



MENTAL WELFARE COMMISSION FOR SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED

31 March 2024

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MENTAL WELFARE COMMISSION FOR SCOTLAND

Annual Report and Accounts for year ended 31 March 2024

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Performance Report

1. Overview

The purpose of this overview is to give the reader a short summary of the Commission's purpose, how we have performed during the year 2023-24, and the key risks to the achievement of our objectives.

The Commission's key performance indicators are outlined on page 11.

1.1. Statement from the Chief Executive

Our staff and the organisation continue to adapt to remote and hybrid working. Our hybrid working policy has been in place for 12 months supporting new work practices and was reviewed in December 2023. We also now have 'Right to Disconnect' guidance in place to encourage and support our staff in balancing their working and personal lives to ensure all staff are supported when in the workplace or working at home.

We have established a colleague-led wellbeing group, which hosted a calendar of wellbeing events throughout the year and this has now been complemented with the creation of the new senior post of Head of Culture and Corporate Services.

Throughout 2023-24, we continued to be able to influence and promote the rights, safeguards and welfare of people with mental illness, learning disabilities, dementia and other related conditions.

We remain actively involved in working in partnership to advance human rights and drive forward the transformation that the Scottish Mental Health Law Review (SMHLR) evidenced is needed in Scotland now and in future. The Scottish Government published its initial response to the SMHLR recommendations on 28 June 2023 and we held an event in August 2023 with key stakeholders jointly committing to move from 'ambition to delivery'. We have since contributed to the two emerging priorities for the Scottish Government (Adults with Incapacity Act reform and definition of mental disorder) and will look forward to influencing and effecting change required.

In 2022, we presented two proposals to the Scottish Government on appropriate levels of review when:

- someone dies when subject to an order of the mental health act.
- someone receiving mental health care commits a homicide.

During 2023-24, we published four 'pilot' investigations to test out these proposals.

1. [Investigation into the care and treatment of GH](#)
2. [Investigation into the care and treatment of Mr TU](#)
3. [Investigation into the care and treatment of Mr D](#)
4. [Investigation into the death of AB](#)

Our project proposals have not been agreed by Scottish Government at this stage. However, we think that they fit well into the Commission's overall investigation's function.

Our work on a new information and casework management system is a detailed and complicated project for an organisation of our size and we are working with various partners to elicit the expertise we need. We have worked hard through the procurement phase during 2023-24 and will be able to award a contract early in the new financial year. Feedback from external advisers has been positive:

"The IMS project team have diligently and continuously engaged in driving a successful CPN (competitive procedure with negotiation) process during the past 18 months. The key procurement principles of fairness, transparency, impartiality and applying equality to all bidders to all parts of the process have been adhered to at all times". April 2024

We have delivered on the first year of our [strategic plan for 2023 to 2026](#) which was approved by our Board in February 2023.

This year we report an overall budget underspend of 8.63%, mainly due to the late receipt of budget confirmation in August 2023 and a delay in the procurement phase of the project to replace our patient records database

1.2. Purpose and Activities of the Commission

The Mental Welfare Commission for Scotland was originally constituted under the Mental Health Act of 1960, replacing a body that can be traced back to 1857. The current duties of the Commission are embodied in the Mental Health (Care & Treatment) (Scotland) Act 2003 (MHCT Act 2003) as amended by the Public Services Reform (Scotland) Act 2010 and the Mental Health (Scotland) Act 2015; and the Adults with Incapacity (Scotland) Act 2000 (AWI Act 2000). Schedule 1 of the 2003 Act applies certain provisions of the NHS (Scotland) Act 1978 with regards to annual accounts. The Commission's accounts are consolidated into those of the NHS in Scotland and it follows procedures outlined in the Health Board Annual Accounts Manual.

The Commission's mission, purpose, priorities and activities are illustrated in the diagram below.

Our mission and purpose



1.3. Key issues and risks

The Board sets the strategic direction for the organisation and monitors performance against key strategic objectives. It is also responsible for ensuring sound corporate governance. The strategic plan for 2023-26 and the associated business plan for 2023-24 are available on the website.

Through the strategic planning, performance and risk management processes the Board reviews the principal risks and uncertainties facing the Commission. During 2023-24, our strategic risk register was refreshed in its entirety.

The key risks identified and agreed at the Board in February 2024 were:

- The impact of significant national reviews and other legislative and policy changes in the mental health field and the organisational capacity to respond and influence these reviews.
- Implementation of the Scottish Government's mandatory Corporate Shared Services Programme and its impact on finite Commission resources.
- The replacement of the Commission's information management system.
- Potential risks in relation to recruitment of designated medical practitioners.

1.4. Performance summary

Influencing and Empowering

A key focus during the year has been to continue to contribute to and influence the Scottish Government's priorities in response to the Scottish Mental Health Law Review (SMHLR) and consultation responses, including in relation to the Human Rights Bill and Learning Disability, Autism and Neurodivergence Bill.

We held an event on 23 August 2023 with invitation to key stakeholders across Scotland to work with us to move from 'Shared Ambition to Delivery'; a further follow up event to mark progress will be held 2024-25.

During 2023, we published two closure reports relating to previously published themed visits reports: [Ending the Exclusion](#) and [Mental Health in Scotland's Prisons](#). Closure reports will now also be completed in relation to our investigations work to evidence the work done to address recommendations and learning identified to aim towards improvement. The intention of closure reports introduced in 2021 is to answer the 'so what' or 'what happened next' questions for individuals and services.

Following our Authority to Discharge report published in May 2021 and our closure report published in May 2022, we have continued to collaborate with NHS Education for Scotland as part of a 16 month project (funded by Scottish Government until end February 2024) to support a national approach to learning and applying the principles and requirements of the Adults with Incapacity (Scotland) Act 2000 in practice. We

continue to maintain a focus on discharges of vulnerable people from hospital who are unable to consent to their move.

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

The National Mental Health and Learning Disability Coordination Group last met in 2023 and we await Scottish Government plans for an alternative framework arrangement to be put in place to support collaboration of scrutiny bodies.

We have attended parliamentary committees to give evidence when requested to do so and we have continued to attend meetings of the Scottish Mental Health Partnership working with other organisations to promote a rights-based approach to the Government's [Mental Health and Wellbeing Strategy](#) which was published in the June 2023. We remain an active member of the National Preventive Mechanism attending both the UK and Scottish groups and we are now representing Scotland on the National Steering Group. We also continue to participate in professional networks including the Mental Health Nursing Forum, the Royal College of Psychiatrists' Scottish Committee and Social Work Scotland, and key interest groups such as the Scottish ECT Accreditation Network and the Alzheimer Scotland Policy Committee. We have continued to contribute to training and learning across a range of fora, including the presentation of investigation reports to national adult support and protection groups, presentation of our themed work to the Mental Health Tribunal for Scotland and participation in the training programmes of Scotland's sheriffs.

Our engagement and participation officers continue to build their networks across Scotland, meeting carers and people with experience both virtually and face to face (406 contacts were made with carers this year against a target of 250 and 413 contacts with people with lived experience against a target of 250) and this work is now underpinned by our new revised engagement and participation strategy of 2023 and associated implementation plan.

Visiting

We were able to plan a full programme of local visits throughout the year, both announced and unannounced (28% of our visits were unannounced).

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

This year we published reports on two national themed visits. These visits were to individuals subject to similar orders and/or receiving similar services across Scotland. The themed visits were to:

- [Individuals subject to community based compulsory treatment orders](#)
- [Individuals receiving health care and treatment out with NHS Scotland services](#).

Follow up on all recommendations in both reports will be pursued throughout the year and closure reports will be published in due course.

In July 2023 we published our closure report relating to Mental Health in Scotland's Prisons and in December 2023 our Ending the Exclusion: care, treatment and support for people with mental ill health and problem substance use in Scotland was published.

We also carried out 149 local visits to hospitals and care services (compared to 142 last year). We met 848 individuals and this exceeded our target of 650. We particularly focus on units where there is a major deprivation of liberty, where intelligence gathered from themed visits, previous visits, concerns from people in receipt of services and other sources raise issues about care and treatment or where it has been some time since our last visit. For each local visit we provided feedback and recommendations for improvement to the services involved (where indicated). The [local visit reports](#) are published on our website. A report summarising the findings and recommendations from our local visits in 2023-24 will be published later in 2024.

