



MENTAL WELFARE COMMISSION FOR SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED

31 March 2021

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MENTAL WELFARE COMMISSION FOR SCOTLAND

Annual Report and Accounts for year ended 31 March 2021

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Performance Report

1. Overview

The purpose of this overview is to give the reader a short summary of the Commission's purpose, how we have performed during the year, and the key risks to the achievement of our objectives.

The Commission's key performance indicators are reported in the [Business Plan 2020/21 end year report](#).

1.1. Statement from the Chief Executive

I will not be the only Chief Executive to say it has been a year like no other. We have faced some remarkable challenges whilst still influencing and promoting the rights, safeguards and welfare of people with mental illness, learning disabilities, dementia and other related conditions.

First of all I would like to thank all staff in their commitment to keeping our organisation running effectively whilst working from home and dealing with their own individual personal challenges in the last year. I took up post in August 2020 and so have only met staff on-screen and through email and so look forward to meeting face to face when restrictions allow.

During the year we had to adapt our priorities to meet the various challenges from the pandemic. We were unable to visit as many individuals as we would have liked but used that time to focus on other key strategic priorities

- We provided advice to Scottish Government and other stakeholders on the implications of emergency legislation and other issues arising from the pandemic on restrictions and safeguards for vulnerable people subject to mental health and incapacity legislation.
- We produced a Covid -19 advice note (24 editions) designed to help practitioners in the field respond to a rapidly changing environment and ensure that any restrictions proposed were proportionate and ethical. We also produced a version of this advice note for individuals with lived experience and their families and carers.
- We started a project to look at the experience, barriers and problems that people from an ethnic minority with lived experience of mental illness and their carers, experience in accessing and receiving support from mental health services. The project also aims address structural issues around workforce diversity and the training and perceived cultural competency of the staff that work within these services. This will report in September 2021.

- We completed a review of moves of people from hospital to care homes during the initial period of the pandemic. Our authority to discharge report was published in May 2021

The review of mental health and incapacity legislation (Scott review) is of critical strategic importance to us. We responded to the first consultation in May 2020 and have given evidence at several of the review sub-groups. We actively participate in the sub-groups and reference group. Internally we have set up a project to consider all aspects of the review and assist our ability to contribute to, and influence, the outcome. This includes a review of the Commission's role and powers.

This year we report a budget underspend. There was a 4% underspend on our core operating activities (including the Reviews of Deaths in Detention and Homicide), and a 18% underspend for The National Confidential Forum (NCF).

1.2. Purpose and Activities of the Commission

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 the Public Services Reform (Scotland) Act 2010, Victims and Witnesses (Scotland) Act 2014 and the Mental Health (Scotland) Act 2015; 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 mission, purpose priorities and activities are illustrated in the diagram below.

Our mission and purpose



1.3. 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 the key risks as:

- The impact of the Scott review and other legislative and policy changes in the mental health field and the organisational capacity to respond and influence these reviews
- The impact of the pandemic to the organisational ability to continue to focus on the most vulnerable
- The impact of enforced remote working on staff wellbeing and productivity

The key risk during this year was the business disruption associated with remote working. We were able to move all staff to working from home. This required substantial developments to our software to scan and process mental health act forms which we completed by July. There were substantial backlogs in the processing of the forms but this was remedied during the year. We ensured all staff had access to appropriate equipment for working from home and carried out a home workplace assessment over the summer. We conducted a staff survey in the autumn to get feedback on the impact on wellbeing. The action plan from the survey included some social gatherings, information on wellbeing resources and resilience training.

Our strategic risk register was updated substantially in June 2020 and again in February 2021 reflecting the new and then ongoing risks from the pandemic.

1.4. Performance summary

Influencing and Empowering

At the start of the pandemic in April 2020 we were heavily involved in advising the Scottish Government on the implications of the proposed emergency legislation, Coronavirus (Scotland) Bill, on rights and welfare of people subject to proposed changes to the Mental Health Act and Adults with Incapacity Act. This was done through participation in different Scottish Government stakeholder groups requiring participation by executive team members daily in the early stages.

Potential emergency changes to the MHA had been previously documented by the Scottish Government through its business continuity and emergency planning processes. The Commission's Chief Executive had been previously consulted on these. Our role here was to give advice on the practical application of the changes to legislation should it be enacted, including input to the code of practice. We reviewed the MHA forms and formulated advice on how these should be completed, including presenting at a webinar hosted by the Royal College of psychiatrists in Scotland.

We did have significant concerns about the proposed emergency legislation to change provisions of the AWI Act. In particular we were concerned about the proposed “easements” to section 13ZA of the 1968 Social Work Act which would allow local authorities to move a person without capacity to a residential setting without recourse to a welfare guardian or person with a power of attorney. It also removed the duty to apply the principle of taking into account the past and present wishes and feelings of the adult lacking capacity. We asked that the proposed system includes a formal notification to a scrutiny body each time the powers were used. Scottish Ministers confirmed during the debate in Parliament on the Coronavirus Bill on 2 April 2020 that the Commission would be involved in the reporting process whenever the emergency legislation on easements of section 13za were to be used.

In consultation with the Scottish Government we set up a scrutiny group of key mental health and learning disability stakeholders to scrutinise the use of emergency mental health and incapacity legislation. The intention was to ensure such legislation was only used if absolutely necessary and vital safeguards upheld. The group met twice in preparation for its role. Thankfully the provisions of the emergency legislation were never invoked and so there was no requirement for the scrutiny group to continue.

Alongside the work on ensuring ongoing rights and safeguards at the legislative and policy level we were aware of practical difficulties for individuals and services through calls to our advice line. In March 2020 we produced our first Covid -19 advice note which was a collection of frequently asked questions to assist practitioners facing new challenges and dilemmas in a rapidly changing environment. We issued 24 versions of the advice note throughout the year. These included wide ranging advice on promoting rights, a position statement on the use of do not attempt resuscitation (DNAR) forms, the role of technology in mental health assessments and vaccination guidance. From these we also produced six versions of relevant information coronavirus information for people using services and their families and carers. Of particular note we provided guidance on the following areas focussing on rights and welfare of individuals:

- clear guidance about how to proceed in considering vaccination for people who may have reduced capacity to consent or refuse vaccination and we wrote to the Scottish Government to request that people with learning disabilities received vaccinations earlier in the vaccination programme than originally planned
- there was significant interest and concern in the use of technology to complete virtual assessments under mental health legislation. This was a new area of practice with no evidence to draw on. We formulated advice, with other stakeholders, for the sector in Scotland which was published in the [BMJ's Journal of Medical Ethics](#).

