | -   | -                       | 130 - 135                    | 54                            | 180 - 185                               |
| Ms A McRae<br><i>(note 2)</i><br><i>Head of Corporate<br/>Services</i><br><i>Started:15.05.00</i>               | 40 - 45                              | -   | -                       | 40 - 45                      | 28                            | 65 -70                                  |
| Mrs A Thomson<br><i>Executive Director<br/>(Nursing)</i><br><i>Started 22.10.12</i>                             | 65 - 70                              | -   | -                       | 65 - 70                      | 46                            | 110 - 115                               |
| Ms A K Fearnley<br><i>Executive Director<br/>(Engagement and<br/>Participation)</i><br><i>Started: 16.02.15</i> | 65 - 70                              | -   | -                       | 65 - 70                      | 14                            | 75 - 80                                 |
| Mr M Diamond<br><i>Executive Director<br/>(Social Work)</i><br><i>Started:23.03.15</i>                          | 60 - 65                              | -   | -                       | 60 - 65                      | 20                            | 80 - 85                                 |

|  | Gross Salary<br>(bands of £5,000) | Bonus Payments<br>(bands of £5,000) | Benefits in Kind | Total Earnings In year | Pension Benefits Note 1 | Total Remuneration (bands of £5,000) |
|--|-----------------------------------|-------------------------------------|------------------|------------------------|-------------------------|--------------------------------------|
|  | £'000                             | £'000                               | £'000            | £'000                  | £'000                   | £'000                                |
| <b>Board Members</b>                   |                                   |                                     |                  |                        | <i>note 4</i>           |                                      |
| Rev G Forbes (Chair) ( <i>note 3</i> ) | 15 - 20                           | -                                   | -                | 15 -20                 | -                       | 15 -20                               |
| Mrs S Baxter                           | 5 -10                             | -                                   | -                | 5 -10                  | -                       | 5 -10                                |
| Mr P Dumbleton                         | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |
| Mr N Dunning                           | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |
| Mr N Henderson                         | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |
| Mrs E Noad                             | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |
| Dr S Sashidharan                       | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |
| Ms L Smith                             | 0 - 5                             | -                                   | -                | 0 - 5                  | -                       | 0 - 5                                |

| National Confidential Forum Public Appointees              | Gross Fees (bands of £5,000) | Bonus Payment (bands of £5,000) | Benefits in Kind | Total Earnings In year (bands of £5,000) | Pension Benefits Note 4 | Total Remuneration (bands of £5,000) |
|--|------------------------------|---------------------------------|------------------|--|-------------------------|--------------------------------------|
| Dr R Happer<br>Head of Forum                               | 50 - 55                      | -                               | -                | 50 - 55                                  | -                       | 50 - 55                              |
| Dr E Calder<br>Member ( <i>Resigned 15.02.17</i> )         | 20 - 25                      | -                               | -                | 20 - 25                                  | -                       | 20 - 25                              |
| Mrs S Everingham<br>Member ( <i>Resigned 15.02.17</i> )    | 10 - 15                      | -                               | -                | 10 - 15                                  | -                       | 10 -15                               |
| Professor K Hampton<br>Member ( <i>Resigned 15.02.17</i> ) | 20 - 25                      | -                               | -                | 20 - 25                                  | -                       | 20 - 25                              |
| Mr J Malcolm<br>( <i>Appointed 14.03.16</i> )              | 15 - 20                      | -                               | -                | 15 - 20                                  | -                       | 15 - 20                              |
| E Taylor ( <i>appointed 11.04.16 / Resigned 18.01.17</i> ) | 10 - 15                      | -                               | -                | 10 - 15                                  | -                       | 10 - 15                              |
| Ms A Farrington<br>( <i>Appointed 07.11.16</i> )           | 5 - 10                       | -                               | -                | 5 - 10                                   | -                       | 5 - 10                               |

In accordance with the Financial Reporting Manual (FRM), and the Companies Act, publication of individual's 'pension benefits' is disclosed by the Commission. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2016 -17

*Note 1:* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

| <i>Note 2</i> | Full time equivalent<br>Annualised Gross Salary<br>(Bands of £5,000) |
|---------------|--|
| Ms A McRae    | 65 – 70  |

*Note 3:* Fee Paid to St Mary's Cathedral until 31.7.16

*Note 4:* Board members and NCF public appointees are not in receipt of Pension benefits

### Pensions Values Table

|               | Accrued Pension at age 60 as at 31/03/17 (bands of £5,000) | Total accrued lump sum at age 65 at 31 March 2017 (bands of £5,000) | Real Increase In pension At age 60 (bands of £2,500) | Real Increase in lump sum at age 65 at 31 March 2017 (bands of £2,500) | CETV At 31/03/17 | CETV At 31/03/16 | Real Increase In CETV |
|---------------|--|---|--|--|------------------|------------------|-----------------------|
| Executive     | £'000  |   | £'000  |  | £'000            | £'000            | £'000                 |
| Mr C McKay    | 60 - 65  | 0 - 5   | 2.5 – 5  | 0 - 5  | 940              | 868              | 72                    |
| Dr G Morrison | 40 – 45  | 130 - 135   | 0 – 2.5  | 7.5 – 10   | 818              | 739              | 60                    |
| Ms A McRae    | 10 – 15  | 45 - 50   | 0 – 2.5  | 2.5 - 5  | 298              | 263              | 25                    |
| Mrs A Thomson | 30 - 35  | 90 - 95   | 0 – 2.5  | 5 – 7.5  | 606              | 552              | 45                    |

**Mental Welfare Commission for Scotland  
Accountability Report**

**Annual Report and Accounts  
31 March 2017**

|                 |         |       |         |       |     |     |    |
|-----------------|---------|-------|---------|-------|-----|-----|----|
| Ms A K Fearnley | 0 – 5   | 0 – 5 | 0 – 2.5 | 0 – 5 | 37  | 19  | 18 |
| Mr M Diamond    | 40 – 45 | 0 – 5 | 0 – 2.5 | 0 – 5 | 618 | 582 | 28 |

**Remuneration Report for the year ended 31 March 2016**

|   | Gross Salary<br>(bands of<br>£5,000) | Bonus Payments<br>(bands of<br>£5,000) | Benefits<br>in Kind | Total Earnings<br>In year | Pension Benefits<br>Note 1 | Total Remuneration<br>(bands of £5,000) |
|---|--------------------------------------|--|---------------------|---------------------------|----------------------------|---|
|   | £'000                                | £'000                                  | £'000               | £'000                     | £'000                      | £'000                                   |
| <b>Executive</b>  |                                      |  |                     |                           |                            |   |
| Mr C McKay<br><i>Chief Executive Officer</i><br><i>Started: 11.04.14</i>                                | 95 – 100                             | -                                      | -                   | 95 -100                   | 19                         | 115 - 120                               |
| Dr G Morrison<br><i>Executive Director (Medical)</i><br><i>Started:01.11.13</i>                         | 125 - 130                            | -                                      | -                   | 125-130                   | 28                         | 155 -160                                |
| Ms A McRae<br><i>(note 2)</i><br><i>Head of Corporate Services</i><br><i>Started:15.05.00</i>           | 40 - 45                              | -                                      | -                   | 40 - 45                   | 7                          | 45 - 50                                 |
| Mrs A Thomson<br><i>Executive Director (Nursing)</i><br><i>Started 22.10.12</i>                         | 65 - 70                              | -                                      | -                   | 65 - 70                   | 46                         | 110 - 115                               |
| Ms A K Fearnley<br><i>Executive Director (Engagement and Participation)</i><br><i>Started: 16.02.15</i> | 60 - 65                              | -                                      | -                   | 60 - 65                   | 14                         | 75 - 80                                 |
| Mr M Diamond<br><i>Executive Director (Social Work)</i><br><i>Started:23.03.15</i>                      | 60 - 65                              | -                                      | -                   | 60 - 65                   | 34                         | 95 - 100                                |

