

CRIMINAL INJURIES COMPENSATION AUTHORITY

ANNUAL
REPORT
AND
ACCOUNTS
2011-12

Sixteenth Report

Criminal Injuries
Compensation Authority

**Annual report and accounts
2011-12**

Presented to Parliament pursuant to section 6
of the Criminal Injuries Compensation Act 1995.

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Foreword

I am pleased to be able to introduce the sixteenth annual report for the Criminal Injuries Compensation Authority.

I want to begin with the progress we've made in reducing our pre-tariff caseload this year. These cases relate mainly to applicants who were very seriously injured as young children, and whose claims were submitted before the new tariff-based Scheme was introduced. As these children reach adulthood, we are able to make final payments based on reliable prognoses of their long term care needs by taking account of the impact of their education and rehabilitation. Fewer than 60 of these cases now remain and we continue to work closely with representatives and the Tribunals Service to bring them to a close as soon as possible. I am delighted with this progress.

In total, we settled around £449m in compensation in 2011-12 – the largest amount since the Scheme was introduced – thanks to the additional funding we received to settle pre-tariff cases and our staff's tremendous efforts to both use that funding and maintain our commitment to finalising tariff cases.

We also made significant progress in moving towards our target operating model by restructuring our operational teams and piloting our new electronic case management system. We expect this will help us significantly improve the efficiency with which we handle claims in the future. Such internal changes can lead to temporary drops in performance so I am pleased we maintained the faster case handling times and high customer satisfaction levels achieved in recent years. Also as in previous years, around 96 per cent of cases were resolved without recourse to an external appeal.

This year was also the first full year of reporting on sustainability impacts such as our greenhouse gas emissions, levels of waste and finite resource consumption, and we are already making good progress on meeting our commitments in these areas.

With the Ministry of Justice having launched the ex gratia Victims of Terrorism Overseas Scheme, which we will administer, and consulted on potential changes to the Criminal Injuries Compensation Scheme, 2012-13 will present us with fresh challenges. We look forward to meeting them.

Carole Oatway

Chief Executive
Criminal Injuries Compensation Authority
12 June 2012

Annual Report

This Annual Report and Accounts has been prepared and published by the Criminal Injuries Compensation Authority ('the Authority'). The Accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for Justice with the approval of the Treasury in accordance with section 6 of the Criminal Injuries Compensation Act 1995 (the Act). These accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual.

The Comptroller and Auditor General is the external auditor of the Authority, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The agreed fees for the statutory audit in 2011-12 were £70,000 (2010-11, £78,500). Neither additional audit fees nor remuneration for non-audit work were paid in 2011-12, as was also the case in 2010-11.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the Authority's auditors are unaware; and each Director has taken all the steps that they ought reasonably to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

About CICA

History and activities

The Criminal Injuries Compensation Scheme was set up in 1964 to compensate blameless victims of violent crime. Before 1996 awards were set according to what the victim would have received in a successful civil action against the offender. Since April 1996, the level of compensation has been determined according to a tariff set by Parliament. Following the enactment of the Criminal Injuries Compensation Act 1995 CICA was established to administer a tariff-based compensation scheme in England, Scotland and Wales. The maximum payment for the tariff injury element is £250,000. In some situations additional payments may be made for loss of earnings and special expenses. However, under the tariff Scheme the maximum award the Authority can pay in any single case is £500,000.

Types of compensation

Under the tariff Scheme there are two main types of compensation – personal and fatal injury awards – with additional compensation for loss of earnings, dependency or special expenses where applicable.

The compensation components for personal injury awards are:

- an award based on the tariff of injuries (with a maximum of £250,000);
- loss of earnings or earning capacity, beyond the first 28 weeks of loss as a direct result of the injury; and
- other special expenses may be payable in certain circumstances.

The compensation components for fatal injury awards, where applications are made as a result of a fatality following a violent crime, are:

- a bereavement award of £5,500 for each applicant who qualifies, or £11,000 if there is only one qualifying applicant;
- compensation for financial dependency;
- in the case of a child under 18, compensation for the loss of parental services; and
- the reasonable cost of funeral expenses.

In no case, however, may the tariff Scheme award exceed £500,000.

Applicants unhappy with the Authority's decision can request a review by the Authority and, if still unhappy with the Authority's review decision, can appeal to the First-tier Tribunal. More information on the provisions of the Scheme are available from the Justice website at www.justice.gov.uk, or by dialling freephone number 0300 003 3601.

Register of interests

No board members held any significant interests that conflicted with their management responsibilities.

Going concern

At 31 March 2012, the Authority's Statement of Financial Position records net liabilities of £547 million (31 March 2011, £779 million). This reflects the inclusion of compensation liabilities falling due in future years, which can only be met by future grants-in-aid from the Ministry of Justice and the Scottish Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

Grant-in-aid for 2012-13, taking into account the amounts required to meet the Authority’s liabilities falling due that year, has already been included in the Ministry of Justice’s and Scottish Government’s estimates for that year, which have been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Sustainable development

Overview

The Authority has reduced both greenhouse gas (GHG) emissions and waste from the previous year. The closure of CICA’s storage facility and moving towards fully electronic caseworking should further reduce GHG emissions and waste in coming years.