Despite the fact the emergency legislation was never invoked we were aware that some people had been moved from hospital without the appropriate legal authority. In October 2020 we issued a position statement about the continued use of section 13ZA. We decided to review a sample of all the moves from hospitals to care homes from March to May 2020. We reviewed the detail of 457 individual moves looking at the legal authority behind each decision to move a person who did not have capacity to decide about the move themselves. Our [authority to discharge report](#) was published

in May 2021 raising wider concerns about upholding the rights and welfare of vulnerable people and adherence to the law and making several recommendations for Health and Social Care Partnerships, Care Inspectorate and Scottish Government.

The review of Scotland's mental health and incapacity legislation (Scott review) continued throughout the year and this is of paramount importance to us. We submitted a comprehensive response to the first consultation in May 2020 and gave evidence to the young people, capacity and supported decision making, compulsion and economic, social and cultural rights subgroups of the Scott review. Our Chief Executive and Executive Director (Medical) are active participants on review subgroups. We completed a detailed analysis of how well significantly impaired decision making (SIDMA) criterion works within the law, a statistical analysis of our data set on short term detention certificates and an estimate of the prevalence of advance statements – the reports of these will be published over the summer of 2021 with the intention to inform and influence the Scott review. Internally we have set up a governance structure to ensure we are able to respond and influence further consultations and evidence sessions of the Scott review, including those looking at the role and powers of the Commission.

The Commission continues to contribute to The Sharing Intelligence for Health & Care Group which aims to improve the quality of health and social care by allowing members to share and learn from existing data, knowledge and intelligence. The Commission is one of seven national organisations that make up the Group, along with Audit Scotland, the Care Inspectorate, Healthcare Improvement Scotland, NHS National Services Scotland, NHS Education for Scotland and the Scottish Public Services Ombudsman.

We attend meetings of the Scottish Mental Health Partnership and worked with other organisations to promote a rights based approach to the Government's Mental Health Strategy. We also participate in professional networks including the Mental Health Nursing Forum, the Royal College of Psychiatrists' Scottish Committee and Social Work Scotland, and key interest groups such as the Scottish ECT Accreditation Network and the Alzheimer Scotland Policy Committee.

Visiting

Our activity most affected by the pandemic was visits to individuals. Whilst we retained the right to visit any individual if we had concerns about their care and treatment, we did not do any face to face visits during the first lockdown April – July 2020 and the level 4 restriction period from January to March 2021. We did set ourselves up with the technology to do remote visits which we trialled during the year. We carried out 10 local visits reviewing the care and treatment of 73 individuals. For each local visit we provided feedback and recommendations for improvement to the services involved. The [local visit reports](#) are published on our website.

For the first six months of the year instead of visiting, our staff were involved in getting intelligence from local health and social care services, advocacy services and individuals about the impact of the pandemic. We collated these Covid intelligence

reports internally to inform our work with the Scottish Government and other stakeholders including the scrutiny group set up to monitor the emergency legislation.

As we were not able to do our usual themed visits to individuals this year we took a different focus and decided to do a project on ethnicity. The project aims to identify

- the barriers and problems that people from an ethnic minority with lived experience of mental health difficulties and illness and their carers experience in accessing and receiving support from mental health services; and the steps that services have taken or could take to address these.
- the training offered to, and accessed by, health professionals; the challenges to services and the staff working within these in ensuring access to services and support for people from ethnically diverse communities and how these are being met; and how services are addressing organisational diversity as a structural factor that impacts on inequalities.
- the extent to which people from diverse backgrounds are represented in the services that they might come into contact with.

This project will report in September 2021.

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 2020/21 we processed 39,514 (19/20: 39,085) forms and other notifications related to mental health and incapacity legislation; 2,418 (19/20: 3,605) Guardianship and Intervention Orders.

This year we published our monitoring report on the use of the [Adults with Incapacity Act](#) across Scotland. The report shows an increasing number of people subject to guardianship orders up from 6,400 in 2012 to over 16,000 at March 2020. The report also gives some analysis from our visits to individuals on guardianship. We highlighted three main areas of concern from this work; the lack of support and supervision for private guardians; secondly only 76% of cases had the correct medical certification from doctors for their medical treatment: and finally an area of real concern was that for 67% of individuals with a do not attempt resuscitation (DNAR) form it was not clear whether their guardian had been informed or not.

During the year we were only able to visit 5 people subject to guardianship. However we have started a project focussing on people with alcohol related brain damage subject to guardianship orders. We are looking to see the impact of our good practice guide published in January 2019, whether there are any differences across Scotland

in individual experiences of guardianship and lessons to be learnt. A report will be published later this year.

As a follow up to our MHA monitoring report in 2019 which highlighted an increasing number of young people being subject to detention we completed an [in-depth review](#) of detentions of young people aged 16 and 17 to better understand the characteristics and presentations of young people who are so unwell that they need treated under the law.

As part of our work with stakeholder groups reviewing the implications of the pandemic we agreed to report on any implication on the use of the mental health act. We produced a [report](#) in December 2020 on detentions for mental health care during the pandemic. We found that there was a rise in detentions but this was in line with rises over recent year. In some health board areas there was a significant rise in numbers of people being detained for the first time. Our biggest concern was the lack of involvement of a mental health officer (MHO) in emergency detentions; during the first phase of the pandemic the number of detentions that had MHO consent fell to a new low of only 42%. This is an area we have had concerns about for some time and it was exacerbated during this period. We have raised this issue with the Scott review to ensure debate about strengthening the mechanisms for this crucial safeguard in any future legislation.

We were asked by Scottish Government during the year to monitor the use of remote visits for restricted patients moving to new units. This required us to speak with the individuals and services to ensure an opportunity was given to the individual to see the new unit on video link and so prevent a delay in moving.

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). These are important safeguards and are the highest priority for recovery under our business continuity plans. We were able to keep this safeguard functioning by facilitating phone or video second opinion visits during the pandemic. A consequence of these opinions being completed remotely was a higher percentage were authorised for a shorter period (e.g. for one year rather than 3 years). This may have implications for the number of second opinions required in subsequent years. During the year we organised 2,266 (19/20: 2,360) 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 for our major investigations we choose cases which have implications for services across Scotland.

This year we progressed 27 investigations at our Operational Management Group. In addition we completed a comprehensive file review of nine women prisoners with significant mental health needs and will report on this in July 2021.

During the year we set up a more focussed investigations unit to review this crucial area of work and to produce outcomes from our many areas of investigation that can be shared with services to help improve and learn.

During the year we worked on two projects requested by Scottish Government: one to design a system of review when people die whilst subject to detention under mental health law; and the other to design a system to review cases where a person in contact with mental health service commits a homicide. The intention was to consult widely with stakeholders and services and this proved difficult over the last year due to the pandemic. We have received funding to complete this work by March 2022.

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. This year the advice line was operated by staff working from home between 10 -12 and 2 – 4 each day. The number of telephone calls logged was 4,433 (19/20: 4,730) with 3,815^[1] (19/20: 4,275) of these allocated as requests for advice. 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.