|   | Gross Salary<br>(bands of<br>£5,000) | Bonus Payments<br>(bands of<br>£5,000) | Benefits<br>in Kind | Total Earnings<br>In year | Pension Benefits<br>Note 1 | Total Remuneration<br>(bands of £5,000) |
|---|--------------------------------------|--|---------------------|---------------------------|----------------------------|---|
|   | £'000                                | £'000                                  | £'000               | £'000                     | £'000                      | £'000                                   |
| <b>Board Members</b>                      |                                      |  |                     |                           | <i>note 4</i>              |   |
| Rev G Forbes<br>(Chair) ( <i>note 3</i> ) | 15 - 20                              | -                                      | -                   | 15 -20                    | -                          | 15 -20                                  |
| Mrs S Baxter                              | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Mr P Dumbleton                            | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Mr N Dunning                              | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Mr N Henderson                            | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Ms J Killeen                              | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Mrs E Noad                                | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Dr S Sashidharan                          | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |
| Ms L Smith                                | 0 - 5                                | -                                      | -                   | 0 - 5                     | -                          | 0 - 5                                   |

| <b>National Confidential Forum Public Appointees</b>          | Gross Fees<br>(bands of<br>£5,000) | Bonus Payment<br>(bands of<br>£5,000) | Benefits<br>in Kind | Total Earnings<br>In year<br>(bands of<br>£5,000) | Pension Benefits<br>Note 4 | Total Remuneration<br>(bands of<br>£5,000) |
|---|------------------------------------|---------------------------------------|---------------------|---|----------------------------|--|
| Dr R Happer<br>Head of Forum<br>( <i>Appointed 01.02.16</i> ) | 40 – 45                            | -                                     | -                   | 40 – 45   | -                          | 40 – 45                                    |
| Dr E Calder<br>Member   | 20 – 25                            | -                                     | -                   | 20 – 25   | -                          | 20 – 25                                    |
| Mrs S Everingham<br>Member                                    | 15 – 20                            | -                                     | -                   | 15 – 20   | -                          | 15 – 20                                    |
| Professor K Hampton<br>Member                                 | 20 – 25                            | -                                     | -                   | 20 - 25   | -                          | 20 - 25                                    |
| Mr J Malcolm<br>( <i>Appointed 14.03.16</i> )                 | 0 - 5                              | -                                     | -                   | 0 - 5   | -                          | 0 - 5                                      |
| Ms A Currie<br>Head of Forum<br>( <i>Resigned 12.05.15</i> )  | 15 - 20                            | -                                     | -                   | 15 - 20   | -                          | 15 - 20                                    |

Pensions Values Table

|                                    | Accrued Pension at age 60 as at 31/03/16 (bands of £5,000) | Real Increase In pension At age 60 (bands of £2,500) | CETV At 31/03/16 | CETV At 31/03/15 | Real Increase In CETV |
|------------------------------------|--|--|------------------|------------------|-----------------------|
| Executive                          | £'000  | £'000  | £'000            | £'000            | £'000                 |
| Mr C McKay                         | 50 – 55 plus lump sum of 0 – 5                             | 0 – 2.5 plus lump sum of 0 – 2.5                     | 771              | 703              | 55                    |
| Dr G Morrison                      | 40 – 45 plus lump sum of 120 – 125                         | 0 – 2.5 plus lump sum of 5 – 7.5                     | 715              | 659              | 37                    |
| Ms A McRae                         | 10 – 15 plus lump sum of 40 – 45                           | 0 – 2.5 plus lump sum of 0 – 2.5                     | 254              | 237              | 11                    |
| Mrs A Thomson                      | 25 – 30 plus lump sum of 85 – 90                           | 0 – 2.5 plus lump sum of 5 – 7.5                     | 534              | 477              | 49                    |
| Ms A K Fearnley (started 16.02.15) | 0 – 5 plus lump sum of 0 – 5                               | 0 – 2.5 plus lump sum of 0 – 2.5                     | 17               | 2                | 7                     |
| Mr M Diamond (started 23.03.15)    | 35 – 40 plus lump sum of 0 – 5                             | 0 – 2.5 plus lump sum of 0 – 2.5                     | 560              | 516              | 36                    |

### **Fair Pay Disclosure**

The Commission is required to disclose the relationship between the remuneration of the highest paid executive and the median remuneration of the Commission's workforce as follows;

| <b>2016-17</b>   |              | <b>2015-16</b>   |              |
|--|--------------|--|--------------|
| Range of Staff Remuneration  | 17.9 – 132.5 | Range of Staff Remuneration                            | 17.5 – 127.5 |
| Highest Earning Executive's Total Remuneration (£000s)   | 132.5        | Highest Earning Executive's Total Remuneration (£000s) | 127.5        |
| Median Total Remuneration  | 36.5         | Median Total Remuneration                              | 37.0         |
| Ratio  | 3.57         | Ratio  | 3.49         |
| <b>Commentary</b><br>These figures exclude employer pension contributions to improve comparability. The Executive remuneration disclosure is mid salary range using the £5k banding system. The ratio has increased as the median salary has decreased slightly due to changes in staff composition. The highest earning Executive is a consultant psychiatrist and is remunerated in line with medical consultant pay of the NHS in Scotland. |              |  |              |

### **Staff Report**

#### **a) Number of senior staff by band**

| <b>Band (bands of £5,000)</b> | <b>2017<br/>Number of Staff</b> | <b>2016<br/>Number of Staff</b> |
|-------------------------------|---------------------------------|---------------------------------|
| £50,001 to £55,000            | 8                               | 6                               |
| £60,001 to £65,000            | 1                               | 1                               |
| £65,001 to £70,000            | 1                               | 1                               |



b) Staff Costs and numbers

| 31<br>March<br>2016<br>Total<br>£'000 | STAFF COSTS                              | Executive<br>£'000 | Board<br>Members<br>£'000 | Permanent<br>Staff<br>£'000 | Other<br>Staff<br>£'000 | NCF<br>Head<br>and<br>Members<br>£'000 | 31<br>March<br>2017<br>Total<br>£'000 |
|---------------------------------------|--|--------------------|---------------------------|-----------------------------|-------------------------|--|---------------------------------------|
| 2,278                                 | Salaries and fees                        | 470                | 32                        | 1,629                       | 95                      | 136                                    | 2,362                                 |
| 196                                   | Social security costs                    | 58                 | 1                         | 168                         | 11                      | 12                                     | 250                                   |
| 307                                   | NHS scheme employers' pension costs      | 70                 | -                         | 219                         | 8                       | 9                                      | 306                                   |
| 8                                     | Other employers' pension costs (note 15) | -                  | -                         | -                           | 8                       | -                                      | 8                                     |
| 332                                   | Second Opinion Doctors                   | -                  | -                         | -                           | 336                     | -                                      | 336                                   |
| 20                                    | Short term staff                         | -                  | -                         | -                           | 1                       | -                                      | 1                                     |
| <b>3,141</b>                          | <b>TOTAL</b>                             | <b>597</b>         | <b>33</b>                 | <b>2,017</b>                | <b>459</b>              | <b>157</b>                             | <b>3,263</b>                          |

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the Scheme can be found in note 15.

