

Ethical Standards Commissioner

Annual Report and Accounts 2017/18



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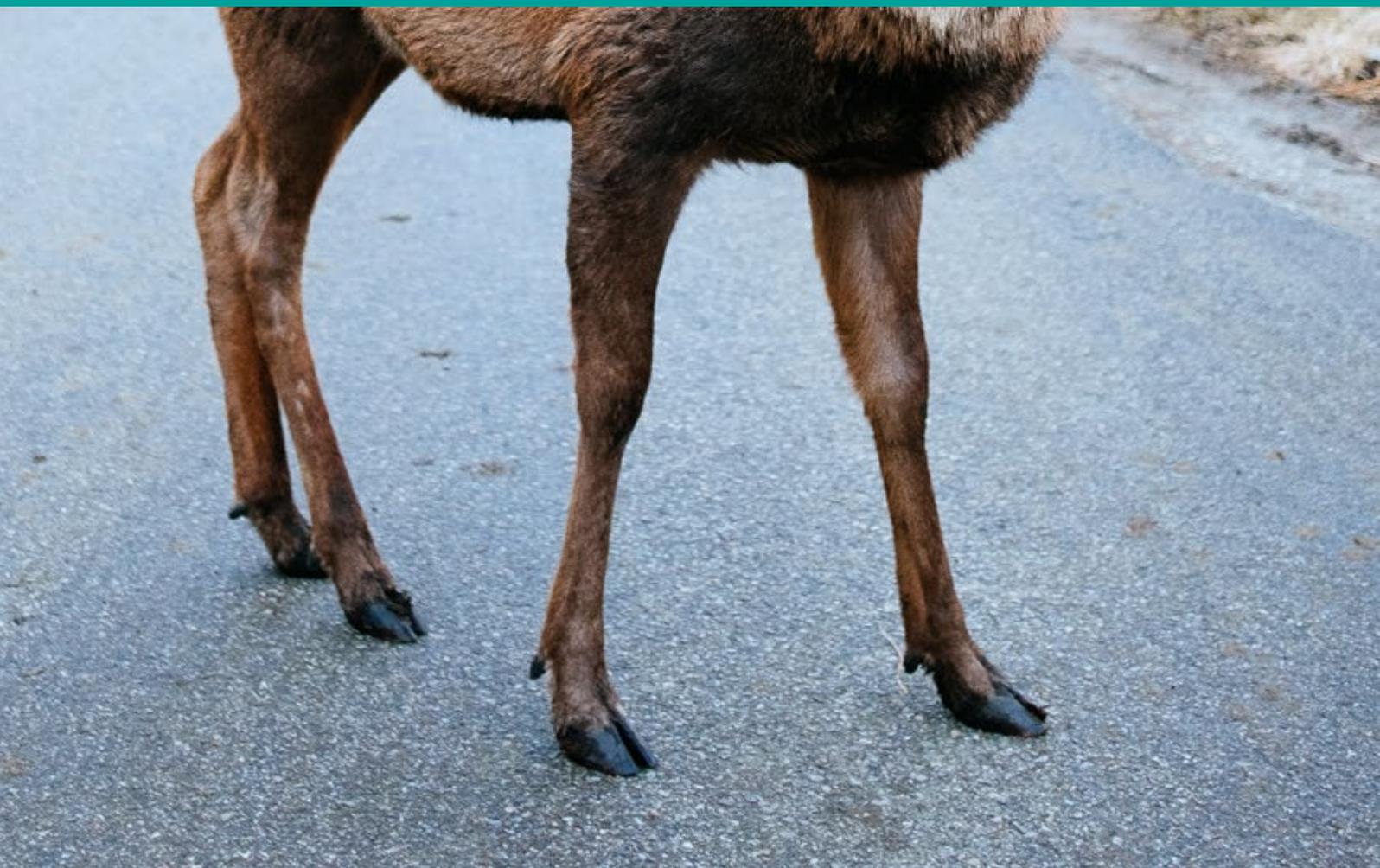
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Section 1

Performance report



Overview

Commissioner's statement

2017/18 has been a year of change – to the workload, to the staffing of the office, and to the remit and statutory context. The Lobbying (Scotland) Act came into force in March. The Poverty and Inequality Commission to be established under the Child Poverty (Scotland) Act will involve regulated appointments. The Gender Representation on Public Boards (Scotland) Act is expected to come into force in 2019.

The balance between activity on public appointments and investigation of conduct complaints shifted. Two significant tendering exercises have been progressed and preparations made for the introduction of the General Data Protection Regulations (the GDPR). These changes, and the full year impact of the revised procedure for the initial assessment of conduct complaints, led to expenditure being slightly under budget.



Section 1: Performance Report

The number of public appointment rounds increased significantly in comparison to previous years. During 2017, 108 appointments were made to 42 public bodies following 2,048 applications from 1,694 applicants. At the same time, resources were applied to a research project and to a thematic review of appointments practice, both of which are designed to lead to improvements to the public appointments process. Support was provided to a mentoring scheme for potential board chairs. Additional briefings have been required for ministerial appointments which are subject to parliamentary approval, thereby involving dual scrutiny of candidates. This is because there is evidence that the requirement for parliamentary committee hearings could discourage people from non-traditional backgrounds from putting themselves forward for appointment, and therefore work against efforts to improve the diversity of those who serve on the boards of public bodies.

In terms of progress towards addressing underrepresentation on public boards, there have been welcome increases in the percentages of women and of younger people (i.e. under 49) who have been appointed (see table 26). However, there have also been reductions in the percentages of appointees who are disabled or from a black, minority or ethnic background. Recommendations for further action by the Scottish Government are set out in this report, together with an update on progress against the previous year's recommendations.

The increased activity on public appointments was balanced by a reduction of approximately 25% in the number of complaints received about the conduct of councillors or members of public bodies. There appears to be a pattern of a reducing volume of complaints in years in which council elections have been held (2003, 2007 and 2012). However, because of the volume of complaints already under investigation, the number of public hearings held by the Standards Commission for Scotland was as high as in any previous year.

Although the number of conduct complaints involving Members of the Scottish Parliament (MSPs) was slightly higher than in the previous year, the vast majority were outside the remit of the Commissioner. Only two were investigated. No complaints relating to lobbying were received during the reporting year.

Over the course of the year, performance against targets improved, despite the impact of severe weather in March.

The senior investigating officer who contributed substantially to the work of the office over a period of 11 years retired at the end of June. His replacement took up the reins in September. Another investigating officer retired in December but has not been replaced given the reduction in complaints received. There have also been changes amongst the casework co-ordinators, one of whom has taken up a new post in support of the Business Manager. Overall, staffing costs have reduced and the level of support for key roles has improved.

The current staffing structure has helped to reduce the likely impact of key staff leaving the organisation. Progress on the introduction of a Case Management System (CMS) is an important step towards countering the risk of failure of the database for managing conduct complaints. As regards the other key issues and risks identified in the previous year, the remainder of this report explains that overall activity was managed within budget. It also reflects on the impact of resource constraints on planning for public appointments and suggests ways forward.



Bill Thomson
Ethical Standards Commissioner

Over the course of the year,
performance against targets
improved, despite the impact
of severe weather in March.

Our purpose

The Commissioner's primary functions are to investigate complaints about the conduct of local authority councillors, members of public bodies and Members of the Scottish Parliament and to scrutinise the making of appointments by the Scottish Ministers to the boards of regulated public bodies.

The statutory functions of the Commissioner in relation to conduct are:

- to investigate complaints alleging contravention of the relevant Code of Conduct by
 - Councillors
 - Members of Public Bodies
 - Members of the Scottish Parliament (MSPs) and,
- where there has been contravention of the relevant Code, to report
 - in the case of councillors and members of public bodies, to the Standards Commission for Scotland
 - in the case of MSPs and in relation to lobbying complaints, to the Scottish Parliament.

The statutory functions of the Commissioner in relation to public appointments are:

- to prepare and publish and, as necessary, revise a Code of Practice for Ministerial Appointments to Public Bodies in Scotland
- to issue guidance on the Code
- to examine the methods and practices employed by the Scottish Ministers when making appointments, and
- to report to the Scottish Parliament instances of material non-compliance with the Code of Practice: the Commissioner may direct the Minister to delay making the appointment until Parliament has considered the report.

The Commissioner's functions and responsibilities are set out in:

- The Ethical Standards in Public Life etc. (Scotland) Act 2000 (the Ethical Standards Act)
- The Scottish Parliamentary Standards Commissioner Act 2002 (the Parliamentary Standards Act)
- The Public Appointments and Public Bodies etc. (Scotland) Act 2003 (the Public Appointments Act),
- The Scottish Parliamentary Commissions and Commissioners etc. Act 2010
- The Public Services Reform (Commissioner for Ethical Standards in Public Life in Scotland etc.) Order 2013 and
- The Lobbying (Scotland) Act 2016.

Key issues and risks

The Commissioner identified the following as the key risks for the office in 2017/18:

1. The database for managing conduct complaints fails

The current complaints database continued in operation during the year. In July 2017, the Scottish Parliamentary Corporate Body (SPCB) approved funding for a case management system. The Commissioner contracted with the Scottish Government's Procurement Directorate for assistance with the tendering process. A revised tender was developed and expressions of interest sought. The tender was issued in January 2018 with presentations in late March and early April. The project was awarded in May 2018, following final approval from the SPCB.

2. Key staff members leave the organisation

Four staff members (3.3 Full-time Equivalents (FTEs)) involved in conduct complaints left the organisation in 2017/18. The Commissioner took the opportunity to review some elements of the staff structure. As a result, two new starts (2.0 FTEs) were appointed. A further post was filled internally on a revised salary and the other, withdrawn. Additional resources have been directed to the Business and Appointments teams.

3. Resource constraints impact on planning for public appointments

If the resources available to advise and support ministers on public appointments are constrained, as they have been throughout the course of the year, because of new responsibilities, changes in personnel or unplanned absences, it becomes more difficult to allocate the time required to achieve effective early planning and to make systemic improvements to public appointments processes.

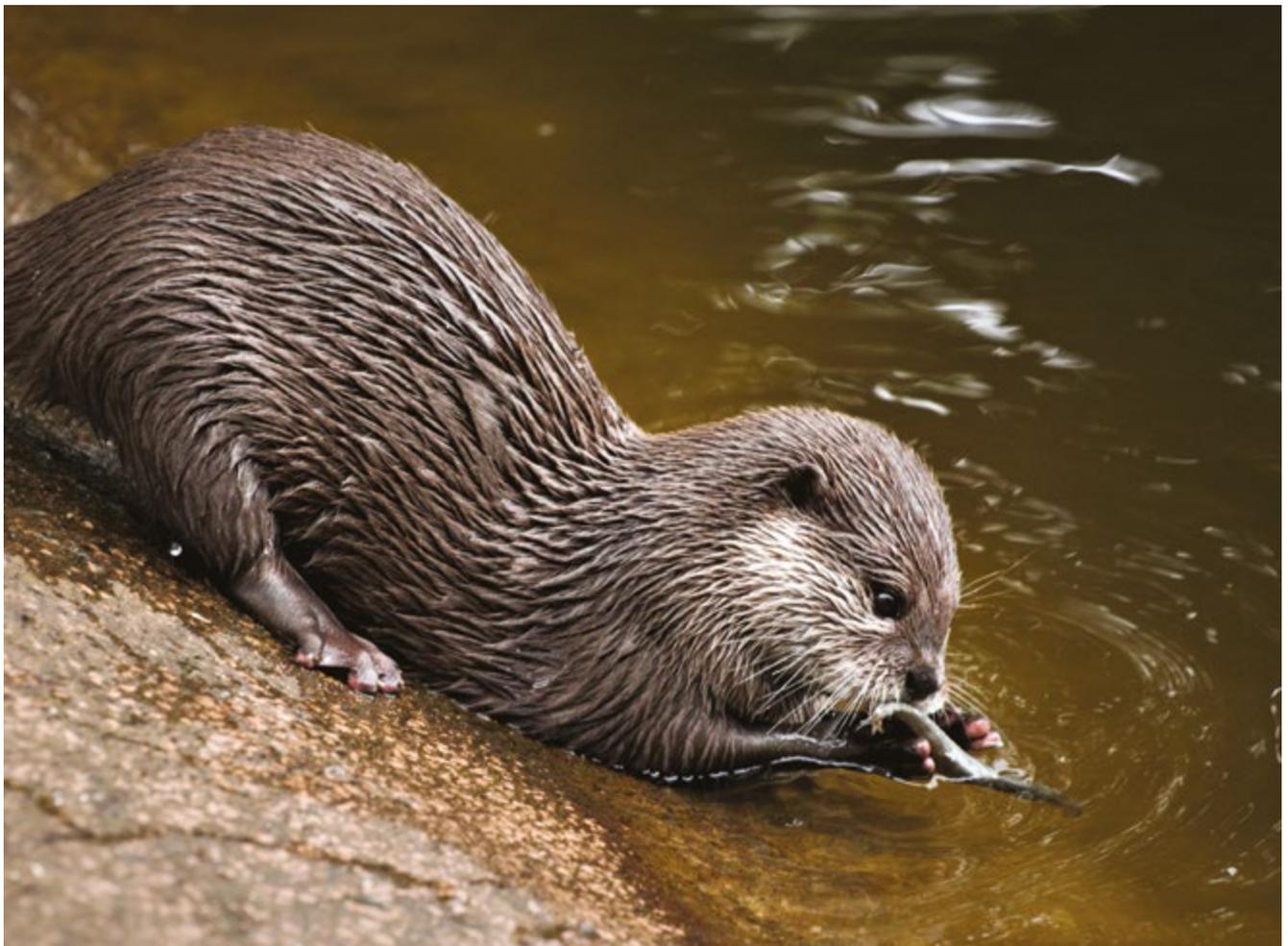
4. Activity is significantly over budget.

In the event this did not transpire. A marked reduction in complaint activity, revised investigation procedures and close control of the elements of the budget that are not demand driven brought expenditure in just under budget, despite a marked increase in public appointments.

The Commissioner has identified that these are the key risks for the office in 2018/19:

1. Scottish Government restructuring may lead to less focus and/or priority on public appointments activity.
2. The database for managing conduct complaints fails.
3. Workload associated with the development and implementation of a new case management system and new website impacts on other areas of the organisation.
4. The Commissioner's systems suffer a significant cyber-attack.

Further information about management of these risks is given in the Governance Statement.



Performance summary

Complaints about conduct

The vast majority of the complaints investigated in the course of 2017/18 concerned the conduct of councillors, as shown in table 1.

Amongst these, the largest number of complaints involved allegations of misconduct on individual applications, generally in relation to planning applications. Several of these involved allegations against a number of councillors, including one which named 22 members of the same authority. Complaints about the same alleged breach are investigated together as a single case. Consequently, the number of cases of alleged misconduct on applications was lower (10).

The largest single category of cases, and the largest number of breach reports submitted to the Standards Commission for Scotland (see table 8), involved allegations of disrespect. The right to freedom of speech guaranteed under Article 10 of the European Convention of Human Rights and the wider latitude recognised by the courts as applying to "political expression" featured in many of these cases.