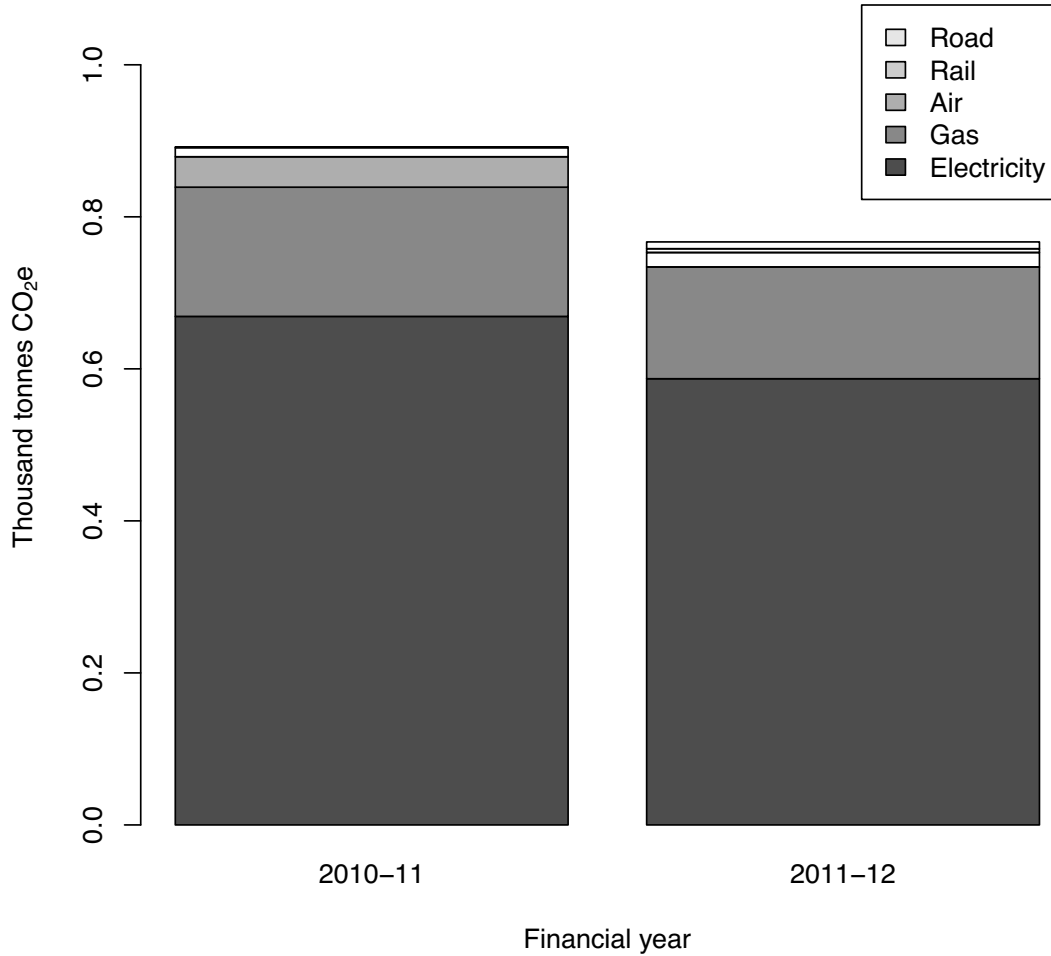
Greenhouse gas emissions

Performance

The following table shows CICA’s GHG emissions, as defined by the GHG protocol (available at www.ghgprotocol.org including information about the different scopes), over the past two years. Emissions from all activities have been reduced year-on-year, and the organisation is on course to meet or exceed the Greening Government Commitment to reduce greenhouse gas emissions by 25 per cent from the 2009-10 baseline of 1001 tCO₂e to 751 tCO₂e before 2015.

| Greenhouse gas (GHG) emissions | | 2011-12 | 2010-11 |
|---|---|---------|---------|
| Non-financial indicators (tCO ₂ e) | Total gross emissions for scopes 1 and 2 | 734 | 839 |
| | Electricity: green/renewable | 0 | 0 |
| | Total net emissions for scopes 1 and 2 | 734 | 839 |
| | Gross emissions scope 3 travel | 32 | 53 |
| | Total gross reported emissions | 766 | 893 |
| Non-financial (mWh) | Electricity: PURCHASED. Grid, CHP and non-renewable | 1,118 | 1,276 |
| | Electricity: renewable | 0 | 0 |
| | Gas | 802 | 926 |
| | Other energy sources | 0 | 0 |
| | Total energy | 1,920 | 2,202 |
| Financial indicators (£'000) | Expenditure on energy | 202 | 181 |
| | Expenditure on accredited offsets (e.g. GCOF) | 0 | 0 |
| | Expenditure on official business travel | 40 | 55 |

Greenhouse gas emissions



Controllable impacts

The main impacts are estate energy consumption. CICA closed its storage facility in 2011-12, meaning it now operates from one site. This will further reduce emissions in the coming year.

Influenced impacts

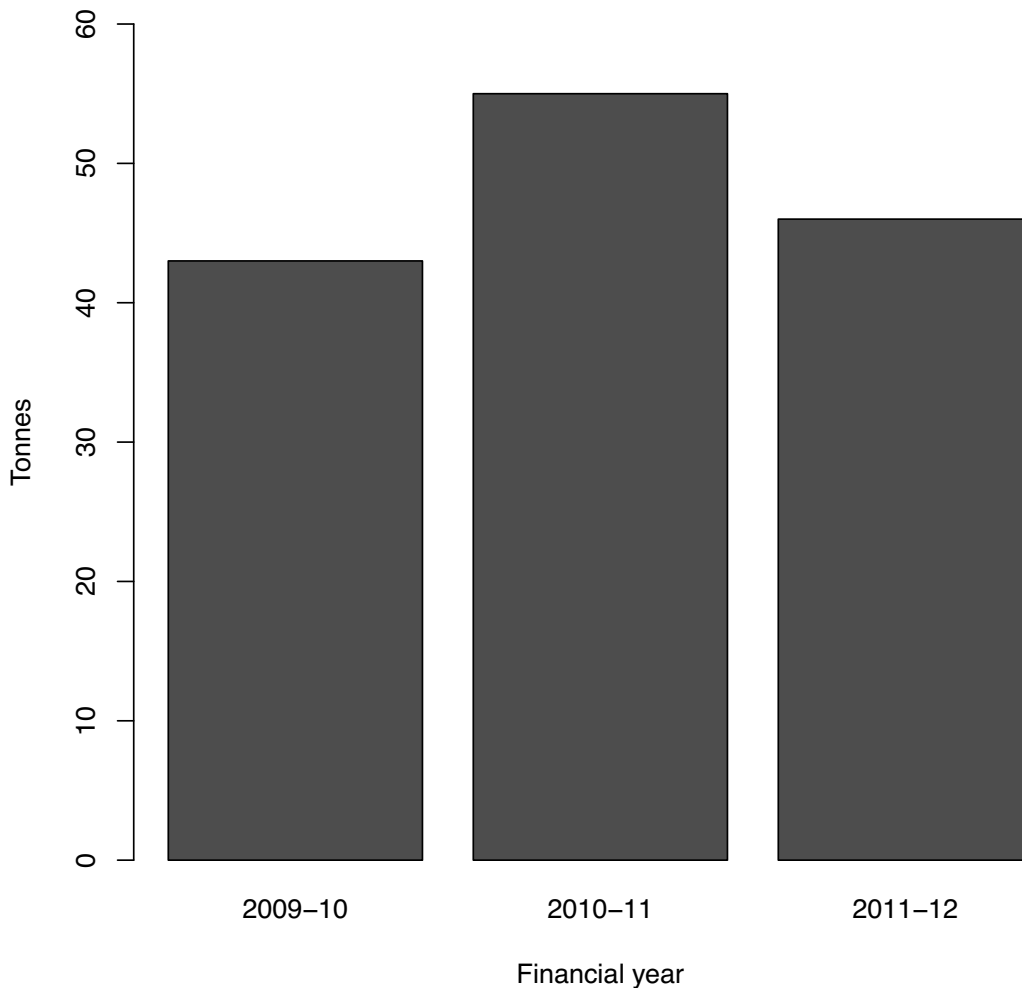
CICA's 'green team' encourages staff to engage with environmentally-minded projects and reduce their energy consumption at home. The staff intranet links to resources to help measure and reduce individuals' environmental impact.