STAFF NUMBERS

|      |                             |     |   |      |   |     |      |
|------|-----------------------------|-----|---|------|---|-----|------|
| 62.6 | Whole Time Equivalent (WTE) | 5.6 | 8 | 44.9 | 2 | 5.8 | 66.2 |
|------|-----------------------------|-----|---|------|---|-----|------|

**c) Staff Composition**

|                        | <b>2017</b> |               |              | <b>2016</b> |               |              |
|------------------------|-------------|---------------|--------------|-------------|---------------|--------------|
|                        | <b>Male</b> | <b>Female</b> | <b>Total</b> | <b>Male</b> | <b>Female</b> | <b>Total</b> |
| Executive Directors    | 3           | 3             | 6            | 3           | 3             | 6            |
| Board Members          | 5           | 3             | 8            | 5           | 4             | 9            |
| NCF Members            | 1           | 5             | 6            | 0           | 3             | 3            |
| Other                  | 20          | 39            | 59           | 19          | 40            | 59           |
| <b>Total Headcount</b> | <b>29</b>   | <b>50</b>     | <b>79</b>    | <b>27</b>   | <b>50</b>     | <b>77</b>    |

**d) Sickness absence data**

|                       | <b>2017</b> | <b>2016</b> |
|-----------------------|-------------|-------------|
| Sickness Absence Rate | 4.9%        | 3.9%        |

**e) Staff Policies**

As an equal opportunities employer the Commission welcomes applications for employment from people with disabilities and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Commission. As such the Commission has been awarded the disability symbol employer status.

The Commission provides employees with information on matters of concern to them as employees by means of monthly team briefs, staff meetings and internal communications.

**f) Exit packages**

There were no exit packages agreed in year (Prior year: nil).

### **3. Parliamentary Accountability Report**

The Board were not required to approve the write off of any losses or make any large special payments during the financial year under review (2015-16 - £Nil)

#### **Approval and signing of the Accountability Report**

Signed.....

Colin McKay  
Chief Executive Officer  
Accountable Officer

27th June 2017

**Independent auditor's report to the members of the Mental Welfare Commission for Scotland, the Auditor General for Scotland and the Scottish Parliament**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Report on the audit of the financial statements****Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of the Mental Welfare Commission for Scotland for the year ended 31 March 2017 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the Commission's affairs as at 31 March 2017 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

**Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, 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.

**Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

Our objectives are to achieve 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&I) 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.

**Other information in the annual report and accounts**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts 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 misstatements or inconsistencies we consider the implications for our report.

**Report on regularity of expenditure and income****Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

**Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Audit Report

31 March 2017

## Report on other requirements

**Opinions on other prescribed matters**

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

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

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.



Nick Bennett  
For and on behalf of Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: 29 June 2017 .....

## Statement of Comprehensive Net Expenditure

31 March 2017

**Statement of Comprehensive Net Expenditure**  
**For the Year ended 31 March 2017**

| 31 March<br>2016 |  | Note | 31 March<br>2017 |
|------------------|--|------|------------------|
| £'000            |  |      | £'000            |
| 4,445            | Administration Costs                   | 4    | 4,368            |
| (28)             | Less: Other Operating Income           | 5    | -                |
| <u>4,417</u>     | <b>Net Operating Costs</b>             |      | <u>4,368</u>     |
| <u>-</u>         | <b>Other Comprehensive Expenditure</b> |      | <u>-</u>         |
| <u>4,417</u>     | <b>Total Comprehensive Expenditure</b> |      | <u>4,368</u>     |

| Summary of Resource Outturn                                 | Note | £'000 | £'000      |
|---|------|-------|------------|
| <b>Net Operating Costs</b>                                  |      |       | 4,368      |
| Total Non Core Expenditure (see below)                      |      |       | (102)      |
| <b>Total Core Expenditure</b>                               |      |       | 4,266      |
| <b>Core Revenue Resource Limit</b>                          |      |       | 4,455      |
| <b>Saving/ (excess) against Core Revenue Resource Limit</b> |      |       | <u>189</u> |

**Summary of Non Core Revenue Resource Outturn**

|  |     |          |              |
|--|-----|----------|--------------|
| Depreciation/ Amortisation                                     | 3,6 | 102      |              |
| Annually managed Expenditure – Movement of Provisions          | 16  | <u>0</u> |              |
| <b>Total Non Core Expenditure</b>                              |     |          | 102          |
| <b>Non Core Revenue Resource Limit</b>                         |     |          | -            |
| <b>Saving/(excess) against Non Core Revenue Resource Limit</b> |     |          | <u>(102)</u> |

| Summary of Resource Outturn | Resource     | Expenditure  | Saving/<br>(Excess) |
|-----------------------------|--------------|--------------|---------------------|
|                             | £'000        | £'000        | £'000               |
| Core                        | 4,455        | 4,266        | 189                 |
| Non Core                    | -            | 102          | (102)               |
| <b>Total</b>                | <u>4,455</u> | <u>4,368</u> | <u>87</u>           |

The Notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts

# Balance Sheet

| 31 March<br>2016<br>£'000 |  | Note   | 31 March<br>2017<br>£'000 | 31 March<br>2017<br>£'000 |
|---------------------------|--|--------|---------------------------|---------------------------|
|                           | <b>Non-current assets:</b>                   |        |                           |                           |
| 33                        | Property, plant and equipment                | 6(b)   | 0                         |                           |
| 69                        | Intangible assets                            | 6(a)   | 0                         | 0                         |
| <u>102</u>                | <b>Total non-current assets</b>              |        |                           |                           |
|                           | <b>Current Assets:</b>                       |        |                           |                           |
| 31                        | Trade and other receivables                  | 7      | 81                        |                           |
| 5                         | Cash and cash equivalents                    | 8      | 14                        |                           |
| <u>36</u>                 | <b>Total current assets</b>                  |        |                           | 95                        |
| <u>138</u>                | <b>Total assets</b>                          |        |                           | <u>95</u>                 |
|                           | <b>Current liabilities</b>                   |        |                           |                           |
|                           | Financial liabilities:                       |        |                           |                           |
| (387)                     | Trade and other payables                     | 9      | (241)                     |                           |
| <u>(387)</u>              | <b>Total current liabilities</b>             |        |                           | <u>(241)</u>              |
| <u>(249)</u>              | <b>Total assets less current liabilities</b> |        |                           | <u>(146)</u>              |
|                           | <b>Non-current liabilities</b>               |        |                           |                           |
| (33)                      | Provisions                                   | 16     | (34)                      |                           |
| <u>(33)</u>               | <b>Total non-current liabilities</b>         |        |                           | <u>(34)</u>               |
| <u>(282)</u>              | <b>Assets less liabilities</b>               |        |                           | <u>(180)</u>              |
|                           | <b>Taxpayers' Equity</b>                     |        |                           |                           |
| (282)                     | General Fund                                 | SOC TE |                           | (180)                     |
| <u>(282)</u>              | <b>Total taxpayers' equity</b>               |        |                           | <u>(180)</u>              |

Adopted by the Commission on 27th June 2017

Signed.....  
Graham Forbes  
Chair

Signed.....  
Colin McKay  
Chief Executive Officer  
Accountable Officer

In addition to the Statement of Comprehensive Net Expenditure, Balance Sheet, Statement of Cash flows and the Statement of Changes in Taxpayers' Equity, the notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts.