Five of the complaints reported to the Standards Commission for Scotland related to allegations of failure to register or declare an interest. The remaining cases concerned the requirements for maintaining the confidentiality of information, misuse of council facilities, and misconduct in decision making on planning or licensing applications.

Performance against targets for completion of investigations improved on the previous year. Targets for completion within three and six months were exceeded. However, a small number of long running cases carried forward from the previous year led to the target for completion within nine months being missed by a small percentage.

The number of complaints about the conduct of MSPs increased in comparison to the previous year, as shown in table 9. However, only two of these complaints were within the Commissioner's remit. As shown in table 13, 11 were "excluded complaints" which required to be referred to another person or body for consideration. The remaining 15 did not qualify as valid complaints under the Code of Conduct for MSPs.

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Public Appointments

A challenging year

The Commissioner and the Scottish Government continue to share the objective of securing effective, diverse boards reflective of society. Partnership working continues to be the preferred method for securing improvements to the appointments process so that people with varied backgrounds and from all walks of life are encouraged to apply.

The Commissioner allocates public appointments advisers (PAAs) to engage with panels in the planning of appointment rounds. They bring experience and expertise which assist panels to identify the most appropriate methods for the attraction and assessment of applicants for board roles.

The Commissioner also provided dedicated PAA resource to support improvement work such as:

- the diversity in governance research
- thematic reviews into lessons learned and succession planning
- planning to redress underrepresentation of disabled people and
- a mentoring scheme for potential board chairs of the future.

The number of regulated boards is increasing as is the number of appointments but there has been no concomitant increase in resourcing. The levels of parliamentary interest in appointments more generally and to certain boards specifically has also been increasing. This increased level of interest is welcome, but it also means that additional pressure has had to be absorbed by an already stretched resource.

The Scottish Government has continued with its programme of outreach events and new board member induction events. The small staff team in the Commissioner's office has provided practical support for these activities and has continued to encourage and support process improvements. These have largely become business as usual and the continuing improvement in the gender balance on boards is an indicator that these activities have had a measure of success.

Less positive is the fact that there has been a year on year decrease in applications from and appointments of people who declare a disability. Lessons have already been learned from the positive work in relation to gender balance and there is a recognition that taking a similar approach to redressing underrepresentation of those who share other protected characteristics such as disability, age and ethnicity should also bear fruit. It is the Commissioner's view that the available resources will need to be applied in a focused, and possibly selective, way in order to be as effective.

The Commissioner's last two annual reports included specific recommendations for action. One of these made the production of a public appointments action plan by the Scottish Government, supported by the office, central to the public appointments business plan for last year. However, circumstances during 2017/18 have meant that neither the action plan nor implementation of the actions which would be expected to be set out in it have come to fruition.

Reviews to inform future improvement

The Commissioner's office has three reviews underway. The first is research, which has been jointly commissioned with the Scottish Government, into the difference that diversity makes to the governance of public body boards. The deadline for responses was extended to allow as many boards as possible to take part. Emergent findings from stage one of that research are due to be shared with officials and with regulated boards in 2018 to inform them of the wide range of practices that boards are engaging in to maximise the benefits of their diverse membership.

Another review, linked to the diversity research, is into how decisions about reappointment and succession planning are made. This is expected to help to inform boards, as well as the Scottish Ministers and their officials, about the range of practices that are leading to meeting board needs over time.

Both of these reviews are important to the Scottish Government's consideration of public body sponsorship and the links between succession planning, appointments and governance.

The third review is an examination of the Scottish Government's lessons learned process for public appointments. Recognising that there are limited resources available to each office, this should help to recalibrate activity towards more systematic improvements in the way that appointment rounds are planned and run.

The reviews have each taken longer than anticipated but the deskwork is almost complete and fieldwork and interviews involving participants in the appointments and reappointments of board members are now scheduled. It is hoped that these reviews will lead to recommendations for development and implementation of the action plan.

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Performance analysis

The strategic plan

The work of the office has been planned and organised in accordance with the Strategic Plan for the four-year period 2016 - 2020, which sets out the Commissioner's main objectives. The plan is available at www.ethicalstandards.org.uk.

The strategic objectives are:

An accessible complaints process with trusted outcomes.

Public boards which are effective, and reflective of society.

Managing resources and measuring performance.

Complaints about conduct

An accessible complaints process with trusted outcomes.

Complaints about councillors and members of public bodies

Complaints received in 2017/18

Table 1 shows the number of complaints received by the Commissioner during the year compared with the two previous years. A case relates to a number of complaints which have been investigated together when the subject matter of the complaints is the same or closely related.

TABLE 1

Complaints against	2017/18	2016/17	2015/16
Councillors	134	165	202
Members of devolved public bodies	3	5	39 [†]
Other (outwith jurisdiction)	9	4	4
Total number of complaints received*	146	174	245
Total number of cases received	80	106	132

* Where a complaint is made against more than one councillor, the number of complaints will reflect the number of councillors complained of; for example, a complaint involving three councillors would be three complaints, as there are potentially three separate outcomes.

† 8 cases.

Complaints by category

Table 2 outlines the various categories of complaints received during the year, compared with previous years.

TABLE 2

Description*	2017/18	2016/17	2015/16
Failure to register an interest	4	6	4
Failure to declare an interest	5	22	19
Disrespect of councillors/officials/employees	31	63	75
Financial misconduct	–	–	–
Breach of confidentiality	3	16	9
Misconduct relating to lobbying	3	11	19
Misconduct on individual applications	39	15	46
Misuse of council facilities	2	4	–
Other complaints [†]	11	13	22
Breach of the Key Principles	39	20	47
Outwith jurisdiction	9	4	4
Totals	146	174	245

* The primary area of the complaint is noted. However, the complaint may also involve other secondary categories.

† "Other complaints" include a councillor's personal conduct, failure to correspond/unsatisfactory action.

Section 1: Performance Report

Origin of complaints

Table 3 shows the origin of complaints received during the year compared with previous years.

Table 3

Complainant	2017/18	2016/17	2015/16
Member of the public	123	110	202
Councillor	19	54	36
Officer of a Local Authority	1	7	5
Anonymous	1	–	1
Member of a Devolved Public Body	1	2	–
MSP	1	1	1
Totals	146	174	245

Complaints related to planning

Table 4 shows complaints related to Planning.

Table 4

Planning complaints received from	2017/18	2016/17	2015/16
Member of the public – with known material interest	27	8	50
Member of the public – with no known material interest	9	19	32
Councillor	3	8	3
Officer of a local authority	–	–	–
MSP	–	–	–
Anonymous	–	–	–
Totals	39	35	85

Complaints about Planning may be drawn from a number of complaint categories including failure to register or declare an interest, misconduct relating to lobbying and misconduct on individual applications (as referred to in Table 2).

Complaints progressed and dealt with in 2017/18

Table 5 shows complaints progressed and dealt with in 2017/18.

Table 5

Complaints progressed and dealt with	2017/18
Complaints outstanding as at 31 March 2017	57
Complaints received during 2017/18	146
Complaints completed during 2017/18	176
Complaints outstanding as at 31 March 2018	27

Section 1: Performance Report

Outcome of complaints completed

Table 6 shows the findings in relation to complaints completed during the year compared with previous years. One hundred and seventy-six complaints were completed this year, comprising ninety cases.

- A full investigation was carried out in respect of 55 complaints (31%) – 31 cases (34%)
 - 12 complaints (7%) – 8 cases (9% of all cases) resulted in a report being submitted by the Commissioner to the Standards Commission for Scotland with a finding that there had been a breach of the Code.
 - Following investigation, 43 complaints (24%) which were investigated as 23 cases (26%), were concluded with a finding of no breach of the Code.
- There were 114 complaints (65%) – 52 cases (58%) which, after initial investigation, were subject to no further action. The initial investigation involved the assessment and consideration of the complaint by gathering information from parties involved in the complaint or from the relevant council or public body. These complaints were found not to amount to a possible breach of the Code because of limited substance or merit.
- 7 complaints (4%) – 7 cases (8%) were found to be outwith jurisdiction
- 0 complaints – 0 cases were withdrawn.

Table 6

Outcome	2017/18		2016/17		2015/16	
	Complaints	Cases	Complaints	Cases	Complaints	Cases
Breach	12	8	18	14	8	7
No breach	43	23	95	55	49	22
Not pursued further	114	52	102	51	106	70
Outwith jurisdiction	7	7	4	2	20	8
Withdrawn	–	–	5	5	31	4
Total complaints	176		224		214	
Total cases		90		127		111

Section 1: Performance Report

Outcome of cases completed

Table 7 shows the findings in relation to cases completed during the year.

Table 7

	Breach	No breach	Not pursued further			Outwith jurisdiction	With-drawn	Totals
			Following initial investigation	No enquiries	Anonymous			
Introduction/Key Principles				10				10
Outwith 12 months								-
Personal conduct/not acting as Councillor			1	1				2
Insufficient/no evidence to support allegation		18	11	3				32
Code not engaged/no misconduct		5	5	17				27
Not about a Councillor or Member				1		7		8
Breach	8							8
Not in the public interest			3					3
Discontinued								-
Totals	8	23	20	32	-	7	-	90

Case summaries

The Commissioner previously published a web summary of decisions which were considered to be of wider public interest. However, as part of the preparations for the introduction of the GDPR, the practice has been changed. Historic web summaries have been removed from the Commissioner's website. In future, anonymised decision summaries may be published on the website, www.ethicalstandards.org.uk.

Section 1: Performance Report

Breaches of the Councillors' Code of Conduct

Table 8 shows cases where the Commissioner found contraventions of the Councillors' Code of Conduct and the outcome of hearings by the Standards Commission for Scotland.

Table 8

No.	Complaint Number	Council/ Public Body	Nature of Complaint	Hearing date	Hearing decision	Sanction imposed
The Commissioner's report was submitted in 2016/17 and the final hearing was held in 2017/18						
1	LA/NL/1940	North Lanarkshire Council	Failure to register an interest	06-Apr-17	Breach	Censure
2	LA/E/1737 & LA/E/1751	City of Edinburgh Council	Disrespect of staff	17-May-17 & 08-Jun-17	No breach	
3	LA/WL/1824	West Lothian Council	Failure to declare an interest	24-May-17	Breach	Censure
4	LA/NL/1936	North Lanarkshire Council	Failure to declare an interest	05-Jun-17	Breach	Censure
5	LA/As/1963 & LA/As/1993	Aberdeenshire Council	Used position as Councillor to influence planning application	21-Jun-17	Breach	Suspension for 6 months
6	LA/E/1924	City of Edinburgh Council	Disrespectful postings on social media	11-Jul-17	Breach	Censure
The Commissioner's report was submitted and the final hearing was held during 2017/18						
7	LA/G/1942	Glasgow City Council	Made loud, aggressive and disrespectful comments	26-Jul-17	Breach	Censure
8	LE/ED/1863	East Dunbartonshire Council	Disclosure of confidential information	22-Aug-17	Breach	Censure
9	LA/R/1946, 1973	Renfrewshire Council	Disrespect of councillors	23-Oct-17	Breach	Suspension from Council and Sub-committee meetings for seven months
10	LA/AB/1972/A-B	Argyll & Bute Council	Failure to declare an interest	No hearing		Standards Commission for Scotland – take no action
11	LA/E/2028	City of Edinburgh Council	Failure to register an interest	29-Nov-17	Breach	Censure
12	LA/Fi/2044	Fife Council	Used official mail to make a request for assistance in the distribution of election literature	05-Feb-18	Breach	Censure
13	LA/DG/1929	Dumfries & Galloway Council	Disrespectful posting on social media	13-Feb-18	Breach	Censure
The Commissioner's report was submitted in 2017/18 and the final hearing will be held in 2018/19						
14	LA/Fi/2050	Fife Council	Disrespect towards applicant for licence	24-Apr-18		

Section 1: Performance Report

Complaints about MSPs

Complaints received

Table 9 shows the number of complaints received by the Commissioner about MSPs during the year compared with previous years.

Table 9

MSPs	2017/18	2016/17	2015/16
Total number of complaints received	28	22	30
Total number of cases received*	23	20	23

* A case relates to a number of complaints which have been investigated together as the subject matter of the complaints is the same or closely related.

Table 10 outlines the various categories of complaints received during the year compared with previous years.

Table 10

Description	2017/18	2016/17	2015/16
Misrepresentation of MSP's role	1	–	–
Registration/declaration of interests	4	7	10
Lobbying and access to MSPs	–	2	1
General conduct	9	6	7
Confidentiality requirements	2	2	3
Awareness of MSP's staff	–	–	–
Engagement and liaison with constituents	8	2	9
Allowances and expenses/Use of Parliamentary facilities	4	3	–
Totals	28	22	30

Handling MSP complaints

Upon the receipt of a complaint about an MSP, the Commissioner assesses the admissibility of that complaint: this is known as Stage 1. Table 11 gives details of the number of complaints dealt with during the year at Stage 1 and whether they were admissible or not. Certain categories of complaints about MSPs' conduct are excluded from the Commissioner's jurisdiction by paragraph 9.6 of the Code (7th Edition. Previously paragraph 9.1.6 of volume 2 of the 6th Edition). Complaints concerning alleged actions by MSPs in their capacity as Ministers are referred to the First Minister for investigation under the Ministerial Code of Conduct.

Table 11

Admissibility of complaints (Stage 1)	2017/18	2016/17	2015/16
Admissible	2	6	3
Inadmissible	26	16	26
Withdrawn	–	–	–
Total complaints	28	22	29
Total cases	23	20	23
Still at Stage 1 at 31 March	2	4	1

Section 1: Performance Report

Table 12 gives the number of complaints decided as admissible (at Stage 1) and which therefore proceeded to further investigation and report to Parliament in Stage 2.

Table 12

Admissible complaints	2017/18	2016/17	2015/16
Completed Stage 2	–	2	3
Still at Stage 2 at 31 March	2	4	1
Total complaints	2	6	4
Total cases	2	5	3

Inadmissible complaints

Table 13 gives details of the grounds on which complaints were found to be inadmissible.

Table 13

Inadmissible complaints	2017/18	2016/17	2015/16
Not pursued – following initial investigation	–	4	7
Not pursued – no enquiries	–	6	4
Outwith jurisdiction			
Referred to Presiding Officer	6	2	7
Referred to First minister	2	1	3
Referred to SPCB	3	2	–
Referred to Standards, Procedures and Public Appointments Committee	–	–	–
No referral	15	1	5
Totals	26	16	26

Timescale for Stage 1 (Assessment of admissibility)

The Commissioner is required to report to the Standards, Procedures and Public Appointments Committee, and also to the MSP complained about and the complainer, if Stage 1 takes longer than two months. Decisions on the admissibility of all of the complaints received and dealt with in 2017/18 were reached within the two month period.

Timescale for Stage 2 (Further investigation)

The Commissioner is also required to report to the Committee, to the MSP complained about, and to the complainer, if Stage 2 takes longer than six months. Two complaints proceeded to Stage 2 and were still in progress at the end of the reporting year. Both were subsequently completed and reported within the 6 month time limit.