In May 2020 we started a project to update our good practice guides and advice notes. There was an opportunity to do this important work whilst we were unable to visit individuals. By March 2021 we had updated 13 good practice guides and 15 advice notes.

Continuous Improvement

We are committed to demonstrating that our work provides value for money and that we strive for improvement. Our work in this area is outlined in the governance report on page 18.

^[1] This number is all requests for advice which is different to requests for advice allocated to the duty practitioner reported in the KPIs

National Confidential Forum (NCF)

This was the final year of the Forum's operation. The Scottish Government confirmed that the Forum will cease in March 2021 and this repeal was part of the Redress Bill which passed Stage 3 in March 2021. As the Bill had not received Royal Assent by March 2021 the Scottish Government extended the appointments of the Forum Head and two members to 30 September 2021. The Act received Royal Assent in May and the Forum and members formally finished on 28 June 2021. All staff left and the office was closed on 31 March 2021.

The Forum was able to take some hearings remotely during the year. The main focus of its work was to produce two reports: a findings report and My Message for Scotland. These reports will be published in June 2021.

The Commission's key performance indicators are reported in the [Business Plan 2020/21 end year report](#).

2. Performance Analysis

Key Performance Indicators

The Commission reports to the Board on a quarterly basis on the progress of the business plan including the key performance indicators set out in that plan.

Financial Performance

The Commission's core revenue resource allocation from the Scottish Government for 2020/21 was £4,842,000 (prior year £4,885,000). The Commission received £nil capital allocation in 2020/21 (prior year up to £nil).

The revenue resource allocation includes funding for Commission 'core activities', funding for the operation of the National Confidential Forum and for the Reviews of Deaths in Detention and Homicide.

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

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Deficit)/Surplus £'000
1 Core Revenue Resource Limit			
• MWC Core	4,000	3,788	212
• NCF	650	535	115
• DIDAHR*	192	192	0

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Deficit)/Surplus £'000
Non-core Revenue Resource Limit			
• MWC Core	0	58	(58)
• NCF	0	0	0
• DIDAHR*	0	0	0
Total	4,842	4,573	269

2 Core Capital Resource Limit

• MWC Core	0	0	0
Total	0	0	0

* *The Reviews of Deaths in Detention and Mental Health Homicide*

MEMORANDUM FOR IN YEAR OUTTURN

	£'000
Reported Surplus in 2020-21	269
Financial flexibility: funding banked with / (provided by) Scottish Government	0
Surplus against in year total Revenue Resource Limit	<u>269</u>
Percentage	100%

The Commission is showing net liabilities of £240,000 (prior year: £141,000 net liabilities).

Under accounting arrangements Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the Scottish Government Mental Health Directorate. This has resulted in net liabilities on the Statement of Financial Position. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government. Accordingly the accounts have been prepared on the going concern basis.'

Total current liabilities of £324k (note 9) are £48k higher than as at 31 March 2020.

There were no impairments of receivables (2019/20: nil)

There are no significant remote contingent liabilities.

There are no legal obligations as at 31 March 2021.

Performance against Key Non-Financial Targets

The Commission had five key performance indicators (KPIs) outlined in its Business Plan for 2020/21. A report of performance against each of these KPIs can be found [here](#).

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.

- In 2020/21 average credit taken was 3.8 days (2019/20: 6.4 days)
- In 2020/21 the Commission paid 91.9% by value and 97.7% by volume within 30 days (2019/20: 98.7% and 98.3%)
- In 2020/21 the Commission paid 94.2% by value and 98.0% by volume within 10 days (2018/19: 95.8% and 92.0%)

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.

Approval and signing of the Performance Report

Julie Paterson

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Julie Paterson
Chief Executive Officer

Date: 02 September 2021

Accountability Report

1. Corporate Governance Report

The Directors' Report

Date of Issue

The Accountable Officer authorised these financial statements for issue on 30th August 2021.

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 Azets (formerly 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
Mr Alexander Riddell (Chair)	1 April 2019	31 March 2023
Mrs Safaa Baxter	1 September 2014	31 March 2022
Ms Mary Twaddle	1 April 2017	31 March 2025
Mr Gordon Johnston	1 April 2017	31 March 2025
Mr David Hall	1 April 2018	31 March 2022
Ms Cindy Mackie	1 April 2018	31 March 2022
Ms Nichola Brown	1 April 2019	31 March 2023
Ms Alison White	1 April 2020	31 March 2024

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 2021 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.
- 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 managers' interests

During the year the Mental Welfare Commission for Scotland has not entered into any material related party transactions as per note 17.

Registers of interests are available on <https://www.mwcscot.org.uk>

Third party indemnity provisions

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

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 <https://www.mwcscot.org.uk>

Personal data related incidents reported to the Information Commissioner

No personal data incidents were reported during the year (2019/20: None)

Disclosure of Information to Auditors

The Board Members 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 Board Member has taken all the steps that he/she ought reasonably to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

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;
- the economical, efficient and effective use of resources placed at the Board'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 take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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 dated 3rd August 2020.

Governance Statement

This governance statement is prepared for the Board in my role as Accountable Officer. I commenced as Chief Executive in August 2020 and the handover arrangements were outlined in the governance statement for the annual accounts 2019-20.

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

This was an unusual and exceptionally challenging year for the organisation. The governance arrangements adapted over the year to respond to these challenges and to keep the organisation functioning successfully.

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 formally seven times during the year to progress the business of the Commission. To keep the Board up to date on current issues throughout the pandemic there were also five question and answer sessions with the Chief Executive and relevant executive members during the year.

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 and the executive team are not Board members but attend all meetings.

The Board completed a self-assessment in December 2020. The assessment identifies the key risks for the organisation and areas for improvement. The Board identified the key risks for the organisation as

- The impact of the Scott review and other legislative and policy changes in the mental health field and the organisational capacity to respond and influence these reviews
- The impact of the pandemic to the organisational ability to continue to focus on the most vulnerable
- The impact of enforced remote working on staff wellbeing and productivity

These risks are incorporated into the strategic risk register.

Each Board member has an appraisal with the Chair. The Chair is subject to appraisal by the Scottish Government sponsor department. A pro forma for the Board appraisal is in operation and any development needs for individuals are identified through this process. This year Board members have met several times informally to discuss ongoing issues and the Chair has met with each Board member on a one to one basis.

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

The A, R & IG Committee remit and membership is outlined in the standing orders. The committee comprises two Board members: Gordon Johnston, Chair and David Hall and a co-opted member (Robin McNaught) who is an external person with expertise in NHS finance. It met four 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, risk management and information governance and security. The committee undertakes an annual self-assessment of its effectiveness and the Chair formally reports to the Board recommending the annual accounts and providing an annual report of A,R & IG Committee activities and objectives for the following year. This year the annual accounts were delayed from June to August and finally reported by the external auditors in November 2020. Minutes of each A,R & IG Committee meeting are presented to the Board. In February

2021 the A,R & IG approved the extension of the internal auditors for a further two years.