Waste
Performance

As tenants of a shared building CICA does not control all of its waste. The Authority does not dispose of its own non-recyclable waste and therefore cannot measure it. Figures are provided for all controllable waste, which is recycled. Waste reduced in 2011-12 but was higher than the 2009-10 level. More waste was sent to recycling in each of the last two years as a result of decommissioning the storage facility. CICA expects to meet or exceed the Greening Government Commitment to reduce waste by 25 per cent from the 2009-10 baseline of 56 tonnes to 42 tonnes before 2015.

| Waste | | 2011-12 | 2010-11 | |
|--|---------------------|------------------------|-----------|----|
| Non-financial indicators (tonnes) | Hazardous waste | Hazardous waste | 0 | 0 |
| | Non-hazardous waste | Landfill waste | 0 | 0 |
| | | Re-used/recycled waste | 46 | 55 |
| | | Energy from waste | 0 | 0 |
| | Total | 46 | 55 | |
| Financial indicators (£'000) | Hazardous waste | Hazardous waste | 0 | 0 |
| | Non-hazardous waste | Landfill waste | 0 | 0 |
| | | Re-used/recycled waste | 11 | 14 |
| | | Incinerated waste | 0 | 0 |
| | Total | 11 | 14 | |

Waste



Controllable impacts

The main impacts are paper and related waste from operating activities. While closing the storage facility increased waste this year it is expected to reduce waste overall in future. CICA is now trialling an electronic case management system that will reduce its need for paper. All the organisation's printers now print double-sided and use minimal toner ink by default.

Influenced impacts

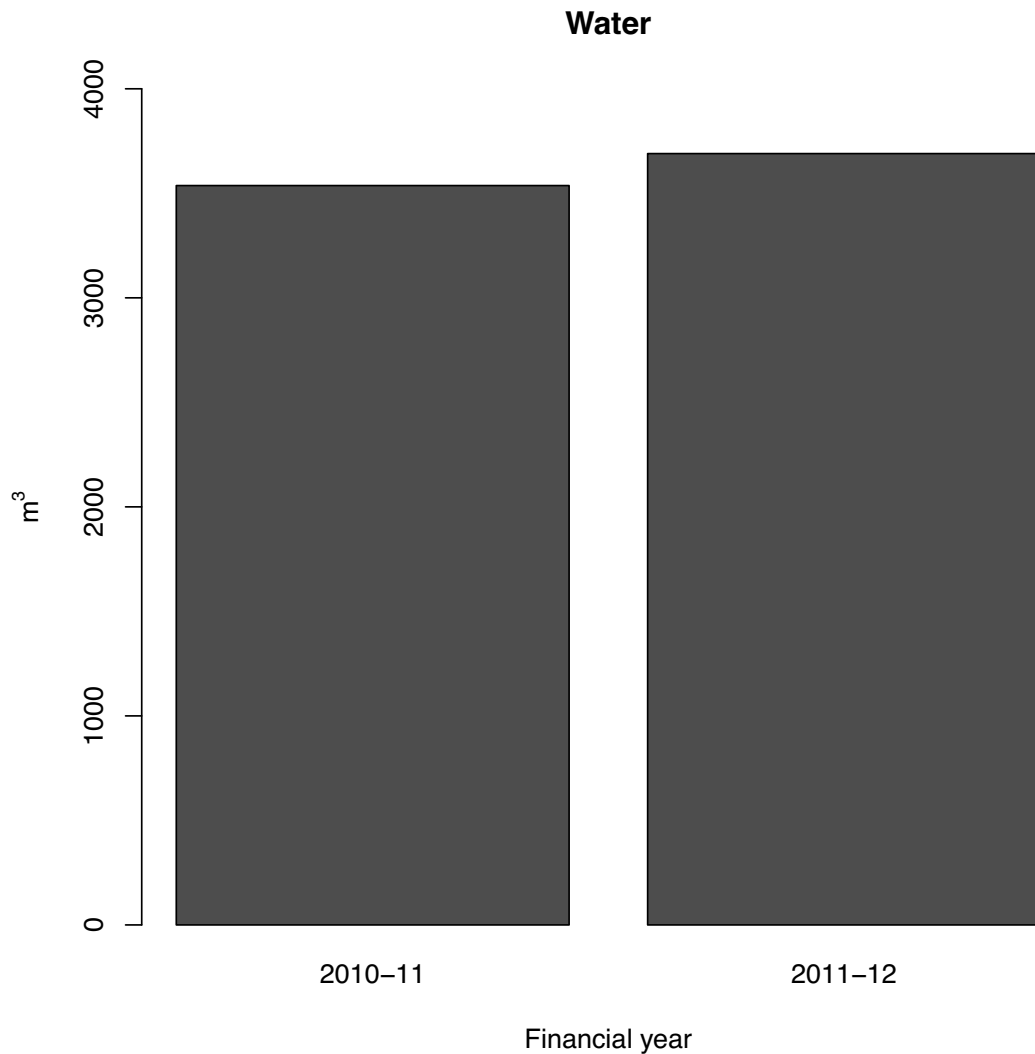
The green team encourages staff to reduce, re-use and recycle. They installed a magazine rack in the staff lunch area for people to share magazines rather than buying and discarding multiple copies.

Finite resource consumption

Performance

As tenants of a shared building, CICA are charged for water consumption based on their proportion (calculated from the floor area the Authority occupies) of the whole building's consumption. CICA are therefore unable to report on their precise consumption but figures showing how much water CICA were charged for are included for completeness.

| Finite resource consumption | | | 2011-12 | 2010-11 |
|--|--------------------------|------------|---------|---------|
| Non-financial indicators (m ³) | Water consumption | Supplied | 3,690 | 3,537 |
| | | Abstracted | 0 | 0 |
| | Total | | 3,690 | 3,537 |
| Financial indicators (£'000) | Total water supply costs | | 9 | 9 |



Controllable impacts

The main impacts are sanitation and staff consumption. CICA installed zip taps to produce hot drinking water on demand, reducing both water and energy usage by removing kettles from the office.