Section 1: Performance Report

Performance targets

Development objectives are set out in the Commissioner's Business Plan 2017/18 in relation to the handling of complaints. The targets and objectives are set out below.

Initial assessment of complaints

(Councillors and Members of Public Bodies)

Table 14 provides details of performance against the target for the initial assessment of the complaint.

Table 14

Target	Actual	Details
100%	76%	Initial assessment within 15 working days

Time taken to complete investigations

(Councillors, Members of Public Bodies and MSPs)

The Commissioner considers it to be of the greatest importance that complaints should be dealt with as quickly as possible, consistent with a full and thorough investigation of the complaints. This will continue to be a high priority.

Rigorous performance targets have been set and achieved as follows.

Tables 15a and 15b provide details of the target in relation to the length of time it has taken to complete investigations within 2017/18, the criteria used and the actual performance achieved.

Table 15a – Time taken to complete investigations – councillors and members of public bodies

Target	Actual	Details
60%	72%	Completion within 3 months or less
75%	89%	Completion within 6 months or less
95%	93%	Completion within 9 months or less

Table 15b – Time taken to complete investigations – MSPs

Target	Actual	Details
75%	100%	Completion of Stage 1 (admissibility) within 2 months
95%	N/A	Completion of Stage 1 (admissibility) within 3 months
100%	N/A	Completion of Stage 1 (admissibility) within 6 months
75%	100%	Completion of Stage 2 (Breach Report) within 6 months
95%	N/A	Completion of Stage 2 (Breach Report) within 9 months
100%	N/A	Completion of Stage 2 (Breach Report) within 12 months

Public appointments

Public boards which are effective, and reflective of society.

Measuring and analysing our performance

The strategic plan and business plan

The Commissioner's business plan for 2017/18 included actions intended to contribute to the achievement of the strategic objective. Specific activities were set out under the following headings:

1. Scottish Government Public Boards Governance and Diversity Improvement
2. Partnership Approach
3. Review of 2013 Code

Progress against the actions in the detailed plan is summarised in the following table.

Table 16

Actions Specified in the Strategic Plan	Due Date	Status
1 – Scottish Government Public Boards Governance and Diversity Improvement		
a Continue to work with officials in the Scottish Government to develop, co-ordinate and implement actions to improve on board diversity and thereby enhance board governance.	2016/17	
i Use the Driver Diagram agreed with Scottish Government officials in 2016/17 to develop a new action plan based on the current draft.	August 2017	X
ii Work in partnership with officials to implement agreed actions in the plan that are appropriate for the Commissioner's staff and/or PAAs to fulfil. Key actions already identified and brought forward include:		
1. Taking part in awareness events and in outreach activity that is targeted at currently underrepresented groups	Ongoing – 4 per annum	✓ Exceeded
2. Working with officials and boards on positive action measures such as training people from underrepresented groups to increase their chances of applying successfully	Ongoing – 2 per annum	✓
3. Reporting the results of the revised applicant survey	June 2017 (plus content in annual report)	✓
4. Rolling out the research project with the intent of assessing in due course the impact that more diverse appointments are having on board governance and	April 2017	✓
5. Reporting stage one research findings	January 2018	X
iii New actions include:		
1. Running, along with officials, a mentoring scheme with the purpose of developing current members from underrepresented groups to become chairs in the future. Assessing scheme effectiveness	February 2018	✓
2. Further stakeholder mapping to identify and engage with additional sources of applicants from currently underrepresented groups	May 2017	●
3. Assisting officials with new board member induction	Ongoing – 2 per annum	✓
4. Working with officials to develop a plan of action specifically intended to redress underrepresentation of disabled people		●

Section 1: Performance Report

Actions Specified in the Strategic Plan	Due Date	Status
2 – Partnership Approach (E)		
a Continue to work in partnership with the Scottish Government public appointments team to implement the agreed approach to forward planning (costs cover all four years).	2019/20	
i Working with officials to enhance strategic planning for appointment activity by allocating PAAs at the long-term strategic planning stage before appointment rounds are agreed and commenced	2017/18	✓
ii Allocate PAAs to rounds on which their involvement will increase and enhance both understanding and assurance and will likely lead to more diverse boards	2017/18	✓
3 – Review of 2013 Code (F)		
a Conduct a full review of the effectiveness of the 2013 Code during the period of this plan (costs allocated to 2016/17, 2018/19 and 2019/20)	2019/20	
i Conduct stage 3 of the thematic review of the 2013 Code's operation. This will be a review of progress against the recommendations made in the report on stage 2 of the thematic review. (The work is cross-referenced to the project set out in SO2 1a iv. 3) Initial scope for this will include:	2016/17	
1. effectiveness of the lessons learned process	Commences November 2017, reports March 2018	•
2. board succession planning	Commences October 2017, reports May 2018	•
3. the impact of diversity on board governance	Commences April 2017, report on stage one January 2018	•

Key: Achieved ✓ Partially achieved • Not achieved ✗

Business as usual – monitoring, reporting and providing guidance

Monitor and report on scrutiny of regulated appointments

All information under this heading relates to the Commissioner's statutory duties to monitor and report on appointment activity and to provide guidance on application of the Code.

The Commissioner's remit extended to 661 posts on the boards of 96 public bodies at the year end. In the case of a proportion of these bodies, such as regional colleges, only the chair appointments are regulated. Additionally, some bodies are statutorily included in the Commissioner's remit even though they are either abolished or no longer active.

A list of these bodies is available at www.ethicalstandards.org.uk.

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Table 17 – Number of bodies and positions regulated

At 31 March	2018	2017	2016
No. of bodies regulated	96	94	92
No. of posts regulated	661	680	652
Avg. no. of regulated positions per board	6.9	7.2	7.1

Table 18 – Appointment activity

New appointment rounds*	2017/18	2016/17	2015/16
Started in year	90**	41	58
Carried forward from previous year	24**	27	13††
Total active in year	114	68	71
Incomplete at year end	43	24	27
Total completed in year	71†	44	44

*From the 2017/18 reporting year we will refer to allocations rather than rounds to reflect our approach to early engagement with the Scottish Government which means that not all allocations end up becoming appointment rounds.

**An allocation in the original carried forward figure was transferred from one PAA to another. The new allocation was added to the started in year figure and the original one was shown as completed in the course of the year

†The completed figure of 71 in the year includes 12 cancelled rounds and 59 appointment rounds

††Adjusted

The oversight levels for appointment rounds in 2017/18 are set out in table 19. How the Commissioner decides on an appropriate oversight level is explained in the guidance on application of the Code.

Table 19

Scrutiny of appointment rounds	2017/18	HIGH	HIGH*	MEDIUM	MEDIUM*	LOW	TBC	N/A
Started in year	90	28	1	19	–	18	13	11
Carried forward from previous year	24	13	2	3	–	4	1	1
Total active in year	114	41	3	22	–	22	14	12
Incomplete at year end	43	16	1	3	–	9	14	–
Total completed in year	71	25	2	19	–	13	–	12

*At the request of the Scottish Government

TBC reflects the Commissioner's allocation of PAAs to rounds at a much earlier stage in planning and before any decisions have been reached on whether, and if so how many, appointments are to be made. N/A reflects the fact that a PAA has been allocated for early engagement but no appointment round went ahead after all.

For a more detailed breakdown of appointment activity, see table 38 in Appendix 2. The data in table 38 in Appendix 2 is supplied by the Scottish Government. It covers a calendar rather than financial year. It sets out all appointments made by the Scottish Ministers in 2017, the number of applications for the posts and the scrutiny level applied by the Commissioner.

During 2017, 108 appointments were made to 42 public bodies following 2,048 applications from 1,694 applicants.

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Enquiries and reports arising from scrutiny

The following tables summarise substantive contacts with the office during the reporting year.

Table 20 – Substantive contacts with the Commissioner

Issues raised	Supplementary Information	2017/18	2016/17	2015/16
Enquiry – Asked for advice on the Code of Practice	1*	167	106	110
Enquiry – Asked for advice on good practice		23	21	22
Enquiry – Asked for exceptions to the Code, or term extensions or to discuss options not covered by the Code	2*	28	38	30
Diversity research enquiry	3*	48	–	–
Enquiry – general enquiry on the work of the office	4*	76	46	19
Enquiries and Reports – Miscellaneous or “Other” enquiries or reports		190	181	111
Enquiry – Freedom of information requests		2	1	–
Report a complaint about an appointment round	5*	1	5	4
Report a concern about an appointment round or a failure in administration	6*	84	55	76
Report about good practice	7*	20	6	8
Report about non-compliance with the Code of Practice	8*	7	7	6
Totals		646	466	386

* Narrative below provides further detail.

1* – Requests for advice on the Code of Practice

The most common requests for advice related to public confidence issues such as handling of the fit and proper person test. Requests for advice on application and assessment methods followed and there were also a number of enquiries about the role of the PAA.

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2* – Exception requests and options discussions

The Scottish Ministers can approach the Commissioner and make a case for specific provisions of the Code to be varied. Divergence from the Code's provisions, in order to be compliant, requires the Commissioner's agreement.

21 such cases were approved during the year:

- terms were extended or individuals reappointed beyond the eight year maximum normally allowed for by the Code three times
- additional appointments were made to two bodies
- changes were made to the publicised assessment methods once
- changes to panel membership were made four times
- unanticipated vacancies were filled from a reserve list of people considered suitable but not appointed at the conclusion of a recent competition six times
- emergency interim appointments were allowed for three times
- an appointment was allowed for to a post on a board that differed to the post on the same board applied for
- the reappointment of a member who had already served on a board and whose overall term in post might exceed the eight-year limit was allowed for

3* – Diversity research enquiry

This new category of enquiry reflected the significant levels of interest in the Scottish Government and Commissioner's joint research into the difference that diversity makes to board governance.

4* – General enquiry on work of the office

Three complaints all came from one complainer. One concerned the withdrawal of the facility to automatically provide Word versions of application forms. The second related to a panel ruling out the complainer's late application. The third concerned the way in which his complaints about these issues were handled. One complaint concerned an appointments process for an unregulated body. One complaint concerned a refusal by the Scottish Ministers to reappoint a board member beyond 8 years. All complaints were referred to and dealt with by the Scottish Government and required no investigation by the Commissioner.

5* – Report a complaint

Only one complaint was submitted during the course of the year. The complainer was unhappy that some individuals held more than one regulated post. This is not precluded by the Code of Practice.

6* – Reported concerns

These rose in comparison with the previous year. The highest number of concerns reported to the office were about application and assessment methods. Concerns about progress during planning for appointment rounds were also relatively high.

7* – Reported good practice

Two good practice reports related to outreach on appointment rounds for Greater Glasgow and Clyde NHS and the Mobility and Access Committee for Scotland. These both led to the publication of good practice case studies on the Commissioner's website. The third related to the way in which the Scottish Government had handled a complaint. The other reports related to the benefits of early engagement between PAAs and the selection panel when planning for appointment rounds.

8* – Report non-compliance

1&2. Two reports of non-compliance related to a panel being provided with the personal details of applicants at the shortlisting stage. The pack advised that the applications would be shortlisted on an anonymised basis. This issue was further complicated in the first case by the fact that panel members had relationships with applicants that might be considered close and required declaration.

The first of these cases required office/PAA intervention and guidance was issued to the PAA and Public Appointments Team (PAT) manager.

The Commissioner indicated that the independent panel member on the latter round should recuse herself from the final stage of assessment. A follow up session on panel member conflicts was conducted at a PAT and PAAs Communications Day.

3. The third report related to the independent panel member failing to arrive on the first day of interviews. This case was dealt with by advising that the independent panel member could not take part in the final stage of the assessment.
- 4-6. A further three cases all also concerned panel members not fulfilling their role by failing to participate in planning meetings or the interview stage. The Code requires membership of the selection panel to remain the same throughout the appointment round other than in exceptional circumstances. These cases were post hoc reports with little scope for intervention. This form of non-compliance is now being closely monitored.
7. The final report in the year concerned a panel member's stated intention not to comply with the Code during the stages of assessment. This report involved direct intervention by the office and the raising of the oversight level on the round to high.

All concerns and reports of non-compliance were dealt with as expeditiously as possible so that corrective and/or mitigating action could be taken. Hearteningly, Scottish Government officials contact the Commissioner themselves if they have concerns about the way in which an appointment round is proceeding to seek advice and guidance. As a result, the Commissioner was not required to report material non-compliance with the Code.

All concerns and reports of non-compliance were dealt with as expeditiously as possible so that corrective and/or mitigating action could be taken.

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Reporting progress against the recommendations made for Scottish Government consideration

The Commissioner's last annual report included recommendations for areas of focus for the Scottish Government in the year ahead. These were based on an in-depth analysis of the figures relating to application and appointments provided by the Scottish Government.

The recommendations were over and above those in the prior year's report. Both sets of recommendations are set out below, grouped together on the basis of the protected characteristics to which they relate. The Scottish Government's progress reports are also included.

Gender recommendations

- maintain or increase applicant numbers from women.
- take steps to increase applicant numbers from women for chair positions.
- encourage all Director General (DG) areas, other than Strategy and External Affairs, to take steps to increase applications from women. Encourage all DG areas to assess what steps Strategy and External Affairs took to increase applications from women.
- continue with the successful work already being undertaken to redress the underrepresentation of women on boards.
- consider including an option for non-binary people to make a declaration when they apply for an appointment.

Gender progress

- ✓ a mentoring scheme was established in 2017 that pairs body chairs with board members primarily drawn from currently underrepresented groups. It is progressing well with 32 mentors and 32 mentees engaged in the programme and providing positive feedback on it.
- ✓ continuing work during the year with organisations such as Equate Scotland and Changing the Chemistry appears to have contributed to the maintenance of progress. The number of women on the boards of Scotland's public bodies rose again during the year, albeit marginally, to 45.6%. Application numbers from women, however, fell in proportion to those from men during the year.
- ✓ it was agreed that, in order to maintain consistency with census data collection, the form would be updated to reflect non-binary declarations once the wording of such a question has been confirmed for the census.

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Disability recommendations

- take steps to increase applicant numbers from disabled people.
- analyse why disabled people are not being interviewed at the same levels as non-disabled people for, in particular, chair positions. Address any barriers identified.
- conduct a further analysis to determine whether people with particular disabilities apply and/or fare better or worse in the appointment process.
- analyse the interview stage for chair roles to establish why disabled applicants fare less well. Further action may be required to address any findings.
- seek to establish in partnership with the Commissioner's office why there has been a drop in the number of appointees who declare as disabled. Take practical steps to reverse this downward trend.

Disability progress

- ✓ in January 2017 the Scottish Government published "A Fairer Scotland for Disabled People – Our Delivery Plan to 2021 for the United Nations Convention on the Rights of Persons with Disabilities". It included a specific provision relating to the diversity of public body boards.
- ✓ in October 2017 the Scottish Government also published its British Sign Language (BSL) National Plan which includes a specific action relating to public appointments. During the same period a pilot project was run involving BSL interpretation support such that a BSL user was introduced to the work of a board in a shadowing capacity.
- ✓ in March 2017 the Commissioner allocated a PAA who is expert in this area to work with the Scottish Government on developing a bespoke plan to redress the underrepresentation of disabled people.
- ✓ although the work is underway, as is consultation with intermediaries such as Inclusion Scotland on its content, the plan has yet to be produced.
- ✗ the Public Appointments Team commissioned analysis to establish why numbers have fallen and to determine whether people with particular disabilities fare better or worse in the appointment process but it has not commenced.