By statute the Commission is required to have an advisory committee and it meets twice a year. Both meetings this year were held remotely. 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 Advisory Group completed its biennial self-assessment in the summer of 2020.

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 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 four 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 during the year. There was an extraordinary meeting of the Board in November to discuss the draft final Forum report. The Forum's reports were published in June 2021. The Forum met six times during the year with minutes presented to the Board.

The Forum was informed by Scottish Government in January 2020 that it would close by 31 March 2021. The work of the Forum over the year was targeted to this deadline. The closure was dependent on legislation to provide a means to end the work of the Forum and this was included in the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Bill 2020. The Bill completed stage 3 in March 2021 but did not receive Royal Assent until May 2021. To ensure the statutory functions of the Forum continued to be in place until the legal closure, Scottish Ministers extended the Forum Head and two member appointments initially to 30 September 2021 but once the regulations were enacted the Forum and the members finished on 28 June 2021. All staff left the Forum, and the office was closed, by 31 March 2021.

The Operational Management Group (OMG) assists the Chief Executive 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. This

year however additional arrangements were necessary to cope with the challenges of the pandemic.

In March 2020 the executive team met three times a week and the notes from those meetings were circulated to all staff and to the Board from mid-April. The meetings were reduced to twice a week in May and then to once a week in June.

In early May 2020 the executive team started to review the business plan in light of the ongoing pandemic, some areas of work that could not be done and new priorities that were emerging. This was shared with the Board in May and finalised and approved at the Board meeting at the end of June. Quarterly reports, including any new or revised projects, to the Board were completed on that revised Business Plan.

The executive team continued to meet weekly throughout the rest of the year at either the established OMG meeting dates or executive group meetings on alternative weeks. All of the meeting types were minuted from January 2021. There is currently a review of these governance arrangements and a revised system will be presented to the Board in June 2021.

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.
- Producing an action plan from the stakeholder survey.
- Ensuring that the composition of the Board reflects the breadth of stakeholder groups.
- Meeting with the Minister for Mental Health to discuss 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 including many meetings with such groups by the Chief Executive from August onwards.
- 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 A,R & IG Committee, to the Board, concerning internal control;
- the production of, and regular updating, the strategic risk register and developing associated action plans to mitigate the identified risks;
- a corporate governance statement from the NCF outlining the internal control structure;
- the work of the internal auditors, who submit to the A,R & IG 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 A,R & IG Committee. A strategic risk register is reviewed by the Operational Management Group and

presented to the A,R & IG committee and Board three times a year. The strategic risk register was substantially revised and approved by the Board in February 2021. Any new project identifies risks as part of the project initiation documentation.

Risks to information are considered in line with the process described above. All projects need to consider a data protection impact assessment (DPIA) as part of the approval documentation. Reports on information governance and IT security are presented to the A,R & IG Committee twice a year.

We adhere to the Scottish Government's cyber resilience strategy. In June 2020 we applied for our cyber essentials re-accreditation. There were some issues around remote working that we needed to remedy and an upgrade to our firewall to allow us to continue to be accredited. All other security areas to allow for accreditation continue to be met.

During the pandemic the business continuity strategy has been operational. It was used at the outset to ensure we continued to meet our key priorities. We were able to continue with administering Part 16 second opinions remotely; priority forms for monitoring the MHA continued to be a priority despite significant backlogs of forms at different points in the year; and the telephone advice line continued to run throughout the year on reduced hours. The lessons learnt from the pandemic will be used to revise and update the business continuity strategy during 2021/22.

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

- Continued to audit 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.
- Employed consultants to assist in developing a comprehensive corporate performance framework
- Implemented an action plan from the stakeholder survey
- Conducted a survey of staff on the impacts of remote working and implemented an action plan to reduce staff isolation and increase resilience
- Carried out self-assessments of the Board, A,R & IG Committee and Advisory Group and implemented improvements.

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 2022, in February 2021. There have been no departures from the policy in the last six years.

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.

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 and has been audited by the Commission's auditors:

Remuneration Table

	Gross Salary (bands of £5,000)	Bonus Payments (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
Executive						
Ms Julie Paterson <i>Chief Executive Started 03.08.20</i>	65 - 70	-	-	65 - 70	17	85 - 90
Mrs A Thomson <i>Interim Chief Executive Officer From 02.03.20 Started 22.10.12</i>	85 - 90	-	-	85 - 90	-	85 - 90
Dr A Chopra <i>Executive Director (Medical) Started:06.01.20,</i>	125 - 130	-	-	125 - 130	34	155 - 160
Ms A McRae <i>(note 2) Head of Corporate Services Started:15.05.00</i>	50 - 55	-	-	50 - 55	16	70 - 75
Ms A K Fearnley <i>(note 2) Executive Director (Engagement and Participation) Started: 16.02.15 Retired 31.03.21</i>	50 - 55	-	-	50 - 55	-	50 - 55
Mr M Diamond <i>Executive Director (Social Work) Started:23.03.15 Retired 30.09.20</i>	35 - 40	-	-	35 - 40	-	35 - 40
Ms M Connolly <i>Interim Executive Director (Medical) Started:19.11.18 Until</i>	15 - 20	-	-	15 - 20	-	15 - 20
Ms C Lamza <i>Interim Executive Director (Practitioners) Started: 02.03.20</i>	65 - 70	-	-	65 - 70	12	80 - 85

	Gross Salary (bands of £5,000)	Bonus Payments (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
Board Members					<i>note 3</i>	
Mr A Riddell (Chair)	15 - 20	-	-	15 - 20	-	15 - 20
Mrs S Baxter	5 - 10	-	-	5 - 10	-	5 - 10
Ms N Brown	0 - 5	-	-	0 - 5	-	0 - 5
Mr G Johnston	0 - 5	-	-	0 - 5	-	0 - 5
Mr D Hall	0 - 5	-	-	0 - 5	-	0 - 5
Ms C Mackie	0 - 5	-	-	0 - 5	-	0 - 5
Ms M Twaddle	0 - 5	-	-	0 - 5	-	0 - 5
Ms A White	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 3	Total Remuneration (bands of £5,000)
Ms J Laidlaw Head of Forum (from 09.05.19)	65 - 70	-	-	65 - 70	-	65 - 70
Ms A Blower (Appointed 01.08.18)	5 - 10	-	-	5 - 10	-	5 - 10
Ms K Davidson (Appointed 01.08.18)	15 - 20	-	-	15 - 20	-	15 - 20
Ms M Ramage (Appointed 01.08.18)	0 - 5	-	-	0 - 5	-	0 - 5
Ms K Pennington – Twist (Appointed 01.12.18)	10 - 15	-	-	10 - 15	-	10 - 15

