



Gofal Cymdeithasol **Cymru**
Social Care **Wales**



Ariennir gan
Lywodraeth Cymru
Funded by
Welsh Government

Annual Report and Accounts 2017–2018

Regulation and Inspection of Social Care (Wales) Act 2016

Annual Report and Accounts of Social Care Wales prepared pursuant to Schedule 2, Part 6 Paragraph 16 (1-3) of the Regulation and Inspection of Social Care (Wales) Act 2016, for the year ended 31 March 2018 together with the Report of the Auditor General for Wales thereon and laid before the National Assembly for Wales on 30 July 2018 pursuant to the Regulation and Inspection of Social Care (Wales) Act 2016 Schedule 2, Part 6 Paragraph 16 (4)

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Performance report

Overview

Statement from the Accounting Officer

A quick look through this report provides an overview of the breadth and depth of our work. Thanks to the professionalism, dedication and hard work of its staff and partners, Social Care Wales has been successful in delivering almost the entire programme of work as set out in our 2017-18 business plan.

During the first six months of the year we developed with you our strategic plan, which sets out: our vision for the next five years; what we aim to achieve; what our focus will be; and how we will work with you to realise our ambition:

socialcare.wales/about/strategic-and-corporate-plan

The vision for social care in Wales is clear: the focus is on well-being. Social care has an important role in improving the well-being of people to help them achieve what matters to them by working with partners across public services and communities.

Giving people a strong voice and control over the care and support they receive is the essence of the Social Services and Well-being (Wales) Act 2014. The Act will guide public services for the years ahead, alongside the Regulation and Inspection of Social Care (Wales) Act 2016, which will modernise regulation and improvement arrangements, and focus on regulation for success.

There are examples of excellent social care and early years practice in Wales, provided by many committed and experienced professionals who are highly valued. Our role in leading and supporting continuous improvement, and new models of support will help ensure best practice is rolled out by the sector across Wales.

We can only achieve our aims by working together with people and with other public service bodies and care providers across Wales. We are answerable to the people of Wales through the National Assembly and Welsh Ministers.

Our approach is focused on good outcomes for people and the social care and early years workforce. In order to achieve this, we focus on three key strategic aims. These are:

- Providing public assurance, through regulation which is intended to provide assurance that the profession is of good character, confident and competent to ensure safe care of individuals and support for their families.
- Developing the workforce, through supporting the workforce so that they are able to work in ways which are collaborative, effective and grounded in social care values and open to new ways of working.
- Leading and supporting improvement, through using information from data, research and evaluation, inspection and policy to support our work and supporting the sector to explore and understand the models, practice and workforce skills needed to provide more effective support.

Looking forward to our work programme in 2018-19 we will continue to evolve into our role as Social Care Wales. Continuing to develop our improvement, research and data role, as well as maintaining our regulatory and workforce development business activity. We will continue to work with people who use care and support services, and organisations to lead improvement in social care. We're committed to working in a way that's collaborative and inclusive.

Some of the main priorities for us will be:

- extending the Register to new groups
- developing a workforce strategy for the social care and early years sector
- developing our approaches to improvement.

Through the year we will further refine our measures and indicators to help us clearly show the benefits of regulation, standards and workforce development in improving the social care and early years workforce. It will also allow us to highlight how our service improvement activities contribute to safeguarding and improving the well-being of people and their communities.

Sue Evans
Chief Executive and Accounting Officer

Date: 23 July 2018



Role of Social Care Wales – Who we are



Our vision and strategic objectives



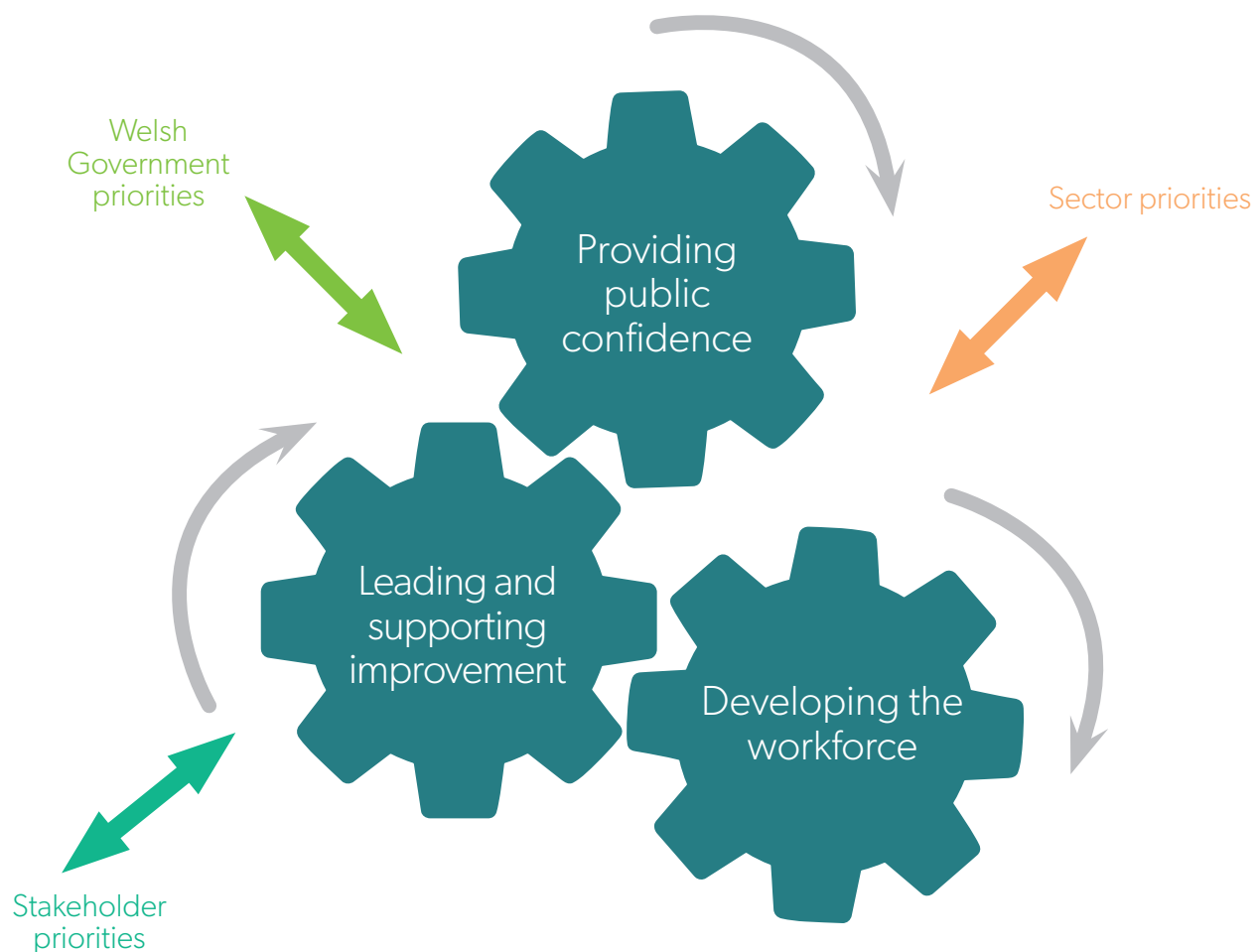
Our aims

Our three strategic aims define what we do. These aims will result in:

Improved well-being outcomes for children and adults who rely on care and support, their families and carers.

A high-quality, sufficient and skilled workforce.

People having confidence in the social care workforce, including the early years workforce, and the effectiveness of Social Care Wales.



Key issues and risks that we face

Information regarding our risk management and principle risks is provided in the Governance Statement. We consider the following factors to be those that have the greatest influence over the way we deliver our work and achieve our visions over the next five years:

- financial climate
- the political and policy landscape; if we do not understand the issues and reality of the sector then we will destabilise an already fragile sector and our products will not be fit for purpose.

Performance analysis

Leading and supporting improvement

We want improved outcomes for children and adults who rely on care and support, their families and carers

Service improvement is a new responsibility for Social Care Wales. The areas we focus on is influenced by what people tell us is important to them. Our work is informed by working with and using the experiences of the workforce, employers, people who rely on care and support, their families and carers. Some key highlights of our work this year includes:

Supporting people with dementia, carers and the social care and health workforce with a Good Work framework training package

We have developed a training resource which includes dispelling myths and illustrates how often very simple techniques can make a significant positive impact for the individual living with dementia. The development of the training course has been piloted and tested to ensure it is effective. Next year we will be rolling out the training with local health boards, local authorities, independent sector and the third sector to begin the critical task of embedding the framework across Wales.

Working with you to shift practice to outcomes focus

The shift to outcome focused practice is complex and can only be effective if all aspects of an organisation and its partners, understand their responsibilities. The issue of understanding and managing risk and issues is difficult for families and services alike and adds to this complexity. Engaging education, health colleagues and foster families in arriving at a shared understanding, is challenging

but ultimately the only way which will lead to an appropriate reduction of children needing to be removed from their families. Our work builds on the initial programme which saw a social work team in each council start to move to outcome-focused practice with our support. This approach to practice is already well established within Integrated Family Support Services and many Learning Disability Teams, but is not so readily adopted by statutory children and adult services.

Supporting colleagues in the sector has also been part of this work, 13 half-day awareness raising sessions were delivered across Wales. We will build on this in the coming year. We continued to build productive relations with Care Inspectorate Wales and have been asked to deliver training to the local authority division of the inspectorate on this shift in practice.

Gathering digital stories to share good practice

We know good practice doesn't travel well. We are working with children's services teams and particularly groups of Consultant Social Workers and senior practitioners to create learning resources through digital stories. These stories powerfully demonstrate the impact of person centred social work and its impact on families and workers alike. This work will continue over the next 12 months and grow to include adult services. Take a look here to see what we have developed so far: socialcare.wales/hub/improving-lives-through-storytelling

In partnership we developed our first *Social Care Research and Development Strategy for Wales*

In partnership with Health and Care Research Wales and a range of partners we developed the *Social Care Research and Development Strategy for Wales 2018-23*, which was launched in February 2018. The aim is for Wales to be internationally renowned for its excellent social care research that supports the people of Wales by informing and improving social care policy and practice. This strategy will make sure we make the best use of the limited resources we have, by concentrating our efforts on areas of national priority.

We will be working with all the organisations responsible for putting this plan into practice to make sure these actions are achieved. By working with the public, people who use care and support, and their carers, we will develop a better understanding of what research is needed. It will also give us a better understanding of how this research can have a positive effect where it matters.



“Capitalising on Wales’s strengths, this ambitious new strategy will drive forward social care R&D in Wales for the next five years through a vision founded on partnership and collaboration

– Huw Irranca-Davies AM
Minister for Children, Older People and Social Care

“Research has a crucial role to play in helping us improve social care in Wales

– Sue Evans,
Chief Executive
Social Care Wales

“We are very happy to endorse this strategy and look forward to playing a full part in its implementation

– Jon Bisson,
Director of Health and
Care Research Wales

Using evidence to identify themes from across Wales through the *National Population Assessment Report* to inform future priorities.

We launched a new national report about the care and support needed by people across Wales. The *National Population Assessment Report* brings together the main findings of the first population assessment reports published by the regional partnership boards earlier this year. Our report draws together the common issues and pressures identified by the assessments, and looks at some of the ways in which they are being tackled.