Monitoring of Mental Health and Incapacity Legislation

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

In 2023-24 we processed 42,383 (22-23: 44,579) forms and other notifications related to mental health and incapacity legislation; 4,738 (22-23: 4,158) Guardianship and Intervention Orders.

Our [AWI monitoring report](#) highlighted that a total of 3,501 guardianship orders were granted in 2022-23, 3.8% more than in 2021-22. There are now 17,849 people subject to guardianship orders in Scotland compared to 17,101 last year.

During the year we visited 329 people subject to guardianship orders (compared to 189 last year). We did not meet our target of 350 people and will be prioritising more visits to people subject to guardianship orders in 2024-25.

Our [MHA monitoring report](#) reported that a total of 6,713 detention episodes began in 2022-23, which was 1.7% more than in 2021-22 and lower than the average year-on-

year increase in the previous years of 4.9%. 50.8% of all episodes began with a short term detention certificate (STDC), 48.0% with an emergency detention certificate (EDC) and 1.2% with a compulsory treatment order (CTO) or an interim compulsory treatment order (iCTO).

We are fortunate to have a placement scheme for higher trainees in psychiatry at the Commission and key additional monitoring reports were completed as part of this programme in 2023; [Survey of recorded matters](#) (October 2023) and [The role of police officers in mental health support](#) (November 2023).

Our [monitoring report in relation to admissions of young people under the age of 18 to non-specialist wards in Scotland](#) was published in October 2023 and noted 79 admissions involving 66 young people in 2022-23 compared to 90 admissions involving 88 young people the previous year.

We also undertook a small pilot piece of monitoring work to determine the level of understanding of section 278 of the MHA which states there is a duty for mental health hospital services to mitigate the effects of compulsory measures on parent-child relations whenever a child or a parent are treated compulsorily in hospital. Section 278 reflects the responsibilities to support the parent-child relationship articulated in both the United Convention of the Rights of the Child (UNCRC) and the European Convention for Human Rights (ECHR). We found that these duties were not well known so we intend to do some follow up work to raise awareness and understanding.

Under Section 233 of the MH Act 2003, the Commission is responsible for appointing Designated Medical Practitioners (DMPs). Their function is to provide a second medical opinion when medical treatments are prescribed under Part 16 of the MH Act 2003 (and section 48 of the AWI Act 2000). 2,700 contacts were made during this year, a 5% increase on the previous year. These are important safeguards and are the highest priority for recovery under our business continuity plans. We therefore prioritised a recruitment drive last year attracting 17 new DMPs.

Investigations and Inquiries

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

As noted previously, during this year we tested out a proposed process to ensure appropriate levels of review when a person dies whilst subject to an order of the mental health act and also where someone who is receiving, or has received within the last year, mental health services, commits homicide. The four pilot investigations have now been published, recommendations have been followed up and closure reports will be completed throughout 2024-25 detailing the responses received and actions taken forward by the relevant area.

We do hope that the completion of the pilot investigations and associated learning during 2023-24 leads to the Scottish Government's acceptance of both proposals which will mean the Commission oversees and carries out appropriate reviews of deaths in detention and homicides in future.

During the past year, two other significant investigations were conducted, this time, under Section 11 of the MH Act 2003. Section 11 gives the Commission the authority to carry out investigations and make recommendations to improve services across Scotland, as it considers appropriate in any circumstances, including where an individual with mental illness, learning disability or related condition may be, or may have been, subject to ill treatment, neglect or some other deficiency in care and treatment. [Mr E](#) was published in January 2024 and [Mrs F](#) was published in May 2024.

Information and Advice

From Mondays to Fridays, we run an advice line staffed by mental health and learning disability nurses, social workers (mental health officers) and psychiatrists. Our team offers advice to a wide range of callers seeking help, including health and care professionals, people with mental ill health or learning disability and families and carers.

The number of telephone calls logged during 2023-24 was 3683 (compared to 3476 last year) with the top number of calls received from relatives/carers/guardians, followed by people with experience of using services with the third highest caller group being psychiatrists.

49% of our total calls were from relatives/carers/guardians/people with experience and 51% of calls were from people working in the field of mental health and learning disability.

Most calls received related to the Mental Health Act (1891 calls), we received 130 more calls this year in relation to the Adults with Incapacity Act compared to last year (815 calls) and we categorised a significant number of calls this year as 'other'. The breadth of calls is often difficult to capture however the 'other' category might include discussions about medicines, about care packages, about relationships, good practice guides and so on.

Much of our work is at the complex interface between the individual's rights, the law and ethics and the care the person is receiving. We work across the continuum of health, social work and social care and are the only organisation to do so.

We regularly carry out a sample audit of advice given out by individual practitioners and this year the accuracy rate was 98.5% against our increased target of 98% (set last year). During 2024-25 we will be looking at a consistent approach to receiving feedback on the advice that we give.

In October 2022, the Scottish Government funded NHS Education for Scotland and the Commission to work in partnership to design and deliver AWI workforce

education. The aim of this 16-month project (October 2022-February 2024) was to support workforce understanding of the AWI legislation and its application in health, social care and social work practice across Scotland. This project has:

- Delivered three masterclass sessions (7,667 registrants in total).
- Developed a Once for Scotland: AWI Turas Learn site, hosting resources, animations, and masterclass recordings.
- Delivered cohort 2 of the Advanced Nurse Practitioner AWI/Section 47 programme with 62 participants from across health and social care.

The size, scale and diversity of the workforce engaged with this educational content has shown a high demand and learning need across the workforce in Scotland and an extension of this project is currently under consideration by the Scottish Government.

We reviewed six existing good practice guides, including our guide in relation to supported decision making (with support from Napier University). The first revised guide '[Carers, consent and confidentiality](#)' was published on 29 April 2024. The others will be published in due course.

Continuous Improvement

We are committed to demonstrating that our work provides value for money and that we strive for improvement. Our work in this area is outlined in the governance report on page 19.

Social Matters

The Commission strives to continually improve inclusiveness by creating a work environment that not only welcomes individuals of all backgrounds, but actively highlights and celebrates the unique mix of people who work for us and use our services. The Commission has a Wellbeing Group with workforce wellbeing representatives, a wellbeing sponsor on the Executive Leadership Team and a wellbeing champion on the Board.

In accordance with the Equality Act 2010 and regulations, the Commission promotes equality and celebrates the diversity of the people it serves. The development of equality outcomes provides assurance that the Board meets the equality and diversity needs of people with the nine relevant protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation). We recognise the value a diverse workforce brings in offering different perspectives in how we deliver high quality, safe, effective, person-centred care and maintain a healthy, vibrant, and inclusive culture throughout our organisation.

The Fraud Prevention and Investigation Policy covers detailed guidance on key elements of the Bribery Act (2010) and staff conduct with regard to reporting any issues. No matters have been raised this year relating to fraud or anti-bribery legislation.

We remain committed to having children and young people involved, advising on our work and on how best we can communicate. We are exploring different platforms and seeking advice and guidance on our work, notably on our recent published [Children's Rights Report](#) where we sought advice and contributions from children and young people.

2. Performance Analysis

This Performance Analysis summarises the key indicators on how the Commission has performed during 2023-24.

Key Performance Indicators

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

Financial Performance

The Commission's core revenue resource allocation from the Scottish Government for 2023-24 was £6,191,000 (prior year £5,174,000). The Commission received £151k capital allocation in 2023-24 to reflect the new accounting requirements arising from IFRS 16 (prior year £nil).

The revenue resource allocation includes funding for Commission 'core activities', funding for the Reviews of Deaths in Detention and Homicide and for the Information Management System project.