**Statement of Cash Flows**  
**For the year ended 31 March 2017**

| 2016<br>£'000   |  | Note     | 2017<br>£'000 | 2017<br>£'000  |
|---|--|----------|---------------|----------------|
| <b>Cash flows from operating activities</b>                                 |  |          |               |                |
| (4,417)   | Net operating cost                                   | SOCNE    | (4,368)       |                |
| 102   | Adjustments for non-cash transactions                | 3        | 102           |                |
| 41  | (Increase) / decrease in trade and other receivables | 10       | (50)          |                |
| (723)   | Increase / (decrease) in trade and other payables    | 10       | (146)         |                |
| 3   | Increase / (decrease) in provisions                  | 10       | 1             |                |
| <b>(4,994)</b>  | <b>Net cash outflow from operating activities</b>    |          |               | <b>(4,461)</b> |
| <b>Cash flows from investing activities</b>                                 |  |          |               |                |
| -   | Purchase of property, plant and equipment            |          | -             |                |
| (66)  | Purchase of intangible assets                        |          | -             |                |
| <b>(66)</b>   | <b>Net cash outflow from investing activities</b>    |          |               | <b>-</b>       |
| <b>Cash flows from financing activities</b>                                 |  |          |               |                |
| 5,062   | Funding  | SOCTE    | 4,471         |                |
| (1)   | Movement in general fund working capital             | SOCTE    | (1)           |                |
| 5,061   | Cash drawn down                                      |          |               | 4,470          |
| <b>5,061</b>  | <b>Net Financing</b>                                 |          |               | <b>4,470</b>   |
| <b>Net Increase / (decrease) in cash and cash equivalents in the period</b> |  |          |               |                |
| 1   |  |          |               | 9              |
| <b>Cash and cash equivalents at the beginning of the period</b>             |  |          |               |                |
| 4   |  |          |               | 5              |
| <b>Cash and cash equivalents at the end of the period</b>                   |  |          |               |                |
| 5   |  |          |               | 14             |
| <b>Reconciliation of net cash flow to movement in net debt/cash</b>         |  |          |               |                |
| 1   | Increase/(decrease) in cash in year                  |          |               | 9              |
| 4   | Net debt/cash at 1 April                             | 8        |               | 5              |
| <b>5</b>  | <b>Net Cash at 31 March</b>                          | <b>8</b> |               | <b>14</b>      |

In addition to the Statement of Comprehensive Net Expenditure, Balance Sheet, Statement of Cash flows and the Statement of Changes in Taxpayers' Equity, the notes to the Accounts, numbered 1 – 19, form an integral part of these Accounts.

### Statement of changes in Taxpayers' Equity

| Year ended 31 March 2017                        | Note | General<br>Fund<br>£'000 | Total<br>Reserves<br>£'000 |
|---|------|--------------------------|----------------------------|
| Balance at 31 March 2016                        |      | (282)                    | (282)                      |
| Changes in taxpayers' equity for 2016/17        |      |                          |                            |
| Net operating cost for the year                 |      | (4,368)                  | (4,368)                    |
| Total recognised income and expense for 2016/17 |      | (4,368)                  | (4,368)                    |
| Funding:  |      |                          |                            |
| Drawn down                                      |      | 4,471                    | 4,471                      |
| Movement in General Fund (Creditor) / Debtor    |      | (1)                      | (1)                        |
| Balance at 31 March 2017                        |      | (180)                    | (180)                      |

| Year ended 31 March 2016 (prior year)           | Note | General<br>Fund<br>£'000 | Total<br>Reserves<br>£'000 |
|---|------|--------------------------|----------------------------|
| Balance at 31 March 2015                        |      | (926)                    | (926)                      |
| Changes in taxpayers' equity for 2015/16        |      |                          |                            |
| Net operating cost for the year                 |      | (4,417)                  | (4,417)                    |
| Total recognised income and expense for 2015/16 |      | (4,417)                  | (4,417)                    |
| Funding:  |      |                          |                            |
| Drawn down                                      |      | 5,062                    | 5,062                      |
| Movement in General Fund (Creditor) / Debtor    |      | (1)                      | (1)                        |
| Balance at 31 March 2016                        |      | (282)                    | (282)                      |

## Notes to the Accounts

### 1) Accounting Policies

#### a) Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(w) below.

#### (i) Standards, amendments and interpretations effective in 2016/17

There are no new standards, amendments or interpretations effective for the first time this year which impact upon the financial statements.

#### (ii) Standards, amendments and interpretations issued in the current year but not yet effective.

The following standards, amendments and interpretations were issued in the current year but are not yet effective and have not been applied:

- IFRS 9 Financial Instruments. The standard is expected to be applied, through Government Financial Reporting Manual interpretation, in 2018/19. Application of the standard is not expected to have a material effect on the financial statements.
- IFRS 15 Revenue from Contracts with Customers. The standard is expected to be applied, through Government Financial Reporting Manual interpretation, in 2018/19. Application of the standard is not expected to have a material effect on the financial statements.
- IFRS 16 Leases. The standard is expected to be applied, subject to EU adoption and consultation and through Government Financial Reporting Manual interpretation, in 2019/20. The standard represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. The lessor accounting model is significantly unchanged. Application of the standard is subject to ongoing analysis and review by HM Treasury and the other Relevant Authorities. A cross government Technical Working Group has been formed to assist with the assessment. The possible impact on the

financial statements from applying this standard cannot yet be reasonably estimated.

**b) Going Concern**

The accounts are prepared on the going concern basis, which provides that the Commission will continue in operational existence for the foreseeable future.

**c) Accounting Convention**

The Accounts are prepared on a historical cost basis.

**d) Funding**

The expenditure of the Commission is met from funds advanced by the Scottish Government Population Health Improvement Directorate within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the Commission that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Summary of Resource Outturn.

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

**e) Property, plant and equipment**

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

## **Recognition**

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Commission; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) Assets of lesser value may be capitalised where they form part of group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

## **Measurement**

### **Valuation:**

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

Specialised Commission Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.

Non specialised land and buildings, such as offices, are stated at fair value.

Non specialised equipment, installations and fittings are valued at fair value. The Commission values such assets using the most appropriate valuation methodology available (cost). A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Subsequent expenditure: Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then

the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

**Revaluations and Impairment:**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

**Depreciation**

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

- 1) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 2) Assets in the course of construction are not depreciated until the asset is brought into use by the Commission.
- 3) Equipment is depreciated over the estimated life of the asset.

Depreciation is charged on a straight line basis.

Except for the assets of the National Confidential Forum which are dealt with separately below, the following asset lives have been used:

|                     |               |         |
|---------------------|---------------|---------|
| Computing equipment | : Servers     | 5 years |
| Computing equipment | : Laptops     | 3 years |
| Land & Buildings    | : Alterations | 5 years |

**National Confidential Forum (NCF) Assets**

The NCF was established under the Victims and Witnesses (Scotland) Act 2014 which provided funding for three years. The assets of the NCF have accordingly been depreciated in line with that funding and are fully depreciated as at 31 March 2017.

**f) Intangible Assets**

**Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Commission's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Commission and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Commission's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

**Internally generated intangible assets:**

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Commission intends to complete the asset and sell or use it;
- the Commission has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Commission to complete the development and sell or use the asset; and
- the Commission can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits.