Based on what people have said, as well as what the research and data tells us, the report gives us significant insight into the lives of people who may need care and support to help them lead the best lives they can, we will use this evidence and data to shape our improvement activities

Although the report doesn't give us the whole picture, for the first time it gives us a comprehensive overview of what care and support looks like in Wales.

The regional reports were jointly produced by the local authorities and local health boards with the support of communities, and the third and independent sectors.

Care and support at home

Care and support at home is a key improvement priority for us, and we have been asked to lead the development of both the strategy and implementation plan.

A more detailed implementation plan has now been developed to support the delivery of the overarching strategy for care and support at home. It is based on evidence from feedback people have given us in events, and in writing and research that formed the basis of the strategy.

The steering group membership has been refreshed, following the development of the strategy, to support delivery of the implementation plan. socialcare.wales/service-improvement/care-and-support-at-home



For the very first time, we now have an extremely useful overview of the care and support needs across Wales. Based on what people have said, as well as what the research and data tells us, the report gives us significant insight into the lives of people who may need care and support to help them lead the best lives they can.

- Huw Irranca-Davies AM, Minister for Children, Older People and Social Care

Developing the workforce

We want Wales to have a sufficient, high-quality and skilled social care and early years workforce

To support the delivery of well-being to the people who use services, their families and carers requires sufficient good quality people entering, working and remaining in the social care and early years sectors. The provision of clear career pathways and promotion of social care and early years careers as professions of choice will contribute to the ongoing sustainability and energy of the workforce. To support our ambition our focus in 2017-18 has been:

Working with health on the development and production of an *All Wales induction framework for social care and health*

The *All Wales induction framework for social care and health* was developed in partnership with the health, social care, education and learning providers in Wales. We all know that a thorough and well-structured induction acts as a solid foundation for new workers to the social care and health sector enabling them to develop the skills and knowledge they need to effectively carry out their roles and supporting them to build on this experience with different learning methods and techniques. It also shows new workers that they are valued by their employers who are willing to invest in their development – this creates a strong basis for a committed workforce and ultimately it provides the foundation for progress towards full qualification.

We launched the induction framework which will help workers to:

- better understand their role – what is required of them and what support can be expected
- get to know their working environment and the information they need to do their job well
- get to know colleagues and develop good working relationships
- understand how they can best support those they will be working with.



I think the induction provides a really good support to staff as they move forward and learn, and develop in their careers

– Registered manager



It gave me all the knowledge I need and all the skills to carry my job role out

– Senior care worker



It's helping us with recruiting and retaining staff. It helps us feel safe that our staff know their responsibilities, are working safely and that they're offering the best service for the individual, whether that service is within their own home or in a care home

– Staff development officer

There is a close relationship between the induction framework and the extension of regulation to the domiciliary care workforce, which began in April 2018 when Social Care Wales received its first applications to register from domiciliary care workers. Combining high quality induction and registration are significant steps in recognising the skilled role undertaken by care workers and at the same time giving individuals using care services and their families' additional confidence in the quality of care provided.

Supporting the learning and development framework for occupational therapists

Working in partnership with the Royal College of Occupational Therapists and the Welsh Government we developed a new framework for learning and development for occupational therapists who work in social care in Wales. Occupational therapists have a vital role to play in providing effective care and support in Wales, and we hope this framework will provide a useful structure for them as they look to develop their knowledge, skills and careers.

Raising the Welsh language skills of the social care and early years workforce through our leadership role in *Mwy na Geiriau*

Numerous workshops have been delivered throughout the year to raise awareness of legislation and to support the delivery of the requirements in *More than just words*, as well as the Welsh

language as a skill in the workplace. We carried out a project in collaboration with health colleagues in Betsi Cadwalader University Health Board to raise awareness in schools of why and how Welsh language skills are an asset in the social care and health sectors. In addition, a wider engagement campaign has continued with students in further education colleges (excess of 1,500 students) studying social care and health, and children's care learning and development to raise awareness of *More than just words* and the importance of language choice for those using social care services.

Review of Social Work Qualifying Education and Continuous Professional Education and Learning (CPEL) Consolidation Programme

Social Care Wales has powers under Sections 114 and 115 of the Regulation and Inspection of Social Care (Wales) Act 2016 to set rules for social work training at qualifying and post qualifying levels. We then use these rules to approve and regulate social work training.

We undertook a review to ensure our rules and requirements for the qualifying programme continue to be appropriate. The review of the consolidation programme was also undertaken in response to a recommendation from the independent evaluation of CPEL.

socialcare.wales/news-stories/have-your-say-about-proposed-changes-to-social-work-education-rules-and-requirements



We are pleased to be a partner in this excellent new career framework. This is a vital step in supporting occupational therapists who work in social care to access the support and opportunities to develop

– Ruth Crowder, Policy Officer, Wales
at the Royal College of Occupational
Therapists in November 2017

Investing in the social care workforce

We invested £11.1 million in supporting the workforce, so they have the right knowledge, skills, understanding and approach to provide good quality care and support in the social care and early years sector.

We paid £7.15 million to local authorities through the Social Care Workforce Development Programme (SCWDP) which was match funded by £3.06 million local authority funding. In addition, the local authorities invested a further £2.27million into workforce development and training.

To ensure we have a sufficient supply of social workers and maintain high quality practice learning we:

- provided 516 bursaries worth £2.41 million awarded to social work students in the year
- invested £1.18 million of funding awarded to local authorities to provide practice learning opportunities for social work students across Wales

To support the professionalisation of the managers through research, workforce planning, career and professional development framework, training, guidance and creation of a community of practice we:

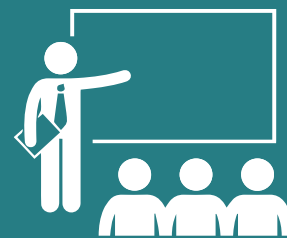
- held forums across Wales 325 managers attended to develop their leadership and other skills
- following the success of the Step up to Management Programme, we rolled this out across Wales – 100 managers enrolled during 2017-18.



5,180 people involved in awards
1,749 achieved awards
3,155 carried on into 2018-19
276 withdrew



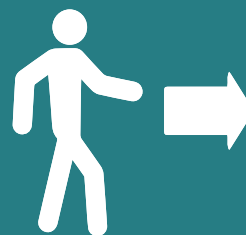
17 local authorities sponsor social work degree learners



133,023 training places offered
108,925 training places taken
 Attendance average was **82%**



Satutory sector took **79,679** places
 Private sector took **16,228** places
 Third sector took **13,018** places



97 (35%) withdrew from post-qualifying awards
141 (51%) withdrew from vocational awards
We will be looking into these figures in more detail as to why people are withdrawing

Providing public confidence

We want people to have confidence in the social care sector and in the effectiveness of Social Care Wales

Transforming Care in the 21st Century

Registration is part of our on-going commitment to professionalise the social care workforce and raise the status of workers. It gives people receiving care, and their families, the confidence workers have the skills and qualifications to do their job in a professional, compassionate manner. But we along with the Welsh Government recognise that changes need to be made to support the process of transformation to ensure that the social care workforce is ready to meet the new challenges in terms of numbers, skills and confidence in their practice.

This extension of the Register is a result of a long-term commitment of the Welsh Government to support and value the social care workforce.

In January 2018, the Welsh Government confirmed domiciliary care workers have to register with us by 2020 and adult care home workforce by 2022. This will increase the numbers on the register from 12,000 to an additional 40,000 over the next four years.

To support the transformation of care, we engaged with sector as we were keen to gain its views on fee levels, qualification requirements and the code of practice for employers.

With around 23,000 home care workers starting to register from April, we have been preparing online FAQs addressing queries about fees, qualifications and timescales to guide workers and employers through the process. We've also prepared short films featuring workers, people who receive support and carers explaining why domiciliary care is crucial and why it is important to register, professionalise and raise the status of the workforce.

We have been upgrading our registration IT system to make improvements and make sure it is capable of processing applications from thousands of domiciliary care workers. The new system went live in April.

“This will help to raise the profile and status of the sector, facilitate effective workforce planning, and address current difficulties around recruitment and retention so social care becomes a positive career choice where people are valued and supported responsibly

– Huw Irranca-Davies AM
Minister for Children,
Older People and Social Care

“The introduction of qualifications is a positive and will help raise the standard for care workers both for their own development and for practice. However, adequate support should be provided to support those who might struggle with achieving the new qualifications and might be deterred but who are actually excellent caring workers. It's a balance of raising standards but not at the expense of losing excellent workers

– Huw Irranca-Davies AM
Minister for Children,
Older People and Social Care

Supporting employers in the quality of practice through the development of the *Code of Practice for Social Care Employers*

To ensure a safe, skilled and appropriately supported social care workforce we worked with the sector to develop the *Code of Practice for Social Care Employers (Employers' Code)* which came into force on 2 April by setting clear standards and guidelines for employers to ensure the workforce is supported. The *Employers' Code* will be enforced by Care Inspectorate Wales, which can take action if employers fail to comply.

This is just a part of a range of initiatives, which have been implemented to support employers and the workforce.

Making sure people on the Register have the skills, knowledge and character to work safely and effectively through fitness to practise

We continue with our core work ensuring people on the Register have the skills, knowledge and character to work safely and effectively. This year, our fitness to practise rules have been updated to reflect our new powers and responsibilities. Outcomes from our investigations and hearings are used to support improvement in the sector. This enables the workforce to practice to the highest standards, which helps to provide public assurance around the quality of the social care workforce.

Facts and figures in relation to our regulatory remit:

- **6,000** social workers, this has maintained steady over the last three years
- **195** registered residential child care managers working in Wales, an increase of 9% since 2015
- **1,200** registered adult care home managers, a reduction of 3% since 2015
- **600** registered domiciliary care managers, an increase of 5.7% since 2015
- **2,500** registered residential child care workers, an increase of 14% since 2015



196

referrals received

26

hearings held

156

cases closed

9

removals



I believe that as many care workers as possible should be registered to make the employment process better

– Huw Irranca-Davies AM
Minister for Children,
Older People and Social Care

Setting out our five-year vision

We launched our five-year strategic plan, but importantly we did this in collaboration with you as we held a number of engagement events to gather comments and feedback. We used our presence at the Royal Welsh Show and the National Eisteddfod to extend our reach to stakeholders and members of the public and to discuss our aims and objectives. In total, 1,304 people visited our stand at the two summer shows (594 at the Royal Welsh Show and 710 at the National Eisteddfod). One of our main aims was to have meaningful conversations with members of the public.

Establishing how we work through our Board

It was important in our first year to spend time establishing our Board to ensure our governance is strong and enabling to ensure that Social Care Wales is an efficient and effective organisation. This is to make sure that we are driving up standards in the social care sector to deliver the highest quality services to vulnerable people in society who depend on social care. Further information on our Board, the meetings and stakeholders involved in their induction, development and Board meeting discussions can be found in our governance statement.

Engagement

We work with the sector and partners to progress the social care, early years and childcare priorities. We make sure the views, experiences and expertise of people who use services and their carers are valued and can be evidenced in our work. We have actively engaged with stakeholders and ensured there are tangible results from this and that our business plans reflect these views.