In accordance with the Financial Reporting Manual (FRM), and the Companies Act, 2013-14 was the first year that publication of 'pension benefits' was required. 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 2020 -21

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 Annualised Gross Salary (Bands of £5,000)
Ms Julie Paterson	100 - 105
Ms A McRae	70 - 75
Ms K Fearnley	70 - 75
Mr M Diamond	70 - 75

Note 3: Board members and NCF public appointees are not in receipt of Pension benefits

Pensions Values Table

	Accrued Pension at age 60 as at 31/03/20 (bands of £5,000)	Total accrued lump sum at age 65 at 31 March 2021 (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 2021 (bands of £2,500)	CETV At 31/03/21	CETV At 31/03/20	Real Increase In CETV
Executive	£'000		£'000		£'000	£'000	£'000
Ms J Paterson	0 - 5	0 - 5	0 - 2.5	0 - 2.5	16	0	16
Dr A Chopra	10 - 15	0 - 5	0 - 2.5	0 - 2.5	107	81	26
Ms A McRae	15 - 20	50 - 55	0 - 2.5	2.5 - 5.0	400	370	21
Ms C Lamza	25 - 30	0 - 5	0 - 2.5	0 - 2.5	398	375	14

Remuneration Report for the year ended 31 March 2020

	Gross Salary (bands of £5,000)	Bonus Payments (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
Executive						
Mrs A Thomson <i>Interim Chief Executive Officer From 02.03.20 Started 22.10.12</i>	65 - 70	-	-	65 - 70	-	65 - 70
Mr C McKay <i>Chief Executive Officer Until 02.03.20</i>	100 - 105	-	-	100 - 105	-	100 - 105
Dr G Morrison <i>Executive Director (Medical) Until 01.04.19</i>	15 - 20	-	-	15 - 20	-	15 - 20
Dr A Chopra <i>Executive Director (Medical) Started:06.01.20,</i>	25 - 30	-	-	25 - 30	32	60 - 65
Ms A McRae <i>(note 2) Head of Corporate Services Started:15.05.00</i>	50 - 55	-	-	50 - 55	7	55 - 60
Ms A K Fearnley <i>(note 2) Executive Director (Engagement and Participation) Started: 16.02.15</i>	40 - 45	-	-	40 - 45	9	50 - 55
Mr M Diamond <i>Executive Director (Social Work) Started:23.03.15</i>	70 - 75	-	-	70 - 75	18	90 - 95
Ms M Connolly <i>Interim Executive Director (Medical) Started:19.11.18</i>	50 - 55	-	-	50 - 55	-	50 - 55
Ms C Lamza <i>Interim Executive Director (Practitioners) Started: 02.03.20</i>	5 - 10	-	-	5 - 10	21	25 - 30

	Gross Salary (bands of £5,000)	Bonus Payments (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
Board Members					<i>note 3</i>	
Mr A Riddell (Chair)	10 - 15	-	-	10 - 15	-	10 - 15
Mrs S Baxter	5 - 10	-	-	5 - 10	-	5 - 10
Ms N Brown	0 - 5	-	-	0 - 5	-	0 - 5
Mr G Johnston	0 - 5	-	-	0 - 5	-	0 - 5
Mr D Hall	0 - 5	-	-	0 - 5	-	0 - 5
Ms C Mackie	0 - 5	-	-	0 - 5	-	0 - 5
Ms M Twaddle	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 3	Total Remuneration (bands of £5,000)
Ms J Laidlaw Head of Forum (from 09.05.19)	60 - 65	-	-	60 - 65	-	60 - 65
Mr J Malcolm (Until 09.05.19)	5 - 10	-	-	5 - 10	-	5 - 10
Ms A Blower (Appointed 01.08.18)	0 - 5	-	-	0 - 5		0 - 5
Ms K Davidson (Appointed 01.08.18)	10 - 15	-	-	10 - 15		10 - 15
Ms M Ramage (Appointed 01.08.18)	5 - 10	-	-	5 - 10		5 - 10
Ms K Pennington – Twist (Appointed 01.12.18)	5 - 10	-	-	5 - 10		5 - 10

In accordance with the Financial Reporting Manual (FRM), and the Companies Act, 2013-14 was the first year that publication of 'pension benefits' was required. 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 2019-20

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 Annualised Gross Salary (Bands of £5,000)
Ms A McRae	70 – 75
Ms K Fearnley	70 – 75

Note 3: Board members and NCF public appointees are not in receipt of Pension benefits.

	Accrued Pension at age 60 as at 31/03/20 (bands of £5,000)	Total accrued lump sum at age 65 at 31 March 2020 (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 2020 (bands of £2,500)	CETV At 31/03/20	CETV At 31/03/19	Real Increase In CETV
Executive	£'000		£'000		£'000	£'000	£'000
Dr A Chopra	5 - 10	0 - 5	0 – 2.5	0 – 2.5	87	61	26
Ms A McRae	15 - 20	50 - 55	0 – 2.5	0 – 2.5	294	277	8
Ms A K Fearnley	0 – 5	0 - 5	0 – 2.5	0 – 2.5	78	65	5
Mr M Diamond	50 - 55	0 – 5	0 – 2.5	0 – 2.5	841	799	32
Ms C Lamza	20-25	0 -5	0 –2.5	0 – 2.5	352	325	20

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;

2020-21		2019-20	
Range of Staff Remuneration	20.3 – 125.2	Range of Staff Remuneration	18.7 – 122.5
Highest Earning Executive's Total Remuneration (£000s)	125 - 130	Highest Earning Executive's Total Remuneration (£000s)	120 - 125
Median Total Remuneration	40.3	Median Total Remuneration	38.3
Ratio	3.11	Ratio	3.20
<p>Commentary 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 decreased as the median salary has decreased slightly due to changes in staff composition. The highest earning Executive was a consultant psychiatrist and is remunerated in line with medical consultant pay of the NHS in Scotland.</p>			

Staff Report

a) Higher Paid Employees' Remuneration

Band (bands of £5,000)	2021 Number of Staff	2020 Number of Staff
£70,001 to £80,000	6	6
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	3
£110,001 to £120,000	2	-
£120,001 to £130,000	1	1
£130,001 to £140,000	-	-

b) Staff Costs and numbers

31 March 2020 Total £'000	STAFF COSTS	Executive £'000	Board Members £'000	Permanent Staff £'000	Other Staff £'000	NCF Head and Members £'000	31 March 2020 Total £'000
2,333	Salaries and fees	496	43	1922	107	108	2,676
238	Taxation and social security costs	62	2	198	12	7	281
408	NHS scheme employers' pension costs	81	-	325	22	-	428
-	Other employers' pension costs	-	-	-	-	-	-
426	Second Opinion Doctors	-	-	-	332	-	332
86	Short term staff	-	-	-	6	-	6
3,491	TOTAL	639	45	2,445	479	115	3,723

STAFF NUMBERS

63.4	Whole Time Equivalent (WTE)	4.7	7.0	47.1	1.5	5.0	65.2
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c) Staff Composition

	2021			2020		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	5	7	3	4	7
Board Members	3	5	8	4	4	8
NCF Staff	2	5	7	2	4	6
Other	17	40	57	19	37	56
Total Headcount	24	55	79	28	49	77

d) Sickness absence data

	2021	2020
Sickness Absence Rate	1.92%	2.9%

e) Staff turnover data

	2021	2020
Staff Turnover Rate	18.18%	10.93%

f) 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.