Influenced impacts

CICA will examine ways in which it might influence water consumption in the coming year.

Business commentary

Management commentary

The Authority has continued the high standard of service it provides to victims of violent crime by maintaining the faster processing times and high customer satisfaction achieved in recent years.

Key achievements 2011-12

During 2011-12, the Authority has:

- resolved 78 pre-tariff cases, reducing net liabilities by over £230 million (see note 10 in the accounts);
- reduced administration costs by around 5.5 per cent (almost £1 million);
- reduced the time between applicants lodging an appeal and CICA notifying the Tribunals Service the case was ready from 4.1 weeks to 3.8 weeks;
- maintained high levels of customer satisfaction, as measured by a monthly survey, which increased from 81 per cent to 82 per cent; and
- made good progress on commitments to reduce greenhouse gas emissions and waste.

Transparency

The Authority's 2011-15 Business Plan set out nine key areas on which it will publish data. This data appears in the following table. The 2012 Business Plan update included further transparency measures, which will be included in annual reports from next year.

| Measure | Definition | 2011-12 | 2010-11 |
|--|---|------------------------------|------------|
| 1. Time to register an application | The average time taken for a completed application to be added to the live caseload | 1 day | 1.4 days |
| 2. Size of live tariff caseload | The number of live tariff cases that the Authority has registered but are not resolved | 49,573 | 48,782 |
| 3a. Active case load (tariff) cycle time to first decision | The average time taken to reach first decision | 7.8 months | 7.2 months |
| 3b. Tariff cycle time to review decision | The average time taken to complete a review | 5.2 months | 5.1 months |
| 4. Appeal stage response times | The average time between the Tribunals Service telling CICA that an appeal has been received and CICA telling the Tribunals Service the case is ready to list | 3.8 weeks | 4.1 weeks |
| 5. Decisions overturned at appeal* | The percentage of CICA decisions overturned from those cases that go to appeal | 30% on merit 19% on value | 46% |
| 6. Pre-tariff cases listed | The monthly average number of pre-tariff cases listed | 6.5 | 2.8 |
| 7. Customer satisfaction | The percentage of applicants, as measured by a customer survey, that consider they received good customer service from CICA | 82% | 81% |
| 8. Programme spend | Actual spending against budget allocated | 100% | 100% |
| 9. Staff engagement | The average of the results for CICA staff indicating that they feel committed to their work and valued in their role in the Civil Service staff engagement survey | 53% | 44% |
| * The means of measuring performance in this area differs from 2010-11 so there is no direct comparison for the figures. | | | |

Claim activity

Volume of applications

The Authority received 58,195 new applications in 2011-12. This is a reduction of 5.1 per cent on the number of applications received in 2010-11 (61,292). CICA consider this a normal variance and do not regard the reduction as being indicative of any wider trends.

Resolutions

| Applications resolved | | |
|-------------------------------|----------------|----------------|
| | 2011-12 | 2010-11 |
| Tariff and pre-tariff schemes | 57,480 | 64,768 |

Awards by tariff level

The following table shows the percentage of awards under each tariff band. The percentages set out are those paid for the most serious injury only. Second and third injury awards and any additional amounts for loss of earnings or special expenses are not included in this table. Where there are two figures under a particular tariff, this reflects the fact that the tariff was increased in 2001. The first lower figure is that under the 1996 Scheme, and the second higher figure is that under the 2001 Scheme. There was no increase to the tariff bands under the 2008 Scheme.

| Awards made by tariff level 2011-12 | | | | | | |
|--|---------------------|-------------------|-----------------|------------------|----------------|------------------------|
| Level | Tariff sum £ | Decision % | Review % | Appeals % | Total % | 2010-11 Total % |
| 1 | 1,000 | 13.77 | 14.32 | 10.17 | 13.71 | 13.75 |
| 2 | 1,250 | 4.22 | 3.20 | 0.89 | 3.96 | 4.03 |
| 3 | 1,500 | 17.5 | 14.05 | 5.57 | 16.58 | 16.01 |
| 4 | 1,750 | 0.77 | 0.91 | 0.40 | 0.77 | 0.95 |
| 5 | 2,000 | 14.39 | 9.28 | 5.89 | 13.37 | 12.87 |
| 6 | 2,500 | 6.96 | 7.90 | 7.75 | 7.12 | 7.40 |
| 7 | 3,000 | 0.01 | 0.00 | 0.08 | 0.01 | 0.01 |
| 7 | 3,300 | 10.61 | 10.7 | 7.75 | 10.51 | 10.84 |
| 8 | 3,500 | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 |
| 8 | 3,800 | 6.14 | 5.35 | 3.39 | 5.93 | 5.90 |
| 9 | 4,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9 | 4,400 | 9.10 | 12.19 | 13.32 | 9.68 | 9.71 |
| 10 | 5,000 | 0.00 | 0.02 | 0.08 | 0.01 | 0.02 |
| 10 | 5,500 | 4.08 | 4.42 | 5.33 | 4.17 | 4.30 |
| 11 | 6,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 |
| 11 | 6,600 | 0.95 | 0.82 | 0.65 | 0.92 | 1.03 |
| 12 | 7,500 | 0.00 | 0.02 | 0.24 | 0.02 | 0.05 |
| 12 | 8,200 | 1.96 | 6.15 | 15.42 | 3.04 | 3.22 |
| 13 | 10,000 | 0.00 | 0.02 | 0.00 | 0.01 | 0.02 |
| 13 | 11,000 | 4.51 | 3.42 | 3.07 | 4.31 | 4.29 |
| 14 | 12,500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 14 | 13,500 | 0.57 | 1.69 | 7.67 | 0.99 | 0.97 |
| 15 | 15,000 | 0.00 | 0.00 | 0.08 | 0.01 | 0.01 |
| 15 | 16,500 | 2.11 | 2.24 | 3.79 | 2.19 | 2.07 |
| 16 | 17,500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 16 | 19,000 | 0.13 | 0.64 | 2.02 | 0.27 | 0.28 |
| 17 | 20,000 | 0.02 | 0.02 | 0.40 | 0.03 | 0.06 |
| 17 | 22,000 | 1.67 | 1.42 | 2.74 | 1.68 | 1.52 |
| 18 | 25,000 | 0.00 | 0.02 | 0.00 | 0.01 | 0.00 |
| 18 | 27,000 | 0.17 | 0.44 | 1.05 | 0.24 | 0.21 |
| 19 | 30,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 19 | 33,000 | 0.02 | 0.07 | 0.00 | 0.03 | 0.06 |
| 20 | 40,000 | 0.01 | 0.04 | 0.16 | 0.02 | 0.04 |
| 20 | 44,000 | 0.12 | 0.22 | 1.37 | 0.18 | 0.17 |
| 21 | 50,000 | 0.00 | 0.00 | 0.08 | 0.01 | 0.02 |
| 21 | 55,000 | 0.06 | 0.13 | 0.00 | 0.07 | 0.07 |
| 22 | 75,000 | 0.00 | 0.02 | 0.00 | 0.01 | 0.00 |
| 22 | 82,000 | 0.00 | 0.04 | 0.00 | 0.01 | 0.01 |
| 23 | 110,000 | 0.06 | 0.13 | 0.40 | 0.08 | 0.04 |
| 24 | 175,000 | 0.01 | 0.00 | 0.08 | 0.01 | 0.02 |
| 25 | 250,000 | 0.04 | 0.07 | 0.08 | 0.05 | 0.08 |
| | Total | 100 | 100 | 100 | 100 | 100 |