- **5** Social Care Wales consultations
- **20** consultations we have responded to
- **90** events and seminars attended by staff to share, learn and engage with partners
- **120,000** average monthly website page views



Accountability report

Corporate governance report

Directors report

History and statutory background

The Care Council for Wales was renamed Social Care Wales in accordance with the Regulation and Inspection of Social Care (Wales) Act 2016 and this Annual Report and Accounts will be the first to be prepared as Social Care Wales. The Care Council for Wales prepared 16 annual report and accounts.

The Annual Report and Accounts has been prepared under Schedule 1, Part 6, Paragraph 16(1-3) of the Regulation and Inspection of Social Care (Wales) Act 2016. It is presented in a form directed by Welsh Ministers, with the approval of HM Treasury.

Chief Executive and Accounting Officer

The Chief Executive and Accounting Officer for the financial year was Sue Evans.

Social Care Wales Board members

At 31 March 2018, there were 14 members including the Chair who have been appointed by the Minister for Public Health and Social Services.

Members serving 1 April 2017 to 31 March 2018

Members

Arwel Ellis Owen (Chair)
 Abigail Harris
 Aled Roberts
 Carl Cooper
 Damian Bridgeman
 Donna Hutton
 Emma Britton

Grace Quantock
 Joanne Kember
 Jane Moore
 Kate Hawkins
 Peter Max
 Rhian Watcyn Jones
 Simon Burch

The Chair's term ended as Chair of the Care Council for Wales on 31 March 2017, and he became the new Chair of Social Care Wales on 1 April 2017. His term ends on 31 July 2019. All other members were in place as at 1 April 2017 and will serve a term of four years, with their term due to end on 31 March 2021.

In addition, Andrew Bellamy is an independent member of the Audit and Risk Committee throughout the financial year.

A register of the declared interests of members is available on our website.

In line with best practice and guidance, Social Care Wales established an Audit and Risk Committee at its inception. Membership is drawn from the Board members, plus a co-opted independent member. Meetings are attended by representatives of internal and external audit and Executive Management Team.

In 2017-18, there were no security data breaches reported to the Information Commissioner as was the case in 2016-17.

Statement of the responsibilities of Social Care Wales and the Chief Executive

Under Schedule 2, Part 6 Paragraph Section 18(1-2) of the Regulation and Inspection of Social Care (Wales) Act 2016, Social Care Wales is required to prepare a statement of account for each financial year in such a form and on the basis directed by Welsh Ministers with the approval of HM Treasury.

The accounts are prepared on an accruals basis and must give a true and fair view of Social Care Wales state of affairs at the period end, and of its income and expenditure and cash flows for the period.

In preparing the accounts, Social Care Wales is required to comply with the requirements of the *Government Financial Reporting Manual*, and in particular to:

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements and
- prepare financial statements on a going concern basis, unless it is inappropriate to assume Social Care Wales will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has designated the Chief Executive as Accounting Officer for Social Care Wales. Her relevant responsibilities as Accounting Officer, including the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records and for safeguarding Social Care Wales assets, are set out in Managing Welsh Public Money.

I confirm that as far as I am aware there is no relevant audit information of which Social Care Wales auditors are unaware and that I have taken all steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and that I take personal responsibility for the Annual Report and Accounts and for the judgements required for determining that they are fair, balanced and understandable.

Governance statement

This governance statement sets out the basis on which Social Care Wales was established; the way in which we are governed and managed; and how as the Accounting Officer I am accountable for what I do.

The Audit and Risk Committee and Board Members have been involved in the development of this governance statement along with the Leadership Group of the organisation. The governance statement has been produced in line with the Welsh Government's seven citizen-centred governance principles as the framework.

Who does what and why?

As an organisation

Social Care Wales is a Welsh Government Sponsored Body (WGSB). This means we receive funding from the Welsh Government to complete specific priorities, which are set out in an annual basis through a remit letter.

We were set up under the Regulation and Inspection of Social Care (Wales) Act 2016 (the Act) in April 2017 bringing together social care workforce regulation, workforce development and service improvement in one organisation.

Establishing our Board and its members

The Minister appointed a Board to provide a wide range of perspectives, skills and experience following an extensive recruitment campaign. Reflections and evaluation of the effectiveness of the recruitment approach were provided to the Welsh Government to learn from this approach for future public appointments.

Our Board and committees

We have a Chair and 13 Board members who are responsible for providing leadership and direction for Social Care Wales by setting the strategic and business plans, allocation of resources and monitoring of performance. This is achieved through close working with the Executive Management Team. The Board established committees to support the governance of the organisation.

As a new Board, the start of 2017-18 was focused on establishing the governance arrangements to support the organisation. The detail on the composition, role and remit of each of these committees was agreed by the Board in July 2017.

During the year, we supported the Board through a thorough induction process including knowledge and thematic events delivered by external partners. These included the following:

- Alistair Davey, Welsh Government
- David Richards, Director of Governance, Welsh Government
- Anthony Barrett, Wales Audit Office
- Sophie Howe, Future Generations Commissioner
- Rebecca Evans AM, Minister for Housing and Regeneration
- Hayden Llewellyn, Chief Executive, Education Workforce Council
- Ian Howse, Head of Internal Audit, Deloitte
- Paul Schanzer, Academi Wales
- Professor Fiona Verity, School of Social Care Research
- Professor Keith Moultrie, Institute of Public Care
- Ewan King, Social Care Institute for Excellence (SCIE)

From 2018-19, we will continue to formally review the effectiveness of our Board meetings, development sessions and committees. Following each Board and committee meeting, members are asked to evaluate the meetings' effectiveness to help inform future meetings.

The table below illustrates the Board and committee structure as at 31 March 2018, along with an overview of the items for discussion and approval during the year:

<p>Board</p> <ul style="list-style-type: none"> ◦ Provides leadership and direction by setting the strategic and business plan for Social Care Wales ◦ Scrutiny of resources and performance – through regular business plan performance reports ◦ Demonstrating high standards of corporate governance – agreeing Board and Committee Terms of Reference ◦ Received key messages and advice from the Chief Executive and directors 	
<p>Improvement Committee</p> <p>Advises the Board on:</p> <ul style="list-style-type: none"> ◦ strategies and policies relating to principles for investment, improvement; and national learning and development programmes ◦ the quality assurance of the research, development and improvement programmes ◦ the implementation of the Regulation and Inspection of Social Care (Wales) Act 2016 and Social Services and Well-being (Wales) Act 2014 	<p>Audit and Risk Committee</p> <p>Advises the Board on:</p> <ul style="list-style-type: none"> ◦ the effectiveness of risk management, internal control and governance ◦ the integrity of the Annual Report and Accounts ◦ adequacy of management response to issues identified by audit activity ◦ assurances relating to the corporate governance requirements for the Board ◦ appoint Internal Audit provision and reviewing their effectiveness on an annual basis
<p>Regulation and Standards Committee</p> <p>Advises the Board on:</p> <ul style="list-style-type: none"> ◦ strategies and policies specifically in relation to the registration of social care workers and related fitness to practise matters ◦ the quality assurance of the training regulation programme and receive regular reports on regulation matters ◦ implications of developments in the field of regulation and how these may affect the Board's responsibilities ◦ the implementation of the Regulation and Inspection of Social Care (Wales) Act 2016 	<p>Remuneration Committee</p> <p>Advises the Board on:</p> <ul style="list-style-type: none"> ◦ matters relating to the review of pay of the Chief Executive and directors, and consider the recommendations of the staff annual pay remit in line with Social Care Wales policy ◦ key HR governance, policy and employee engagement data through scrutiny of performance

Board members are remunerated for the equivalent of two days a month. The Standing Orders for the Board set out the expected attendance level for Board members. Over the year, members' attendance at Board has been 92 per cent and committee attendance at 90 per cent.

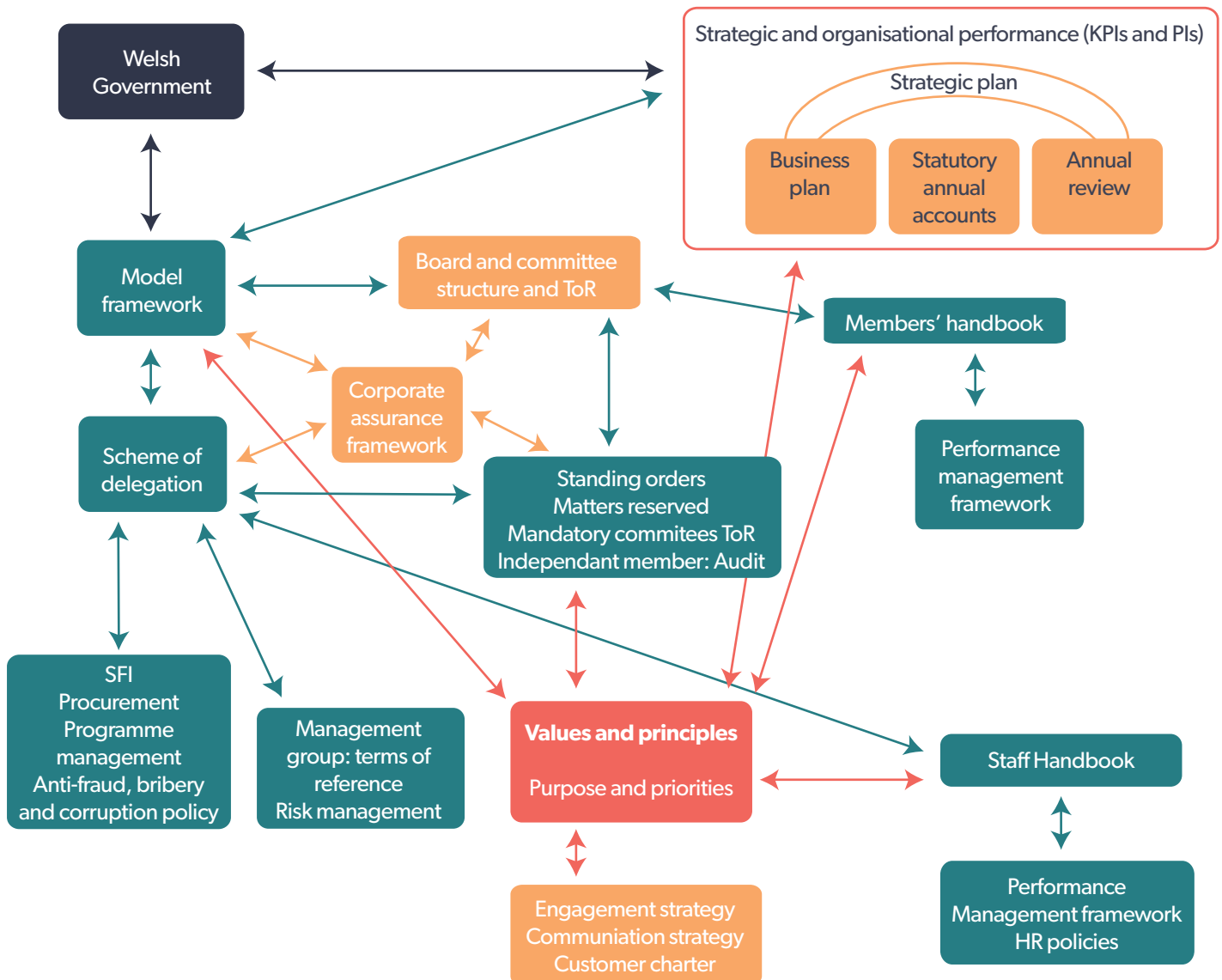
The following table illustrates the attendance of our Board members at Board and committees during the year:

	Board	Audit and Risk	Improve-ment	Regulation and standards	Remuner-ation
No. of meetings held:	8	5*	3	3	3
Name					
Arwel Ellis Owen	8	5	3	3	3
Abigail Harris	8	2	3	n/a	n/a
Aled Roberts	8	2	3	3	n/a
Andrew Bellamy Independent member	n/a	4	n/a	n/a	n/a
Carl Cooper	8	5	n/a	n/a	3
Damian Bridgeman	7	2	3	n/a	n/a
Donna Hutton	4	0	n/a	2	1
Emma Britton	7	5	n/a	n/a	n/a
Grace Quantock	8	2	n/a	3	n/a
Jane Moore	6	1	2	n/a	3
Joanne Kember	8	2	n/a	2	3
Kate Hawkins	7	5	n/a	n/a	n/a
Peter Max	8	2	3	n/a	n/a
Rhian Watcyn Jones	8	4	n/a	n/a	n/a
Simon Burch	8	2	n/a	3	n/a

*As a new organisation, the first two Audit and Risk Committees were held with full Board membership.