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

| | Limit as set by SGMWASCD £'000 | Actual Outturn £'000 | Variance (Deficit)/Surplus £'000 |
|--|--------------------------------------|----------------------------|--|
| 1 Core Revenue Resource Limit | | | |
| • MWC Core | 4,900 | 4,798 | 102 |
| • DIDAHR | 300 | 127 | 173 |
| • AWI** | 155 | 178 | (23) |
| • IMS | 836 | 525 | 311 |
| Non-core Revenue Resource Limit | | | |
| • MWC Core | 58 | 58 | 0 |
| • DIDAHR* | 0 | 0 | 0 |
| • AWI** | 0 | 0 | 0 |
| • IMS | 0 | 0 | 0 |
| Total | 6,249 | 5,685 | 564 |
| 2 Core Capital Resource Limit | | | |
| • MWC Core | 151 | 163 | (12) |
| Total | 6,400 | 5,848 | 552 |

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

** *Joint project with NHS Education for Scotland on the understanding of the Adults with Incapacity (Scotland) Act (2000)*

MEMORANDUM FOR IN YEAR OUTTURN

| | £'000 |
|--|-------|
| Reported Surplus in 2023-24 | 552 |
| Financial flexibility: funding banked with / (provided by) Scottish Government | 0 |
| Surplus against in year total Revenue Resource Limit | 552 |
| Percentage | 100% |

The Commission is showing net liabilities of £251,000 (prior year: £416,000 net liabilities).

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

Total current liabilities of £252k (notes 10 and 15) are £436k lower than as at 31 March 2023.

There were no impairments of receivables (2022-23: nil)

There are no significant remote contingent liabilities.

There are no legal obligations as at 31 March 2024.

Performance against Key Non-Financial Targets

During 2023-24, our internal auditors completed an assurance review of our corporate performance management. The review considered the arrangements for providing assurance to the Board and senior management through the use of key performance indicators and performance reporting and the systems that are used to track and manage the attainment of these targets. The review tested the methodologies used in producing key performance information, examined the quality of the data and information, and determined the extent to which evidence is retained to support reported performance.

In response to this audit we have:

- developed a Quality & Performance Management Policy, which was approved by the Board in June 2023.
- added the business plan 'measures of success' to the report and scorecard.
- updated the reporting template.
- added trend analysis to the report as well as the scorecard.

added new measures in relation to finance and environmental sustainability.

Key highlights relating to our performance last year included:

1. We published monitoring reports in relation to the MHA and AWI Acts and in relation to children and young people during the autumn months of 2023 as per our business plan.
2. We published five investigation reports with the sixth published on 2 May 2024.
3. We maintained 100% response rates in relation to timely complaints, freedom of information requests and subject access requests.
4. Our contacts with both people with lived experience and carers exceeded our targets.

There were 38 staff absences during the second half of the financial year, compared to 26 in the first half of the financial year, leading to an overall % absence rate of 5.1%, exceeding our target of 4% or below. This is an area which we will now monitor more closely given the target had been met in previous years. None of the absences were work related.

Payment policy

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

- In 2023-24 average credit taken was 6.7 days (2022-23: 8.0 days)
- In 2023-24 the Commission paid 99.43% by value and 98.20% by volume within 30 days (2023-24: 98.09% and 95.09%)
- In 2023-24 the Commission paid 96.03% by value and 92.80% by volume within 10 days (2022-23: 74.73% and 78.57%)

Pension Liabilities

The accounting policy note for pensions is provided in note 1 and disclosure of the costs is shown within note 16 and the Remuneration Report.

Approval and signing of the Performance Report

Julie Paterson

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 Julie Paterson
 Chief Executive Officer
 Accountable Officer

25 June 2024
 Date:

Accountability Report

1. Corporate Governance Report

The Directors' Report

Date of Issue

The Accountable Officer authorised these financial statements for issue on 25th June 2024.

Appointment of auditors

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

Board Membership

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

| Board Member | Date of appointment | Due to demit office |
|------------------------------|----------------------------|----------------------------|
| Mr Alexander Riddell (Chair) | 1 April 2019 | 31 March 2027 |
| Ms Mary Twaddle | 1 April 2017 | 31 March 2025 |
| Mr Gordon Johnston | 1 April 2017 | 31 March 2025 |
| Mr David Hall | 1 April 2018 | 31 March 2026 |
| Ms Cindy Mackie | 1 April 2018 | 31 March 2026 |
| Ms Nichola Brown | 1 April 2019 | 31 March 2027 |
| Ms Alison Whyte | 1 April 2020 | 31 October 2027 |
| Ms Kathy Henwood | 1 April 2023 | 31 March 2027 |

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

Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Commission is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Commission as at 31 March 2024 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

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

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

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

Board members' and senior managers' interests

During the year the Mental Welfare Commission for Scotland has not entered into any material related party transactions as per note 18.

Registers of interests are available on <https://www.mwcscot.org.uk/about-us/freedom-information#181>

Third party indemnity provisions

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

Remuneration for non-audit work

Details of any remuneration paid to auditors in respect of any non-audit work carried out on behalf of the Commission is disclosed in note 3. There was no remuneration for non-audit work during 2023-24.

Public Services Reform (Scotland) Act 2010

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

Personal data related incidents reported to the Information Commissioner

No personal data incidents were reported during the year (2022-23: None)

Disclosure of Information to Auditors

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

Statement of the Accountable Officer's responsibilities

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

This designation carries with it, responsibility for:

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

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

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the accounts on a going concern basis.

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me dated 3rd August 2020.

Governance Statement

Scope of Responsibility

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

Purpose of Internal Control

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

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

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

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

Governance Framework

The Board is responsible for setting the overall strategic direction for the organisation and has corporate responsibility for ensuring that the organisation fulfils its strategic aims and objectives. The Board regularly met throughout the year with members attending both informal 'question and answer' sessions which included development opportunities and also formal board meetings (six formal meetings) to progress the business of the Commission.

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

The Board completed a self-assessment during the year, the outcome report of which was tabled and discussed at the Board meeting held in April 2024.

Each Board member has an appraisal with the Chair. The Chair is subject to appraisal by the Scottish Government sponsor department. A pro forma for the Board appraisal is in operation and any development needs for individuals are identified through this process.

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

The AP&R Committee remit and membership is outlined in the standing orders. The committee comprises three Board members: Gordon Johnston, Chair, David Hall and Cindy Mackie. The Committee met four times during the year to consider the operational effectiveness of the internal control structure, to approve the strategic and annual internal audit plan and external audit arrangements, performance management, risk management and information governance and security. The project to implement the new information management system reports to each committee meeting. The committee undertakes an annual self-assessment of its effectiveness and the Chair formally reports to the Board recommending the annual accounts and providing an annual report of AP&R Committee activities and objectives for the following year. Audit Scotland announced the appointment of Grant Thornton UK LLP as the Commission's new auditors in November 2022. Minutes of each AP&R Committee meeting are presented to the Board. In February 2024 the AP&R Committee approved the re-appointment of the internal auditors following a tendering exercise.

By statute the Commission is required to have an advisory committee and it meets twice a year. During this year, the Committee has also held 'ad hoc' meetings to discuss key topics e.g. the Scottish Mental Health Law Review, the Commission's themed visits work. Its remit and membership are outlined in the standing orders and includes representatives from relevant stakeholder groups. The Advisory Committee gives the Board advice on the Commission's functions and how it exercises its functions.

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

The Executive Leadership Team (ELT) assists the Chief Executive on the day to day management of the organisation. It meets fortnightly and covers all the key strategy

areas in its remit. It is not a standing committee of the Board but the remit of the group is approved by the Board.

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

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

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

- Creating opportunities to bring our staff together (event held in February 2024).
- Seeking Commission staff's views on specific topics (e.g., casework administration review throughout 2023 and medical review 2024; the Scottish Mental Health Law Review; learning needs analysis 2023; iMatter staff survey and focus groups to develop an action plan completed in January 2024).
- Meeting with the Advisory Committee and consulting on our strategic priorities.
- Our Engagement and Participation officers meet with individuals and groups with lived experience and carers.
- Ensuring that the composition of the Board reflects the breadth of stakeholder groups.
- Meeting with the relevant Minister to discuss our strategic and operational plans and highlight the use of the Acts across Scotland and any areas of concern that the Commission has in mental health and learning disability care and treatment
- Meetings with professional, lived experience and carer groups nationally and locally
- Widening the scope of our themed visits by producing surveys on the areas of concern and distributing widely to individuals with lived experience, carers and professionals working in the services
- Attending roadshows and 'pop up' events (e.g., Pride Aberdeen, Pride Fife and Young Carers Festival Event in August 2023).

The Commission has a statutory duty to consult with the Care Inspectorate and Healthcare Improvement Scotland. We have memoranda of understanding with both

organisations. We have also had discussions around joint working and where this would add value.