Rates of review and appeal

The ratio of review requests and appeals lodged has increased slightly, but not significantly. The overall appeal rate, shown in the following table, reflects the number of appeals lodged when compared to the number of first decisions made. The number of appeals received in the year as a percentage of decisions made will fluctuate with review output. The Authority therefore presents a figure based on a product of review and appeal rates in order to present a truer picture. The proportion of cases decided without the need for an external appeal remains high at almost 96 per cent.

| Tariff scheme review and appeal rates | | |
|--|----------------|----------------|
| | 2011-12 | 2010-11 |
| % of claims assessments cases going to internal review | 19.1 | 18.2 |
| % of review cases going to external appeal | 21.2 | 20.6 |
| % overall appeal rate | 4.3 | 4.1 |

Disallowed claims

The following table shows the number of applications refused, listed by the Scheme paragraph under which the refusal was based. For some applications there may have been more than one reason for refusal meaning the total as per the table is higher than the number disallowed.

| Disallowed claims 2011-12 | | |
|----------------------------------|--|----------------|
| Scheme paragraph | Criterion | 2011-12 |
| 6 | Injury sustained before 1 August 1964 | 6 |
| 7A | Previous claim for same injury | 611 |
| 7B | Injury sustained in family setting before 1 October 1979 | 67 |
| 8A | Mainly, injury did not result from crime of violence | 3,201 |
| 9 | Application did not meet restrictions in paragraph | 265 |
| 11 | Motor vehicle cases: mainly, vehicle not used as a weapon to injure | 312 |
| 12 | Accidental injury sustained in law enforcement: risk not justifiable | 103 |
| 13A | Failure to report without delay | 1,533 |
| 13B | Failure to Cooperate with police in bringing assailant to justice | 4,381 |
| 13C | Failure to Cooperate with the Authority | 1,996 |
| 13D | Conduct before, during or after the incident | 2,967 |
| 13E | Applicants criminal record/character | 4,485 |
| 16A | Assailant would have benefited from award | 35 |
| 16B | Award would have been against a minor's interests | 1 |
| 17A | Assailant in family violence/abuse claim not prosecuted | 81 |
| 17B | Violence between adults in the same family | 34 |
| 18 | Claim not submitted within 2 years of incident | 1,804 |
| 25 | Injury not serious enough to qualify for minimum award of £1000 | 7,839 |
| 26 | Pre-existing medical condition | 498 |
| | Total | 30,219 |

Time taken to reach decisions

The Authority has focussed strongly on reducing the time it takes to make decisions over the last four years. Performance in this area declined slightly in 2011-12, but remains stronger than it was at the start of that period. For example, 74 per cent of cases were decided within 12 months in 2008-09, compared with 81 per cent in 2011-12.

| Time taken to reach decisions 2011-12 | | | | |
|--|---------------------|---------------|--------------|---------|
| Period of Time | Number of decisions | % | Cumulative % | 2010-11 |
| within 2 months | 7,373 | 12.92 | 12.92 | 13.31 |
| 2 - 4 months | 11,943 | 20.93 | 33.85 | 34.61 |
| 4 - 6 months | 10,393 | 18.21 | 52.07 | 54.43 |
| 6 - 8 months | 7,530 | 13.20 | 65.26 | 68.83 |
| 8 -10 months | 5,246 | 9.19 | 74.46 | 78.20 |
| 10 -12 months | 3,723 | 6.52 | 80.98 | 84.32 |
| Over 12 months | 10,852 | 19.02 | 100.00 | 100.00 |
| | 57,060 | 100.00 | | |

Appeals

The Authority has held the number of outstanding appeals at a broadly consistent level since introducing new quality checking measures in 2009-10. These have increased slightly this year but are still well below their 2009-10 level (2,983). The Authority will continue to monitor this area.

| Outstanding Appeals | | |
|----------------------------|---------|---------|
| | 2011-12 | 2010-11 |
| Awaiting appeal | 2,699 | 2,607 |

Outstanding applications

The live caseload increased slightly from last year as more cases were received than resolved, but it remains under 50,000, which is historically very low.

| Outstanding Applications at 31 March 2012 | | |
|--|---------------|---------------|
| | 2011-12 | 2010-11 |
| Awaiting a first decision | 40,329 | 38,747 |
| Awaiting a reviewed decision | 5,186 | 5,281 |
| Awaiting an applicant's response to a first or reviewed decision | 1,359 | 2,146 |
| Awaiting appeal | 2,699 | 2,607 |
| Total | 49,573 | 48,781 |

Financial Overview

Programme Expenditure

The Authority settled total compensation awards of £449.4 million to blameless victims of violent crime during 2011-12 (see note 10 to the accounts for additional detail).

Of this total, £10.4 million is recognised in the Statement Of Comprehensive Net Expenditure (SOCNE), under tariff scheme compensation, as settlements relating to claims which were previously not provided for.

The balance of the settled awards, £439.0 million (£449.4 million less £10.4 million), relates to amounts that had been provided in earlier financial years. In note 10 these settled awards are shown in the provision statement as utilised during the year.

New liabilities arising during 2011-12 totalled £219.6 million, and old liabilities that have been reversed unutilised totalled over £36.7 million. The former has been disclosed because the Authority has re-assessed its outstanding obligations. The latter amount had been disclosed, in the SOCNE, in earlier accounting periods and is required to be reversed through the same Statement in 2011-12. This reversal is required because it has been established that present obligations do not exist. Therefore, a settlement amount is no longer required.