Our governance framework

During the year, we have been establishing our governance framework as outlined below:



Agreements: data sharing protocols, memorandum of understanding

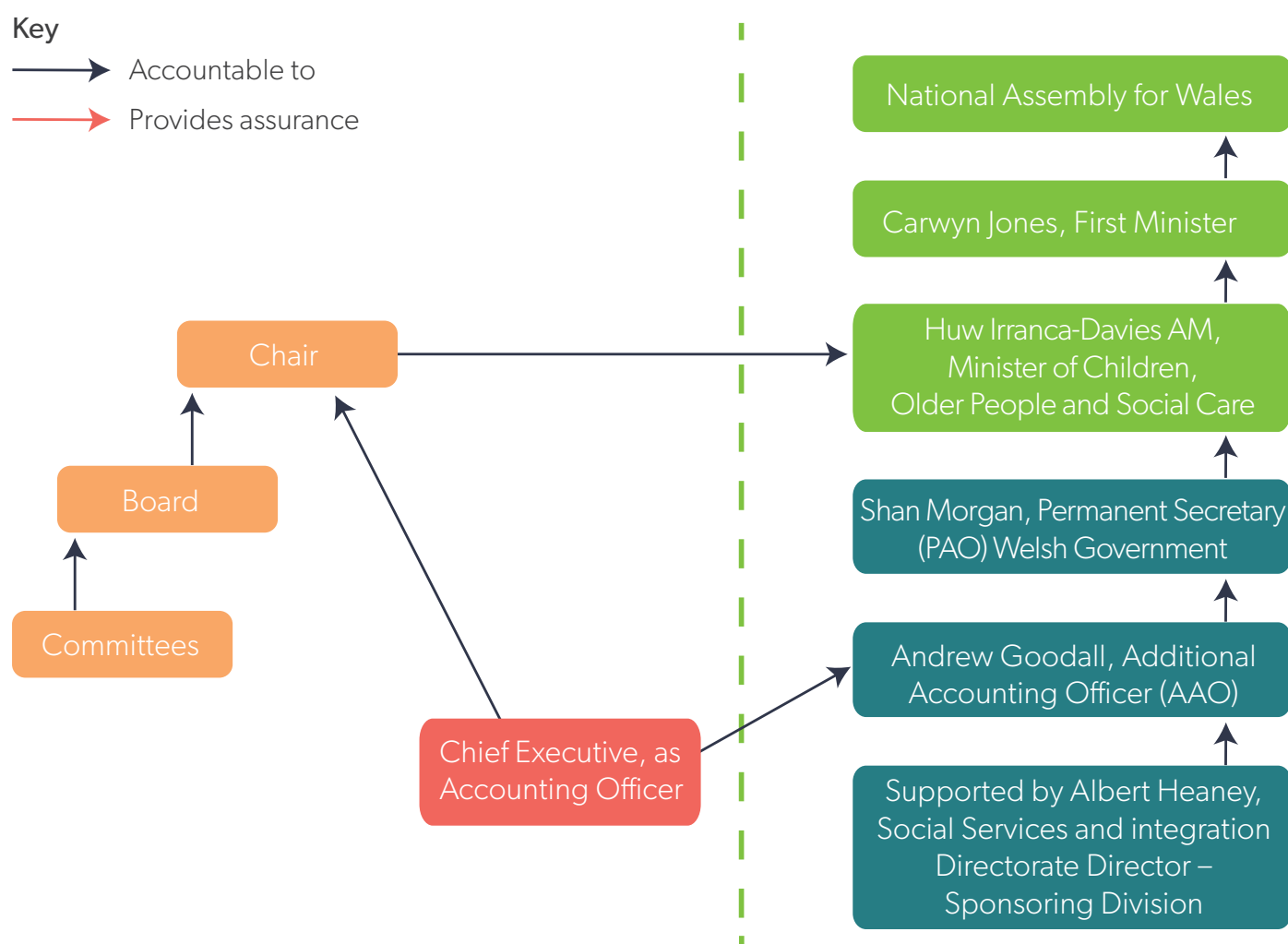
Regulations/Legislation: health and safety; equality; Welsh language; FoI; DPA; publication scheme

Accountability framework

This is our accountability framework of the Board and the Chief Executive as the Accounting Officer.

The Chief Executive and Chair met with the Director of the sponsor division and the Minister during 2017.

The Minister for Children and Social Care also attended the November 2017 Board meeting as part of the accountability process.



How we engage

During the year we have spoken to many stakeholders across Wales to inform our priorities, and to lead and support the sector, by building on the good work that has already been done to improve social care and early years in Wales.

In September, our Board agreed our engagement strategy and framework along with an implementation plan in November 2017.

A very brief overview of our engagement activities in numbers:

- **5** Social Care Wales consultations¹
- **210** responses to our *Transforming Care* consultation
- **20** consultations we have responded to
- **7** regional workshops for our care and support at home implementation plan
- **325** registered managers who attended our manager forums
- **120,000** average monthly website page views
- **1,304** visitors to our stands at the summer shows
- **90** events and seminars attended by staff to share, learn and engage with partners
- **8** public Board meetings
- **290,000** accounts were reached through our social media activity

Putting the citizen first

We launched our strategic plan in September 2017 setting out our vision and purpose. Our performance reports sets out more detail about our vision and strategic objectives.

Our annual business plan sets out in more detail the activities we identified to support these aims during 2018-19. The scrutiny of our performance is monitored by our Board and Welsh Government throughout the year on a quarterly basis.

Living Public Service Values

The One Welsh Public Service Values is at the heart of how we work. These values have informed the recruitment of our staff and Board members. These values were further embedded through our Board induction programme by incorporating sessions with external stakeholders.

Our values

Respect everyone

We see people as individuals and treat everyone with dignity and respect

Professional approach

We act responsibly and in the right way, holding each other to account

Always learning

We believe in improving ourselves and supporting others to be the best that they can be

Involve people

We encourage and enable everyone to work together

It is important that, as a public leadership organisation, we demonstrate our values in the way we work. We have embedded our values in all job descriptions, our employee induction framework and held seven workshops with our staff.

¹ Our Strategic Plan 2017-2022, Social Care Research and Development Strategy 2018-2023, Transforming care in the 21st century, Social Care Workforce Development Programme Grant 2018-19, Draft Practice Guidance for domiciliary care workers

Fostering innovative delivery

Our positive approach to risk management means that we not only look at the risk of things going wrong, but the impact of not taking opportunities or not capitalising on corporate strengths. During

the year, our internal auditors provided two risk management workshops to Board members and to staff on our risk management approach. Discussions during these workshops informed our Risk Management Policy, which was approved by the Audit and Risk Committee in March 2018.

The following is an overview of our strategic risk register, including the assessed level of risk during 2017-18:

Risk title	Inherent	November 2017	February 2018
Ineffective information sharing between regulators	Medium	Low	Low
Lack of sector engagement with Social Care Wales's role and remit	Medium	Medium	Medium
Lack of understanding of sector issues and reality	Medium	Medium	Low
Loss of credibility due to being unclear about the positive difference that Social Care Wales will make on the care sector and the wider Welsh public service	Medium	Medium	Low
Removal of Welsh Government funding for Level 2 apprenticeships	High	Medium	Medium
Newly developed qualifications are not fit for purpose and do not meet sector needs	Medium	Medium	Medium

In line with our risk management policy, our Audit and Risk Committee also receive a transparency report which provides the detail on our compliance in relation to complaints, information legislation, security incidents and compliance notices from regulators. The headline information from these reports for 2017-18 are:

- **5** complaints about the standard of our service
- **No** follow up investigations by the Public Services Ombudsman Wales
- **6** Freedom of Information Act requests received and responded to within timescales (20 working days)
- **No** Information Commissioner Office compliance penalty notices
- **7** minor incidents reported in relation to physical, information and IT security

Being a learning organisation





Being a learning organisation is one of our values. Therefore as the Accounting Officer, I also have responsibility for reviewing the effectiveness of the governance framework arrangements. My review is informed by the:

Welsh Government:

- quarterly performance meetings with our sponsor team about the annual business plan progress (delivery and resource management)
- annual accountability meeting of the Board by the Minister
- annual accountability meeting with our Chief Executive (as the Accounting Officer) and the Director General (as Additional Accounting Officer).

Internal audit:

- work of the internal auditors is directed through an audit plan agreed by the Audit and Risk Committee, which focuses on identified control risk areas. The internal auditors submit regular reports on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement
- five internal audits undertaken; three received substantial assurance, one moderate and one substantial/moderate. Definitions for the level of assurances are set out in the table below
- feedback on the internal audit service is provided through contract monitoring meetings.
- the work of internal audit in assessing the effectiveness or risk management arrangements
- feedback from Board members and staff on the risk management training provided.

Assurance level	Definitions for annual and engagement assurance level	Factors influencing choice of assurance level
 Substantial	There is a reasonable framework of governance, risk management and control, which should ensure that objectives are achieved.	<ul style="list-style-type: none"> ◦ adequacy and effectiveness of the governance, risk management and control framework ◦ impact of any weakness on delivery of objectives ◦ extent of risk exposure ◦ materiality: by value to the entity, by value in the engagement context and by nature (eg irregularity and reputational risk) ◦ we may also take account of management responses to recommendations.
 Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	
 Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	
 Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	

External audit:

- summary of the conclusions of the external audit through the annual ISA260 report and discussions at the Audit and Risk Committee
- comments made by the external auditors in their management letters and other reports.

Board and committees:

- implementation of a comprehensive induction of the Board members
- feedback from Board members through one to one meetings with either the Chair or the Chief Executive and the online feedback survey
- reviews by the Audit and Risk Committee of the organisation's strategic risk register
- reviews following each Board, development session and committee of its effectiveness
- feedback from Board members following their annual performance review and exit interviews.