Review of Adequacy and Effectiveness

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

- executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- Board meetings six times during the year;
- periodic reports from the chair of the organisation's AP&R Committee, to the Board, concerning internal control;
- the production of, and regular updating of, the strategic risk register and developing associated action plans to mitigate the identified risks;
- the work of the internal auditors, who submit to the AP&R Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement;
- comments by the external auditors in their management letters and other reports; and
- feedback from the delegation chains within the Commission about our business and its use of resources. All staff (including those attached to the Commission as part of their professional training, secondees and Board members) are able to voice any concerns in a responsible and effective manner without fear of reprisal.

Risk Assessment

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Scrutiny of the risk management strategy is delegated to the AP&R Committee. A strategic risk register is reviewed by the Executive Leadership Team and presented to the AP&R Committee twice per year and Board annually.

A full review of the strategic risk register was completed in March 2023, with a paper submitted to AP&R Committee and the Board in June 2023.

The key risks identified and agreed at the Board in February 2024 were:

- The impact of significant national reviews and other legislative and policy changes in the mental health field and the organisational capacity to respond and influence these reviews.
- Implementation of the Scottish Government's mandatory Corporate Shared Services Programme and its impact on finite Commission resources.
- The replacement of the Commission's information management system.
- Potential risks in relation to recruitment of designated medical practitioners.

These risks are incorporated into the strategic risk register.

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

- We adhere to the Scottish Government's cyber resilience strategy and we have cyber essentials accreditation.

The lessons learned from the two years of the pandemic were used to revise and update the business continuity strategy which was finalised in June 2022.

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

- Continued to develop and improve a comprehensive corporate performance management framework with the aim to contain more qualitative features in future. The Audit, Performance and Risk Committee continues to provide scrutiny and assurance that this is operating effectively.
- Continued to audit the advice given on the telephone advice line. Results from these evaluations are fed back to the practitioners to improve practice and share any learning points.
- Continued to audit local visit reports for discussion at 1:1 meetings with senior managers and practitioners.
- Followed the Scottish Government assurance process to evaluate each stage of the project for a new transformational information management and casework system and this has included scrutiny by the Director General's office.
- Carried out self-assessment of the AP&R Committee and with the Board and reviewed the purpose and membership of the Advisory Committee and continuing to improve based on feedback.

Disclosures

During the previous financial year, and to the date of the authorisation of these accounts, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. There were no significant lapses in data security. The internal audit annual report findings are noted and outstanding recommendations are subject to regular review by the Executive Leadership Team, AP&R and an annual follow up by the internal auditors. Our internal auditors are satisfied that, for the areas reviewed during the year, Mental Welfare Commission for Scotland has reasonable and effective risk management, control and governance processes in place.

2. Remuneration and Staff Report

The Commission determines pay and terms and conditions of employment for staff. This is governed by the Board which recommended the pay policy set by Scottish Ministers for Scottish Government for 23/24.

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

The remuneration of the Board and the Chief Executive Officer is covered by the Public Sector Pay Policy.

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

The remuneration of senior staff, Board members and other public appointees is outlined as follows and has been audited by the Commission's auditors. Remuneration policy, staff gender composition, sickness absence data, disability policy, diversity and equality, and disclosures under The Trade Union (Facility Time Publication Requirements) Regulations 2017 are not subject to audit.

Remuneration Table

Ms S McGuinness chose not to participate in the pension scheme during the reporting year.

**Mental Welfare Commission for Scotland
Accountability Report**

**Annual Report and Accounts
31 March 2024**

| | Gross Salary (bands of £5,000) | | Bonus Payments (bands of £5,000) | | Benefits in Kind | | Pension Benefits Note 1 | | Total Remuneration (bands of £5,000) | |
|---|--------------------------------|-----------|----------------------------------|---------|------------------|---------|-------------------------|---------|--------------------------------------|-----------|
| | £'000 | | £'000 | | £ | | £'000 | | £'000 | |
| | (audited) | | (audited) | | (audited) | | (audited) | | (audited) | |
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Executive | | | | | | | | | | |
| Ms J Paterson <i>Chief Executive</i> | 110 - 115 | 105 - 110 | - | - | - | - | 15 | 30 | 135 - 140 | 135 - 140 |
| Mrs A Thomson (note 2) <i>Executive Director (Nursing)</i> <i>Left 29.04.22</i> | N/A | 5 - 10 | - | - | - | - | - | - | - | 5 - 10 |
| Dr A Chopra <i>Executive Director (Medical)</i> | 150 - 155 | 140 - 145 | - | - | - | - | 44 | 42 | 195 - 200 | 180 - 185 |
| Ms A McRae (note 2) <i>Head of Corporate Services</i> <i>Left 04.08.22</i> | N/A | 20 - 25 | - | - | - | - | - | 8 | - | 25 - 30 |
| Ms S McGuinness <i>Executive Director (Social Work)</i> | 80 - 85 | 75 - 80 | - | - | - | - | - | - | 80 - 85 | 75 - 80 |
| Ms C Lamza (note 2) <i>Executive Director (Nursing)</i> <i>Started 23.05.22</i> | 75 - 80 | 60 - 65 | - | - | - | - | 29 | 19 | 105 - 110 | 80 - 85 |
| Mr A Dee <i>Head of Corporate Services</i> <i>Started 31.10.23</i> | 35 - 40 | N/A | - | - | - | - | 11 | - | 45 - 50 | - |
| Ms J O'Neill <i>Business Change and Improvement Manager</i> | 50 - 55 | 50 - 55 | - | - | - | - | 13 | 14 | 65 - 70 | 65 - 70 |

**Mental Welfare Commission for Scotland
Accountability Report**

**Annual Report and Accounts
31 March 2024**

| | Gross Salary (bands of £5,000) | | Bonus Payments (bands of £5,000) | | Benefits in Kind | | Pension Benefits Note 1 | | Total Remuneration (bands of £5,000) | |
|----------------------|--------------------------------|---------|----------------------------------|---------|------------------|---------|-------------------------|---------|--------------------------------------|---------|
| | £'000 | | £'000 | | £ | | £'000 | | £'000 | |
| | (audited) | | (audited) | | (audited) | | (audited) | | (audited) | |
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Board Members | | | | | | | <i>note 3</i> | | | |
| Mr A Riddell (Chair) | 15 - 20 | 15 - 20 | | | | | | | 15 - 20 | 15 - 20 |
| Mrs S Baxter | N/A | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Ms N Brown | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Mr D Hall | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Mr G Johnston | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Ms C Mackie | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Ms M Twaddle | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |
| Ms A White | 0 - 5 | 0 - 5 | - | - | - | - | - | - | 0 - 5 | 0 - 5 |

¹ Mrs Baxter resigned on 31 March 2023

In accordance with the Financial Reporting Manual (FRM), 2013-14 was the first year that publication of ‘pension benefits’ was required. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period, which is the estimated life span following retirement.

The ‘total earnings in year’ column shows the remuneration relating to actual earnings payable in 2023-24.

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

| <i>Note 2</i> | Full time equivalent Annualised Gross Salary (Bands of £5,000) | |
|---------------|---|----------------|
| | 2023-24 | 2022-23 |
| Mr Ashley Dee | 80 - 85 | - |
| Mrs A Thomson | N/A | 65 - 70 |
| Ms A McRae | N/A | 75 - 80 |
| Ms C Lamza | N/A | 70 - 75 |

Note 3: Board members are not in receipt of Pension benefits.