Employees are encouraged to participate in a variety of forums on matters affecting staff including sustainability, dignity at work and office accommodation. Our staff policies are regularly updated for any new legislation and recommended practice. Policies affected by legislation are a mandatory read for all staff.

Pay policy is approved annually by the Board and Scottish Government.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The Commission will be reporting a nil return for the year to 31st March 2021 (2019/20 Nil).

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 (2019/20 - £Nil)

Approval and signing of the Accountability Report

Signed..... *Julie Paterson*

Julie Paterson
Chief Executive Officer
Accountable Officer

Date: 02 September 2021

Independent auditor's report to the members of Mental Welfare Commission for Scotland, the Auditor General for Scotland and the Scottish Parliament**Reporting on the audit of the financial statements****Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Mental Welfare Commission for Scotland for the year ended 31 March 2021 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 board's affairs as at 31 March 2021 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 2020/21 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 for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 10 years. We are independent of the board 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 Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

Independent Auditor's Report**31 March 2021**

on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

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.

In preparing the financial statements, the Accountable Officer is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Independent Auditor's Report**31 March 2021**

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting 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. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements**Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

31 March 2021

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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 audited 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.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Nick Bennett

Nick Bennett (for and on behalf of Azets Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date... 03 September 2021

**Statement of Comprehensive Net Expenditure
For the Year ended 31 March 2021**

31 March 2020		Note	31 March 2021
£'000			£'000
3,491	Staff costs	3a	3,723
1,241	Other operating expenditure	3b	850
<u>4,732</u>	Gross expenditure for the year		<u>4,573</u>
-	Less: operating income		-
<u>4,732</u>	Net expenditure for the year		<u>4,573</u>
<u>-</u>	Other Comprehensive Net Expenditure		<u>-</u>
<u>4,732</u>	Comprehensive Net Expenditure		<u>4,573</u>

The Notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Financial Position

31 March 2020 £'000	Note	31 March 2021 £'000	31 March 2021 £'000
Non-current assets:			
230	6(a)	172	
0	5(a)	0	
230	Total non-current assets		172
Current Assets:			
Financial assets:			
34	7	32	
12	8	6	
46	Total current assets		38
276	Total assets		210
Current liabilities			
Financial liabilities:			
(276)	9	(324)	
(276)	Total current liabilities		(324)
0	Non-current assets plus/less net current assets/liabilities		(114)
Non-current liabilities			
(141)	10	(126)	
(141)	Total non-current liabilities		(126)
(141)	Assets less liabilities		(240)
Taxpayers' Equity			
(141)	SOCTE		(240)
(141)	Total taxpayers' equity		(240)

The financial statements on pages 40 to 72 were approved by the Board on 30th August 2021 and signed on their behalf by

Signed *Alexander Riddell*
.....
Alexander Riddell
Chair

Signed *Julie Paterson*
.....
Julie Paterson
Chief Executive Officer
Accountable Officer

Date: 31 August 2021

Date: 02 September 2021

The notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Cash Flow
For the year ended 31 March 2021

2020 £'000		Note	2021 £'000	2021 £'000
Cash flows from operating activities				
(4,732)	Net expenditure	SOCNE	(4573)	
58	Adjustments for non-cash transactions	2 (a)	58	
21	Movements in working capital	2 (b)	35	
(4,653)	Net cash outflow from operating activities			(4,480)
Cash flows from investing activities				
0	Purchase of property, plant and equipment		0	0
Cash flows from financing activities				
4,661	Funding	SOCTE	4,474	
0	Movement in general fund working capital	SOCTE	0	
4,661	Cash drawn down			4,474
4,661	Net Financing			4,
Net Increase / (decrease) in cash and cash equivalents in the period				
8				(6)
Cash and cash equivalents at the beginning of the period				
4				12
Cash and cash equivalents at the end of the period				
12				6
Reconciliation of net cash flow to movement in net debt/cash				
8	Increase/(decrease) in cash in year			(6)
4	Net debt/cash at 1 April	8		12
12	Net Cash at 31 March	8		6

The notes to the Accounts, numbered 1 – 17, form an integral part of these Accounts.

Statement of Changes in Taxpayers' Equity

Year ended 31 March 2021	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2020		(141)	(141)
Changes in taxpayers' equity for 2020/21			
Net operating cost for the year	CFS	(4,573)	(4,573)
Total recognised income and expense for 2020/21		(4,573)	(4,573)
Funding:			
Drawn down	CFS		
Movement in General Fund (Creditor) / Debtor		4,474	4,474
Balance at 31 March 2021	SoFP	(240)	(240)
Year ended 31 March 2020	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2019		(70)	(70)
Changes in taxpayers' equity for 2019/20			
Net operating cost for the year	CFS	(4,732)	(4,732)
Total recognised income and expense for 2019/20		(4,732)	(4,732)
Funding:			
Drawn down	CFS	4,661	4,661
Movement in General Fund (Creditor) / Debtor		-	-
Balance at 31 March 2020	SoFP	(141)	(141)

The notes to the Accounts, numbered 1 – 17, form an integral part of these Accounts.

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(v) below.

(i) Standards, amendments and interpretations effective in 2020/21

There are no new standards, amendments or interpretations effective in current year

IFRS 16 Leases supersedes IAS 17 Leases and will be being applied by HM Treasury in the Government Financial Reporting Manual (FReM) *from 1 April 2021*. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. The Commission expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

The Commission has assessed the impact that the application of IFRS 16 would have on the comprehensive net expenditure for the financial year ending 31 March 2022 and on the Statement of Financial Position at that date. The figures below represent existing leases as at 31 March 2021.

The standard is not expected to increase total expenditure in 2021-22. Right-of-use assets totalling £553k will be brought onto the Statement of Financial Position, with an associated lease liability of £553k.

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 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 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.

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 are fully depreciated

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.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use.

Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset

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

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) 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.

j) Inventories

Inventories of consumables are not material, are not carried on the Statement of Financial Position and have not been valued.

k) 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.

l) 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 participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and 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 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 defined contribution scheme, as required by IAS 19 '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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation 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.

m) 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.

n) Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24 in note 17. Transactions with health bodies e.g. sharing administration costs or with individuals are disclosed if material.

o) Value Added Tax

The Mental Welfare Commission for Scotland was separately registered for VAT on 1st 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.

p) Provisions

The Commission provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position 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.

q) 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.

r) 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.

s) 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 Statement of Financial Position 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 Statement of Financial Position.