Planning and performance:

- quarterly reporting against the annual business plan which is scrutinised by the Executive Management Team, Board and the Welsh Government
- clean audit certificate and the statutory annual accounts laid before the National Assembly for Wales

Processes:

- outcomes and recommendations following Equality Impact Assessments
- preparations for compliance with the Welsh Language Standards
- compliance with information governance legislation (themes/trends) and complaints received
- Executive Management Team members having responsibility for the development and maintenance of the processes which support the governance framework.

People

- annual staff survey results and the quarterly performance "dip tests" on the effectiveness of the organisation and the follow up progress on actions
- report on the interim review of the restructure
- gender pay and equal pay reports
- rolling out of our values and behaviours.
- ninety-three per cent completion of the corporate learning and development plan

Future look – governance issues and key challenges

Our first year in operation as Social Care Wales has focused on establishing appropriate and proportionate governance arrangements. Our second year will focus on delivering our key priorities from our *Strategic plan 2017-22*:

Providing public confidence

1. Extending the register to new groups:

- care and support at home implementation plan
- an attraction and recruitment campaign for the social care and early years workforce
- *All Wales social care and health induction framework*
- Qualifications development
- Implementing and developing our ICT system and infrastructure

Developing the workforce

2. Develop a workforce strategy:

- workforce planning
- an attraction and recruitment campaign for the social care and early years workforce
- *All Wales social care and health induction framework*
- training and learning – national development programmes; regulation of social care training
- qualifications development
- national minimum data set

Leading and supporting improvement

3. Developing our approaches to improvement:

- data and research strategy
- continuing our work in the three ministerial priorities – care and support at home, dementia and children who are looked after
- National Social Care Conference and Accolades 2018
- developing our improvement offer
- developing an improvement hub
- national training programmes
- developing ourselves as an organisation
- evaluating our impact

This will be done in line with our principles of engaging and communicating with people to support the delivery of our work and our vision – “we want every person who needs support to live the life that matters to them”.

Remuneration and staff report

Pay policy statement

This is Social Care Wales's pay policy statement for the period 1 April 2017 to 31 March 2018.

This pay policy statement provides the framework for decision making on pay and decision making on senior pay.

Chief Executive Officer

The Chief Executive Officer and Accounting Officer for Social Care Wales is Sue Evans. Sue took up post on 4 July 2016 and was appointed through an open and competitive recruitment process following retirement of the previous Chief Executive and was in receipt of a salary of £111,111 per annum in 2017-18. The gross salary cost of the Chief Executive in the period 2017-18 was £151,429 (July 2016 to March 2017 – £109,909), which includes Employers National Insurance and Employers Pension costs.

The Board

The Board comprises of 14 Board Members led by a lay Chair Arwel Ellis Owen. All have been appointed by the Minister through the Public Appointments process. The remuneration of the Board members is non-pensionable and is determined by the Welsh Government. For enhanced transparency, the remuneration of the Chair of Social Care Wales is disclosed in this report. Board members are remunerated £250 per day and committed to two days a month.

Social Care Wales staff

All members of staff are employed by Social Care Wales on such terms and conditions as the Board determines. Remuneration of all members of staff are in line with the organisations scheme for staff pay and grading arrangements that was approved by the Welsh Government in 2004 and applies equally to all staff members.

These arrangements include a salary scale with incremental salary progression during the early years of employment, and a non-consolidated award based on organisational performance. Payment of the Corporate Performance Award was suspended in 2010-11 and consequently no bonuses have been paid since 2009-10.

The pay award is subject to discussion with the Staff Partnership Council and approval by the Social Care Wales Remuneration Committee and the Welsh Government annually. When determining pay strategies, the Board considers the:

- need to recruit, retain and motivate suitably able, qualified and high-calibre people
- overall affordability
- pay practices in the wider public sector and comparator organisations
- relevant legal obligations including equality and anti-discrimination requirements

The following sections in the Remuneration and Staff Report are subject to audit.

Senior pay remuneration

Officials	Salary (£000)*		Pension benefits (£)		Total (£000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Chair Arwel Ellis Owen	25-30	30-35	N/A	N/A	25-30	30-35
Chief Executive Sue Evans (from 4 July 2016)	110-115	80-85	31,600	24,000	140-145	105-100
Chief Executive Rhian Huws Williams (to 30 June 2016)	-	20-25	-	-	-	20-25
Director of Regulation and Intelligence/ (Deputy Chief Executive) Gerald Evans	75-80	75-80	22,500	21,000	95-100	95-100
Director of Corporate Services and Strategy Joanne Oak	70-75	70-75	51,800	20,800	120-125	90-95
Director of Improvement and Development Sarah McCarty	70-75	70-75	22,200	22,600	90-95	90-95

* Included in Salary where applicable are any Taxable travel and Subsistence Allowances in accordance with our Travel and Subsistence scheme

The amount of pension benefits for the year, which contributes to the single total figure is calculated in a similar way to the method used to derive pension values for tax purposes, and is based in information received from our actuaries.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20), plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

This is not an amount which has been paid to an individual by Social Care Wales during the year;

it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors, such as changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Salaries consist of gross pay and pay awards agreed by the Welsh Government.

No members of staff responsible for decision making received benefits in kind from Social Care Wales, and a scheme for the provision of motor vehicles to staff or members is not operated.

Pension entitlements of directors	Total accrued pension at 31 March 2018	Real increase in pension at 31 March 2018	Total accrued lump sum at 31 March 2018	Real increase/(decrease) in lump sum at 31 March 2018	CETV at 31 March 2018	CETV at 31 March 2017	Real increase/decrease in CETV in 2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chair Arwel Ellis Owen	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chief Executive Sue Evans (from 4 July 2016)	15-20	0-2.5	-	-	260	218	36
Chief Executive Rhian Huws Williams (to 30 June 2016)	-	-	-	-	-	1,057	-
Director of Regulation and Intelligence/ (Deputy Chief Executive) Gerald Evans	15-20	0-2.5	10-15	(0-2.5)	332	297	27
Director of Corporate Services & Strategy Joanne Oak	10-15	2.5-5	-	-	136	106	27
Director of Improvement and Development Sarah McCarty	15-20	0-2.5	-	15-20	166	11	31

The Chief Executive is an ordinary member of the Social Care Wales pension scheme. The Chair does not participate in the pension scheme.

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when a member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

The pension figures shown related to the benefits that the individual has accrued as a consequence of their total membership of the scheme, not just

their service in a senior capacity to which disclosure applies. The CETV figures and other pension details include the value of any pension in another scheme or arrangement which the individual has transferred. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee, including the value of any benefits transferred from another pension scheme or arrangement, and uses common market valuation factors from the start and end of the period

Fair pay disclosure

Median remuneration		
	2017-18	2016-17
Highest earner's total remuneration (£'000)	110-115	105-110
Median total remuneration	£30,406	£29,211
Ratio	3.70	3.68
Range of total remuneration	£18,307-£111,111	£18,126-£110,000

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Social Care Wales in the financial year 2017-18 was £110,000 to £115,000 (2016-17: £105,000 to £110,000). This was 3.70 times (2016-17: 3.68 times) the median remuneration

of the workforce, which was £30,406 (2016-17: £29,211).

Total remuneration is the salary cost only and does not include employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration ranged from £18,307 to £111,111 (2016-17: £18,126 to £110,000).

Staff report

Staff costs	2017-18	2017-18	2017-18	2017-18	2017-18	2016-17
	Total costs	Permanent employed staff	Temporary staff and secondes	Chair and Board members	Panel members	Total costs
	£'000	£'000	£'000	£'000	£'000	£000
Salaries and wages	3,329	3,117	37	109	66	3,089
Social security costs	323	319	-	3	1	289
Other pension costs	901	901	-	-	-	647
Apprenticeship levy	-	1	-	-	-	-
Sub total	4,554	4,338	37	112	67	4,025
Less recoveries in respect of outward secondments	-	-	-	-	-	-
Total net costs	4,554	4,338	37	112	67	4,025

Consistent with guidance, employment costs include payments made in respect of contract staff. The total cost of salaries excluding other pension costs was £3,653,000 (£4,554,000 - £901,000) in 2017-18 in comparison to £3,378,000 (£4,025,000 - £647,000) in 2016-17.

Other pension costs are the service costs (current and past) of the scheme and in 2017-18 totalled a cost of £901,000. The £901,000 consists of actual employer contributions made of £801,000, which was made up of employer contributions based on payroll

cost of £690,000 and lump sum deficit payments of £111,000. The residual difference of £100,000 (£70,000 reduced charge in 2016-17) is the increased charge which is required to increase the actual contributions paid with the service cost required to be charged under International Accounting Standard (IAS 26). The £100,000 increased charge in 2017-18 relates entirely to current service charge. In 2016-17 the £647,000 consisted of actual Employer contributions made of £717,000 but decreased by £70,000 as noted above.

Staff numbers – WTE	2017-18	2017-18	2017-18	2016-17
	Total no.	Permanent no.	Other no.	Total no.
Chief Executive and directors	4	4	-	4
Regulation and Intelligence	39	38	1	35
Improvement and Workforce Development	26	26	-	22
Corporate Services	26	26	-	26
Totals	95	94	1	87

The table above represents the average number of whole-time equivalent persons employed during the year

Staff composition

As at 31 March 2018, of the workforce of 111, 80 (72 per cent) were women and 31 (28 per cent) were men. In comparison as at 31 March 2017 of the workforce of 91, 65 (71 per cent) were women and 26 (29 per cent) were men.

Included in these numbers are the Executive Team, which consists of the Chief Executive and three directors. Of the Executive Team, three were women (75 per cent) and there was one man (25 per cent), which was the same as at 31 March 2017.

Staff composition by job family is as follows :

Staff composition by job family	Female	Male	Grand total	F	M
Executive Team	3	1	4	75%	25%
Senior Leadership Team	3	3	6	50%	50%
Management Team	20	8	28	71%	29%
Technical and Development Team	20	11	31	65%	35%
Support Team	34	8	42	81%	19%
Totals	80	31	111	72%	28%

Sickness absence data

The level of staff sickness during 2017-18 was 2.96 per cent (2016-17: 4.42 per cent), which is based on 681 days lost out of 22,984 days.

Staff policies, equality and diversity

Social Care Wales has “Investors in People” status and its human resource policies reflect best practice as part of its commitment as a learning organisation. We recognise and value diversity and ensure that all our employment practices and programmes of work embed and demonstrate not just our public duty as set out by the Equalities Act but embraces equality and diversity as a core value underpinning all functions and the delivery of high quality services of our workforce and the sector. We will ensure that in all our work we fully embed a human rights approach. Social Care Wales through its remit, promotes and influences the importance of language choice for service users and sensitivity of language within the social care workforce. We have a leadership role in the delivery of the Welsh Government’s *More than Just Words – Strategic Framework for Welsh Language Services in Health, Social Services and Social Care*. As an employer, we are a truly bilingual organisation providing an environment which nurtures and develops staff to learn and improve their bilingual skills and own the bilingual ethos of the organisation.

We have also a responsibility to uphold the conventions set out in the Human Rights Act 1998. We are committed to providing a work environment that values the diversity of all people, both our own staff and those we come into contact during our work, and we fully support the rights of people to be treated with dignity and respect.

This year we consulted on a review of our strategic equality objectives, which will be published in 2018-19.