Pensions Values Table (Audited)

| | Total accrued Pension at age 60 as at 31/03/24 (bands of £5,000) | Total accrued lump sum at age 65 at 31/03/24 (bands of £5,000) | Real Increase In pension At age 60 (bands of £2,500) | Real Increase in lump sum at age 65 at 31/03/24 (bands of £2,500) | CETV At 31/03/24 | CETV At 31/03/23 | Real Increase In CETV in year |
|------------------|--|--|--|---|------------------|------------------|-------------------------------|
| Executive | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Ms J Paterson | 5 - 10 | 0 - 5 | 0 – 2.5 | 0 – 2.5 | 134 | 91 | 22 |
| Dr A Chopra | 20 - 25 | 0 - 5 | 2.5 – 3.0 | 0 – 2.5 | 284 | 227 | 23 |
| Ms C Lamza | 30 - 35 | 80 - 85 | 0 – 2.5 | 0 – 2.5 | 716 | 630 | 35 |
| Mr Ashley Dee | 0 - 5 | 0 - 5 | 0 – 2.5 | 0 – 2.5 | 8 | 0 | 3 |
| Ms J O'Neill | 15 - 20 | 40 - 45 | 0 – 2.5 | 0 – 2.5 | 416 | 371 | 13 |

Pensions Values Table (31 March 2023) (Restated)

| | Accrued Pension at age 60 as at 31/03/23 (bands of £5,000) | Total accrued lump sum at age 65 at 31/03/23 (bands of £5,000) | Real Increase In pension At age 60 (bands of £2,500) | Real Increase in lump sum at age 65 at 31/03/23 (bands of £2,500) | CETV At 31/03/23 | CETV At 31/03/22 | Real Increase In CETV |
|------------------|--|--|--|---|------------------|------------------|-----------------------|
| Executive | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Ms J Paterson | 5 - 10 | 0 - 5 | 0 - 2.5 | 0 - 2.5 | 81 | 49 | 18 |
| Dr A Chopra | 15 - 20 | 0 - 5 | 2.5 – 5.0 | 0 - 2.5 | 197 | 159 | 21 |
| Ms A McRae | 5 - 10 | 0 - 5 | 0 - 2.5 | 0 – 2.5 | 125 | 114 | 8 |
| Ms C Lamza | 10 - 15 | 0 - 5 | 0 - 2.5 | 0 - 2.5 | 151 | 129 | 15 |
| Ms J O'Neill | 0 - 5 | 0 - 5 | 0 – 2.5 | 0 – 2.5 | 19 | 4 | 10 |

Fair Pay Disclosure (Audited)

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

| | 2023-24 | 2022-23 | Change |
|---|----------------|----------------|---------------|
| | £000's | £000's | % |
| Range of Staff Remuneration | 23.8 – 138.8 | 21.1 – 135.6 | 13% - 2% |
| Highest Earning Executive's Total Remuneration (£000s) | 135 - 140 | 135 - 140 | 0% |
| Median (<i>Total Pay & Benefits</i>) | 48.2 | 48.9 | -2% |
| Ratio | 2.88 | 2.81 | 2% |
| 25 th Percentile (<i>Total Pay & Benefits</i>) | 32.8 | 29.8 | 10% |
| Ratio | 4.23 | 4.61 | -8% |
| 75 th Percentile (<i>Total Pay & Benefits</i>) | 67.5 | 63.1 | 7% |
| Ratio | 2.06 | 2.18 | -6% |
| 2024 Commentary | | | |
| These figures exclude employer pension contributions to improve comparability. The Executive remuneration disclosure is mid salary range using the £5k banding system. The median ratio has decreased slightly due to changes in staff composition. The highest earning Executive was a consultant psychiatrist and is remunerated in line with medical consultant pay of the NHS in Scotland. The total pay & benefits calculations are also based on salary only as Commission staff are not in receipt of any additional benefits. | | | |

Staff Report

a) Higher Paid Employees' Remuneration

| Band (bands of £5,000) | 2024 Number of Staff | 2023 Number of Staff |
|-------------------------------|---------------------------------|---------------------------------|
| Clinicians | | |
| £70,001 to £80,000 | 2 | 5 |
| £80,001 to £90,000 | 3 | 1 |
| £90,001 to £100,000 | - | - |
| £100,001 to £110,000 | - | 1 |
| £110,001 to £120,000 | - | - |
| £120,001 to £130,000 | 1 | 1 |
| £130,001 to £140,000 | 2 | 2 |
| Other | | |
| £70,001 to £80,000 | - | 1 |
| £80,001 to £90,000 | 1 | - |
| £90,001 to £100,000 | - | - |
| £100,001 to £110,000 | - | 1 |
| £110,000 to £120,000 | 1 | - |

b) Staff Costs and Numbers (Audited)

| 31 | | | | | | | 31 |
|-----------------------|-------------------------------------|------------------|--------------------------|----------------------------|-----------------------------|------------------------|-----------------------|
| March | | | | | | | March |
| 2023 Total | | Executive | Board Members | Permanent Staff | Inward Secondees | Other Staff | 2024 Total |
| £'000 | STAFF COSTS | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2,823 | Salaries and fees | 461 | 42 | 2,715 | 89 | - | 3,307 |
| 335 | Taxation and social security costs | 58 | 2 | 338 | 13 | - | 410 |
| 454 | NHS scheme employers' pension costs | 77 | - | 464 | 20 | - | 560 |
| 537 | Second Opinion Doctors | - | - | - | - | 604 | 604 |
| 201 | Short term staff | - | - | - | - | 219 | 219 |
| 4,350 | TOTAL | 596 | 44 | 3,517 | 121 | 823 | 5,101 |

| STAFF NUMBERS | | | | | | | |
|----------------------|-----------------------------|------|---|-------|------|--|-------|
| 65.6 | Whole Time Equivalent (WTE) | 5.59 | 8 | 53.41 | 0.75 | | 67.75 |

c) Staff Composition

| | 2024 | | | 2023 | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Executive Directors | 2 | 4 | 6 | 1 | 6 | 7 |
| Board Members | 3 | 5 | 8 | 3 | 5 | 8 |
| Other | 19 | 60 | 79 | 24 | 54 | 78 |
| Total Headcount | 24 | 69 | 95 | 28 | 65 | 93 |

d) Sickness absence data

| | 2024 | 2023 |
|-----------------------|-------|-------|
| Sickness Absence Rate | 5.21% | 2.15% |

e) Staff turnover data

| | 2024 | 2023 |
|---------------------|-------|--------|
| Staff Turnover Rate | 7.04% | 16.92% |

f) Staff Policies

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

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

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

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

g) Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The Commission will be reporting a nil return for the year to 31st March 2024 (2022-23 Nil).

h) Exit Packages (Audited)

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

3. Parliamentary Accountability Report

The Board were not required to approve the write off of any losses or make any large special payments during the financial year under review (2022-23 - £Nil).

Approval and signing of the Accountability Report

Julie Paterson
Signed.....

Julie Paterson
Chief Executive Officer
Accountable Officer

25 June 2024
Date:

Independent Auditor's Report

31 March 2024

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

We have audited the financial statements in the annual report and accounts of Mental Welfare Commission for Scotland for the year ended 31 March 2024 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the board's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditor's Report**31 March 2024**

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, we report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using our understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Independent Auditor's Report**31 March 2024**

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

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

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

Reporting on regularity of expenditure and income

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material

Independent Auditor's Report

31 March 2024

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Independent Auditor's Report

31 March 2024

Angela Pieri

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street
Glasgow
G1 3BX

25 June 2024

Date.....

Statement of Comprehensive Net Expenditure
For the Year ended 31 March 2024

| 31 March 2023 | | Note | 31 March 2024 |
|--------------------------|--|-------------|--------------------------|
| £'000 | | | £'000 |
| 4,350 | Staff costs | 4a | 5,101 |
| 704 | Other operating expenditure | 4b | 747 |
| 2 | Finance costs | 15 | - |
| <u>5,056</u> | Gross expenditure for the year | | <u>5,848</u> |
| 72 | Less: operating income | 5 | - |
| <u>4,984</u> | Net expenditure for the year | | <u>5,848</u> |
| <u>-</u> | Other Comprehensive Net Expenditure | | <u>-</u> |
| <u>4,984</u> | Comprehensive Net Expenditure | | <u>5,848</u> |

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

Statement of Financial Position

| Restated 31 March 2023 £'000 | | Note | 31 March 2024 £'000 | 31 March 2024 £'000 |
|---------------------------------------|--|-------|---------------------------|---------------------------|
| | Non-current assets: | | | |
| 56 | Property, plant and equipment | 7(a) | - | |
| 981 | Right of Use Asset | 7(a) | 818 | |
| 1,037 | Total non-current assets | | | 818 |
| | Current Assets: | | | |
| | Financial assets: | | | |
| 90 | Trade and other receivables | 8 | 31 | |
| 6 | Cash and cash equivalents | 9 | 4 | |
| 96 | Total current assets | | | 35 |
| 1,133 | Total assets | | | 853 |
| | Current liabilities | | | |
| | Financial liabilities: | | | |
| (532) | Trade and other payables | 10 | (252) | |
| (156) | Lease Liabilities | 15 | (163) | |
| (688) | Total current liabilities | | | (415) |
| 445 | Non-current assets plus/less net current assets/liabilities | | | 438 |
| | Non-current liabilities | | | |
| (827) | Lease Liabilities | 15 | (655) | |
| (34) | Provisions | 11 | (34) | |
| (861) | Total non-current liabilities | | | (689) |
| (416) | Assets less liabilities | | | (251) |
| | Taxpayers' Equity | | | |
| (416) | General Fund | SOCTE | | (251) |
| (416) | Total taxpayers' equity | | | (251) |