During 2010-11 the pending pre-tariff cases were subject to an in-depth valuation assessment by the judiciary. The liability, as determined by the assessment, reflected the likely settlement values based on the circumstances of each application as at the end of March 2011. The pre-tariff liability has reduced by £244.0 million during 2011-12 as a result of an increased number of judicial hearings and a commensurate number of settled cases. The settlement values have materially reflected the 2010-11 judicial assessment of outstanding cases and associated liabilities.

The increase in case handling costs, classified as programme expenditure, of £0.831 million is mainly due to one-off costs associated with settling pre-tariff cases, primarily medical and legal fees.

Administration Expenditure

The costs associated with managing and administering the compensation schemes have decreased by an overall £0.988 million (5.5 per cent). This is predominantly due to a decrease in staff costs, £1.126 million offset against a small decrease in other costs (£0.01 million) and an increase to depreciation of £0.148 million.

The numbers of staff employed within the Authority has been reducing year-on-year. This resulted from an earlier senior management decision to ensure that the Authority matched its input resources to a programme of strategic outputs, against a continuing internal change programme.

Supplier payment policy and performance

The Authority follows the Better Payment Practice Code, and undertakes to pay all internally authorised invoices within 28 days of receipt or within stated credit terms. A sample review of invoices paid during 2011-12 indicated that 97 per cent (99 per cent 2010-11) of those reviewed were paid within 28 days. The Authority was not required to pay any interest relating to late payment under the terms of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended by The Late Payment of Commercial Debt Regulations 2002 (SI 1674)).

Business focus 2012-13

The Authority's business plan update for 2012-16, available on the justice.gov.uk website, sets out a strategy to deliver its aim and objectives in support of the Ministry of Justice objective 'to provide a more effective, transparent and responsive criminal justice system for victims and the public.'

In the coming year CICA will continue its programme of work across the following perspectives:

Customer – ongoing improvements to the speed, responsiveness and reliability of CICA's service.

People – developing potential and level of engagement with the organisation.

Process – optimising business processes and capitalising on technology.

Partner – developing effective working with third party groups and stakeholders to secure a better service for applicants.

Finance and efficiency – matching resources to business need in the most efficient way.

More detail on this work is in the business plan, and the effects on the key business areas of policy, operations and IT are summarised below.

Policy

In 2012-13, the Authority will:

- Maintain and develop effective stakeholder engagement, ensuring CICA takes account of key stakeholders' views;
- support and report on outcomes relating to the MoJ's "Getting it right for victims and witnesses" consultation, and prepare and implement any new Scheme;
- recommend and implement quality initiatives to enhance decision-making and staff guidance; and
- provide Scheme-related support across CICA and its sponsor department.

Operations

This coming year will see continued focus on improving the service provided to applicants. Further developments planned for 2012-13 are:

- continuing the work begun in 2011-12 to clear the outstanding pre-tariff caseload for hearings and completion over the next two years;
- increasing the number of compensation applications taken through the online process;
- helping Victim Support in their role as representatives, including making more use of the online application process;
- extending the use of technology in our dealings with applicants and their representatives, based on the Government digital-by-default approach;
- making more use of the telephone for case updates and for collecting additional case information; and
- continue working with Police Forces to help them improve the support they provide.

IT

This year CICA's IT team will focus on:

- updating all IT systems to reflect any changes to the Criminal Injuries Compensation Scheme resulting from the MoJ's current consultation;
- introducing a new Online Application System (OAS) to make the application process simpler and reduce the overall application time by collecting more robust information at the initial stage; and
- introduce an Electronic Case Management System to all areas of the business (following its successful pilot last year) to maximise business benefits.

Focusing on people

Equality and diversity

In line with the new Public Sector Equality Duty which came into force on 5 April 2011, CICA has published its Scheme policy equality objectives on the Justice website (www.justice.gov.uk).

Sickness absence

During 2011-12, the Authority's employees incurred an average of 9.5 days sick leave. Of this, 3.5 days (37 per cent) were due to long-term sickness and 6 days (63 per cent) were due to short-term sickness.

Sickness levels have been closely monitored throughout 2011-12 and while there has been improvement from last year's average figure of 11.6 days, this is still an area that will be closely monitored. This year an Attendance Working Group was set up to examine areas for improvement and the Executive Board approved its recommendations. The focus in this coming year will be to take forward the Attendance Improvement Action Plan to tackle the absence level.

Employment policies

The Authority is staffed by Ministry of Justice employees and follows all Ministry of Justice HR practices.

The senior management team is committed to working in a collaborative way with trade unions and improving industrial relations.

Employment of disabled persons

The Ministry of Justice has clear rules on employing disabled staff and the Authority applies these rules.

Learning and development

Learning and development has been an area of primary focus within CICA in 2011-12. The 2010 Civil Service People Survey results, which demonstrated lower than average scores on training and development opportunities, were the catalyst for specific action.

In response, CICA developed its People Learning and Development Plan with the primary aim of supporting staff to perform to their full potential. The plan launched in August 2011 and set out three ambitions, which were to:

- have better engagement with our people at all levels;
- continually develop skills to enhance performance and competence; and
- motivate people to perform at consistently high levels.

Mid year appraisal reviews provided the opportunity to gather the learning needs of staff members. Localised learning plans were then populated with the appropriate training need identified, sourced, delivered and evaluated. Training needs were categorised into technical (job role specific) or non technical (managerial).

Learning opportunities have been provided through a combination of Ministry of Justice or Civil Service Learning packages, coaching, in house business skill development and wider involvement of staff in projects, initiatives or groups.

CICA will continue delivering the plan throughout 2012-13, focussing specifically on the area of the appraisal process throughout the year.

Customer feedback

The Authority expanded its customer feedback survey to include review decisions in 2011-12, and results continue to be encouraging. Eighty-two per cent of customers who had received a decision on their case were satisfied overall with CICA's service, an increase on last year's figure of 81 per cent.

Health and safety

The Authority's policy on health and safety is an ongoing partnership between the Authority, its staff and unions. To ensure that all staff are able to work in a safe environment, there is an internal Health and Safety Committee, and a qualified Health and Safety manager and deputy, who keep staff informed of developments, carry out regular risk assessments and implement improvements.

Data protection and Freedom of Information

During 2011-12 the Authority received 65 requests for information under the Freedom of Information Act 2000, and dealt with 231 requests for information under the Data Protection Act 1998.

Annual Accounts

Remuneration Report

All permanent members of staff, including those on secondment and fixed term appointments, are currently on assignment to the Authority and remain employees of the Ministry of Justice.