We are committed to making sure equality and openness in our pay and grading arrangements. Our Remuneration Committee this year considered our equal pay and gender pay gap reports which show that:

- there is no evidence of pay discrimination on the grounds of any protected characteristics
- our gender pay gap of 7.95 per cent (mean) and 16.46 per cent (median) is less than the UK average
- we will continue to monitor and report annually, with the ultimate aim of achieving a 0 per cent gender pay gap

Although we are not required by law to undertake a gender pay gap report, we believe it is still good practice to do so.

Employee voice

During 2017-18, our Staff Partnership Council has had a crucial role to play in collecting and feeding back the views of staff on significant issues including the restructure and key policies. This has been achieved through regular staff forums, meeting with teams individually and producing feedback documents to HR and the Executive Management Team.

Support and well-being

Our Employee Assistance Programme is provided by Care First as part of the National Procurement Service (NPS) Occupational Health and Associated Services Framework.

As part of this framework, we are able to use the following services:

- access for all our staff to a 24-hour, seven-day a week telephone counselling service
- face-to-face counselling
- online resources

In summary, there were a total of eight telephone contacts this year and 17 contacts through the online service.

Ten issues have been presented of which four were personal issues, three were work related and three instances of support provided by an information specialists.

In 2018-19, we will continue to actively promote the service through a variety of forums and communications.

Flexibility and benefits

- **6** flexible working applications were submitted and approved this year – none were refused
- **21%** of our workforce work part time (less than 36 hours a week) and an additional **6%** who work full-time have compressed working patterns over a reduced number of days
- **5** entries into the cycle to work scheme
- **2** new entries to the childcare voucher scheme, now 22 members in total – the scheme will be closing to new entrants in May 2018
- **5** travel to work loans issued

Expenditure on consultancy

Any consultancy costs in relation to expert opinion obtained to assist in business decision making are included in administration costs (professional fees) in the financial statements. In 2017-18, these consultancy costs amounted to £0,000 and £0,000 in 2016-17.

Off-payroll engagements

In 2017-18, Social Care Wales has acted in accordance with Dear Accounting Officer letter 1/14 in relation to Tax Arrangements of Public Sector Appointees and no “off payroll” engagements are required to be reported.

Exit packages

There were no exit packages agreed in 2017-18 as was the case in 2016-17.

Accountability and audit

Regularity of expenditure

All expenditure in 2017-18 has been dealt with in accordance with any relevant legislation, the Governance Statement agreed with the Welsh Government and Managing Welsh Public Money.

Fees and charges

Registration fee income for the financial year 2017-18 was £283,000 (2016-17: £280,000). As agreed by Welsh Government, the fees received do not cover the full cost of registration and the excess cost is therefore funded by Grant in Aid.

In 2017-18, a formal consultation (*Transforming care in the 21st century*) was undertaken on the regulation of the care and support workforce, including future fee levels. Fee levels will increase from 1 April 2018. The increased fee will still not cover the full cost of registration and the excess cost will be funded by Grant in Aid.

Remote contingent liabilities

Social Care Wales is not aware of any remote contingent liabilities.

Long-expenditure trends

With the registration of new groups over the next four years there will be gradual increase in expenditure. The income to fund this increased expenditure will be funded from the increased and additional fees from registrants. In addition, Welsh Government have made a commitment of an additional £1.3 million in Grant In Aid.

Sue Evans
Chief Executive and Accounting Officer

Date: 23 July 2018



The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Social Care Wales for the year ended 31 March 2018 under the Regulation and Inspection of Social Care (Wales) Act 2016 and paragraph 16 of Part 6 of Schedule 2. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of Social Care Wales affairs as at 31 March 2018 and of its net expenditure, for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers directions issued under Regulation and Inspection of Social Care (Wales) Act 2016 and paragraph 16 of Part 6 of Schedule 2.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the

ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

Other information

The Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers directions made under the Regulation and Inspection of Social Care (Wales) Act 2016.

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

- 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 the Governance Statement has been prepared in accordance with Welsh Ministers' guidance
- 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 the Performance Report has been prepared in accordance with the Welsh Ministers' Guidance

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed, or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the responsibilities of Social Care Wales and the Chief Executive, the Chief Executive as Accounting Officer is responsible for preparing the financial statements in accordance with the Regulation and Inspection of Social Care (Wales) Act 2016 and HM Treasury directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting 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 Accounting Officer is responsible for assessing the body'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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

The maintenance and integrity of Social Care Wales' website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Anthony Barrett
For and on behalf of the Auditor General for Wales

30 July 2018

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018		2017-18 £000	2016-17 £000
	Note		
Expenditure			
Staff Costs		4,554	4,025
Programme expenditure			
Training support and other grants	4(i)	11,626	4,336
Non grant programme expenditure	4(ii)	1,660	1,427
Administration costs	5	1,156	1,112
Depreciation and Amortisation	1(ix)	198	239
Pension Interest Charge	14	10	10
		19,204	11,149
Income			
Income from Activities			
Registration Fee Income	1(iii)	283	280
Other Income			
Apprenticeship Certification	1(iv)	102	95
Sundry Income		1	1
		386	376
Net Expenditure		18,818	10,773
Interest receivable	3(i)	2	2
Interest surrenderable to the Welsh Government	3(ii)	(2)	(2)
		18,818	10,773
Other Comprehensive Expenditure			
Actuarial remeasurement	14	(350)	490
Total Comprehensive Expenditure for the year ended 31 March 2018		18,468	11,263

The notes on pages 42 to 59 form part of these accounts.

Statement of Financial Position as at 31 March 2018			2018	2017
	Note	£000	£000	£000
Non-current assets:				
Property, plant and equipment	6	140		202
Intangible Assets	7	485		223
Total Non-Current Assets			625	425
Current Assets:				
Trade and other receivables	9	364		317
Cash and cash equivalents	10	527		635
Total Current Assets			891	952
Total Assets			1,516	1,377
Current Liabilities				
Trade and other payables	11	(366)		(404)
Total Current Liabilities			(366)	(404)
Non Current assets less net current assets/liabilities			1,150	973
Non-current liabilities				
Pension Liabilities	14	(640)		(880)
Total non-current liabilities			(640)	(880)
Assets less liabilities			510	93
Reserves				
General Reserve			1,150	973
Pension Reserve			(640)	(880)
Total			510	93

Notes on pages 42 to 59 form part of these accounts.

The financial statements on pages 38 to 39 were approved by the Board of Social Care Wales on 19 July 2018 and were signed on its behalf by:

Sue Evans
Chief Executive and Accounting Officer
Date: 23 July 2018

Statement of Cash Flows			
for the year ended 31 March 2018			
	Note	2017-18 £000	2016-17 £000
Cash flows from Operating Activities			
Net expenditure after interest		(18,818)	(10,773)
Adjustment for Depreciation and Amortisation		198	239
Adjustment for Pension finance Costs(net)		110	(60)
(Increase) in trade and other receivables		(47)	(56)
(Decrease)/Increase in trade and other payables		(38)	69
Net cash (outflow) from operating activities		(18,595)	(10,581)
Cash flows from Investing Activities			
Purchase of property, plant and equipment	6	(26)	(68)
Purchase of intangible assets	7	(372)	(39)
		(398)	(107)
Cash flows from Financing Activities			
Welsh Government funding (including Capital)		18,885	11,014
Net financing		18,885	11,014
Net (Decrease)/Increase in cash and cash equivalents in the period		(108)	326
Cash and cash equivalents at the beginning of the period	10	635	309
Cash and cash equivalents at the end of the period	10	527	635

Notes on pages 42 to 59 form part of these accounts.

Statement of Changes in Taxpayers Equity For the year ended 31 March 2018	Pension Reserve £000	General Reserve £000	Total £000
Balance as at 1 April 2016	(450)	792	342
Changes in Taxpayers' Equity 2016-17			
Welsh Government Funding	-	11,014	11,014
Transfer between reserves-Capital	(430)	430	-
Comprehensive Expenditure for the year	-	(11,263)	(11,263)
Balance at 31 March 2017	(880)	973	93
Changes in Taxpayers' Equity 2017-18			
Welsh Government Funding	-	18,885	18,885
Transfer between reserves-Capital	240	(240)	-
Comprehensive Expenditure for the year	-	(18,468)	(18,468)
Balance at 31 March 2018	(640)	1,150	510

The notes on pages 42 to 59 form part of these accounts.

Notes to the accounts for the year ended 31 March 2018

Statement of accounting policies

These accounts have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by the relevant authorities.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of Social Care Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by Social Care Wales are described below and have been applied consistently in dealing with items that are considered material to the accounts.

1(i) Accounting convention

The accounts have been prepared on a going concern basis, in accordance with the Accounts Direction issued by the Welsh Ministers with the consent of HM Treasury. They have been prepared under the modified historical cost convention.

1(ii) Financing

Social Care Wales receives monies from the Welsh Government to fund its general revenue and capital activities. These amounts are regarded as financing and are credited to the General Reserve on receipt.

1(iii) Registration fee income

This arises from fees charged for registration on the Social Care Register. This fee is not considered to be for an on-going service but for registration in the Register only. In line with International Accounting Standard 18 Revenue Recognition (IAS18), revenue is recognised at point of registration.

1(iv) Apprenticeship certification income

Social Care Wales receives income for the compliance checking, printing and posting of apprenticeship certificates as part of its work for the Apprenticeship Certification Authority. The revenue associated with the provision of services is recognised over time in-line with the completion of the delivery of the services. In addition as Social Care Wales have all the risks and rewards associated with the provision of the services the income is accounted for on a gross basis in line with IAS 18 and recognises any costs associated with these services separately.

1(v) Training support and other grants

During 2017-18, Social Care Wales has made payments under the Social Work Bursary Scheme, which is an incentive to train scheme for students enrolled on undergraduate and post-graduate social work training courses. This scheme includes payments to students of a non-income assessed bursary and an additional income assessed element for post-graduate students.

In addition, a Practice Learning Opportunity Allowance is also paid to all students. This expenditure is recognised as a liability on the receipt of the relevant grant claims in relation to the various elements of the Social Work Bursary scheme. This is on the basis that once the grant has been approved, Social Care Wales is unable to avoid this cost, as after eligibility has been proven there are no conditions in relation to the grant that are within the control of Social Care Wales that limit the amount payable.

Practice Learning Opportunity Funding (PLOF) is provided to Local Authorities as a contribution towards the costs of securing Practice Learning Opportunities for students undertaking approved Social Work courses in Wales. The grant is accounted for as a liability and the expenditure recognised in the Statement of Comprehensive Expenditure once the grant application has been successful. This is on the basis that at this point Social Care Wales cannot avoid paying this liability and there are no conditions in relation to the grant that would limit the amount payable.

Payments are made in relation to the Continuing Professional Education and Learning (CPEL) scheme where Social Care Wales fund 100 places each year to qualified social workers. All costs are charged to the Statement of Comprehensive Net Expenditure in line with contractual payments made to Cardiff University. This is in line with IAS37 (Provisions, Contingent Liabilities and Contingent Assets) as the total annual contract value should be recognised as a liability once the University course commences as Cardiff University have fulfilled their element of the contract at that point.