The financial statements on pages 40 to 70 were approved by the Board on 25th June 2024 and signed on their behalf by:

Alexander Riddell
Signed.....
Alexander Riddell
Chair

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

The notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

Statement of Cash Flow
For the year ended 31 March 2024

| Restated 2023 £'000 | | Note | 2024 £'000 | 2024 £'000 |
|---------------------------|---|----------|----------------|---------------|
| | Cash flows from operating activities | | | |
| (4,984) | Net expenditure | SOCNE | (5,848) | |
| 212 | Adjustments for non-cash transactions | 2 (b) | 221 | |
| 65 | Movements in working capital | 2 (b) | (58) | |
| (4,707) | Net cash outflow from operating activities | | (5,685) | |
| (983) | Cash flows from investing activities | | (163) | (163) |
| | Cash flows from financing activities | | | |
| 4,857 | Funding | SOCTE | 6,013 | |
| 0 | Movement in general fund working capital | SOCTE | 0 | |
| 829 | Repayment of borrowings and leasing liabilities | 15 | (167) | |
| 2 | Interest paid | 15 | 0 | |
| 5,688 | Cash drawn down | | 5,846 | |
| 5,689 | Net Financing | | 5,846 | |
| | Net Increase / (decrease) in cash and cash equivalents in the period | | | (2) |
| 7 | Cash and cash equivalents at the beginning of the period | | | 6 |
| 6 | Cash and cash equivalents at the end of the period | | | 4 |
| | Reconciliation of net cash flow to movement in net debt/cash | | | |
| (1) | Increase/(decrease) in cash in year | | | (2) |
| 7 | Net debt/cash at 1 April | 9 | | 6 |
| 6 | Net Cash at 31 March | 9 | | 4 |

The notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

Statement of Changes in Taxpayers' Equity

| Year ended 31 March 2024 | Note | General Fund £'000 | Total Reserves £'000 |
|--|-------------|-------------------------------|---------------------------------|
| Balance at 31 March 2023 | | (416) | (416) |
| Changes in taxpayers' equity for 2023-24 | | | |
| Net operating cost for the year | CFS | (5,848) | (5,848) |
| Total recognised income and expense for 2023-24 | | | |
| Funding: | | | |
| Drawn down | CFS | 6,013 | 6,013 |
| Balance at 31 March 2024 | SoFP | (251) | (251) |
| | | | |
| Year ended 31 March 2023 | Note | General Fund £'000 | Total Reserves £'000 |
| Balance at 31 March 2022 | | (289) | (289) |
| Changes in taxpayers' equity for 2022-23 | | | |
| Net operating cost for the year | CFS | (4,984) | (4,984) |
| Total recognised income and expense for 2022-23 | | | |
| Funding: | | | |
| Drawn down | CFS | 4,857 | 4,857 |
| Balance at 31 March 2023 | SoFP | (416) | (416) |

The notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

Notes to the Accounts

1) Accounting Policies

a) Authority

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

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

(i) Standards, amendments and interpretations effective in current year

There are no new standards, amendments or interpretations effective in the year 2023-24

(ii) Standards, amendments and interpretation early adopted this year

There are no new standards, amendments or interpretations early adopted the 2023-24 financial year

(iii) Standards, amendments and interpretation issued but not adopted this year

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2023-24 financial year.

| Standard | Current status |
|--------------------------------------|---|
| IFRS 14 Regulatory Deferral Accounts | Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHS Scotland bodies. |
| IFRS 17 Insurance Contracts | Effective for accounting periods beginning on or after 1 January 2023. However this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025. |

b) Going Concern

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

Ministers of the intention for dissolution without transfer of services or functions to another entity

c) Accounting Convention

The Accounts are prepared on a historical cost basis.

d) Funding

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

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

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

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

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

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

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

e) Property, plant and equipment

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

Recognition

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

All assets falling into the following categories are capitalised:

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

or where they are part of the initial costs of equipping a new development and total over £20,000.

Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

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

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

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

Depreciation

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

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

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

Depreciation is charged on a straight-line basis and the following asset lives have been used:

Computing equipment : Servers 5 years

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

f) Sale of Property, plant and equipment and intangible assets

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

g) Leasing

Accounting Policies

Scope and Classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for

the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

Operating leases

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

The Commission does not lease assets to others.

h) General Fund Receivables and Payables

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

i) Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the Commission not been bearing its own risks. Had the Commission provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

j) Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Commission participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Commission is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Commission's employer contributions payable to the scheme in respect of the year. The contributions deducted from

employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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

k) Clinical and Medical Negligence Costs

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

l) Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24 in note 18. Transactions with health bodies e.g. sharing administration costs or with individuals are disclosed if material.

m) Value Added Tax

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

n) Provisions

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

o) Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Commission's control) are not recognised as assets but are disclosed in note 12 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 12, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

p) Corresponding Amounts

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

q) Financial Instruments

Financial Assets

Business model

The Commission's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification

When the Commission first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Commission classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

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

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(c) Financial assets at fair value through other comprehensive income

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Commission recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Commission where there has been a significant increase in credit risk since the asset's initial recognition. Where the Commission does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement

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

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

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

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

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

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

(c) Financial assets held at fair value through other comprehensive income

Financial Liabilities

Classification

The Commission classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Commission classifies all financial liabilities as measured at amortised cost, unless:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or

- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The Commission's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

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

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

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

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

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

(b) Amortised costs

Financial liabilities held at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

r) Segmental reporting

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

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 5.

s) Cash and cash equivalents

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

t) Critical accounting judgements

The Board makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning the uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

u) Key sources of estimation uncertainty

Key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

There are no key estimates and assumptions that are deemed to present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Prior Period Amendments

Right of Use Assets

The 2022/23 opening balance for Property, Plant & Equipment and Intangible Assets has been adjusted upward by a total of £981k to properly reflect the continuity of the Property Right of Use Asset. Similarly, the lease liability has also been adjusted upward by £981k

Overall Effect of the Prior Period Adjustment

The increase in asset value is reflected in the amended Statement of Financial Position shown below

Statement of Financial Position

| | Opening Balances as at 31 March 2023 £'000 | Restated as at 31 March 2023 £'000 |
|--------------------------------------|---|--|
| Non-current assets: | | |
| Property, plant and equipment | 210 | 56 |
| Right of Use Asset | | 981 |
| Total non-current assets | 210 | 1,037 |
| Current Assets: | | |
| Financial assets: | | |
| Trade and other receivables | 90 | 90 |
| Cash and cash equivalents | 6 | 6 |
| Total current assets | 96 | 96 |
| Total assets | 306 | 1,133 |
| Current liabilities | | |
| Financial liabilities: | | |
| Trade and other payables | (532) | (532) |
| Lease Liabilities | (156) | (156) |
| Total current liabilities | (688) | (688) |
| Non-current liabilities | | |
| Lease Liabilities | - | (827) |
| Provisions | 11 (34) | (34) |
| Total non-current liabilities | (34) | (861) |
| Assets less liabilities | (416) | (416) |
| Taxpayers' Equity | | |
| General Fund | SOCTE (416) | (416) |
| Total taxpayers' equity | (416) | (416) |

3 a) Summary of Resource Outturn

| Summary of Resource Outturn | Note | £'000 | £'000 |
|---|-------------|--------------|--------------|
| Net Expenditure | SOCNE | | 5,848 |
| Total Non Core Expenditure * | | | (221) |
| Total Core Expenditure | | | <u>5,627</u> |
| Core Revenue Resource Limit | | | <u>6,191</u> |
| Saving/ (excess) against Core Revenue Resource Limit | | | <u>564</u> |