**Software:**

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

**Software licences:**

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

**Other:**

Other comprises capitalised software for internal use and video conferencing equipment.

**Measurement**

**Valuation:**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

Intangible assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

**Revaluation and impairment:**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

**Amortisation**

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.



Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

- 1) Internally generated intangible assets: Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life
- 3) Software licenses: amortised over the shorter term of the license and their useful economic lives.
- 4) Intangible assets in the course of construction are not amortised until the asset is brought into use by the Commission

Amortisation is charged on a straight line basis.

The following asset lives have been used:

|          |         |
|----------|---------|
| Software | 5 years |
| Licences | 5 years |

#### **g) Sale of Property, plant and equipment and intangible assets**

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure.

#### **h) Leasing**

##### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Commission, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

### **Operating leases**

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

### **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

The Commission does not lease assets to others.

#### **i) Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SOCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

#### **j) General Fund Receivables and Payables**

Where the Commission has a positive net cash book balance at the year end, a corresponding payable is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Commission has a net overdrawn cash position at the year end, a corresponding receivable is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

#### **k) Inventories**

Inventories of consumables are not material, are not carried on the balance sheet and have not been valued.

#### **l) Losses and Special Payments**

Operating expenditure includes certain losses which would have been made good through insurance cover had the Commission not been bearing its own risks. Had the

Commission provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

**m) Employee Benefits**

**Short-term Employee Benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

**Pension Costs**

The Commission contributed to the NHS Superannuation Scheme for Scotland during the year:

Commission staff participate in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Commission is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 (revised) 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Commission's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Commission commits itself to the retirement, regardless of the method of payment.

**n) Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government. The Commission participates in this scheme however medical staff do not operate in clinical environment and the risk of clinical negligence are therefore minimal.

**o) Related Party Transactions**

Material related party transactions are disclosed in line with the requirements of IAS 24 in note 19. Transactions with health bodies e.g. sharing administration costs or with individuals are disclosed if material.

**p) Value Added Tax**

The Mental Welfare Commission for Scotland was separately registered for VAT on 1<sup>st</sup> April 2016 (Registration Number 654463916) (2016: part of the Scottish Government VAT Group (Registration Number 888842551 (GD425))). The Commission remains able to reclaim input VAT under the Customs and Excise Contracting Out Direction published in the Edinburgh Gazette dated 10 January 2003.

**q) Provisions**

The Commission provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

**r) Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Commission's control) are not recognised as assets, but are disclosed in note 11 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 11, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

**s) Corresponding Amounts**

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements' requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

**t) Financial Instruments**

**Financial assets**

**Classification**

The Commission classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Commission does not trade in derivatives and does not apply hedge accounting.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

The Commission does not hold any available- for – sale financial assets.

**Recognition and measurement**

Financial assets are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

**(a) Financial assets at fair value through profit or loss**

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

**(b) Loans and receivables**

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

**Financial Liabilities**

**Classification**

The Commission classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The Commission does not trade in derivatives and does not apply hedge accounting.

**(b) Other financial liabilities**

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The Commission's other financial liabilities comprise trade and other payables in the balance sheet.

**Recognition and measurement**

Financial liabilities are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

**(b) Other financial liabilities**

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**u) Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Board within the Commission.

**v) Cash and cash equivalents**

Cash and cash equivalents, includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**w) Key sources of judgement and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No estimates, assumptions and judgements that have a significant risk of a causing material adjustment to the carrying amounts of assets and liabilities are included within the financial statements (2016: Nil)

## 2) Staff Costs

Total staff costs for the year to 31 March 2017 were £3,263k (2016: £3,141k). Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

## 3) Other Operating Costs

| 31 March 2016<br>£'000 |   | Note | 31 March 2017<br>£'000 |
|------------------------|---|------|------------------------|
|                        | <b>Expenditure Not Paid In Cash</b>   |      |                        |
| 33                     | Depreciation  | 6b   | 33                     |
| 69                     | Amortisation  | 6c   | 69                     |
| <b>102</b>             | <b>Total Expenditure Not Paid In Cash</b>   |      | <b>102</b>             |
|                        | <b>Statutory Audit</b>  |      |                        |
| 17                     | External auditor's remuneration and expenses  |      | 17                     |
| 1                      | During the year the Commission purchased non-audit taxation services from its auditor, Scott-Moncrieff: |      | 0                      |

## 4) Administration Costs

| 31 March 2016<br>£'000 |   | 31 March 2017<br>£'000 |
|------------------------|---|------------------------|
| 610                    | Board and Executive                                     | 634                    |
| 1,052                  | Practitioner staff Costs                                | 1,065                  |
| 915                    | Casework Administration and Corporate Services          | 945                    |
| 332                    | Second Opinion Doctors Fees                             | 336                    |
| 232                    | NCF: Head, Members, Administration and short term staff | 319                    |
| 121                    | Travel and Subsistence                                  | 129                    |
| 246                    | Accommodation Costs                                     | 252                    |
| 102                    | Depreciation / Amortisation                             | 102                    |
| 304                    | Computer Equipment and Supplies                         | 145                    |
| 82                     | Office administration costs                             | 100                    |
| 56                     | Human Resources   | 39                     |
| 211                    | Communications  | 162                    |
| 84                     | Legal and Professional                                  | 68                     |
| 98                     | Good Practice Projects                                  | 72                     |
| <b>4,445</b>           | <b>Total Administration Costs</b>                       | <b>4,368</b>           |



5) Other Operating Income

| 31 March 2016<br>£'000 |                                     | 31 March 2017<br>£'000 |
|------------------------|-------------------------------------|------------------------|
|                        | Other Operating Income              |                        |
| 28                     | Deferred Income from a bequest      | -                      |
| <u>28</u>              | <b>Total Other Operating Income</b> | <u>-</u>               |
| <u>28</u>              | <b>Total Income</b>                 | <u>-</u>               |

In 2016 The Commission received a bequest of £28,000 from the estate of Mrs Rosemary Johnston Wilson which was used to part fund the Advance Statement project launched during the year.

6) Analysis of Capital Expenditure

There was £Nil capital expenditure in the year to 31 March 2017 (2016: £Nil)

6a Intangible Assets

|  | Assets<br>Construction<br>£'000 | Software<br>Under Licences<br>£'000 | Information<br>Technology<br>£'000 | Other<br>Intangible<br>£'000 | Total<br>£'000 |
|--|---------------------------------|-------------------------------------|------------------------------------|------------------------------|----------------|
| <b>Cost or Valuation:</b>              |                                 |                                     |                                    |                              |                |
| As at 1 April 2016                     | -                               | 14                                  | 796                                | 13                           | 823            |
| <b>At 31 March 2017</b>                | <b>-</b>                        | <b>14</b>                           | <b>796</b>                         | <b>13</b>                    | <b>823</b>     |
| <b>Amortisation</b>                    |                                 |                                     |                                    |                              |                |
| At 1 April 2016                        | -                               | 11                                  | 730                                | 13                           | 754            |
| Provided during the year               | -                               | 3                                   | 66                                 | -                            | 69             |
| <b>At 31 March 2017</b>                | <b>-</b>                        | <b>14</b>                           | <b>796</b>                         | <b>13</b>                    | <b>823</b>     |
| <b>Net Book Value at 1 April 2016</b>  | <b>-</b>                        | <b>3</b>                            | <b>66</b>                          | <b>-</b>                     | <b>69</b>      |
| <b>Net Book Value at 31 March 2017</b> | <b>-</b>                        | <b>0</b>                            | <b>0</b>                           | <b>-</b>                     | <b>0</b>       |