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 Statement of Financial Position date. These are classified as non-current liabilities. The Commission's other financial liabilities comprise trade and other payables in the Statement of Financial Position.

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 Statement of Financial Position 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.

t) 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.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 4.

u) 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 Statement of Financial Position.

v) 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.

The financial statements include an estimate of the exit liabilities relating to the lease held on the office space used by the National Confidential Forum until 31st March 2021. The provision relating to this potential liability at 31st March 2021 is as follows:

	£000
Rent	43
Dilapidations	<u>50</u>
	<u>93</u>

We anticipate that this liability will be resolved in the financial year to 31st March 2022. (2019/20: Nil)

2 a) Summary of Resource Outturn

Summary of Resource Outturn	Note	£'000	£'000
Net Expenditure	SOCNE		4,573
Total Non Core Expenditure			<u>(58)</u>
Total Core Expenditure			4,515
Core Revenue Resource Limit			<u>4,842</u>
Saving/ (excess) against Core Revenue Resource Limit			<u>327</u>
Summary of Resource Outturn		Resource	Expenditure
		£'000	£'000
Core		4,842	4,515
Non Core		-	58
Total		<u>4,842</u>	<u>4,573</u>
			Saving/ (Excess)
			£'000
			327
			(58)
			269

2 b) Notes to the Cash Flow Statement

a) Consolidated adjustments for non-cash transactions

2020 £'000	Note	2021 £'000
Expenditure not paid in cash		
58 Depreciation	6	58
58 Total expenditure not paid in cash	CFS	58

b) Consolidated movements in working capital

2020 Net Movement £'000	Note	2021 Opening Balances £'000	2021 Closing Balances £'000	2021 Net Movement £'000
TRADE AND OTHER RECEIVABLES				
6 Due within one year	7	34	32	
		34	32	
6 Net Decrease/(Increase)				2
TRADE AND OTHER PAYABLES				
(92) Due within one year	9	276	324	
Less: General Fund	9			
- Creditor included in above		(5)	(5)	
		271	319	
(92) Net (Decrease)/Increase				48
PROVISIONS				
107 Balance Sheet		141	126	
107 Net (Decrease)/Increase		141	126	(15)
NET MOVEMENT				
21 (Decrease)/Increase				35

3) Operating Expenses

a) Staff Costs

2020 Total £'000	Note	2021 Total £'000
581 Board and Executive		683
1106 Practitioner staff Costs Casework Administration and Corporate		1200
921 Services		1051
426 Second Opinion Doctors Fees NCF: Head, Members, Administration and short		332
297 term staff		297
118 LDA : Administration staff		0
42 DIDAHR : Administration Staff		160
3,491 Total	SOCNE	3,723

Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

b) Other Operating Expenditure

31 March 2020 £'000		31 March 2021 £'000
108	Travel and Subsistence	21
212	Accommodation Costs	193
58	Depreciation / Amortisation	58
257	Computer Equipment and Supplies	202
144	Office administration costs	89
56	Human Resources	42
38	Communications	54
135	Legal and Professional	86
109	Good Practice Projects	67
107	NCF Closure Provision	21
1,224	Total	833

31 March 2020 £'000		31 March 2021 £'000
	Other health care expenditure	
	External auditor's remuneration	
17	- Statutory audit fee	17
17	Total	17
4,732	Total	4,573

4) Segmental Information

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

	2020/21				2019/20				
	MWC	NCF	DID/HR	Total	MWC	NCF	DID/HR	LDA	Total
	£'000	£'000	£'000	£'000	£'000	£000	£'000	£'000	£000
Net operating cost	3,788	535	192	4,515	3,807	649	58	160	4,674
Depreciation and amortisation	58	-	-	58	58		-	-	58

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

Three (19/20, four) 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.
- 3) The Review of Learning, Disability and Autism is an independent review, hosted by the Commission. The budget for the review is part of the Commission's allocation from the Scottish Government and the Chief Executive is therefore accountable for the appropriate use of these public funds.
- 4) The Reviews of Deaths in Detention and Homicides.

The following financial results for the year were presented to the May 2021 Management Groups:

Current year - 2020/21	MWC 'Core'	NCF	DIDAHR	Total
	£'000	£'000	£'000	£'000
Reported to OMG 18.05.21	3,799	514	192	4,505
Late adjustments	47	21		68
Per Annual Accounts	<u>3,846</u>	<u>535</u>	<u>191</u>	<u>4,573</u>

Prior year - 2019/20	MWC 'Core'	NCF	LDA	DIDAHR	Total
	£'000	£'000	£'000	£'000	£'000
Reported to Board 26.06.20	3,808	698	160	58	4,724
Late adjustments	57	(49)	-	-	8
Per Annual Accounts	<u>3,865</u>	<u>649</u>	<u>160</u>	<u>58</u>	<u>4,732</u>

5a) Intangible Assets

	Software Licences	Information Technology	Other Intangible	Total
	£'000	£'000	£'000	£'000
Cost or Valuation:	14	796	13	823
As at 1 April 2020				
Assets written off	(10)	(676)	(13)	(699)
At 31 March 2021	<u>4</u>	<u>120</u>	<u>0</u>	<u>124</u>
Amortisation				
At 1 April 2020	14	796	13	823
Provided during the year	-	-	-	-
Amortisation on assets written off	(10)	(676)	(13)	(699)
At 31 March 2021	<u>4</u>	<u>120</u>	<u>0</u>	<u>124</u>
Net Book Value at 1 April 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value at 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5a) Intangible Assets (Prior Year)

	Software Licences £'000	Information Technology £'000	Other Intangible £'000	Total £'000
Cost or Valuation:				
As at 1 April 2019	14	796	13	823
At 31 March 2020	14	796	13	823
Amortisation				
At 1 April 2019	14	796	13	823
Provided during the year	-	-	-	-
At 31 March 2020	14	796	13	823
Net Book Value at 1 April 2019	-	-	-	-
Net Book Value at 31 March 2020	-	-	-	-

6a) Property, Plant and Equipment (Purchased Assets)

Year ended 31 March 2021	Buildings (excluding dwellings) £'000	Information Technology £'000	Total £'000
Cost or valuation			
At 1 April 2020	620	205	825
Assets written off	(258)	(205)	(463)
At 31 March 2021	362	-	362
Depreciation			
At 1 April 2020	390	205	595
Provided during the year	58	-	58
Depreciation written off	(258)	(205)	(463)
At 31 March 2021	190	-	190
Net book value at 1 April 2020	230	-	230
Net book value at 31 March 2021	172	-	172
Asset Financing			
Owned	172	-	172
Net Book value at 31 March 2021	172	-	172