* Depreciation

| Summary of Resource Outturn | Resource | Expenditure | Saving/ (Excess) |
|------------------------------------|---------------------|---------------------|-----------------------------|
| Core | 6,191 | 5,627 | 564 |
| Non-Core | 209 | 221 | (12) |
| Total | <u>6,400</u> | <u>5,848</u> | <u>552</u> |

3 b) Notes to the Cash Flow Statement

a) Consolidated adjustments for non-cash transactions

| 2023 £'000 | Note | 2024 £'000 |
|--|-------------|-----------------------|
| Expenditure not paid in cash | | |
| <u>212 Depreciation</u> | 7 | <u>221</u> |
| <u>212 Total expenditure not paid in cash</u> | CFS | <u>221</u> |

b) Consolidated movements in working capital

| 2023 Net Movement £'000 | Note | 2024 Opening Balances £'000 | 2024 Closing Balances £'000 | 2024 Net Movement £'000 |
|--|------|--------------------------------------|--------------------------------------|-------------------------------|
| TRADE AND OTHER RECEIVABLES | | | | |
| (61) Due within one year | 8 | 90 | 31 | |
| (61) Net Decrease/(Increase) | | | | 59 |
| TRADE AND OTHER PAYABLES | | | | |
| 167 Due within one year | 10 | 532 | 415 | |
| Less: General Fund Creditor - included in above | 10 | (4) | (4) | |
| 167 Net (Decrease)/Increase | | 528 | 411 | (117) |
| PROVISIONS | | | | |
| (41) Balance Sheet | 11 | 34 | 34 | |
| (41) Net (Decrease)/Increase | | | | 0 |
| NET MOVEMENT | | | | |
| (65) (Decrease)/Increase | | | | (58) |

4) Operating Expenses

a) Staff Costs

| 2023 Total £'000 | Note | 2024 Total £'000 |
|--|--------------|------------------------|
| 585 Board and Executive | | 640 |
| 1,435 Practitioner staff Costs | | 1,634 |
| 1,337 Casework Administration and Corporate Services | | 1,430 |
| 537 Second Opinion Doctors Fees | | 604 |
| 0 AWI: Joint staff costs | | 178 |
| 158 IMS: Administration staff | | 488 |
| 280 DIDAHR: Administration Staff | | 127 |
| 4,350 Total | SOCNE | 5,101 |

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

b) Other Operating Expenditure

| 31 March 2023 £'000 | | 31 March 2024 £'000 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| 74 | Travel and Subsistence | 119 |
| 48 | Accommodation Costs | - |
| 212 | Depreciation / Amortisation | 221 |
| 196 | Computer Equipment and Supplies | 250 |
| 88 | Office administration costs | 53 |
| 33 | Human Resources | 33 |
| 39 | Communications | 18 |
| 39 | Legal and Professional | 29 |
| (6) | Good Practice Projects | - |
| (41) | NCF Closure Provision | - |
| 682 | Total | 723 |
| | | |
| 31 March 2023 £'000 | | 31 March 2024 £'000 |
| | Other health care expenditure | |
| | External auditor's remuneration | |
| 22 | - Statutory audit fee | 24 |
| 22 | Total | 24 |
| 5,054 | Total | 5,848 |

5) Operating Income

| 31 March 2023 £'000 | | 31 March 2024 £'000 |
|--------------------------------------|-----------------------|--------------------------------------|
| 72 | Shared Project Income | - |
| 72 | Total Income | - |
| 72 | Total Income | - |

In 2022-23, the Commission received income from another Scottish Government funded body to cover shared project costs.

6) Segmental Information

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

| | 2023-24 | | | | | 2022-23 | | | | |
|-------------------------------|--------------|------------|------------|------------|--------------|--------------|------------|------------|--------------|--------------|
| | MWC | DIDR | AWI | IMS | Total | MWC | NCF | DIDR | IMS | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £000 | £000 | £000 | £000 |
| Net operating cost | 4,797 | 127 | 178 | 525 | 5,627 | 4,314 | 286 | 172 | 4,772 | 4,314 |
| Depreciation and amortisation | 221 | - | - | - | 221 | 212 | - | - | - | 212 |

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

Four segments have been reported as follows;

- 1) The Executive Leadership Team (ELT) is presented with monthly segment accounts for the 'Core' operations of the Commission.
- 2) The Reviews of Deaths in Detention and Homicides.
- 3) Joint project with NHS Education for Scotland on the understanding of the Adults with Incapacity (Scotland) Act (2000)
- 4) The project to replace the Commission's core patient database.

The following financial results for the year were presented to the June 2024 Management Groups:

| Current year – 2023-24 | MWC 'Core' | AWI | DIDAHR | IMP | Total |
|-------------------------------|-------------------|--------------|---------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Reported to ELT 04.06.24 | 5,018 | 178 | 127 | 525 | 5,848 |
| Late adjustments | | | | | |
| Per Annual Accounts | 5,018 | 178 | 127 | 525 | 5,848 |
| | | | | | |
| Prior year – 2022-23 | MWC 'Core' | | DIDAHR | IMP | Total |
| | £'000 | | £'000 | £'000 | £'000 |
| Reported to ELT 06.06.23 | 4,512 | | 286 | 172 | 4,971 |
| Late adjustments | 0 | | 0 | 0 | 0 |
| Per Annual Accounts | 4,512 | | 286 | 172 | 4,971 |

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

| Year ended 31 March 2024 | Buildings (excluding dwellings) £'000 | Leases £'000 | Total £'000 |
|--|--|-----------------|----------------|
| Cost or valuation | | | |
| At 1 April 2023 | 288 | 1,135 | 1,423 |
| At 31 March 2024 | 288 | 1,135 | 1,423 |
| Depreciation | | | |
| At 1 April 2023 | 232 | 154 | 386 |
| Provided during the year | 56 | 163 | 219 |
| At 31 March 2024 | 288 | 317 | 605 |
| Net book value at 1 April 2023 | 56 | 981 | 1,036 |
| Net book value at 31 March 2024 | - | 818 | 818 |
| Asset Financing | | | |
| Owned | | - | |
| Net Book value at 31 March 2024 | | - | |

7b) Property, Plant and Equipment (Purchased Assets) (Prior Year, Restated)

| Year ended 31 March 2023 | Buildings (excluding dwellings) £'000 | Leases £'000 | Total £'000 |
|--|--|-----------------|----------------|
| Cost or valuation | | | |
| At 1 April 2022 | 362 | - | 362 |
| Adjustment on transition to IFRS 16 | - | 1,135 | 1,135 |
| Assets written off | (74) | - | (74) |
| At 31 March 2023 | 288 | 1,135 | 1,423 |
| Depreciation | | | |
| At 1 April 2022 | 248 | - | 248 |
| Provided during the year | 58 | 154 | 212 |
| Depreciation written off | (74) | - | (74) |
| At 31 March 2023 | 232 | 154 | 386 |
| Net book value at 1 April 2022 | 114 | - | 114 |
| Net book value at 31 March 2023 | 56 | 981 | 1,036 |

Asset Financing

| | | | |
|--|-----------|---|-----------|
| Owned | 56 | - | 56 |
| Net Book value at 31 March 2023 | 56 | - | 56 |

7c) Donated Assets

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

8) Trade and Other Receivables

| 31 March 2023 £'000 | | 31 March 2024 £'000 |
|------------------------------------|--|------------------------------------|
| | Receivables due within one year | |
| 72 | Trade Receivables | - |
| 18 | Prepayments | 31 |
| 90 | Total Receivables due within one year | 31 |
| 90 | TOTAL RECEIVABLES | 31 |
| | WGA Classification | |
| 90 | Balances with bodies external to Government | 31 |
| 90 | Total | 31 |

There is no provision for impairment of receivables (2022-23: £nil)

There are no receivables assessed as individually impaired.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2024, receivables of carrying value of £nil (2022-23: £nil) were past their due date but not impaired.