Remuneration policy – senior civil servants

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. For 2011-12 there were two individuals classified as senior civil servants, Chief Executive and Deputy Chief Executive (2010-11, Chief Executive, Deputy Chief Executive and Director of Finance). The remainder of the senior managers disclosed on the below tables for both 2011-12 and 2010-11 are classified as non-senior civil servants. Performance based pay awards for senior civil servants are determined by an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded.

Remuneration policy – non-senior civil servants

Remuneration packages fall under the schemes operated by the Ministry of Justice and follow Government policy guidelines for public sector pay. Performance based pay awards for non-senior civil servants are determined by an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded.

Service contracts

Unless otherwise stated below, staff appointments are made on merit on the basis of fair and open competition, and are open-ended until the normal retiring age. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Pensions

All permanent members of staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). The Ministry of Justice or the Scottish Government is responsible for making contributions to their pension schemes. They make appropriate charges to the Authority, but as the Authority is not

responsible for their pensions, no details of their pension entitlements are given in these accounts.

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, but the Ministry of Justice are unable to identify their share of its underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011-12, employer's contributions of £1.398 million (2010-11, £1.577 million) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent (2010-11, 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. Employer contributions are usually reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for the Authority had taken this option during the financial year 2011-12 (2010-11, two).

Senior staff disclosures

The Chief Executive fulfils the role of Accounting Officer of the Authority. The emoluments disclosed represent the total amount paid.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

No senior staff received any benefits in kind.

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to

the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement, which the individual has transferred to the Civil Service pension arrangements.

They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The actuarial factors used to calculate CETVs were changed in 2011/12, due to changes in demographic assumptions and the move from Retail Price Index (RPI) to Consumer Price Index (CPI) as the measure used to uprate Civil Service pensions. To ensure consistency the CETVs as at 31/03/11 and 31/03/12 have both been calculated using these new factors. The CETV as at 31/03/2011 therefore differs from the corresponding figure in last year's report, which was calculated using the previous factors.

The information in the following table is audited.

| Remunerations and pensions for senior management for 2010-11 restated | | | | | | | | |
|---|--------|-------|-------|--|--|------------------|------------------------------|-----------------------|
| Name | Salary | Bonus | Total | Accrued pension at pension age as at 31/03/11 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/11 | CETV at 31/03/10 (re-stated) | Real increase in CETV |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| C Oatway - Chief Executive | 80-85 | 5-10 | 90-95 | Pension | Pension | 666 | 582 | 0 |
| | | | | 40-45 | 0 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0 | | | |
| P Bachoo - Director of Policy and Legal Services 1 | 0-5 | 0 | 0-5 | Pension | Pension | 163 | 147 | -5 |
| | | | | 10-15 | -0-5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 30-35 | -1 | | | |
| C Lyons - Director of Finance 2 | 25-30 | 0-5 | 30-35 | Pension | Pension | 29 | 23 | 4 |
| | | | | 0-5 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0 | | | |
| A Murphy - Director of IT 3 | 55-60 | 5-10 | 65-70 | Pension | Pension | 19 | 9 | 6 |
| | | | | 0-5 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0 | | | |
| G Connor - Director of Operations | 55-60 | 0 | 55-60 | Pension | Pension | 492 | 394 | 42 |
| | | | | 25-30 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 75-80 | 5.0-10.0 | | | |
| J Lockhart - Director of Regional Casework 4 | 45-50 | 0 | 45-50 | Pension | Pension | 18 | 6 | 10 |
| | | | | 0-2.5 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0-2.5 | | | |
| C Binning - Deputy Chief Executive 5 | 15-20 | 0 | 15-20 | Pension | Pension | 516 | 500 | 9 |
| | | | | 25-30 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 85-90 | 0 | | | |
| L Day - Deputy Director of Corporate Services 6 | 15-20 | 0 | 15-20 | Pension | Pension | 298 | 277 | 0 |
| | | | | 15-20 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 55-60 | 0-2.5 | | | |
| 1. Employment in the Authority ceased as of 05/04/2010. | | | | | | | | |
| 2. Employment in the Authority ceased as of 22/10/2010. | | | | | | | | |
| 3. Employment in the Authority ceased as of 31/03/2011. Bonus accruing to 2010-11 was paid in 2010-11. | | | | | | | | |
| 4. Transferred from Fixed Term Contract to Permanent Staff 22/11/2010. | | | | | | | | |
| 5. Two years secondment from Scottish Court Services commencing 20/12/2010. The full year equivalent is £70k. | | | | | | | | |
| 6. Employment commenced 13/12/2010. The full year equivalent is £57k. | | | | | | | | |
| General notes | | | | | | | | |
| Bonus payments are reported against the financial year in which they are paid. | | | | | | | | |
| Nil return, for all disclosures, in respect of benefits in kind. | | | | | | | | |
| Employer contribution to partnership account is nil for all disclosed. | | | | | | | | |

The information in the following table is audited.

| Remunerations and pensions for senior management for 2011-12 | | | | | | | | |
|--|--------|-------|-------|--|--|------------------|------------------|-----------------------|
| Name | Salary | Bonus | Total | Accrued pension at pension age as at 31/03/12 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/12 | CETV at 31/03/11 | Real increase in CETV |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| C Oatway - Chief Executive | 80-85 | 5-10 | 90-95 | Pension | Pension | 697 | 654 | -15 |
| | | | | 40-45 | (0-2.5) | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0 | | | |
| G Connor - Director of Operations | 55-60 | 0 | 55-60 | Pension | Pension | 515 | 473 | 2 |
| | | | | 25-30 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 75-80 | 0-2.5 | | | |
| J Lockhart - Deputy Director of Operations | 50-55 | 0 | 50-55 | Pension | Pension | 36 | 20 | 13 |
| | | | | 0-5 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 0 | 0 | | | |
| C Binning - Deputy Chief Executive 1 | 70-75 | 0 | 70-75 | Pension | Pension | 584 | 528 | 10 |
| | | | | 31-35 | 0-2.5 | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 90-95 | 0-2.5 | | | |
| L Day - Deputy Director of Corporate Support | 55-60 | 0 | 55-60 | Pension | Pension | 326 | 305 | -6 |
| | | | | 20-25 | (0-2.5) | | | |
| | | | | Lump sum | Lump sum | | | |
| | | | | 60-65 | (0-2.5) | | | |
| 1. Two-year secondment from Scottish Court Services commencing 20/12/10 | | | | | | | | |
| General notes | | | | | | | | |
| Bonus payments are reported against the financial year in which they are paid. | | | | | | | | |
| Nil return, for all disclosures, in respect of benefits in kind. | | | | | | | | |
| Employer contribution to partnership account is nil for all disclosed. | | | | | | | | |

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
12 June 2012

Statement of Accounting Officer's Responsibilities

Under Section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 5 of the Criminal Injuries Compensation Scheme (2008), the Secretary of State (with the approval of the Treasury) has directed the Criminal Injuries Compensation Authority 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 provide a true and fair view of the state of affairs of the Authority and of its net expenditure account, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State (with the approval of the Treasury), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FRM) have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The sponsor department, the Ministry of Justice, appointed the Chief Executive as Accounting Officer of the Criminal Injuries Compensation Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Criminal Injuries Compensation Authority's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Managing Public Money*.