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Ethnicity recommendations

- take steps to increase the number of applications from members of the black and minority ethnic (BME) community.
- assess why BME applicants for chair positions are not progressing in the appointment process. Address any barriers identified.
- conduct further research to give the Scottish Government and the Commissioner clarity on which subgroups of people from the visible and non-visible BME group are not being successful at the application and interview stage.
- establish why they are not being successful and agree further recommendations and work with the Commissioner to address the issues identified.

Ethnicity progress

- ✓ the Scottish Government has, along with members of the Commissioner's team, continued to engage with intermediary groups such as the Council for Ethnic Minority Voluntary Organisations (CEMVO) and Black and Ethnic Minority Infrastructure in Scotland (BEMIS) during the course of the year to introduce potential BME applicants to appointments. A repeat introductory session was also provided for attendees on the PATH (Scotland) "Developing Management and Leadership Skills for Employment and Public Life" course.
- ✓ additionally, some early work was done on consulting intermediaries on the development of an action plan for redressing underrepresentation of people from BME backgrounds.
- ✗ the Public Appointments Team commissioned the research during the year but it has not commenced.

Age recommendations

- take steps to increase applicant numbers from people under the age of 50.
- assess why such applicants for chair positions fare more poorly in the appointment process than those aged over 50 at the shortlisting stage and at interview. Address any barriers identified.
- establish why under 50s are not invited to interview in the same proportions as those aged 50 and over. Address any barriers identified.

Age progress

- ✓ the Scottish Government has overseen the pilot of a matching scheme such that younger people employed by Standard Life who have skills relevant to board needs have been matched with boards in order to experience fulfilling the role of member. The results of that pilot are due to be published in 2018.
- ✗ the Public Appointments Team commissioned the research during the year but it has not commenced.

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Sexual orientation recommendations

- take steps to increase applicant numbers from people who declare that their sexual orientation is non-heterosexual. Assess why such applicants for chair positions fare more poorly than those who declare that they are heterosexual at the shortlisting stage and at interview. Address any barriers identified.

Sexual orientation progress

- ✓ the Scottish Government ran an event with the SWAN LGBT (Lesbian, Gay, Bisexual and Transgender) network in May 2017 to explore barriers and encourage applications.
- ✗ the Public Appointments Team commissioned the research during the year but it has not commenced.

Further recommendations for 2018/19 are set out later in this report.

Guidance on application of the Code

The Commissioner's office provides Code interpretation guidance, primarily to officials and PAAs, on a very frequent, ad hoc basis. Where trends are identified, the Commissioner seeks to provide general guidance with a view to improving on practices and increasing understanding. The Commissioner provided non-statutory guidance during the course of the year on the following topics:

- setting and assessing priority criteria for selection
- handling panel member declarations about relationships with applicants
- issues for selection panels to consider when using Values Based Recruitment
- what should be included in positive action statements.

The Commissioner also updated the PAAs comprehensive good practice toolkit during the course of the year.

Monitor, measure and report on the achievement of Diversity Delivers targets and on stakeholder satisfaction with the public appointments process

As with the appointments statistics, much of the material relating to these measures is provided to the Commissioner by the Scottish Government and relates to a calendar year.

Performance against the timescales targets

Concerns have historically been raised about the time taken for appointment rounds and reappointments and the Commissioner therefore included indicative targets for timescales in guidance on application of the Code.

- ✓ All of the indicative targets were surpassed in the reporting year. The most significant increase in the year was in the time taken for ministers to make an appointment decision having received the selection panel's report. That was in some cases attributable to the fact that ministers wished to meet the candidates considered suitable for appointment before reaching their appointment decisions.

All of the indicative targets were surpassed in the reporting year.

Tables 21 – 23 provide information on the time taken for appointment rounds and for appointment and reappointment decisions to be made. The 2017 appointment rounds concerned are listed in table 38.

Table 21 – Time taken to appoint – planning to appointment decision

	2017	2016	2015	TARGET
Number of rounds	49*	40	51	
Average time taken (weeks)	18.2	19.8	15.5	Up to 16 and no more than 20 weeks

*The chair appointment round for Architecture and Design Scotland is included in this total. The time taken for that round is not included in the average time taken in weeks because no appointment could be made

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Table 22 – Time taken for appointment round stages

Average time taken for appointment round stages

Stage		2017	2016	No. of weeks 2015
From	To			
Closing date for applications	Date when all applicants are informed about the final appointment decision	8.9	11.9	10.1
Date of interviews	Date when all applicants are informed about the final appointment decision	5.2	6.6	2.6
Selection panel report	Ministerial decision	6.8	1.4	1.7
Date on which the round is planned	Date on which the minister makes his or her appointment decision (overall time for purposes of target)	18.2	19.8	14.6
Date on which the round is planned	Date on which applicants are informed of the appointment decision	18.4	20.9	15.5

Table 23 – Time taken for reappointments

	2017	2016	2015	Target from October 2013 (Min. no. of weeks)
Amount of notice given to re-appointees before term of appointment due to end (weeks)	21	18	20	13
Number of people reappointed	107	62	69	

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Performance against the applications target

This indicator relates to whether applicants hold or have previously held a public appointment.

Table 24 – Performance against application target

	2017				2016			
	Applicants	%	Applications	%	Applicants	%	Applications	%
Total	1,694		2,048		1,466		1,790	
Currently holds/ previously held a public appointment*	317	18.7	507	24.8	364	24.8	463	25.9
Currently holds/ previously held a regulated public appointment	173	10.2	315	15.4	192	13.1	245	13.7
Did not say	43	2.5	52	2.5	15	1.0	33	1.8

*Applicants who complete the relevant fields on the application form do not restrict themselves to listing regulated appointments. Two figures are provided as a consequence; the number of those who have declared any appointment and those who declared regulated appointments. The former includes children's panels, housing associations, tribunals, justice of the peace posts and appointments in England among others.

Ministerial interviews with applicants

The guidance on application of the Code indicates that meetings with appointable applicants are anticipated particularly in the case of significant chair appointments. During 2017, the Scottish Ministers met the potential appointees on twelve occasions. These were the rounds for:

- Accounts Commission for Scotland (Chair)
- Creative Scotland (Interim Chair)
- Crofting Commission (Members and Commissioner)
- Judicial Appointments Board for Scotland (Chair)
- National Museums of Scotland (Members)
- Scottish Fire and Rescue Service (Chair)
- Scottish Funding Council (Chair and Members)
- Scottish Housing Regulator (Chair and Members)
- Scottish Police Authority (Chair)
- Scottish Qualifications Authority (Chair)
- Scottish Social Services Council (Member)
- sportscotland (Members)

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Applicant views on the process

The Commissioner published the 2016 Annual Applicant Research report in October 2017 and a summary of its findings was included in the last annual report. Work on the 2017 applicant survey, covering a much higher number of appointment rounds, is now underway.

In summary:

- 1601 applicants (95% of all applicants) were asked for their views on 40 appointment rounds. This is in comparison to 805 applicants covering 16 rounds in 2016.
- 614 applicants responded in full or in part (38%). This is a decrease of 6 percentage points on response rates in comparison with the 2016 annual survey but still an increase in 3 percentage points from the surveys completed in years previous to this.

The 2017 Annual Applicant Research report will be published on the Commissioner's website in the autumn.

Performance against the satisfaction targets – body and panel chair views – satisfaction with the appointments process and the contribution of the adviser

Public body and panel chairs have been asked to provide their views on PAA contribution and on the appointments process using a simple 1 to 5 scale.

Table 25 – Average satisfaction scores – three year comparison

Average satisfaction level	2017/18	2016/17	2015/16
PAA's contribution*	4.55	4.65	4.64
Appointments process*	4.18	3.96	4.05

*5 is very satisfied, 1 is very dissatisfied

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Performance against the diversity targets

Table 26 shows the extent to which Scotland's board members reflect the population as a whole at the end of 2017 and table 27 shows how it has changed over time.

Table 26 – Demographic profile of board membership

Target Group	Change in board membership profile	Profile of board members [†] at the end of 2017	Profile of board members [†] at the end of 2016	Scottish Population (2011 Census)
Female	+0.5%	45.6%	45.1%	51.5%
Disabled	-1.3%	7.9%	9.2%	19.6%
Black and minority ethnic ^{††}	-0.4%	3.2%	3.6%	4.0%
Aged 49 and under	+1.9%	17.8%	15.9%	54.3%*
Lesbian, gay and bisexual	+0.1%	4.1%	4.0%	6.0%**

[†]All board members inclusive of the chair unless otherwise stated. Percentages do not include those who did not make a declaration.

^{††}Black and minority ethnic figures reflect people from a non-white minority ethnic background

* Scottish Population aged 18 to 49 as a percentage of the whole population aged 18 and over.

** Estimated based on information from Stonewall Scotland website

Table 27 – How the demographic profile of boards is changing

Target Group	All board members (inclusive of chairs)				Scottish Population (2011 Census)
	2017/18	2016/17	2015/16	2004/05	
Female	45.6%	45.1%	42.0%	34.5%	51.5%
Disabled	7.9%	9.2%	11.8%	2.4%	19.6%
Black and minority ethnic	3.2%	3.6%	3.5%	2.8%	4.0%

The Commissioner has not set a target for representation by protected characteristics on boards. It is however recognised that this baseline must be tracked in order to assess whether the Diversity Delivers targets for applications from currently underrepresented groups are making a difference to board demographics. This in turn will determine whether the targets continue to be required and set at current levels.

Reference to tables 26 and 27 show that female board membership is for the second year running at its highest level since these figures have been recorded. It should be noted that the target for applications from women has been missed for the first time in three years. There has been an increase in the number of people under the age of 50 who serve as board members. However, there is still underrepresentation in respect of this and all characteristics for which targets have been set in comparison with the demographics of the population. There have been falls in the percentage of current appointees who declare a disability and who are from a BME background.

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Table 28 shows the percentage of applications in 2015, 2016 and 2017 by each target group as set out in Diversity Delivers, the Commissioner's strategy for achieving more diverse boards.

Table 28 – Performance against Diversity Delivers Targets

Target Group	Target	2017		2016		2015		Scottish Population*
		● %	● %	● %	● %	● %	● %	
Female	40.0	39.5	52.8	42.9	58.6	40.8	53.6	51.5
Disabled	15.0	11.0	6.5	9.8	10.1	12.7	10.3	19.6
Black and minority ethnic (visible)**	8.0	7.0	^	5.5	^	5.3	5.2	4.0
Black and minority ethnic (non-visible)	N/A	4.9	^	N/A	N/A	N/A	N/A	4.0
Aged 49 and under	40.0	27.1	29.6	27.1	31.4	27.4	24.7	54.3 [†]
Lesbian, gay, bisexual or other sexuality	6.0	4.6	4.6	4.4	7.1	4.1	5.2	6.0 ^{††}

Key: Applications ● Appointed ●

[^] Values for fewer than five have been suppressed to decrease the risk of disclosure of information about individuals.

^{*} Unless otherwise stated, all population figures are extracted from 2011 census data

^{**} The target for the BME population is inclusive of people from non-visible minority groups. Up until 2017 the figures reported on have related to visible minority applicants and appointees. From 2017 onwards the figures will be provided for both visible and non-visible. For this latter category the monitoring form question responded to is "Other white" and includes those who selected "Irish", "Polish" or "Other white ethnic group".

[†] Scottish population aged 18 to 49 as a percentage of whole population 18 and over

^{††} Estimated based on information from Stonewall Scotland website

A relatively low number of applicants choose not to provide demographic data. For the characteristics that have application targets, the percentages of those who choose not to declare range from 2.0% to 10.6%. These applicants are counted towards the overall percentage in table 28 such that they, in combination with those who do provide data, make up 100% of the applicant and appointee population.

The Scottish Government also provides application and appointment data to the Commissioner split by Director General area to aid in identifying those that are meeting or exceeding the targets and so that the sharing of their good practice can be encouraged.

The appointment rounds for the Director General for Health and Social Care and for the Director General for Education, Communities and Justice exceeded the target for applications from women in the reporting year. When women applied for roles they were comparatively more successful than men for all DG areas. This suggests, as per previous findings by the Commissioner, that all DG areas who are not already actively encouraging women to apply should continue to make more efforts to do so.

Reviews of other protected characteristics by DG area showed some differentiations for different groups.

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When the figures for only those who made a declaration about age were aggregated, 27% of all applicants who provided their age were under 50 and 24% of all such applicants were interviewed. 30% of those appointed were under 50. The DG area for Health and Social Care (DGHSC) saw the appointment of a significantly higher percentage of under 50s (45%) than other DG areas even though the applicant numbers (34%) were not significantly above the average. It should be noted that the time commitment for DGHSC appointments tends to be generally higher than that for other areas and time commitment is sometimes cited as a barrier to under 50s. Given the applicant and appointment numbers for under 50s to DGHSC boards, it appears that time commitment may not be a significant inhibitor in this case.

A review of the demographics of BME applicants showed that most DG areas attracted similar percentages of applications from the visible BME community at around 7% and that generally between 3% and 4% of those applicants were interviewed. Success rates at interview were higher for DGHSC visible BME candidates. Non-visible BME applicant numbers were lower in comparison as were their success rates.

The number of applicants who declare a disability, as demonstrated in table 28, rose in the last calendar year although the rise was not significant and was short of the application target. It is concerning to note the reversed trend in conversion rates from application to appointment. Whereas in the prior years, applications translated into appointments, a number of applicants in this last year did not progress. An analysis of the figures showed that the stage at which these applicants fell out of the process was during shortlisting, as the percentage of candidates declaring a disability who were interviewed was roughly equivalent to the percentage appointed. This suggests that there may be a case for positive action to enable prospective applicants with a disability to make more successful applications. There is clearly also a need to increase applicant numbers.

No DG area attained the target for applications from people who declare as lesbian, gay or bisexual, with applicants for most areas being relatively close to the average of 4.6%. As shown in table 28, there do not appear to be any barriers to these applicants at any stage in the process for member positions. This suggests that effort to increase applicant numbers should be the primary action required.

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Recommendations for 2018/19

The Commissioner's recommendations for the Scottish Government this year reflect the latest statistics on applications and appointments as well as areas of work that have had to be carried forward as incomplete from the two previous years. As before, these are set out under headings for particular protected characteristics.

Gender

Recommendation 1 (R1) Continue to increase applicant numbers from women for all positions and especially for chair positions. DG areas that have been more successful at this should be approached in order to ensure that their good practice is shared widely.

R2. Complete the pilot mentoring scheme for the chairs of the future. Assess its effectiveness. On the basis of that assessment and any lessons learned, continue with the scheme to include a new cohort of mentees.