6a Intangible Assets  
(Prior Year)

|  | Assets<br>Construction<br>£'000 | Software<br>Under Licences<br>£'000 | Information<br>Technology<br>£'000 | Other<br>Intangible<br>£'000 | Total<br>£'000 |
|--|---------------------------------|-------------------------------------|------------------------------------|------------------------------|----------------|
| <b>Cost or Valuation:</b>              |                                 |                                     |                                    |                              |                |
| As at 1 April 2015                     | -                               | 14                                  | 866                                | 13                           | 893            |
| Disposals                              | -                               | -                                   | (70)                               | -                            | (70)           |
| <b>At 31 March 2016</b>                | <b>-</b>                        | <b>14</b>                           | <b>796</b>                         | <b>13</b>                    | <b>823</b>     |
| <b>Amortisation</b>                    |                                 |                                     |                                    |                              |                |
| At 1 April 2015                        | -                               | 9                                   | 734                                | 13                           | 756            |
| Provided during the year               | -                               | 2                                   | 66                                 | -                            | 68             |
| Disposals                              | -                               | -                                   | (70)                               | -                            | (70)           |
| <b>At 31 March 2016</b>                | <b>-</b>                        | <b>11</b>                           | <b>730</b>                         | <b>13</b>                    | <b>754</b>     |
| <b>Net Book Value at 1 April 2015</b>  | <b>-</b>                        | <b>5</b>                            | <b>132</b>                         | <b>-</b>                     | <b>137</b>     |
| <b>Net Book Value at 31 March 2016</b> | <b>-</b>                        | <b>3</b>                            | <b>66</b>                          | <b>-</b>                     | <b>69</b>      |

**6b Property, Plant and Equipment (Purchased Assets)**

| Year ended 31 March 2017               | Buildings<br>(excluding<br>dwellings)<br>£'000 | Information<br>Technology<br>£'000 | Total<br>£'000 |
|--|--|------------------------------------|----------------|
| <b>Cost or valuation</b>               |  |                                    |                |
| At 1 April 2016                        | 332  | 205                                | 537            |
| Additions                              | -  | -                                  | -              |
| <b>At 31 March 2017</b>                | <b>332</b>                                     | <b>205</b>                         | <b>537</b>     |
| <b>Depreciation</b>                    |  |                                    |                |
| At 1 April 2016                        | 303  | 202                                | 504            |
| Provided during the year               | 30   | 3                                  | 33             |
| <b>At 31 March 2017</b>                | <b>332</b>                                     | <b>205</b>                         | <b>537</b>     |
| <b>Net book value at 1 April 2016</b>  | <b>30</b>                                      | <b>3</b>                           | <b>33</b>      |
| <b>Net book value at 31 March 2017</b> | <b>0</b>                                       | <b>0</b>                           | <b>0</b>       |
| <b>Asset Financing</b>                 |  |                                    |                |
| Owned                                  | 0  | 0                                  | 0              |
| <b>Net Book value at 31 March 2017</b> | <b>0</b>                                       | <b>0</b>                           | <b>0</b>       |

**6b Property, Plant and Equipment (Purchased Assets)  
(Prior Year)**

| Year ended 31 March 2016               | Buildings<br>(excluding<br>dwellings)<br>£'000 | Information<br>Technology<br>£'000 | Total<br>£'000 |
|--|--|------------------------------------|----------------|
| <b>Cost or valuation</b>               |  |                                    |                |
| At 1 April 2015                        | 332  | 205                                | 537            |
| <b>At 31 March 2016</b>                | <b>332</b>                                     | <b>205</b>                         | <b>537</b>     |
| <b>Depreciation</b>                    |  |                                    |                |
| At 1 April 2015                        | 272  | 199                                | 471            |
| Provided during the year               | 30   | 3                                  | 33             |
| <b>At 31 March 2016</b>                | <b>302</b>                                     | <b>202</b>                         | <b>504</b>     |
| <b>Net book value at 1 April 2015</b>  | <b>60</b>                                      | <b>6</b>                           | <b>66</b>      |
| <b>Net book value at 31 March 2016</b> | <b>30</b>                                      | <b>3</b>                           | <b>33</b>      |
| <b>Asset Financing</b>                 |  |                                    |                |
| Owned                                  | 30   | 3                                  | 33             |
| <b>Net Book value at 31 March 2016</b> | <b>30</b>                                      | <b>3</b>                           | <b>33</b>      |

## 6c Donated Assets

All Property, Plant and Equipment is purchased and there are no donated assets (prior year: £nil).

## 6d Property, Plant and Equipment Disclosures

| 31 March 2016<br>£'000   |  | Note | 31 March 2017<br>£'000 |
|--|--|------|------------------------|
|  | <b>Net book value of property, plant and equipment at 31 March</b>     |      |                        |
| 33   | Purchased  | 6b   | 0                      |
| <b>33</b>  | <b>Total</b>   |      | <b>0</b>               |
| -  | Net book value related to land valued at open market value at 31 March |      | -                      |
| There were no assets held under finance leases, hire purchase agreements or PFI or PPP contracts (prior year: nil) |  |      |                        |

## 7) Trade and Other Receivables

| 31 March 2016<br>£'000    |  | 31 March 2017<br>£'000 |
|---------------------------|--|------------------------|
|                           | <b>Receivables due within one year</b>       |                        |
| 31                        | Prepayments                                  | 81                     |
| <b>31</b>                 | <b>Total Receivables due within one year</b> | <b>81</b>              |
| <b>31</b>                 | <b>TOTAL RECEIVABLES</b>                     | <b>81</b>              |
| <b>WGA Classification</b> |  |                        |
| 31                        | Balances with bodies external to Government  | 81                     |
| <b>31</b>                 | <b>Total</b>                                 | <b>81</b>              |

There is no provision for impairment of receivables (2016: £nil)

There are no receivables assessed as individually impaired.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2017, receivables of carrying value of £nil (2016: £nil) were past their due date but not impaired.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

The maximum exposure to credit risk is the fair value of each class of receivable. The Commission does not hold any collateral as security.

| <b>31 March 2016</b> |  | <b>31 March 2017</b> |
|----------------------|--|----------------------|
| <b>£'000</b>         |  | <b>£'000</b>         |
|                      | The carrying amount of receivables are<br>denominated in the following currencies: |                      |
| <u>31</u>            | Pounds   | <u>81</u>            |
| <b>31</b>            |  | <b>81</b>            |

**8) Cash and Cash Equivalents**

|   | <b>At 1 April<br/>2016</b> | <b>Cash<br/>Flow</b> | <b>At 31<br/>March<br/>2017</b> |
|---|----------------------------|----------------------|---------------------------------|
|   | <b>£'000</b>               | <b>£'000</b>         | <b>£'000</b>                    |
| Cash at bank and in hand                | <u>5</u>                   | <u>9</u>             | <u>14</u>                       |
| <b>Total cash - balance sheet</b>       | <b>5</b>                   | <b>9</b>             | <b>14</b>                       |
| <b>Total cash - cash flow statement</b> | <b>5</b>                   | <b>9</b>             | <b>14</b>                       |

| <b>Prior Year</b>                       | <b>At 1 April<br/>2015</b> | <b>Cash<br/>Flow</b> | <b>At 31<br/>March<br/>2016</b> |
|---|----------------------------|----------------------|---------------------------------|
|   | <b>£'000</b>               | <b>£'000</b>         | <b>£'000</b>                    |
| Cash at bank and in hand                | <u>4</u>                   | <u>1</u>             | <u>5</u>                        |
| <b>Total cash - balance sheet</b>       | <b>4</b>                   | <b>1</b>             | <b>5</b>                        |
| <b>Total cash - cash flow statement</b> | <b>4</b>                   | <b>1</b>             | <b>5</b>                        |

Cash at bank is with a major UK bank. The credit risk associated with cash at bank is considered to be low.