6a) Property, Plant and Equipment (Purchased Assets)

Year ended 31 March 2020	Buildings (excluding dwellings) £'000	Information Technology £'000	Total £'000
Cost or valuation			
At 1 April 2019	620	205	825
Additions	-	-	-
At 31 March 2020	620	205	825
Depreciation			
At 1 April 2019	332	205	537
Provided during the year	58	-	58
At 31 March 2020	390	205	595
Net book value at 1 April 2019	288	-	288
Net book value at 31 March 2020	230	-	230
Asset Financing			
Owned	230	-	230
Net Book value at 31 March 2020	230	-	230

6b) Donated Assets

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

6c) Analysis of Capital Expenditure

31 March 2020 £'000		31 March 2021 £'000
	Expenditure	
-	Acquisition of property, plant and equipment	-
-	Gross capital expenditure	-
-	Net capital expenditure	-
	Summary of Capital Resource Outturn	
-	Core capital expenditure included above	-
-	Core capital resource limit	-
-	Saving/(excess) against core capital resource limit	-

7) Trade and Other Receivables

31 March 2020 £'000		31 March 2021 £'000
	Receivables due within one year	
34	Prepayments	32
<u>34</u>	Total Receivables due within one year	<u>32</u>
<u>34</u>	TOTAL RECEIVABLES	<u>32</u>
	WGA Classification	
34	Balances with bodies external to Government	32
<u>34</u>	Total	<u>32</u>

There is no provision for impairment of receivables (2019/20: £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 2021, receivables of carrying value of £nil (2019/20: £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.

31 March 2020 £'000		31 March 2021 £'000
	The carrying amount of receivables are denominated in the following currencies:	
34	Pounds	32
<u>34</u>		<u>32</u>

8) Cash and Cash Equivalents

	2021	2020
Note	£000	£000
Balance at 1 April	12	4
Net change in cash and cash equivalent balances	CFS (6)	8
Balance at 31 March	SoFP 6	12
Overdrafts	0	0
Total Cash - Cash Flow Statement	<u>6</u>	<u>12</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	6	12
Balance at 31 March	<u>6</u>	<u>12</u>

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 2020 £'000	31 March 2021 £'000
Payables due within one year	
NHS Scotland	
0 Boards	0
0 Total NHS Scotland Payables	0
0 General Fund Payable	5
104 Trade Payables	24
167 Accruals	290
5 Income tax and social security	5
276 Total Payables due within one year	324
276 TOTAL PAYABLES	324
WGA Classification	
0 NHS Scotland	0
38 Central Government Bodies	41
0 Whole of Government Bodies	0
238 Balances with bodies external to Government	283
276 Total	324

There are no borrowings in either 2020/21 or 2019/20

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

31 March 2020		31 March 2021
£'000		£'000
276	Pounds	324
276		324

10) Provisions	Participation in CNORIS	Other provisions	2021 Total
	£'000	£'000	£'000
At 1 April 2020	34	107	141
Arising during the year	-	(15)	(15)
At 31 March 2021	34	92	126

Analysis of expected timing of discounted flows to 31 March 2021

	£'000	£'000	£'000
Payable in one year	8	92	100
Payable between 2 - 5 years	21	0	21
Payable between 6 - 10 years	2	0	2
Thereafter	3	0	3
At 31 March 2021	34	92	126

Participation in CNORIS

The Commission holds a provision for its share of CNORIS liability for NHS Scotland and the charge for 2020/21 is £34,000 (2019/20: £34,000)

Other

The Scottish Government confirmed that the National Confidential Forum will cease in 21/22 and this repeal will be part of the Redress Bill commencing in 2021. A provision has been created in respect of the costs associated with the cessation of NCF.

10(a) Provisions Prior Year	Participation in CNORIS £'000	Other provisions £'000	2020 Total £'000
At 1 April 2019	34	-	34
Arising during the year	-	107	107
At 31 March 2020	34	107	141

Analysis of expected timing of discounted flows to 31 March 2020

	£'000	£'000	£'000
Payable in one year	6	107	113
Payable between 2 - 5 years	20	0	20
Payable between 6 - 10 years	2	0	2
Thereafter	6	0	6
At 31 March 2020	34	107	141

10b) Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2020	Note	2021
£000		£000
0		0
0		0
34		34
34		34

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly

from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The receivable is netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHS Scotland has been made and this is reflected in the table above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>

11) Contingent Assets and Liabilities

There are no Contingent Assets or Liabilities that have not been provided for in the accounts (2019/20: £nil).

12) Events after the end of the reporting year

The Redress Bill to formally end the National Confidential Forum received Royal Assent in May and the Forum and members formally finished on 28 June 2021.

There were no other 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 2021 (2019/20: £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 2020/21 analysed by the period during which the commitments expire are as follows:

	31 March 2021	31 March 2020
	£'000	£'000
Expiry within 1 year	49	78
Expiry within 2 to 5 years	55	105
Total	<u>104</u>	<u>183</u>

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

14) Commitments under Leases

Operating Leases

Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods:

31 March 2020	31 March 2021
£'000	£'000
Operating Leases	
Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods.	
Obligations under operating leases comprise:	
Land	
16 Not later than one year	19
39 Later than one year, not later than two years	15
- Later than two years not later than five years	14
Buildings	
148 Not later than one year	169
353 Later than one year, not later than two years	138
- Later than two years not later than five years	129
Other	
3 Not later than one year	2
4 Later than one year, not later than two years	-
- Later than two years not later than five years	-
Amounts charged to Operating Costs in the year were:	
3 Hire of equipment (including vehicles)	4
165 Other operating leases	181
<u>168 Total</u>	<u>185</u>

There are no contingent rents or Finance Leases.

15) Pension Costs

The Commission participates in the NHS Pension 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 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees' contributions.

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.

The scheme is an unfunded multi-employer defined benefit 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 period from 1 April 2020 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024. The Commission's level of participation in the scheme is 0.037% based on the proportion of employer contributions paid in 2019-20.

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 2017-18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) 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.

16) Financial Instruments

(a) Financial Instruments by category

2020 Total £'000	AT 31 March	Note	Loans and Receivables £'000	2021 Total £'000
	Assets per Statement of Financial Position			
12	Cash and cash equivalents	8	6	6
<hr/> 12			<hr/> 6	<hr/> 6

2020 Total			Other financial liabilities	2021 Total
£'000	AT 31 March	Note	£'000	£'000
	Liabilities per Statement of Financial Position			
	Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	9	314	314
271			314	314

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 Statement of Financial Position 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.

31 March 2021	Less than 1 year £'000
Trade and other payables excluding statutory liabilities	314
Total	314

31 March 2020	Less than 1 year £'000
Trade and other payables excluding statutory liabilities	271
Total	271

(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.

17) 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 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as applied by Schedule 1 paragraph 8(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 (FRoM) 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