R3. Finalise changes to the monitoring form, including an option for non-binary people to make a declaration when they apply for an appointment.

Disability

R4. Agree a detailed action plan with the Commissioner's office to include specific actions intended to redress the underrepresentation of disabled people. The Commissioner's recommended actions for inclusion in that plan are set out here.

R5. Take steps to increase applicant numbers from disabled people.

R6. Conduct a further analysis to determine whether people with particular disabilities apply and/or fare better or worse in the appointment process.

R7. Analyse why disabled people are not being interviewed at the same levels as non-disabled people for member and, in particular, chair positions. Address any barriers identified.

R8. Consider positive action measures over and above outreach to help prospective applicants to more successfully navigate the appointments process.

Ethnicity

R9. Agree a detailed action plan with the Commissioner's office and in consultation with intermediary organisations such as those who contributed to the development of the Scottish Government's Race Equality Framework (REF). Include specific actions intended to redress the underrepresentation of people from both visible and non-visible BME backgrounds. The Commissioner's recommended actions for inclusion in that plan are set out here.

R10. Take steps to increase the number of applications from members of the BME community.

R11. Conduct analysis to assess why BME applicants for all positions and in particular chair positions are not progressing in the appointment process. Address any barriers identified.

R12. Conduct further research to give clarity on which subgroups of people from the visible and non-visible BME groups are not being successful at the application and interview stage.

R13. Consider positive action measures over and above outreach to help prospective applicants more successfully to navigate the appointments process.

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Age

R14. Agree a detailed action plan with the Commissioner's office to include specific actions intended to redress the underrepresentation of younger people. Recommended actions for inclusion in that plan are set out here.

R15. Take steps to increase applicant numbers from people under the age of 50.

R16. Assess why such applicants for chair positions fare more poorly in the appointment process than those aged over 50 at the shortlisting stage and at interview. Review why there are differential success rates for younger people applying for roles in the DGHSC area in comparison with other areas in order to share good practice. Address any barriers identified.

R17. Establish why under 50s are not invited to interview in the same proportions as those aged 50 and over. Address any barriers identified.

Sexual orientation

R18. Take steps to increase applicant numbers from people who declare that their sexual orientation is non-heterosexual. Assess why such applicants for chair positions fare more poorly than those who declare that they are heterosexual at the shortlisting stage and at interview. Address any barriers identified.

General Recommendations

These recommendations are not specific to particular characteristics.

R19. Agree a new public appointments action plan in conjunction with the Commissioner's office. The plan should make reference to the sub-plans intended to redress disability, age and BME underrepresentation (see above).

R20. Conduct further stakeholder mapping to identify and engage with additional sources of applicants from currently underrepresented groups.

R21. Distribute the findings of the Commissioner's reviews to the officials and boards as appropriate to encourage improvement in the areas of succession planning and lessons learned.

R22. Agree a summary report with the Commissioner about the findings at stage one of the research into the difference that diversity makes to governance and share those findings with boards and officials. Work with the Commissioner's office on implementation of the further stages of the research.

Independent panel members

Table 18 shows that 114 allocations were live during the year. Of these, 12 were cancelled at the early engagement stage and twelve weren't converted to full rounds prior to the year end. This left 90 appointment rounds. Independent panel members were used on 38 of these.

Corporate and financial performance

Managing resources and measuring performance.

Performance against targets

The Strategic Plan is supported by an annual business plan. The table below shows progress against the actions outlined in the annual business plan for 2017/18.

Table 29

Annual Business Plan Action	Achieved
1 – Budget Limits	
a manage expenditure within the budget limits agreed annually with the Scottish Parliamentary Corporate Body (SPCB)	✓
i Provide regular financial reports to the Management Team	✓
ii Develop additional forms of management information to identify areas of risk and further improvements to processes	✓
iii Review the business plan and consider budget pressures	✓
2 – Key Resource	
a find ways of maintaining and where possible improving job satisfaction and performance.	•
i Ensure that staff policies and terms and conditions reflect current legislation and good practice.	X
ii Develop method for providing additional support for financial activities and Case Management System implementation	✓
3 – Communication	
a maintain good channels of communication with the SPCB, committees of the Parliament, Ministers, officials of the Scottish Government and public bodies and to work in partnership wherever possible.	✓
i Offer subject matter induction meetings to all new Clerks to relevant committees	✓
ii Continue membership of specialist subject-related groups. For example, the Scottish Information Commissioner's Part 7 Network Group.	✓
4 – Website (G)	
a review and where appropriate improve the accessibility, clarity, consistency and ease of use of the website.	•
i Develop project plan for review and improvement of website.	✓
ii Seek funding for improvement of website	✓
iii Tender for improvement of website	✓

Section 1: Performance Report

Annual Business Plan Action	Achieved
Additional Activities	
1 Develop a Memorandum of Understanding with the National Records of Scotland for the transfer of archive records.	X
2 Agree a Framework Agreement with the Scottish Parliamentary Corporate Body.	X
3 Identify key risks to the business, ensure mitigating actions are in place and review regularly.	✓
4 Develop a revised format annual report and accounts.	✓
5 Prepare a budget for 2018/19.	✓
6 Draft the business plan for 2018/19.	✓
7 Review the Commissioner's Publication Scheme and Guide to Information	X
8 Review the Commissioner's Records Management Plan	●
9 Prepare for the introduction of the General Data Protection Regulations	●

Key: Achieved ✓ Partially achieved ● Not achieved X

Section 1: Performance Report

Managing resources

Expenditure against budget

Cash expenditure was under the budget agreed with the SPCB.

Table 30a

	Actual**	Budget	Variance	
	£'000s	£'000s	£'000s	%
Staff Costs	573	580	(7)	-1.2%
Staff Related Costs	8	15	(7)	-46.7%
Property	69	69	-	
Professional Fees*	132	102	30	+29.4%
Running Costs	42	72	(30)	-41.7%
Capital Expenditure	2	-	2	
TOTALS	826	838	(12)	-1.4%

* Includes the costs of Public Appointments Advisers

** To allow comparison with the budget, expenditure is shown here on a cash as opposed to accruals basis

Over 95% of the underspend in staff-related costs, was due to a drop in the travel expenditure of Investigating Officers (IOs). The balance is made up of small underspends across the budget headings.

The Professional Fees budget was overspent by almost £30,000. There are three elements to this overspend:

1. The Commissioner had not anticipated requiring legal advice in 2017/18. In the event, advice on employment matters was required and the Commissioner decided to arrange for representation at a public hearing which raised novel issues about respect for staff and the application of Article 10 of the European Convention on Human Rights. This contributed £9,000 to the overspend.
2. During 2017/18, the Commissioner tendered for a new case management system. Given the value of the contract, the Commissioner sought advice and assistance from the Scottish Government's Procurement and Commercial Directorate at a cost of £5,000.
3. The balance of £16,000 can be attributed to a sharp increase in public appointments activity. In 2016/17, the Commissioner oversaw the completion of 44 appointments rounds. There were 70 rounds completed in 2017/18, an increase of 59%.

Section 1: Performance Report

The Running Costs budget is underspent by £30,000.

1. Just over £25,000 can be attributed to the website budget. The budget for website redevelopment was £29,000. By 31 March cash expenditure was £4,400 with the balance to be carried forward to 2018/19. A further £800 has been saved by managing the current website inhouse with minimal external support.
2. Further savings of £2,000 in the printer consumable budget and £1,000 in postage reflect the continuing move from paper to electronic records. The balance is made up of small underspends across the budget headings.

Expenditure against prior year

Expenditure was significantly lower overall than in the previous year.

Table 30b

Expenditure**	2017/18	2016/17	Variance	
	£'000s	£'000s	£'000s	%
Staff Costs	571	708	(137)	-19.4%
Staff Related Costs	8	13	(5)	-38.5%
Property	69	68	1	+1.5%
Professional Fees*	125	120	5	+4.2%
Running Costs	39	39	–	Nil
Depreciation	(1)	5	(6)	-120.0%
TOTALS	811	953	(142)	-14.9%

* Includes the costs of Public Appointments Advisers

** To allow comparison with prior year costs, expenditure is shown here on an accruals basis

Staff costs fell by £137,700, broken down as follows:

1. Commissioner Costs increased by £4,000 due to a small increase in salary and a resultant increase to the employers' pension contribution rate.
2. All complaints about conduct are investigated by a small team of IOs. IOs are paid on a daily basis, which means that their employment costs vary depending on the volume and complexity of complaints received. IO Costs decreased by £97,100 in 2017/18.

The volume of complaints about conduct has fallen. One hundred and ninety-six complaints about the conduct of Councillors, board members and MSPs were received in 2016/17. This fell by 11.2% to 174 in 2017/18. The number of complaints completed fell from 243 to 206. Around £36,600 of the decrease in IO costs can be attributed to this decrease in activity.

Section 1: Performance Report

In recent years the number of days required to investigate each case had increased. This was due to increasing complexity and the weight of evidence frequently provided by complainers and respondents. In October 2016, the Commissioner introduced new initial investigation procedures designed to streamline the process. These appear to have had a significant impact and are estimated to account for £60,500 of the decrease in IO costs.

In addition, the £5,300 decrease in Staff Related Costs covers IO travel expenses and is attributable to the fall in complaint activity.

3. Other Staff Costs decreased by £44,600. The decrease can be attributed to a number of staff changes in the organisation. Four staff members (3.3 FTEs) left the organisation in 2017/18 and only two new starts (2.0 FTEs) were appointed. One post was filled internally on a revised salary and the other post has been withdrawn. This and the cessation of salary payments during recruitment periods led to the fall in these costs.

In 2017/18, the Commissioner reviewed the estimated useful life applied to IT equipment. This was increased from three to five years and resulted in an adjustment to the cumulative depreciation charged against these assets. This is reflected in the negative depreciation charge for the year as shown above and results in a decrease in these costs.

Managing time

Pressure on staff time led to a number of activities being postponed:

1. Review of staff policies
2. Development of a Memorandum of Understanding with the National Records of Scotland for the transfer of archive records
3. Review of the Commissioner's Publication Scheme and Guide to Information.
4. The Commissioner is awaiting a draft Framework Agreement from the SPCB.

The Commissioner has a number of policies and procedures covering staffing and operational matters. Existing policies are reviewed on a rolling basis and new ones adopted as required. The drafting or review of a number of policies had to be postponed as staff time was diverted to other projects, such as tendering for website redevelopment support, managing Freedom of Information and subject access requests, implementing a new format for the annual report and accounts and preparing for the introduction of the GDPR.

Financial position

Background

The Commissioner is an independent office-holder and receives all of his funding directly from the SPCB. The Commissioner operates against an annual cash-based budget that is reviewed by the SPCB and subsequently approved by the Scottish Parliament. The budget may also include access to contingency funding. The accounts are prepared on an accruals basis but the body is funded on a cash basis and management closely monitor financial performance on a cash basis.

Section 1: Performance Report

Funding

The Scottish Parliament allocated a budget of £838,000 to the Commissioner for financial year 2017/18 (2016/17: £812,000).

We earned no income in 2017/18 (2016/17: £Nil).

Total funding awarded for the year, including contingency funding, was £838,000 (2016/17: £958,200).

Expenditure

The accounts are prepared on an accruals basis meaning that expenses are recognised in the period in which they were incurred, rather than when the cash payment is made.

Including adjustments for accruals and prepayments, expenditure is £811,000 (2016/17: £953,432).

A breakdown of expenditure is given in note 6 to the accounts.

Performance against budget

The SPCB awarded the Commissioner funding of £838,000 (2016/17: £958,200). In the event, £838,100 was drawn down (2016/17: £957,800).

The Commissioner's financial position for the year ended 31 March 2018 is as follows:

Table 31

	2017/18			2016/17
	Funding £'000	Expenditure £'000	Variance £'000	Expenditure £'000
Net operating costs	838	811	27	953
Capital additions	–	2	(2)	2
Total expenditure	838	813	25	955
Adjustments				
Non-cash items	–	1	(1)	(5)
Working Capital (inc. cash)	–	24	(24)	8
Cash Funding from SPCB	838	838	–	958

Payment of creditors

The Commissioner has committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are treated as requiring to be paid within 30 days of receipt of the goods or services. The Commissioner's payment performance for 2017/18 was 97% (2016/17: 99%).

Future performance

Two long-standing objectives identified in the 2016-2020 Strategic Plan will be achieved in the year ahead.

The sourcing and implementation of an appropriate case management system (CMS) will continue to be a priority for 2018/19. Following approval by the SPCB of the outcome of the tender process conducted in this reporting year, a contract is expected to be awarded in the early summer, allowing development and testing to take place in the latter part of 2018. Once in place, the CMS will form a stable basis for future performance improvement in the investigation of complaints about breaches of codes of conduct.

Work is already under way to enable the re-launch of the Commissioner's website. In addition to making the website easier to navigate and the information which it holds more accessible, it is anticipated that the new website will incorporate a facility for online submission of complaints. This development would be in line with the broader drive towards digital service delivery.

The first complaints under the lobbying regime are likely to be received in the course of 2018/19. The Commissioner is grateful for the opportunity to have been involved in preparatory discussions with the Lobbying Registrar at the Scottish Parliament and with the Crown Office, to whom potentially criminal complaints will be referred. It is, however, impossible to anticipate how many lobbying complaints may be received.

The volume of complaints about the conduct of councillors and members of public bodies is expected to return to something closer to the numbers received in recent years. Although MSP complaints have tended to be fewer in number, investigation of those which are admissible can be complex. The Commissioner is following with interest the progress of the Parliament's Standards, Procedures and Public Appointments Committee's enquiry into sexual harassment and inappropriate conduct.

Reference has been made in this report to the growing parliamentary interest in public appointments and to the issues attendant on the developing practice of requiring parliamentary approval of some ministerial appointments. These, and the implementation of the Gender Representation on Public Bodies Act, are interesting issues which will require attention throughout the year ahead.

Equally important will be making progress on an action plan for public appointments, setting targets for various strands of work which are required to prompt and secure improvements to the public appointment process and, crucially, identifying the resources which will be required to take them forward. The Commissioner welcomes the Scottish Government's intention to report on progress to the relevant strategic board.

Although MSP complaints have tended to be fewer in number, investigation of those which are admissible can be complex.

Section 1: Performance Report

It is clear, and unsurprising, that the resources available to drive improvements are limited and prone to diversion to other important tasks. Adoption of a plan, properly set within its strategic context, will contribute significantly to the most effective application of those resources.

The efforts of the Commissioner, his staff and the PAAs will be directed to continuing to advise and support appointment panels, taking forward the research into the impact of diversity on board governance with the active involvement of board chairs and the Scottish Government, and completing the reviews of the lessons learned process for public appointments and of the approach to succession planning for public boards.

As noted, the current staffing structure has gone some way to addressing the risk of loss of knowledge in the event of key staff moving on. It should also make it possible to devote time to progressing a review of the policies which apply to all those involved in the work of the Commissioner.