9) Trade and Other Payables

| 31 March<br>2016<br>£'000                       | 31 March<br>2017<br>£'000 |
|---|---------------------------|
| Payables due within one year                    |                           |
| NHS Scotland                                    |                           |
| 6 Boards  | 16                        |
| <b>6 Total NHS Scotland Payables</b>            | <b>16</b>                 |
| 5 General Fund Payable                          | 5                         |
| 5 Trade Payables                                | 4                         |
| 367 Accruals                                    | 211                       |
| 4 Income tax and social security                | 5                         |
| <b>387 Total Payables due within one year</b>   | <b>241</b>                |
| <b>387 TOTAL PAYABLES</b>                       | <b>241</b>                |
| <b>WGA Classification</b>                       |                           |
| 6 NHS Scotland                                  | 16                        |
| 52 Central Government Bodies                    | 54                        |
| 23 Whole of Government Bodies                   | 9                         |
| 306 Balances with bodies external to Government | 162                       |
| <b>387 Total</b>                                | <b>241</b>                |

There are no borrowings in either 2016/17 or 2015/16.

The carrying value of short term payables approximates their fair value. The carrying amount of payables is denominated in the following currencies;

| 31 March 2016<br>£'000 | 31 March 2017<br>£'000 |
|------------------------|------------------------|
| 387 Pounds             | 241                    |
| <b>387</b>             | <b>241</b>             |

10) Movement on Working Capital Balances

| 2016 Net<br>Movement<br>£'000               | Note | 2017<br>Opening<br>Balances<br>£'000 | 2017<br>Closing<br>Balances<br>£'000 | 2017 Net<br>Movement<br>£'000 |
|---|------|--------------------------------------|--------------------------------------|-------------------------------|
| <b>TRADE AND OTHER RECEIVABLES</b>          |      |                                      |                                      |                               |
| 41 Due within one year                      | 7    | 31                                   | 81                                   |                               |
|   |      | 31                                   | 81                                   |                               |
| <b>41 Net Decrease/(Increase)</b>           |      |                                      |                                      | <b>(50)</b>                   |
| <b>TRADE AND OTHER PAYABLES</b>             |      |                                      |                                      |                               |
| (788) Due within one year                   | 9    | 387                                  | 241                                  |                               |
| Less: Property, Plant & Equipment (Capital) |      |                                      |                                      |                               |
| - included in above                         |      | -                                    | -                                    |                               |
| Less: Intangible Assets                     |      |                                      |                                      |                               |
| 66 (Capital) included in above              |      | -                                    | -                                    |                               |
| Less: General Fund                          |      |                                      |                                      |                               |
| (1) Creditor included in above              | 9    | (4)                                  | (4)                                  |                               |
|   |      | 383                                  | 237                                  |                               |
| <b>(723) Net (Decrease)/Increase</b>        |      |                                      |                                      | <b>(146)</b>                  |
| <b>PROVISIONS</b>                           |      |                                      |                                      |                               |
| 3 Balance Sheet                             |      | 33                                   | 34                                   |                               |
| Transfer from Provision to                  |      |                                      |                                      |                               |
| - General Fund                              |      | -                                    | -                                    |                               |
| <b>3 Net (Decrease)/Increase</b>            |      | <b>33</b>                            | <b>34</b>                            | <b>1</b>                      |
| <b>NET MOVEMENT</b>                         |      |                                      |                                      |                               |
| <b>(679) (Decrease)/Increase</b>            |      |                                      |                                      | <b>(195)</b>                  |

11) Contingent Assets and Liabilities

There are no Contingent Assets or Liabilities that have not been provided for in the accounts (2016: £nil).

12) Post Balance Sheet Events

The Commission has no post Balance Sheet events after the reporting period which have a material effect on the accounts.

13) Commitments

The Commission has no Capital Commitments as at 31 March 2017 (2016: £nil).

## **Other financial commitments**

The Commission has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of professional support and software support services.

The payments to which the Commission is committed during 2016/17, analysed by the period during which the commitments expire are as follows:

|                            | <b>31 March 2017</b> | <b>31 March 2016</b> |
|----------------------------|----------------------|----------------------|
|                            | <b>£'000</b>         | <b>£'000</b>         |
| Expiry within 1 year       | 91                   | 28                   |
| Expiry within 2 to 5 years | 0                    | 50                   |
| <b>Total</b>               | <b>91</b>            | <b>78</b>            |

The Commission has not entered into any Financial Guarantees, Indemnities or provided any letters of Comfort.

## **14) Commitments under Leases**

| <b>31 March 2016</b>   |  | <b>31 March 2017</b> |
|--|--|----------------------|
| <b>£'000</b>   | <b>Operating Leases</b>                          | <b>£'000</b>         |
| Total future minimum lease payments under operating leases are given in the table below for the each of the following periods. |  |                      |
| <b>Obligations under operating leases comprise:</b>  |  |                      |
| <b>Land</b>  |  |                      |
| 22   | Not later than one year                          | 23                   |
| 19   | Later than one year, not later than two years    | 1                    |
| -  | - Later than two years not later than five years | -                    |
| <b>Buildings</b>   |  |                      |
| 194  | Not later than one year                          | 208                  |
| 171  | Later than one year, not later than two years    | 7                    |
| -  | - Later than two years not later than five years | -                    |
| <b>Other</b>   |  |                      |
| 4  | Not later than one year                          | 3                    |
| 1  | Later than one year, not later than two years    | 3                    |
| -  | - Later than two years not later than five years | -                    |
| <b>Amounts charged to Operating Costs in the year were:</b>  |  |                      |
| 4  | Hire of equipment (including vehicles)           | 4                    |
| 212  | Other operating leases                           | 231                  |
| <b>216</b>   | <b>Total</b>                                     | <b>235</b>           |

There are no contingent rents or Finance Leases.



## **15) Pension Costs**

As described in note 1 (Accounting Policies), the Commission participates in the National Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

The Commission has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Commission is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the year 2015-16 was 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers' contribution rate. Based on the proportion of employer contributions paid in 2015-16, the Commission's level of participation in the scheme is 0.04%

### **The new NHS Pension Scheme (Scotland) 2015**

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2016-17 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

### **The existing NHS Superannuation Scheme (Scotland)**

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some

members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at [www.sppa.gov.uk](http://www.sppa.gov.uk)

|   | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| Pension cost charge for the year                                      | 306         | 307         |
| Additional Costs arising from early retirement                        | -           | -           |
| Provisions / Liabilities / Pre-payments included in the Balance Sheet | -           | -           |
| Pension costs for the year for staff transferred from local authority | -           | -           |

### **Local Government Pension Scheme**

The Mental Welfare Commission for Scotland ("the Employer") ceased as an employing authority in the Lothian Pension Fund ("the Fund") on 30 March 2015.