From 1 April 2017, Social Care Wales was given the responsibility for the administration of the Social Care Wales Development programme (SCWDP) grant. The grant is provided to support Local Authorities to train and develop their own staff. Funding available from Social Care Wales through SCWDP in 2017-18 provides 70 per cent of the cost of the programme currently £7,149,350. The other 30 per cent is to be funded by local authorities. The conditions attached to the grant are that the grant must be spent on eligible expenditure and must be spent within the financial year. Therefore the liability for the grant is recognised once the grant offer letter has been provided. This is on the basis that at this point there are no conditions that remain within the control of Social Care Wales that limit the eligible costs being incurred.

Other grants include:

- Regional Facilitation Grants to Statutory Regional Partnership Boards
- People Using Services and Carers grants to Higher Education Institutions
- Research grant to the Social Care Institute for Excellence (SCIE).

The liabilities for these grants are recognised once the grant has been claimed as at this point there are no conditions that remain within the control of Social Care Wales that limit the amount payable.

1(vi) Trade receivables and other current assets – Social Work Bursary Scheme

During 2017-18, a small number of students terminated their training early, giving rise to a repayment of all or part of the award. The repayment due at 31 March 2018 totalled £27,000 (£36,000: 31 March 2017) and this sum is included in trade receivables and other current assets at note 9. It is the policy of Social Care Wales to seek full repayment of these funds.

1(vii) Property, plant and equipment

Property, plant and equipment of an individual or group value of £1,000 or more are capitalised. Property, plant and equipment have been valued at historic cost at 31 March 2018, as in the opinion of Social Care Wales any revaluation adjustments are not material.

1(viii) Intangible assets

Information technology and licence purchases of an individual value of £1,000 or more are capitalised. Information technology and licence costs have been valued at historic cost at 31 March 2018, as in the opinion of Social Care Wales any revaluation adjustments are not material.

1(ix) Depreciation and amortisation

Depreciation and amortisation is provided at rates calculated to write off the historic cost of each asset on a straight line basis over the asset's useful economic life as set out below, except for office refurbishment, where costs are written off over the remaining period of the office leases when purchased.

Communications equipment	5 years
Furniture	10 years
IT (property, plant and equipment)	4 years
Accommodation costs	remaining period of accommodation leases when purchased
Information technology and licences (intangible assets)	4 years

Depreciation and amortisation is calculated monthly and begins in the month following the month of purchase. As such, purchases made in March 2018 will not begin to depreciate/amortise until the 2018-19 financial year. The exception to this rule is accommodation refurbishment costs where the depreciation charge is calculated on a daily basis.

1(x) Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Expenditure on leases of property is charged to the Statement of Comprehensive Net Expenditure on the basis of costs incurred in the year. Operating lease rentals of equipment are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term.

IFRS 16 issued in January 2016 but not effective until 1 January 2019, requires that all leases with a lease term of more than 12 months be recognized as assets

and liabilities in financial statements. It is not yet confirmed how this standard will be adopted within the FReM.

1(xi) Value Added Tax

Social Care Wales is not registered for Value Added Tax (VAT). All expenditure including capital expenditure is reported, including VAT, where relevant, as no VAT can be recovered.

1(xii) Pension costs

Past and present employees are covered by the Local Government Pension Scheme administered by Rhondda Cynon Taf County Borough Council, which is a multi-employer funded scheme. More information is provided at note 14 to these accounts where the principal assumptions used by the actuaries are outlined.

Pension costs have been disclosed in accordance with IAS 19 Employee Benefits. IAS 19 requires the disclosure of certain information covering assets, liabilities and income and expenditure relating to the scheme.

1(xiii) Provisions and contingent liabilities

Provisions

Social Care Wales provides for obligations arising from past events where there is a present obligation at the date of the Statement of Financial Position, it is probable Social Care Wales will be required to settle the obligation and a reliable financial estimate can be made.

Contingent liabilities

Social Care Wales discloses possible obligations arising from past events where the outcome is based on uncertain future events. Disclosure is made where a present obligation is not probable or cannot be measured reliably.

2 Analysis of Net Expenditure by Segment

The Statement of Comprehensive Net Expenditure Account reflects the segments that the operating results of Social Care Wales are reported to the Executive Management Team in order that performance can be assessed by these segments. Consequently no further analysis of Net Expenditure by Segment is provided.

3			
Welsh Government Funding	2017-18	2016-17	
	£000	£000	
Grant in Aid received from the Welsh Government	18,885	11,014	
Amount credited to General Reserve	18,885	11,014	

As outlined in note 1(ii), the total grants of £18,885,000 (2016-17: £11,014,000) are now credited to the general reserve on receipt.

3(i) Non-retainable income	2017-18	2016-17
Interest on deposit account	2	2
Total non-retainable income	2	2

3(ii) Reconciliation of cash received from non-retainable income with amounts repaid to the Welsh Government	2017-18	2016-17
Cash Received (income exceeding Welsh Government threshold).	2	2
Total income repayable	2	2
Cash repayment	2	2
Due to the Welsh Government at the year end	-	-

Social Care Wales has a liability to repay the Welsh Government interest received during the year, and fee income in excess of the target of £280,000. The interest received of £2,000 was paid to the Welsh Government. The fee income received in the year in cash terms totalled £268,000 (2016-17: £280,000).

4 Programme costs

4(i)		
Training Support and other grants	2017-18	2016-17
	£000	£000
Social Work Bursary Scheme Payments	2,409	2,601
Practice Learning Opportunity Funding	1,184	1,229
People using Services and Carers in Social Work Training	66	66
Continuing Professional Education & Learning	300	300
Social Care Workforce Development Programme	7,149	-
	11,108	4,196
Other Grants		
Grants to Regions	385	140
Research - Social Care Institute for Excellence	133	-
	11,626	4,336

The significant overall increase in training support and other grants expenditure is a result of Social Care Wales being given the responsibility for the administration of the Social Care Wales Development Programme grant as outlined in note 1(v).

4(ii)		
Non grant programme expenditure	2017-18	2016-17
	£000	£000
Improvement and Workforce Development	769	241
Training for The Act	221	693
Regulation and Intelligence including Regulation of Social Work Training	670	493
	1,660	1,427

The significant increase in programme expenditure in relation to improvement and development expenditure represents additional funding received in Grant In Aid in 2018-19 to support the delivery of Improvement and Workforce Development functions.

5	2017-18	2016-17
Administration Costs	£000	£000
Chair, members, and staff expenses	118	122
Other staff costs	94	104
Rental under Operating leases- Accommodation	148	141
Other Premises costs	260	228
Workshops, seminars, promotions, publications	118	191
Equipment and software	262	193
Rental under Operating leases-Photocopiers & Franking Machines	23	11
Administration	45	37
External audit-Audit work	22	21
Other professional fees	66	64
	1,156	1,112

The increase in equipment and software expenditure represents necessary investment in IT hardware to replace existing IT equipment and provide additional hardware necessitated by the expansion of the Social Care Register.

6 Property, Plant and Equipment	year ended 31 March 2018			
	Accommodation Refurbishment	Furniture and Fittings	Information Technology	Totals
	£000	£000	£000	£000
Cost				
At 1 April 2017	406	141	735	1,282
Additions in the period	-	-	26	26
Disposals in the period	-	-	(102)	(102)
At 31 March 2018	406	141	659	1,206
Depreciation				
At 1 April 2017	322	137	621	1,080
Charged in the year	45	1	42	88
Disposals in the period	-	-	(102)	(102)
At 31 March 2018	367	138	561	1,066
Net book value				
At 31 March 2018	39	3	98	140
At 1 April 2017	84	4	114	202

	year ended 31 March 2017			
	Accommodation Refurbishment	Furniture and Fittings	Information Technology	Totals
	£000	£000	£000	£000
Cost				
At 1 April 2016	396	140	681	1,217
Additions in the period	10	1	57	68
Disposals in the period	-	-	(3)	(3)
At 31 March 2017	406	141	735	1,282
Depreciation				
At 1 April 2016	272	136	588	996
Charged in the year	50	1	36	87
Disposals in the period	-	-	(3)	(3)
At 31 March 2017	322	137	621	1,080
Net book value				
At 31 March 2017	84	4	114	202
At 1 April 2016	124	4	93	221

7 Intangible Assets	year ended 31 March 2018			Totals £000
	Information Technology £000	Licences £000	Development Expenditure £000	
Cost				
At 1 April 2017	983	79	39	1,101
Additions in the period	11	3	358	372
Transfer from Development	-	-	-	-
Disposals in the period	-	-	-	-
At 31 March 2018	994	82	397	1,473
Amortisation				
At 1 April 2017	817	61	-	878
Charged in the year	101	9	-	110
Disposals in the period	-	-	-	-
At 31 March 2018	918	70	-	988
Net book value				
At 31 March 2018	76	12	397	485
At 1 April 2017	166	18	39	223

	year ended 31 March 2017			Totals £000
	Information Technology £000	Software Licences £000	Development Expenditure £000	
Cost				
At 1 April 2016	983	79	-	1,062
Additions in the period	-	-	39	39
Transfer from Development	-	-	-	-
At 31 March 2017	983	79	39	1,101
Amortisation				
At 1 April 2016	677	49	-	726
Charged in the year	140	12	-	152
Disposals in the period	-	-	-	-
At 31 March 2017	817	61	-	878
Net book value				
At 31 March 2017	166	18	39	223
At 1 April 2016	306	30	-	336

8. Financial instruments

As the cash requirements of Social Care Wales are primarily met through Grant-in-Aid provided by the Welsh Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Social Care Wales's expected purchase and usage requirements and Social Care Wales is therefore exposed to little credit, liquidity or market risk.

9. Trade receivables and other current assets	At 31 March	
	2018	2017
	£000	£000
Amounts falling due within one year		
Trade receivables		
Welsh Government	-	-
Local Authorities	-	-
Social Work Bursary Scheme Debtors	27	36
Other bodies	24	19
Other receivables		
Prepayments and accrued income	313	262
	364	317

Social Work Bursary Scheme debtors are repayable over more than one financial year, repayment contracts being agreed and signed by students which take account of their individual circumstances. However, for the purposes of disclosure, all balances have been included as falling due within one financial year.

10. Cash and cash equivalents	2017-18	2016-17
	£000	£000
Balance at 1 April	635	309
Net change in cash and cash equivalent balances	(108)	326
Balance at 31 March	527	635

The balances at 1 April 2016, 1 April 2017 and 31 March 2018 were held at commercial banks and cash in hand.

11. Trade payables and other current liabilities	At 31 March	
	2018	2017
	£000	£000
Amounts falling due within one year		
Trade payables		
Other Taxation and Social Security	10	8
Other payables		
Accruals and deferred income	356	396
	366	404

12. Capital commitments

There were contracted capital commitments of £29,000 at 31 March 2018 not otherwise included in these financial statements (£352,000 at 31 March 2017).

13. Commitments under Operating leases	At 31 March	
	2018	2017
	£000	£000
Obligations under operating leases comprise:		
Land and Buildings		
Not later than one year	115	143
Later than one year and not later than five years	14	131
Later than five years	-	-
	129	274
Other		
Not later than one year	23	23
Later than one year and not later than five years	65	87
Later than five years	-	-
	88	110

14. Retirement benefit obligations

(i) Present staff and pensioners

Social Care Wales participates in a multi-employer funded pension scheme which provides benefits at a normal retirement age of 65. The assets of the scheme are held separately from those of Social Care Wales and are administered by Rhondda Cynon Taf County Borough Council. Social Care Wales share of the underlying assets and liabilities of the scheme was separately identified in the actuarial valuation at 31 March 2004 for the first time.