Corporate responsibility

Environmental matters

We recognise that our activities may have both positive and negative impacts in Scotland and further afield. Through our policies and procedures, the Commissioner encourages the use of public transport wherever practicable. Arrangements for the holding of interviews are made with a view to minimising the travel required. The records management system and the move to electronic communications have reduced reliance on paper copies and postage. The introduction of the complaints management system is expected to make it possible to achieve further reductions in paper usage.

Social, community and human rights issues

The Code of Practice for Ministerial Appointments to Public Bodies adopted in October 2013 includes a principle of "Diversity and Equality", which along with other code revisions is intended to make the appointment process more attractive and accessible to groups who are underrepresented on the boards of public bodies. This report contains recommendations designed to address underrepresentation of particular groups in society. All of our activities are intended to ensure the application of high levels of ethical standards to the conduct of elected members and those appointed to public office by Ministers and to ensure fairness, transparency and equality of opportunity in the appointment process.

Equal Opportunities

The Commissioner supports the principle of equal opportunities in employment and operating practices. This involves a commitment to pursuing positive action in our policies and practices to ensure that no individual is discriminated against, directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status or disability.

Section 1: Performance Report

Fraud, bribery and corruption

The Commissioner requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. The Commissioner will not accept any level of fraud, bribery or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The Commissioner is committed to ensuring that opportunities for fraud, bribery and corruption are reduced to the lowest possible level of risk.

Authorisation



Bill Thomson

Date: **20 August 2018**

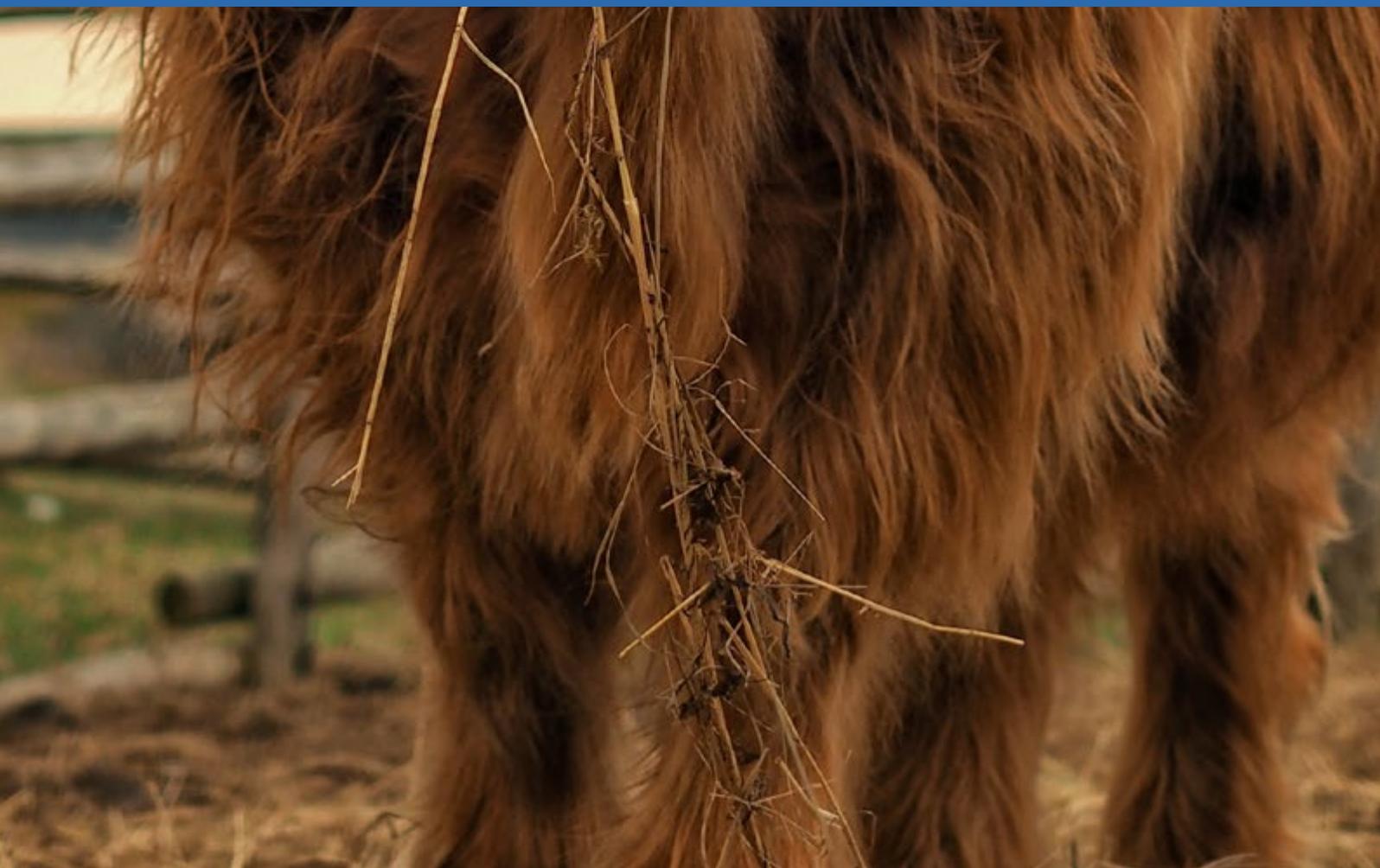
Commissioner for Ethical Standards in Public Life in Scotland





Section 2

Accountability report



Corporate governance

Commissioner's report

Office-holders

The Commissioner for Ethical Standards in Public Life in Scotland

The Commissioner was: Bill Thomson
Appointed: 1 April 2014
Term ends: 31 March 2019

Bill Thomson was appointed as Commissioner and Accountable Officer for a period of five years, with effect from 1 April 2014.

Management team

The Commissioner leads a management team which oversees the operation and development of the office. During 2017/18, this comprised:

Name	Position
Ian Bruce	Public Appointments Manager
Karen Elder	Business Manager
Helen Hayne and Brenda McKinney	Investigations Manager (Job share)
David Sillars/Claire Gilmore	Senior Investigating Officer

Advisory audit board

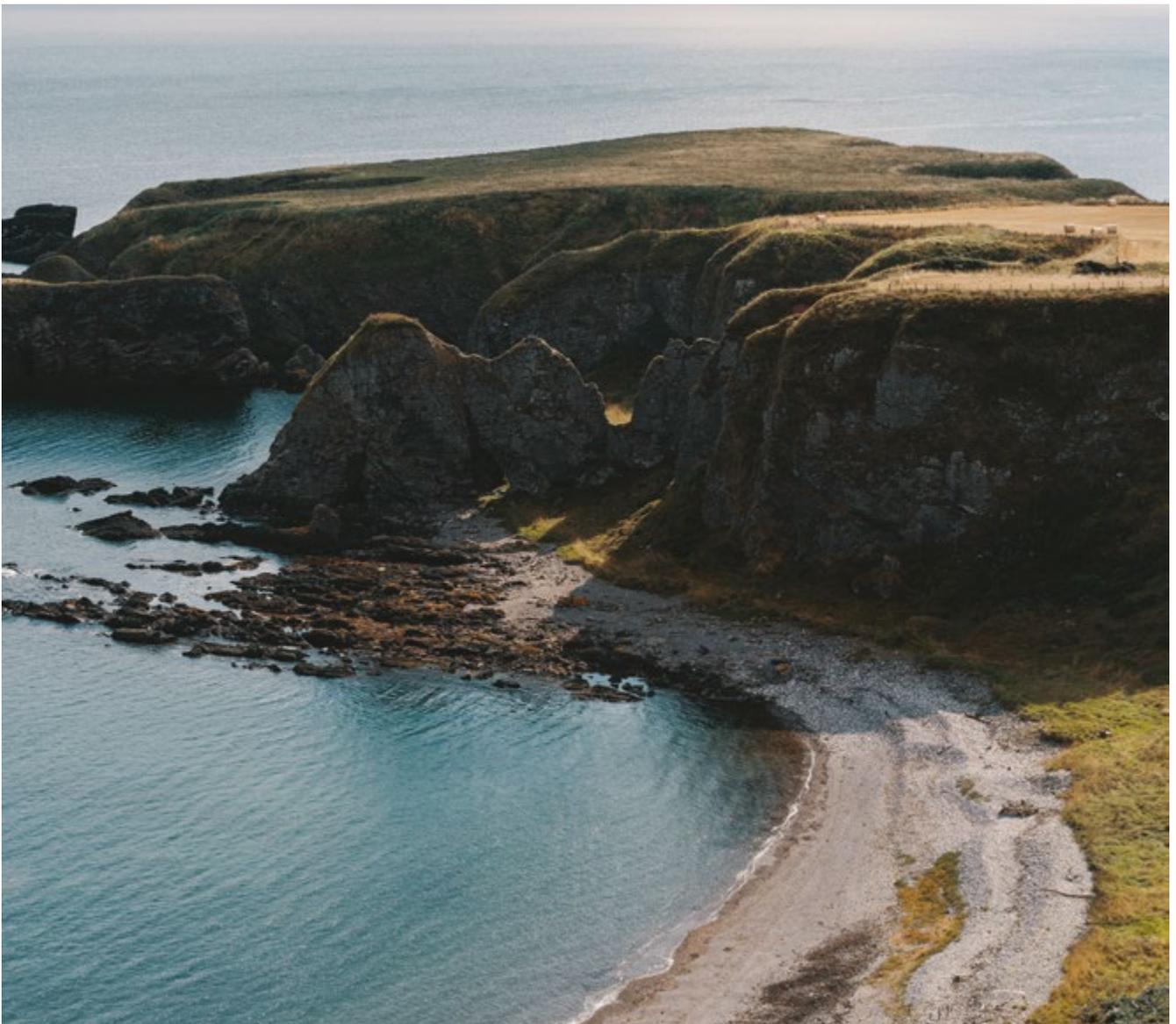
In addition, the Commissioner has an Advisory Audit Board (AAB), to provide advice on governance and financial issues. Members of the Commissioner's AAB are drawn from the SPCB's Advisory Audit Board.

Register of interests

The Commissioner maintains a register of company directorships and other significant interests held by the Commissioner and staff. This is available on request. During 2017/18 no interests were assessed as significant.

Personal data-related incidents

There were no lapses of data security during the period.



Statement of accountable officer's responsibilities

Under section 22 of the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 the Scottish Ministers have directed the Commissioner to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commissioner and of his net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Commissioner is required to comply with the requirements of the Financial Reporting Manual (FRM) 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 FRM, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on the "going concern" basis.

The SPCB has appointed the Commissioner, Bill Thomson, as Accountable Officer. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Commissioner is answerable, for keeping proper records and for safeguarding the Commissioner's assets, are set out in the Memorandum to the Accountable Officer of the Commissioner for Ethical Standards in Public Life in Scotland issued by the SPCB in March 2014.

Governance statement

As Accountable Officer, the Commissioner is responsible for ensuring that appropriate and adequate internal controls are in place to safeguard the public funds under his control and to support the office in successfully achieving its objectives.

Governance framework and operation during the year

This report and accounts covers the period 1 April 2017 to 31 March 2018.

Bill Thomson was appointed Commissioner for Ethical Standards in Public Life in Scotland and Accountable Officer from 1 April 2014.

The Commissioner led a management team which oversaw the operation and development of the office. The team consisted of the Commissioner, the Business Manager, the Public Appointments Manager, the Senior Investigating Officer and the Investigations Managers. The management team met formally every two months to discuss and record key issues affecting the operation of the office. These meetings were minuted, with actions assigned to specific team members.

During 2017/18, the office worked to its Strategic Plan 2016 – 2020 supported by an annual business plan. The annual business plan outlined the objectives for the year. Both documents are published online and progress against the objectives is described in the Performance section of this document.

The annual business plan forms the basis of the performance management system. Each year, staff members agree a series of specific objectives directly related to and designed to achieve the organisation-wide objectives outlined in the strategic and annual business plans.

Ensuring finances are managed effectively, efficiently and economically

The Commissioner operates a set of standing orders. These describe the key operating requirements of the Commissioner's office. This is accompanied by a scheme of delegation which outlines the type and level of authority delegated to specific staff members. These provide clear guidelines for the Commissioner's financial management and are supported by a set of financial instructions.

The Commissioner is funded through the Scottish Parliament and, each year, submits an evidence-based budget bid for scrutiny and approval. The budget is based on the requirements of the strategic and annual business plans as well as projections of anticipated appointment activity and prior year performance. Each budget element is reviewed to ensure the office is achieving best value that is continuously improving, serving stakeholders and meeting objectives whilst achieving value for money.

Performance against budget is analysed and reviewed on a monthly basis. Key issues are raised with the Accountable Officer, as they occur and at management team meetings. This allows any financial concerns to be identified and resolved.

The Commissioner operates a set of standing orders. These describe the key operating requirements of the Commissioner's office.

Section 2: Accountability Report

As well as the SPCB, external oversight is provided by Deloitte LLP, who audit the annual accounts. In addition, the Commissioner meets with an Advisory Audit Board, to provide advice on governance and financial issues.

Ensuring staff are managed effectively

As well as the performance management system, the Commissioner maintains a number of staff policy documents. These reflect statutory duties to staff, as well as terms and conditions and HR-related procedures. The Commissioner also maintains a register of interests and gifts and hospitality. Policies and procedures are subject to regular review and standard practice is to consult and inform staff about any revisions. This ensures that staff members are regularly updated and fully aware of the rights and responsibilities they have.

Risk management arrangements, main risks during period and emerging risks

The system of internal control is designed to manage rather than eliminate the risks of failure to achieve the Commissioner's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The office maintains a risk management policy and risk register. This details the risks which may stop or hinder the organisation achieving its objectives and outlines the measures required or undertaken to reduce those risks. The risk register is updated to reflect any risks associated with the objectives laid out in the strategic or annual business plans or other key issues as they arise. Any tasks associated with managing risks are fed back into staff objectives.

The key risks during 2017/18 were:

A) The database for managing conduct complaints fails.

The current complaints database continued in operation during the year. In July 2017, the SPCB approved funding for a case management system. The Commissioner contracted with the Scottish Government's Procurement Directorate for assistance with the tendering process. A revised tender was developed and expressions of interest sought. The tender was issued in January 2018 with presentations in late March and early April. The contract was awarded in May 2018, following final approval from the SPCB.

B) Key staff members leave the organisation.

Four staff members (3.3 FTEs) involved in conduct complaints left the organisation in 2017/18. The Commissioner took the opportunity to review some elements of the staff structure. As a result, two new starts (2.0 FTEs) were appointed. A further post was filled internally on a revised salary and the other, withdrawn. Additional resources have been directed to the Business and Appointments teams.

Section 2: Accountability Report

C) Resource constraints impact on planning for public appointments.

This risk materialised during 2017/18, as a result of changes to staff and responsibilities and unplanned absences. Constructive dialogue has continued between the Commissioner's office and relevant officials, leading to a good level of understanding and some progress on forward planning.

D) Activity is significantly over budget.

In the event this did not transpire. A marked reduction in complaint activity, revised investigation procedures and close control of the elements of the budget that are not demand driven brought expenditure in just under budget, despite a marked increase in public appointments.