#### **16) Provisions**

|                          | <b>Participation<br/>in CNORIS<br/>£'000</b> | <b>2017<br/>Total<br/>£'000</b> |
|--------------------------|--|---------------------------------|
| At 1 April 2016          | 33   | 33                              |
| Arising during the year  | 0  | 0                               |
| Utilised during the year | 0  | 0                               |
| Reverse unutilised       | 0  | 0                               |
| <b>At 31 March 2017</b>  | <b>33</b>                                    | <b>33</b>                       |

#### **Analysis of expected timing of discounted flows to 31 March 2016**

|                              | <b>£'000</b> | <b>£'000</b> |
|------------------------------|--------------|--------------|
| Payable in one year          | 0            | 0            |
| Payable between 2 - 5 years  | 0            | 0            |
| Payable between 6 - 10 years | 0            | 0            |
| Thereafter                   | 33           | 33           |
| <b>At 31 March 2017</b>      | <b>33</b>    | <b>33</b>    |

| <b>PROVISIONS (PRIOR YEAR)</b> | <b>Participation<br/>in CNORIS<br/>£'000</b> | <b>2016<br/>Total<br/>£'000</b> |
|--------------------------------|--|---------------------------------|
| At 1 April 2015                | 30   | 30                              |
| Arising during the year        | 10   | 10                              |
| Utilised during the year       | (3)  | (3)                             |
| Reverse unutilised             | (4)  | (4)                             |
| <b>At 31 March 2016</b>        | <b>33</b>                                    | <b>33</b>                       |

**Analysis of expected timing of  
discounted flows to 31 March 2016**

|                              | <b>£'000</b> | <b>£'000</b> |
|------------------------------|--------------|--------------|
| Payable in one year          | 10           | 10           |
| Payable between 2 - 5 years  | 13           | 13           |
| Payable between 6 - 10 years | 1            | 1            |
| Thereafter                   | 9            | 9            |
| <b>At 31 March 2016</b>      | <b>33</b>    | <b>33</b>    |

**17) Financial Instruments**

**(a) Financial Instruments by category**

| <b>2016<br/>Total<br/>£'000</b> | <b>AT 31 March</b>              | <b>Note</b> | <b>Loans and<br/>Receivables<br/>£'000</b> | <b>2017<br/>Total<br/>£'000</b> |
|---------------------------------|---------------------------------|-------------|--|---------------------------------|
|                                 | <b>Assets per balance sheet</b> |             |  |                                 |
| 5                               | Cash and cash equivalents       | 8           | 14   | 14                              |
| <b>5</b>                        |                                 |             | <b>14</b>                                  | <b>14</b>                       |

| <b>2016<br/>Total<br/>£'000</b> | <b>AT 31 March</b>  | <b>Note</b> | <b>Other financial<br/>liabilities<br/>£'000</b> | <b>2017<br/>Total<br/>£'000</b> |
|---------------------------------|---|-------------|--|---------------------------------|
|                                 | <b>Liabilities per balance sheet</b>  |             |  |                                 |
| 377                             | Trade and other payables excluding<br>statutory liabilities (VAT and income<br>tax and social security) | 9           | 220  | 220                             |
| <b>377</b>                      |   |             | <b>220</b>                                       | <b>220</b>                      |

## **Exposure to Risk**

The Commission's activities expose it to a variety of risks:

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk – the possibility that the Commission might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which health bodies are financed, the Commission is not exposed to the degree of financial risk faced by business entities.

## **Financial Risk Factors**

**Risk Management policies:** The Commission provides written principles for overall risk management, as well as written policies covering standing financial Instructions and Financial Operating procedures.

### **(a) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Commission.

No losses are expected from non-performance by any counterparties in relation to deposits.

### **(b) Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the Commission for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial Year. The Commission is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                      |   |
|----------------------|---|
| <b>31 March 2017</b> | <b>Less than 1 year</b><br><b>£'000</b> |
|----------------------|---|

|  |     |
|--|-----|
| Trade and other payables excluding statutory liabilities | 220 |
| <b>Total</b>   |     |

|                      |   |
|----------------------|---|
| <b>31 March 2016</b> | <b>Less than 1 year</b><br><b>£'000</b> |
|----------------------|---|

|  |            |
|--|------------|
| Trade and other payables excluding statutory liabilities | 376        |
| <b>Total</b>   | <b>376</b> |

#### **(c) Market Risk**

The Commission has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the Commission in undertaking its activities.

#### **Cash flow and fair value interest rate risk**

The Commission has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

#### **Foreign Currency Risk**

The Commission is not exposed to foreign exchange rates.

#### **Price risk**

The Commission is not exposed to equity security price risk.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

## 18) Segmental Reporting

Segmental information as required under IFRS has been reported based on Financial Information used by Management to operate the Commission.

|   | 2016/17      |            |              | 2015/16      |            |              |
|---|--------------|------------|--------------|--------------|------------|--------------|
|   | MWC          | NCF        | Total        | MWC          | NCF        | Total        |
|   | £'000        | £'000      | £'000        | £'000        | £'000      | £'000        |
| <b>Net operating cost</b>   | <b>3,600</b> | <b>768</b> | <b>4,368</b> | <b>3,688</b> | <b>729</b> | <b>4,417</b> |
| Depreciation and amortisation   | 4            | 98         | 102          | 4            | 98         | 102          |
| Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure) | -            | -          | -            | -            | -          | -            |

The Commission considers that the Board is the Chief Operating decision maker as it is the highest level of authority within the Commission.

Two segments have been reported as follows;

- 1) The Operational Management Group is presented with monthly segment accounts for the 'Core' operations of the Commission.
- 2) The National Confidential Forum for Scotland (NCF) is a Committee of the Commission and operates independently, led by a Forum Head.

The following financial results for the year were presented to the April/May 2017 Management Groups;

| <b>Current year - 2016/17</b>                     | <b>MWC 'Core'</b><br><b>£'000</b> | <b>NCF</b><br><b>£'000</b> | <b>Total</b><br><b>£'000</b> |
|---|-----------------------------------|----------------------------|------------------------------|
| Reported to Operational Management Group 02.05.17 | 3,600                             | -                          | 3,600                        |
| Reported to Board 25.04.17                        | -                                 | 768                        | 768                          |
| Late adjustments                                  | -                                 | -                          | -                            |
| Per Annual Accounts                               | 3,600                             | 768                        | 4,368                        |

| <b>Prior year – 2015/16</b>                          | <b>MWC 'Core'</b><br><b>£'000</b> | <b>NCF</b><br><b>£'000</b> | <b>Total</b><br><b>£'000</b> |
|--|-----------------------------------|----------------------------|------------------------------|
| Reported to Operational Management Group<br>03.05.16 | 3,688                             | -                          | 3,688                        |
| Reported to Board 10.05.16                           | -                                 | 726                        | 726                          |
| Late adjustments                                     | -                                 | 3                          | 3                            |
| Per Annual Accounts                                  | <u>3,688</u>                      | <u>729</u>                 | <u>4,417</u>                 |

## **19) Related Party Transactions**

The Commission has not entered into any material transactions with other Government departments and other Central Government organisations.

No Board Member, key manager or other related party has undertaken any material transaction with the Commission during the year.

## Direction by the Scottish Ministers



## MENTAL WELFARE COMMISSION FOR SCOTLAND

## DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 84(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as applied by Schedule 1 paragraph 9(c) of the Mental Health (Care and Treatment) (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

  
Signed by the authority of the Scottish Ministers

Dated 10/2/2006