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

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

| 31 March 2023 £'000 | | 31 March 2024 £'000 |
|--------------------------------|---|--------------------------------|
| | The carrying amount of receivables are denominated in the following currencies: | |
| 90 | Pounds | 31 |
| 90 | | 31 |

9) Cash and Cash Equivalents

| | Note | 2024 £000 | 2023 £000 |
|---|-------------|-----------------|-----------------|
| Balance at 1 April | | 6 | 7 |
| Net change in cash and cash equivalent balances | CFS | (2) | (1) |
| Balance at 31 March | SoFP | 4 | 6 |
| Overdrafts | | 0 | 0 |
| Total Cash - Cash Flow Statement | | <u>4</u> | <u>6</u> |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|-----------------|-----------------|
| Commercial banks and cash in hand | 4 | 6 |
| Balance at 31 March | <u>4</u> | <u>6</u> |

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

10) Trade and Other Payables

| 31 March 2023 £'000 | 31 March 2024 £'000 |
|---|---------------------------|
| Payables due within one year | |
| NHS Scotland | |
| 53 Boards | - |
| 53 Total NHS Scotland Payables | <u>-</u> |
| 5 General Fund Payable | 5 |
| 23 Trade Payables | 3 |
| 446 Accruals | 244 |
| 5 Income tax and social security | - |
| 479 Total Payables due within one year | <u>252</u> |
| 532 TOTAL PAYABLES | <u>252</u> |
| WGA Classification | |
| 53 NHS Scotland | - |
| 44 Central Government Bodies | 42 |
| 0 Whole of Government Bodies | - |
| 435 Balances with bodies external to Government | 210 |
| 532 Total | <u><u>252</u></u> |

There are no borrowings in either 2023-24 or 2022-23

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

| 31 March 2023 | | 31 March 2024 |
|----------------------|--------|----------------------|
| £'000 | | £'000 |
| 532 | Pounds | |
| 532 | | 252 |

| 11) Provisions | Participation in CNORIS | Other provisions | 2024 Total |
|-------------------------|------------------------------------|-----------------------------|-----------------------|
| | £'000 | £'000 | £'000 |
| At 1 April 2023 | 34 | - | 34 |
| Arising during the year | | | |
| At 31 March 2024 | 34 | - | 34 |

Analysis of expected timing of discounted flows to 31 March 2024

| | £'000 | £'000 | £'000 |
|------------------------------|--------------|--------------|--------------|
| Payable in one year | 8 | 0 | 8 |
| Payable between 2 - 5 years | 21 | 0 | 21 |
| Payable between 6 - 10 years | 2 | 0 | 2 |
| Thereafter | 3 | 0 | 3 |
| At 31 March 2024 | 34 | 0 | 34 |

Participation in CNORIS

The Commission holds a provision for its share of CNORIS liability for NHS Scotland and the charge for 2023-24 is £34,000 (2022-23: £34,000)

| 11 a) Provisions (Prior Year) | Participation in CNORIS | Other provisions | 2023 Total |
|--------------------------------------|------------------------------------|-----------------------------|-----------------------|
| | £'000 | £'000 | £'000 |
| At 1 April 2022 | 34 | 41 | 75 |
| Arising during the year | - | (41) | (41) |
| At 31 March 2023 | 34 | - | 34 |

Analysis of expected timing of discounted flows to 31 March 2023

| | £'000 | £'000 | £'000 |
|------------------------------|-----------|----------|-----------|
| Payable in one year | 8 | 0 | 8 |
| Payable between 2 - 5 years | 21 | 0 | 21 |
| Payable between 6 - 10 years | 2 | 0 | 2 |
| Thereafter | 3 | 0 | 3 |
| At 31 March 2023 | 34 | 0 | 34 |

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

| 2023 | Note | 2024 |
|-------------|---|-------------|
| £000 | | £000 |
| 0 | Provision recognising individual claims against the Commission as at 31 March | 0 |
| 0 | Associated CNORIS receivable at 31 March | 0 |
| 34 | Provision recognising the Commission's liability from participating in the scheme at 31 March | 34 |
| 34 | Net Total Provision relating to CNORIS at 31 March | 34 |

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

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

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

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

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

12) Contingent Assets and Liabilities

There are no Contingent Assets or Liabilities that have not been provided for in the accounts (2022-23: £nil).

13) Events after the end of the reporting year

There were no other events after the reporting period which have a material effect on the accounts.

14) Commitments

The Commission has no Capital Commitments as at 31 March 2024 (2022-23: £nil).

Other financial commitments

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

The payments to which the Commission is committed during 2023-24 analysed by the period during which the commitments expire are as follows:

| | 31 March 2024 | 31 March 2023 |
|----------------------------|----------------------|----------------------|
| | £'000 | £'000 |
| Expiry within 1 year | 0 | 0 |
| Expiry within 2 to 5 years | 0 | 0 |
| Total | 0 | 0 |

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

15) Commitments under Leases

Lease liabilities

| | 2024 | <i>Restated</i> 2023 |
|--|--------------|--------------------------------|
| | £'000 | £000's |
| Maturity Analysis - Contractual Undiscounted Cash Flows | | |
| Less than one year | 163 | 156 |
| One to five years | 655 | 827 |
| More than five years | - | - |
| Total undiscounted lease liabilities at 31 March | 818 | 983 |

Lease liabilities included in the statement of financial position at 31 March 2024

| | | |
|-------------|-----|-----|
| Current | 163 | 156 |
| Non-current | 655 | 827 |

Amounts recognised in profit or loss

| | 2024 | 2023 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Interest on lease liabilities | - | 2 |
| Variable lease payments not included in the measurement of lease liabilities | - | - |
| Income from sub-leasing right-of-use assets | - | - |
| Expenses relating to short-term leases | - | - |
| Expenses relating to low-value assets, excluding short-term leases of low-value assets | 3 | 3 |

Amounts recognised in the statement of cash flows

| | 2024 | 2023 |
|--------------------------------|---------------|--------------|
| | £000's | £'000 |
| Repayment of lease liabilities | 167 | 167 |
| Interest paid | - | - |

16) Pension Costs

The Commission participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020 and confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government has confirmed that these rates will remain in place until 31 March 2024. Member pension contributions have continued at the same rates within a range of 5.2% to 14.7% and are anticipated to deliver a yield of 9.6%.

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

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

The scheme is an unfunded multi-employer defined benefit scheme.

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

The employer contribution rate for the period from 1 April 2023 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

The Commission's level of participation in the scheme is 0.031% based on the proportion of employer contributions paid in 2022-23.

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

17) Financial Instruments

Financial Instruments by category

| 2023 Total £'000 | AT 31 March Assets per Statement of Financial Position | Note | Financial assets held at amortised cost £'000 | 2024 Total £'000 |
|---------------------------------|---|-------------|--|---------------------------------|
| 6 | Cash and cash equivalents | 9 | 4 | 4 |
| <u>6</u> | | | <u>4</u> | <u>4</u> |

| 2023 Total £'000 | AT 31 March Liabilities per Statement of Financial Position | Note | Financial liabilities held at amortised cost £'000 | 2024 Total £'000 |
|---------------------------------|---|-------------|---|---------------------------------|
| 469 | Trade and other payables excluding statutory liabilities (VAT and income tax and social security) | 10 | 247 | 247 |
| <u>469</u> | | | <u>247</u> | <u>247</u> |

Exposure to Risk

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

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

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

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

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

Financial Risk Factors

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

(a) Credit Risk

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

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

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

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

(b) Liquidity Risk

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

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

| 31 March 2024 | Less than 1 year |
|--|-------------------------|
| | £'000 |
| Trade and other payables excluding statutory liabilities | 247 |
| Total | 247 |

| 31 March 2023 | Less than 1 year |
|---|-------------------------|
| | £'000 |
| Trade and other receivables excluding statutory liabilities | 72 |
| Total | 72 |
| Trade and other payables excluding statutory liabilities | 469 |
| Total | 469 |

(c) Market Risk

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

Cash flow and fair value interest rate risk

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

Foreign Currency Risk

The Commission is not exposed to foreign exchange rates.

Price risk

The Commission is not exposed to equity security price risk.

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

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

18) Related Party Transactions

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

The Scottish Government provides the majority of the Commission's funding and prescribes the terms of many of the transactions that the Commission has with other parties (e.g. payment policy).

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

Remuneration paid to Board and Executive Team members is given in the Remuneration Report on pages 25 to 35.

Direction by the Scottish Ministers



MENTAL WELFARE COMMISSION FOR SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 88(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as applied by Schedule 1 paragraph 9(c) of the Mental Health (Care and Treatment) (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.


Signed by the authority of the Scottish Ministers

Dated 10/2/2006