The Commissioner has identified that the following key risks for the organisation in 2018/19 and put in place mitigating actions:

A) Scottish Government restructuring may lead to less focus and/or priority on public appointments activity

There is a good working relationship between the Commissioner's office and relevant officials in the Scottish Government. This makes it possible to have open communications about challenges and to explore the best way to allocate the available resources. In addition to day to day contacts, twice yearly communications meetings involving staff from the Scottish Government, PAAs and the relevant staff from the Commissioner's office are essential to the maintenance and development of that relationship.

B) The database for managing conduct complaints fails

The contract for a new case management system was awarded in May 2018. Early indications are that the new system could be operational by the end of 2018. Contingency plans currently in place to support the existing system will continue.

C) Workload associated with the development and implementation of a new case management system and new website impacts on other areas of the organisation

Meaningful project plans for both projects will be prepared and take workload into account. Project plans and their impact will be discussed across the organisation to anticipate and identify any areas under pressure. Where possible workload has been re-assigned, moved to an earlier/or later date or re-designed.

D) The Commissioner's systems suffer a significant cyber-attack

The Commissioner is aware of and working towards achieving the requirements set out in the Scottish Government's Public Sector Action Plan 2017/18. For example, the Commissioner aims to achieve Cyber Essentials Plus accreditation by October 2018.

Effectiveness of governance arrangements

To ensure effectiveness the Commissioner reviews his scheme of internal control every two months. This assessment is informed by:

- the work of the AAB in its consideration of risk and internal control measures
- reports and comments made by the external auditor
- the work of the management team
- review of the Commissioner's objectives as set out in the strategic and annual business plans
- review of the systems and procedures in place to manage staff, finances and risks.

Compliance with generally accepted best practice principles and relevant guidance on corporate governance has been assessed using an internal control checklist. The checklist is based upon that provided within the Scottish Public Finance Manual, and a proportionate approach has been adopted, reflecting the relatively small size and simple structure of the office.

Completion of the internal control checklist confirmed that effective controls and systems are in place.

Authorisation



Bill Thomson

Date: **20 August 2018**

Commissioner for Ethical Standards in Public Life in Scotland

Remuneration and staff reports

The information in this section covering salary and pension entitlements and analysis of staff numbers and costs is subject to audit.

Remuneration report

The Commissioner for Ethical Standards in Public Life in Scotland is appointed by the SPCB with the agreement of the Scottish Parliament. The Commissioner's remuneration is set by the SPCB.

Bill Thomson was appointed Commissioner with effect from 1 April 2014 for a period of five years.

During the period 1 April 2017 to 31 March 2018 the Commissioner was employed on a full-time basis and drew a single salary. The Commissioner's salary and pension entitlements are set out in the table below.

Single total figure of remuneration

Table 32
Commissioner – Bill Thomson

	Salary	Bonus payments £,000	Benefits in kind To nearest £100	Pension benefits £,000	Total £,000
2017/18	75-79	Nil	Nil	19*	95-99
2016/17	75-79	Nil	Nil	17*	90-95
2015/16	70-75	Nil	Nil	16*	90-95

* The value of contributions made by the employer to the Commissioner's personal pension scheme.

The 'Salary' category covers both pensionable and non-pensionable amounts. It includes gross salary and, if awarded, overtime, recruitment and retention allowances, taxable allowances and any ex-gratia payments. It does not include employer National Insurance or pension contributions.

The monetary value of benefits in kind covers any benefits provided to the Commissioner and treated by Her Majesty's Revenue and Customs as taxable.

Pension arrangements

The Commissioner's post is pensionable. Under the terms of his appointment arrangements can be made for the Commissioner to join either the Civil Service Pension Schemes or for the equivalent pension contributions at the rate set by the Cabinet Office for the Civil Service Pension Schemes, to be paid into an approved scheme of the Commissioner's choice.

The Commissioner has opted not to join the Civil Service Pension Schemes and arrangements have been made for the equivalent pension contributions to be paid into a defined contribution/money purchase scheme. The employer contribution rate for 2017/18 was 24.5% and contributions of £18,882 were made for 2017/18 (2016/17 £16,605).

Remuneration Ratio

Public sector bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as any severance payments. It does not include employer pension contributions or the cash equivalent transfer value of pensions. It is based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff) as at the reporting date.

Staff members annualised, full-time equivalent remuneration fell in bands ranging from £20-£24,999 to £65-69,999. The banded remuneration of the highest paid director (the Commissioner) in 2017/18 was £75-79,999 (2016/17: £75-79,999). This was 1.66 times (2016/17: 1.55) the median remuneration of the workforce, which was £45,852 (2016/17: £50,141).

In 2017/18, no employees (2016/17: Nil) received remuneration in excess of the Commissioner.

Table 33

	2017/18	2016/17	2015/16
Band of highest earner's total remuneration (£,000)	75-79	75-79	70-74
Median total remuneration	45,852	50,141	46,924
Ratio	1.66	1.55	1.55

Staff report

Employee numbers and gender breakdown

The average number of full time equivalent (FTE) persons employed by the Commissioner during the period was as follows:

Table 34

	2017/18 FTE	2016/17 FTE	2015/16 FTE
Commissioner	1.0	1.0	1.0
Employees	8.2	10.3	9.4
Total	9.2	11.3	10.4

As at 31 March, the Commissioner's office employed:

Table 35

	2018		2017		2016	
	Female	Male	Female	Male	Female	Male
Commissioner	–	1	–	1	–	1
Senior Managers*	–	–	–	–	–	–
Employees	8	6	10	7	10	7
Total	8	7	10	8	10	8

* A senior manager is defined as being the equivalent of a member of the Senior Civil Service.

Average sickness absence

The average sickness absence per person was as follows:

Table 36

	2017/18 Days	2016/17 Days	2015/16 Days
Commissioner and employees	2.2	3.8	13.8

The average stabilised this year as the small number of periods of unusually lengthy sickness absence experienced in 2015/16 proved to be an anomaly.

Employee costs

Table 37

	2017/18			2016/17
	Total £'000	Commissioner £'000	Employees £'000	Total £'000
Salaries	436	77	359	544
Social security costs	42	9	33	54
Pension costs	93	19	74	110
	571	105	466	708

Salaries include a provision covering the value of outstanding leave (the leave accrual).

Provision of Information to Employees

The Commissioner has adopted the principles of openness and participation in the organisation and places a high level of importance on both informing and consulting staff. He does so by providing access to relevant documents, through oral and written briefings, by staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

Staff pension arrangements

Pension benefits are provided through the Civil Service pension arrangements.

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes in which the Commissioner's office is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/>).

For 2017/18, employers' contributions of £74,300 were payable to the Civil Service Pension arrangements (2015/16: £93,500) at one of four rates in the range 20.0 to 24.5 per cent (2016/17: 20.0 to 24.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employers' contributions every four years following a full scheme valuation. The results of its most recently valuation are still to be published.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Outstanding scheme contributions at 31 March 2018 amounted to £7,227 (2016/17: £9,833).

Section 2: Accountability Report

Employees can opt to open a partnership pension account, this being a stakeholder pension with an employers' contribution. No employers' contributions (2016/17: £3,300) were paid to an appointed stakeholder pension provider in 2017/18. Employers' contributions are age-related and range from 8.0 to 14.75 per cent (2016/17: 8.0 to 14.75 per cent) of pensionable pay. Employers also match employees' contributions up to 3 per cent of pensionable pay. In addition, no employers' contributions (0.5 per cent) (2016/17: £105, 0.5 per cent) of pensionable pay, were payable to the Civil Service Pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the reporting period date (2016/17: £297). Contributions prepaid at that date were nil.

No persons (2016/17: No persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2016/17: Nil).

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservicepensionscheme.org.uk/>.

Authorisation



Bill Thomson

Date: **20 August 2018**

Commissioner for Ethical Standards in Public Life in Scotland

Audit report

The audit process

Requirement for accounts

The accounts for the financial year ended 31 March 2018 have been prepared in accordance with the Accounts Direction given by the Scottish Ministers on 22 May 2012 in pursuance of Section 22(1) of the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 (the 2010 Act). The Accounting Officer authorised these financial statements for issue on 20 August 2018.

Disclosure of information to auditor

As Accountable Officer with effect from 1 April 2014, the Commissioner is not aware of any relevant information of which the auditor is unaware. The Commissioner has taken all necessary steps to ensure that he is aware of any relevant information and to establish that the auditor is also aware of this information.

Audit

The accounts are audited by the Auditor General for Scotland in accordance with section 22(1) of the Scottish Parliamentary Commissions and Commissioners etc. Act 2010. The Auditor General appointed Deloitte LLP as external auditor.

Auditor's fees

The external auditor's remuneration for the year was £13,125 (2016/17: £12,409). External audit received no fees in relation to non-audit work.

The Commissioner confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Authorisation



Bill Thomson

Date: **20 August 2018**

Commissioner for Ethical Standards in Public Life in Scotland

Independent auditor's report

to the Commissioner for Ethical Standards in Public Life in Scotland, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Commissioner for Ethical Standards in Public Life in Scotland for the year ended 31 March 2018 under the Scottish Parliamentary Commissions and Commissioners etc. Act 2010. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the body 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Section 2: Accountability Report

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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 body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

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

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

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Scottish Parliamentary Commissions and Commissioners etc. Act 2010 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 Scottish Parliamentary Commissions and Commissioners etc. Act 2010 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street,
Glasgow,
G1 3BX,
United Kingdom

20 August 2018



Section 3

Financial statements



Statement of Comprehensive Net Expenditure

for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Administrative Costs			
Staff Costs	6	571	708
Other Administration Costs	6	241	240
Depreciation	2	(1)	5
Net Administrative Costs		811	953
Total Comprehensive Expenditure		811	953

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Statement of Comprehensive Net Expenditure.

The accompanying notes on pages 71 to 79 form an integral part of these accounts.

Statement of Financial Position

as at 31 March 2018

	Notes	2018 £'000	2017 £'000 Adjusted	2017 £'000 Original
Non Current Assets				
Property, Plant and Equipment	2	7	4 [†]	5
Intangible assets	2	0	0 [†]	0
Total Non Current Assets		7	4[†]	5
Current Assets				
Trade and Other Receivables	3	6	2	2
Cash and Cash Equivalents	4	148	88	88
Total Current Assets		154	90	90
TOTAL ASSETS		161	94[†]	95
Current Liabilities				
Trade and Other Payables	5	(105)	(65)	(65)
Total Current Liabilities		(105)	(65)	(65)
Non-current assets plus net current assets/liabilities		56	29[†]	30
ASSETS LESS LIABILITIES		56	29	30
Taxpayers' Equity				
General Fund		56	29 [†]	30
Total Taxpayers' Equity		56	29[†]	30

† Due to the low value of assets and the cumulative effect of rounding, the figure for Non-Current Assets was becoming increasingly inaccurate. This has been adjusted to ensure accuracy in coming years. The adjustment and impact on other prior year figures are highlighted in the table above. See also the Statement of Taxpayers' Equity and Note 2.

The accompanying notes on pages 71 to 79 form an integral part of these accounts.

Authorisation



Bill Thomson

Date: 20 August 2018

Commissioner for Ethical Standards in Public Life in Scotland

Statement of Cash Flows

for year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net operating costs		(811)	(953)
Adjustment for non-cash items:			
Depreciation	2	(1)	5
(Increase)/Decrease in trade and other receivables	3	(4)	1
Increase/(Decrease) in trade and other payables	5	40	(18)
Net cash outflow from operating activities		(776)	(965)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2)	(2)
		(2)	(2)
Cash flows from financing activities			
From the SPCB		838	958
Net increase/(decrease) in cash and cash equivalents in the period		60	(9)
Cash and cash equivalents at the beginning of period	4	88	97
Cash and cash equivalents at end of period	4	148	88
Net cash requirement			
Cash flows from financing activities		838	958
(Decrease)/Increase in cash		(60)	9
Net cash requirement		778	967

Statement of Changes in Taxpayers' Equity

For year ended 31 March 2018

	General Fund 2018	General Fund 2017
Balance at 1 April	29[†]	25
Net Operating Costs for the Year	(811)	(953)
Funding From the SPCB	838	958
Balance at 31 March	56	30[†]

† Due to the low value of assets and the cumulative effect of rounding, the figure for Non-Current Assets was becoming increasingly inaccurate. This has been adjusted to ensure accuracy in coming years. The adjustment and impact on other prior year figures are highlighted in the table above. See also the Statement of Financial Position and Note 2.

Notes to the accounts

1 Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) in compliance with the accounts direction issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commissioner for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in these Notes, the Commissioner has had to make judgements about financial transactions or those involving uncertainty about future events. The critical judgement made in the Financial Statements is that the organisation will continue as a going concern and will be appropriately funded by the SPCB.

1.3 Critical Accounting Estimates

The Financial Statements contain estimated figures that are based on assumptions about the future or that are otherwise uncertain. These estimates relate to the value of tangible and intangible assets, accruals and the lease. Estimates are made taking account of historical experience, current trends and other relevant factors but cannot be determined with certainty. Actual results could be different from the assumptions and estimates but are unlikely to be material.

Pension benefits are provided through the Civil Service pension arrangements. The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes with benefits underwritten by the Government. As a result the Commissioner's office is unable to identify its share of the underlying assets and liabilities and it is, therefore, accounted for as a defined contribution scheme. No liability is shown in the Statement of Financial Position.

1.4 Property, Plant and Equipment

1.4.1 Capitalisation

Purchases of assets, including grouped IT equipment, for a value exceeding £1,000 inclusive of irrecoverable VAT are treated as capital with the exception of land and buildings where the threshold is set at £10,000.

1.4.2 Valuation

As appropriate, non-current assets are valued at depreciated historical cost (DHC) as a proxy for fair value.

1.4.3 Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset.

1.4.4 Estimated useful life of assets

The estimated useful life of assets are as follows:

Fixtures, Fittings & Equipment	5 years
IT Equipment	5 years

Section 3: Financial Statements

1.5 Intangible Non Current Assets

Software and licences are capitalised as intangible non-current assets and amortised on a straight-line basis over the expected life of the asset (3 years).

1.6 Funding

Funding received from the SPCB is credited directly to the general fund in the period to which it relates.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call in a single bank account.

1.8 Leases

The Commissioner holds no material finance leases. Costs in respect of operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the life of the lease. Details of operating leases are given in note 7.

1.9 Value Added Tax

The Commissioner is not VAT registered. All amounts are recorded inclusive of VAT.

1.10 Financial Instruments

Financial assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

1.10.1 Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties.

The Commissioner reviews the credit risk associated with financial institutions on a regular basis and more frequently if market conditions are volatile or other information is made available on the financial security of UK banks and building societies.

The Commissioner receives funding on a monthly basis and restricts cash holdings to a minimum.

1.10.2 Liquidity risk

The Commissioner does not have any external borrowings.

1.10.3 Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. The Commissioner does not rely on interest receivable as its key source of income.