14(ii) Local Government Pension Scheme, a defined benefit scheme

The scheme is contracted out of the State Earnings Related Pension Scheme (SERPS) and is not subject to the minimum pension requirements of the Pensions Act 1995. The Local Government Pension Scheme Regulations 1997 (regulation 77) specifies that actuarial valuations must be carried out at 31 March 1998, and triennially thereafter. The disclosures below relate to the Rhondda Cynon Taf County Borough Council Pension Scheme and have been provided by the Scheme's actuary Aon Hewitt Limited, London.

14(iii) Results under International Accounting Standard no.19 (Disclosure)

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf Pension Fund (the "Fund"), which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in *The Local Government Pension Scheme Regulations 2013* and *The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014*.

Funding/Governance arrangements of the LGPS

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid out is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. The Fund Administering Authority, Rhondda Cynon Taf County Borough Council is responsible for the governance of the Fund.

Assets

Social Care Wales recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Accounting Standard no.19 – Employee Benefits (IAS 19), disclosure of certain information concerning assets, liabilities and income and expenditure relating to pension schemes is required.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to these notional assets over the accounting period. The fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employer's participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform, this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which, while expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to the accounting figures.

Changes in bond yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting Employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of "orphan liabilities" may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. "Orphan liabilities" are currently a small proportion of the overall liabilities in the Fund.

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2019 are estimated to be £0.87 million. The date of the last full actuarial valuation of Social Care Wales LGPS funded benefits was 31 March 2016 and the duration of liabilities is 23.4 years.

Key Assumptions	31-Mar-18 (% pa)	31-Mar-17 (% pa)	31-Mar-16 (% pa)
Discount Rate	2.6	2.6	3.5
RPI Inflation	3.1	3.1	2.9
CPI inflation	2.0	2.0	1.8
Pension Increases	2.0	2.0	1.8
Pension accounts revaluation rate	2.0	2.0	1.8
Salary Increases	3.3	3.3	3.3

Mortality assumption

The mortality assumptions are based on the recent actual mortality experience of members within the Fund

and allow for expected future mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below.

Assumed life expectancy at age 65	31-Mar-18	31-Mar-17
Males		
Member aged 65 at accounting date	22.9	22.8
Member aged 45 at accounting date	25.1	25.0
Females		
Member aged 65 at accounting date	25.0	24.9
Member aged 45 at accounting date	27.3	27.2

Asset Allocation	Value at 31 March 2018			Value at 31 March 2017
	Quoted	Unquoted	Total	
Equities	74.8%	0.0%	74.8%	72.6%
Property	5.4%	0.0%	5.4%	5.9%
Government Bonds	8.5%	0.0%	8.5%	9.4%
Corporate Bonds	9.4%	0.0%	9.4%	10.0%
Cash	1.9%	0.0%	1.9%	2.1%
Other	0.0%	0.0%	0.0%	0.0%
Total	100.0%	0.0%	100.0%	100.0%

Reconciliation of Funded Status to the Statement of Financial Position	Value at 31 March 2018	Value at 31 March 2017
	(£M)	(£M)
Fair value of Assets	18.15	16.32
Present value of funded defined benefit obligation	18.79	17.20
Funded Status	(0.64)	(0.88)
Unrecognised asset	0.00	0.00
(Liability) recognised on the SOFP	(0.64)	(0.88)

The split of the liabilities obligation at the last valuation date between the various categories of members was as follows:

Active members	62%
Deferred pensioners	22%
Pensioners	16%

Amounts recognised in Comprehensive Net Expenditure	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Operating Cost		
Current service cost ⁽¹⁾	0.90	0.65
Past service cost (incl. curtailments)	0.00	0.00
Settlement cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability	0.01	0.01
Pension cost recognised in Net Expenditure	0.91	0.66
Remeasurements in Other Comprehensive Expenditure		
Return on plan assets (in excess of) that recognised in net interest	(0.40)	(2.12)
Actuarial (gains)/losses due to change in financial assumptions	0.00	3.82
Actuarial (gains)/losses due to change in demographic assumptions	0.00	(0.78)
Actuarial (gains)/losses due to liability experience	0.05	(0.43)
Total Amount recognised in Other Comprehensive Expenditure	(0.35)	0.49
Total Amount recognised in Total Comprehensive Expenditure	0.56	1.15
⁽¹⁾ Allowance for administration expenses included in current service cost (£M)	0.01	0.01

Changes to the present value of the defined benefit obligation	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Opening defined benefit obligation	17.20	13.27
Current service cost	0.90	0.65
Interest Expense on Defined Benefit Obligation	0.45	0.47
Contributions by participants	0.21	0.20
Actuarial (gains)/losses due to changes in financial assumptions	0.00	3.82
Actuarial (gains)/losses due to changes in demographic assumptions	0.00	(0.78)
Actuarial (gains) due to liability experience	0.05	(0.43)
Net benefits paid out	(0.02)	0.00
Past service cost (incl. curtailments)	0.00	0.00
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing defined benefit obligation	18.79	17.20

Changes to the Fair Value of Assets during the Year	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Opening fair value of assets	16.32	12.82
Interest income on assets	0.44	0.46
Remeasurement gains on assets	0.40	2.12
Contributions by the Employer	0.80	0.72
Contributions by the Participants	0.21	0.20
Net benefits paid out	(0.02)	0.00
Net increase in assets from disposals & acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	18.15	16.32

Actual Return on Assets	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Interest income on assets	0.44	0.46
Remeasurement gains on assets	0.40	2.12
Actual return on assets	0.84	2.58

Estimated pension expense in future periods

Funded benefits

We provide an estimate of the charges to comprehensive expenditure on the provision of services in future periods, based on the assumptions outlined above.

Analysis of amount charged in other comprehensive expenditure on the provision of services next year	Year ending 31 March 2019 (£M)
Current service cost	0.93
Interest on net defined benefit liability	0.01
Total estimated pension expense	0.94

Allowance for administration expenses included in the Current Service Cost (£m)	0.02
Estimated pensionable payroll over the period ending 31 March 2017 (£m)	3.01

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected cost for the year ending 31 March 2019 is set out below.

In each case only the assumption mentioned is altered; all other assumptions remain the same as summarised above.

Funded LGPS benefits

Discount rate assumption			
Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	18.36	18.79	19.23
% change in present value of total obligation	-2.3%	-	2.4%
Projected service cost (£M)	0.90	0.93	0.96
Approximate % change in projected service cost	-3.1%	-	3.2%

Rate of general increase in salaries			
Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	18.91	18.79	18.67
% change in present value of total obligation	0.7%	-	-0.7%
Projected service cost (£M)	0.93	0.93	0.93
Approximate % change in projected service cost	0.0%	-	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption			
Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	19.11	18.79	18.48
% change in present value of total obligation	1.7%	-	-1.7%
Projected service cost (£M)	0.96	0.93	0.90
Approximate % change in projected service cost	3.2%	-	-3.1%

Post retirement mortality assumption*			
Adjustment to mortality age rating assumption	-1 year	Base figure	+1 year
Present value of total obligation (£M)	19.35	18.79	18.24
% change in present value of total obligation	3.0%	-	-2.9%
Projected service cost (£M)	0.96	0.93	0.90
Approximate % change in projected service cost	3.7%	-	-3.7%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

15. Provisions and contingent liabilities disclosed under IAS 37

The lease agreements in relation our Cardiff and St Asaph offices potentially requires that any alterations, additions and partitioning should be removed on cessation of the lease. No provision has been made as this obligation is uncertain and is contingent on the landlord requesting the removal.

16. Related party transactions

During the year Social Care Wales has had various material transactions with the Welsh Government, which is regarded as a related party. The transactions and balances were as follows:

	2018-19	2017-18
Income	£18.885m	£11.014m
Expenditure	£0.026m	£0.024m
Debtor balance as at 31 March	£0.006m	£0.012m
Creditor balance as at 31 March	£0.001m	-

Social Care Wales Board members and staff

No employees, including key management personnel, were involved directly or indirectly in any transactions with Social Care Wales during the year, apart from normal expense claims, salary payments, etc. Information about key management personnel is included in the Remuneration Report.

There were transactions with various related organisations during the year. These transactions were not with the individual Board members but with the organisation for which the Board member was either employed or remunerated by during the year.. The transactions were as follows:

Board member	Relationships and related organisation	Expenditure 2017-18 (£)	Expenditure 2016-17 (£)
Kelly Andrews (Care Council for Wales) <i>Term ended 31.3.17</i>	Regional organiser – GMB	0	4,752
Simon Hancock (Care Council for Wales) <i>Term ended 31.3.17</i>	County councillor – Pembrokeshire Council	0	39,920
	Independent member – Hywel Dda UHB	0	2,500
Jenny Williams (Care Council for Wales) <i>Term ended 31.3.17</i>	Director of social services – Conwy County Borough Council	0	51,351
Emma Britton	Self-employed social worker – City & County of Swansea Council	641,254	0
Abigail Harris	Executive director – Cardiff & Vale UHB	6,024	0
Joanne Kember	Self employed locum pharmacist – Betsi Cadwaladr UHB	125	0
Jane Moore	Director – Practice Solutions Ltd	8,555	0
Aled Roberts	Consultant – Cardiff Metropolitan University to Feb 2018	9,400	0

There were no income transactions with the related organisations above.

In addition, Aled Roberts was appointed as a consultant with the Welsh Government in February 2018. All transactions and balances are reported in the table above.

The only Creditor Balance was with the GMB of £396 as at 31 March 2017.

Peter Max is the Managing Director of Integra Community Living Options Ltd. £150 in total of registration fees were paid by Integra on behalf of its registered managers in 2017-18.

Our Chair is also a Council member of the University of Wales and is the Chair of the Audit and Risk Committee of the University of Wales Trinity St David.

The expenditure transactions with the University of Wales were £918 and with the University of Wales Trinity St David £2,104. There was a Creditor Balance of £918 with the University of Wales at 31 March 2018 and of £288 with University of Wales Trinity St David.

In addition, two members of our Board were also members of the Regional Partnership Boards, which received grant funding from Social Care Wales. The transactions were as follows:

Board member	Role	Regional Partnership Board	Expenditure 2017-18 (£)
Abigail Harris	Member	Cardiff & Vale Regional Partnership	56,036
Carl Cooper	Deputy Chair	Powys Regional Partnership Board	40,574

Please note that the payments in the table above were made to the nominated local authority of the Regional Partnership Boards being Cardiff City Council (Cardiff and Vale) and Powys County Council (Powys).

17. Third party assets

Social Care Wales does not hold any third party assets in which it acts as a custodian or a trustee.

18. Events after the reporting period

There have been no events after the reporting period, which require adjustment to the 31 March 2018 financial statements.

19. Transfer of functions

On 1 April 2017, in order to bring together workforce regulation, workforce development and service improvement in one organisation the service improvement functions of the Social Services Improvement Agency were transferred to Social Care Wales. No assets or liabilities were transferred but the Grant-in-Aid received from Welsh Government was increased to fund the additional expenditure including the transfer of three members of staff.



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Social Care **Wales**



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