Section 3: Financial Statements

2 Property, Plant and Equipment

2.1 Tangible Non Current Assets

	Fixtures, Fittings & Equipment	IT Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2017	3	38[†]	41[†]
Additions	–	2	2
Disposals	–	(9)	(9)
At 31 March 2018	3	31	34
Depreciation			
At 1 April 2017	3	34	37
Charge for Year	–	(1)*	(1)
Disposals	–	(9)	(9)
At 31 March 2018	3	24	27
Net Book Value at 31 March 2018	–	7	7
Net Book Value at 31 March 2017	–	4[†]	4[†]

* In 2017, the Commissioner reviewed the estimated useful life applied to IT equipment. This was increased from three to five years and resulted in an adjustment to the cumulative depreciation charged against these assets. This is reflected in the negative depreciation charge for the year shown above.

† Due to the low value of assets and the cumulative effect of rounding, two figures describing Non-Tangible Assets had become increasingly inaccurate. These have been adjusted to ensure the table's accuracy in coming years. The prior year figures are highlighted in the following table, with the adjusted figures highlighted in the table above. See also the Statement of Financial Position and Statement of Taxpayers' Equity.

The Commissioner purchased £2,299 of additional assets in 2017/18 (2016/17: £1,500). The addition comprised one photo-copier/scanner/printer.

Section 3: Financial Statements

2.1 Tangible Non Current Assets contd

	Fixtures, Fittings & Equipment	IT Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016	3	39	42
Additions	–	2	2
Disposals	–	(2)	(2)
At 31 March 2017	3	39[†]	42[†]
Depreciation			
At 1 April 2016	3	31	34
Charge for Year	–	5	5
Disposals	–	(2)	(2)
At 31 March 2017	3	34	37
Net Book Value at 31 March 2017	–	5[†]	5[†]
Net Book Value at 31 March 2016	–	8	8

The Commissioner purchased £1,500 of additional assets in 2016/17 (2015/16: £4,392). The addition comprised one item of telecommunications equipment.

Section 3: Financial Statements

2.2 Intangible Non Current Assets

	Software	Total
	£'000	£'000
Cost		
At 1 April 2017	3	3
Additions	–	–
Disposals	–	–
At 31 March 2018	3	3
Amortisation		
At 1 April 2017	3	3
Charge for Year	–	–
Disposals	–	–
At 31 March 2018	3	3
Net Book Value at 31 March 2018	–	–
Net Book Value at 31 March 2017	–	–

The Commissioner purchased no additional intangible assets in 2017/18 (2016/17: Nil).

	Software	Total
	£'000	£'000
Cost		
At 1 April 2016	4	4
Additions	–	–
Disposals	(1)	(1)
At 31 March 2017	3	3
Amortisation		
At 1 April 2016	4	4
Charge for Year	–	–
Disposals	(1)	(1)
At 31 March 2017	3	3
Net Book Value at 31 March 2017	–	–
Net Book Value at 31 March 2016	–	–

The Commissioner purchased no additional intangible assets in 2016/17 (2015/16: Nil).

Section 3: Financial Statements

3 Receivables

	2018	2017
	£'000	£'000
Trade receivables	–	–
Prepayments	6	2
	6	2

4 Cash and cash equivalents

	2018	2017
	£'000	£'000
Balance at 1 April	88	97
Net Change in cash and cash equivalent balances	60	(9)
Balance at 31 March	148	88
Cash Held at Commercial Banks	148	88

5 Payables

	2018	2017
	£'000	£'000
Trade Payables	(63)	(7)
PAYE and National Insurance	(8)	(12)
Pension Contributions	(7)	(10)
Accruals	(27)	(36)
	(105)	(65)

Section 3: Financial Statements

6 Expenditure breakdown

	2018	2017
	£'000	£'000
Staffing Costs		
Commissioner	105	101
Investigating Officers	143	240
Other Staff	323	367
	571	708
Other Administrative Costs		
Auditor & financial advisers	13	13
Hospitality	1	1
IT	18	17
Legal advisers	9	1
Other professional fees	5	–
Office costs	15	16
PAA costs	98	106
Printing	5	5
Property	69	68
Training & recruitment	2	2
Travel & expenses	6	11
	241	240
Depreciation	(1)	5
	811	953

The £13,000 for Auditor & financial advisers includes £13,125 for external auditor's remuneration, the balance being for accounting services. The external auditor received no fees in relation to non-audit work.

During the financial year, £2,000 was used to purchase non-current assets (2016/17: £2,000) as detailed in note 2 to the accounts.

7 Leasing commitments

At 31 March 2018 the Commissioner had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	As at	As at
	31 March 2018	31 March 2017
	£'000	£'000
Operating leases which expire:		
Within one year	76	69
Two to five years	155	215
	231	284

The Commissioner leases office accommodation from the Scottish Legal Aid Board. The current lease runs for five years from 1 April 2016 to 31 March 2021. Either party may give one year's written notice. Accommodation fees are recharged at cost as agreed each year. The Commissioner's lease cost for the period 1 April 2018 to 31 March 2019 is £75,900. Costs for years four to five are estimated. The actual cost of the Commissioner's accommodation lease in 2017/18 was £68,800 (2016/17: £67,700). The increase in costs is due to a revaluation of Thistle House in 2017. The revised valuation was more than double the previous one and has affected the capital charge applied to our lease.

8 Capital commitments

There were no contracted capital commitments as at 31 March 2018 (2017: Nil).

9 Contingent liabilities

The Commissioner had no contingent liabilities as at 31 March 2018 (2017: Nil).

10 Related party transactions

The Commissioner was constituted by legislation enacted by the Scottish Parliament which provides funding via the SPCB. The SPCB is regarded as a related body. The SPCB provided funding of £838,000 during the year.

Neither the Commissioner, nor his staff or related parties has undertaken material transactions with SPCB during the year.

11 Post balance sheet events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

12 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9, Financial Instruments (2014) (effective 1 January 2018)
- IFRS 16, Leases (effective 1 January 2019)

The Commissioner does not expect that the adoption of the Standards and Interpretations detailed above will have a material impact on the financial statements in future periods.

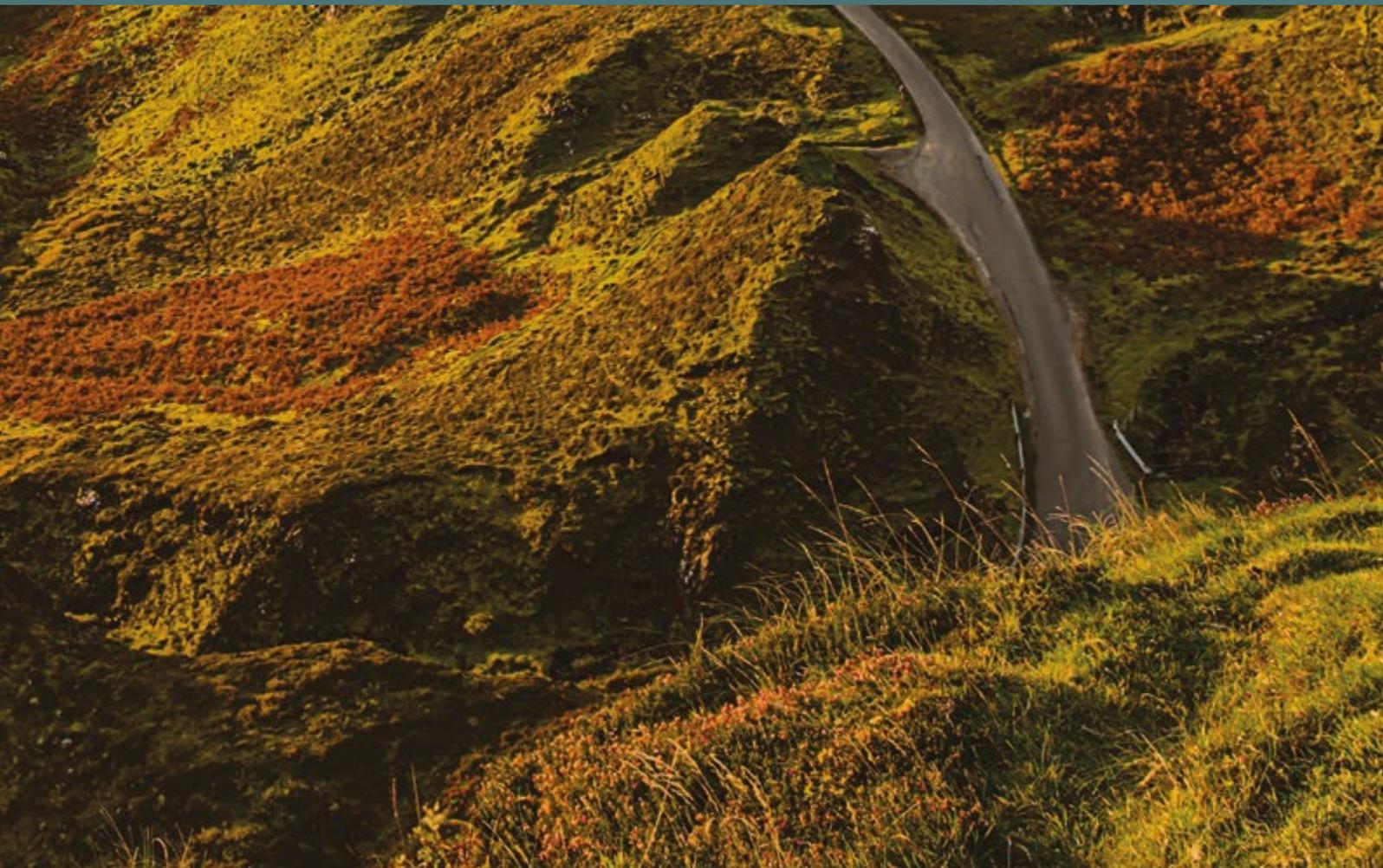
IFRS 16 Leases was published by the International Accounting Standards Board in January 2016 and is applicable for accounting periods beginning on or after 1 January 2019. This means that for the Commissioner, the standard will be effective for the year ending 31 March 2020. IFRS 16 will require leases to be recognised on the Statement of Financial Position as an asset which reflects the right to use the underlying asset, and a liability which represents the obligation to make lease payments. At the date of authorisation of these financial statements, IFRS 16 has not been adopted for use in the public sector and has not been included in the FReM. As such it is not yet possible to quantify the impact of IFRS 16 accurately.

The following amendments to IFRS', issued by the International Accounting Standards Board, that are mandatorily effective in the current year have been considered and adopted by the Commissioner:

- Annual Improvements 2014-2016 Cycle
- Amendments to IAS 7 – Disclosure Initiative



Appendices



Appendix 1: accounts direction



COMMISSION FOR ETHICAL STANDARDS IN PUBLIC LIFE IN SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 22 of the Scottish Parliamentary Commissions and Commissioners etc Act 2010, hereby give the following direction.
2. The Commission is required to prepare annual accounts.
3. The Statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
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.

Signed by the authority of the Scottish Ministers

Dated 22 May 2012

Section 4: Appendices

Appendix 2: appointments made in 2017

Table 38 – Appointments made during the calendar year 2017

Body	DG	Position	●	●	Level
Accounts Commission for Scotland	ECJ	Chair	28	1	H
Architecture and Design Scotland	ECJ	Chair	12	–	H
Bord na Gaidhlig	ECJ	Member	18	4	MSG
Borders NHS Board	HSC	Member	61	3	M
Caledonian Maritime Assets Ltd	E	Non-Executive Director	28	2	M
Children's Hearings Scotland	ECJ	Member and Care Experienced Member	43	3	L
Community Justice Scotland	ECJ	Member	72	4	H
Crown Estate Scotland (Interim Management)	E	Member	84	6	HSG
Forth Valley College	ECJ	Chair	12	1	H
Glasgow Colleges' Regional Board	ECJ	Chair	14	1	H
Golden Jubilee Foundation Board	HSC	Member	25	2	M
Grampian NHS Board	HSC	Member	30	1	L
Healthcare Improvement Scotland	HSC	Member	118	2	L
Judicial Appointments Board for Scotland	ECJ	Lay Chairing Member	24	1	H
Local Government Boundary Commission for Scotland	ECJ	Deputy Chair	18	1	M
Mental Welfare Commission for Scotland	HSC	Member	130	3	M
National Galleries of Scotland	E	Chair	8	1	H
National Museums Scotland	E	Member	24	4	M
NHS Fife	HSC	Member	37	2	H
NHS Forth Valley	HSC	Member	42	1	L
NHS Highland	HSC	Member	70	3	L
NHS Lothian	HSC	Member	27	3	H
NHS National Services Scotland	HSC	Stakeholder Member	104	1	L
Parole Board for Scotland	ECJ	Member	166	11	H
Risk Management Authority	ECJ	Chair	6	1	H
Risk Management Authority	ECJ	Member	26	4	M
Royal Botanic Garden, Edinburgh	E	Member	18	2	L
Scottish Advisory Committee on Distinction Awards	HSC	Lay and Medical Member	29	2	M
Scottish Agricultural Wages Board	E	Independent Member	28	3	M
Scottish Children's Reporters Administration	ECJ	Member	26	1	L
Scottish Environment Protection Agency	E	Member	61	1	L
Scottish Fire and Rescue Service	ECJ	Chair	15	1	H
Scottish Funding Council	ECJ	Chair	20	1	H

Section 4: Appendices

Body	DG	Position	●	●	Level
Scottish Funding Council	ECJ	Member	87	3	H
Scottish Futures Trust	SE	Member	42	2	HSG
Scottish Housing Regulator	ECJ	Chair	18	1	HSG
Scottish Housing Regulator	ECJ	Member	65	4	HSG
Scottish Legal Complaints Commission	ECJ	Chair	12	1	H
Scottish Legal Complaints Commission	ECJ	Non-Lawyer Member	30	1	H
Scottish Natural Heritage	E	Chair	15	1	H
Scottish Police Authority	ECJ	Chair	28	1	H
Scottish Police Authority	ECJ	Member	44	4	H
Scottish Qualifications Authority	ECJ	Chair	19	1	H
Scottish Social Services Council	ECJ	Member	13	1	L
Scottish Water	E	Non-Executive Board Member	99	2	M
Shetland NHS	HSC	Member	18	4	M
Sportscotland	HSC	Member	134	5	M
			2048	108	

Key for table

Applications: ● Appointments: ●

Column: DG

DG – Director General with sponsorship responsibility

E – DG for Economy

ECJ – DG for Education, Communities and Justice

HSC – DG for Health and Social Care

SE – DG for Scottish Exchequer

S&EA – DG for Strategy and External Affairs

Column: Level

L – Low

M – Medium

MSG – PAA involvement during planning requested

H – High

HSG – Set at high at the request of the Scottish Government

The Scottish Government also provides figures for the overall number of applicants and their progress through the appointments process. These figures are provided for the last three years in tables 39 and 40.

Table 39 – Number of Applications and appointments

Number of	2017	2016	2015
Applications	2048	1790	1765
Appointments	108	99	97
Average applications per appointment	19.1	18.1	18.2

Table 40 – Number and progress of applications

Number of applications	2017	2016	2015
Applied	2048	1790	1765
Reached shortlist	2017	1785	1723
Invited to interview	368	341	372
Recommended for appointment	132	105	104
Appointed	108	99	97

Ethical Standards Commissioner

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