Governance statement

Introduction

Good corporate governance is central to the effective operation of all public bodies. The controls, processes and safeguards in place for CICA reflect best practice as set out in the Corporate Governance Code. In some instances the code's provisions are not applicable to CICA's governance and this is explained below.

Role of CICA and Scope of Responsibility

CICA does not hold Crown status nor does it have any separate legal identity. For policy and administrative purposes CICA is classified as non-departmental public body (NDPB) although it does not have this status in statute. For national accounts purposes the Authority is classified to the central government sector. CICA does not have an independent board. Its structure is similar to that of an executive agency, with an Executive Board, headed by the Chief Executive, and a Policy and Performance Board (PPB) including three non-executive advisors.

- The lack of separate legal status means there is no additional requirement for CICA to comply with separate statutory and administrative requirements.
- There are no statutory requirements governing appointments to the board. Nevertheless, CICA has embraced the spirit of the Code of Practice issued by the Commissioner for Public Appointments by recruiting non-executive advisors to its Policy & Performance Board (PPB) through fair and open competition. As the PPB is not based on any statutory requirements, the non-executives are not subject to Ministerial appointment or approval.
- CICA's non-executives act in an advisory capacity only; they do not have decision making powers.
- CICA's Chief Executive does not meet regularly with the minister responsible for criminal injuries compensation. The Executive Board (EB), chaired by the Chief Executive, runs the organisation. The Chief Executive is a civil servant subject to the usual line management arrangements within the Ministry of Justice.
- Although the CICA business plan is subject to ministerial approval there is no separate requirement for CICA to consult with ministers on key financial or operational decisions. This is compatible with the requirements of the primary and secondary legislation from which CICA takes its powers.

- CICA does not have, or require, a separate remuneration committee as CICA staff are all Ministry of Justice employees employed on standard terms and conditions.
- As an executive board, chaired by the Chief Executive, manages the organisation there is no need for the appointment of a separate Chairperson.

CICA is sponsored by the Ministry of Justice and also provides a service on behalf of the Scottish Government. A Memorandum of Understanding (MoU) sets out the working arrangements on liaison between the Scottish Government and the Ministry of Justice on matters relating to the Criminal Injuries Compensation Scheme, including arrangements for the Scottish Government to make an appropriate contribution towards the funding of the scheme.

Accounting Officer

The Chief Executive is appointed Accounting Officer (AO) by the Permanent Secretary of the Ministry of Justice. As AO, the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives as agreed with Ministry of Justice and Scottish Government. The Chief Executive is personally responsible for safeguarding the public funds managed by the Authority; for ensuring propriety and regularity in the handling of those funds and for the day-to-day operations and management of the Authority.

The Executive Board

In 2011-12 the Chief Executive was supported in fulfilling the duties outlined above by an Executive Board (EB) – consisting of a Deputy Chief Executive, Director of Operations, Deputy Director of Operations and Deputy Director of Corporate Support. A wider Executive Management Team (EMT), detailed later in this statement, will replace this in the coming year.

The EB is chaired by the Chief Executive and has a balance of skills and experience, including:

- leadership and change management;
- policy expertise;
- strategy formulation;
- financial expertise;
- communication skills;

- experience in operational delivery and process excellence; and
- corporate service skills including human resources and information management.

The EB is responsible for CICA's day-to-day management and operation. The EB meets once a month, with additional meetings to accommodate business need.

In taking decisions the EB operates both corporately and objectively, acting at all times in the public interest.

The EB ensures it has the information necessary to the proper discharge of its duties, including:

- monthly management and financial accounting information;
- performance monitoring of outputs and outcomes;
- risk management;
- health and safety reports;
- reports on key projects; and
- workforce reports including compliance with diversity and equality duties.

The EB ensures effective internal controls, including:

- procedures for assessing and managing risk; and
- clear guidance and procedures on delegated authorities and financial management.

Minutes of the EB's meetings are available electronically within CICA and can be made available to external parties on request. Any confidential matters are noted in a confidential addendum but the assumption is that all matters will be reported openly unless there is a compelling reason not to do so (for example, commercially or personally sensitive information).

New CICA Executive Management Team

A recently completed review of the EB resulted in a revised organisational and management structure, which will take effect in the 2012-13 financial year. CICA will introduce an Executive Management Team (EMT) with broader coverage and greater involvement of senior managers. This will shorten the distance between staff and the executive management making CICA more inclusive. The Policy and Performance Board considered and agreed this change, concluding that the new structure would support continuing commitment to greater staff engagement and provide improved succession planning.

Non-executive advisors

Although there is no statutory requirement to have an independent Board of Directors, CICA has strengthened its governance arrangements through the involvement of three non-executive advisors who input to policy considerations and oversee the organisation's performance against key indicators. The non-executives provide a challenge function. The non-executives also form the Authority's audit committee.

Although the non-executive advisors are not ministerial appointments they were recruited and appointed broadly in accordance with the principles and practices contained in the Cabinet Office best practice guide on making public appointments.

- Appointments were advertised.
- Successful candidates were chosen from diverse backgrounds to ensure a broad range of relevant skills. One non-executive advisor must be a qualified accountant with audit experience.
- Appointments are for a period of three years. An appointment may be extended, by mutual agreement, for one further period of up to three years before it is necessary to recruit again externally. A rolling programme ensures an experience base of two non-executive advisers at any given time.
- An induction programme follows on appointment – this includes sessions with each board member on CICA's strategy and operations.

Policy and Performance Board

The executive board and non-executive advisors attend the PPB, which also includes the sponsor department and a representative of the Scottish Government. The PPB meets quarterly to consider any proposed operational policy changes and to receive reports on the Authority's performance

Additionally, the PPB provides constructive challenge across CICA's operations to ensure all aspects of strategy and policy delivery are scrutinised for effectiveness and efficiency. This year their input included direction on staff engagement, improving the quality of management information, risk and assurance mapping, and change and programme management.

Board effectiveness

Both the Executive Board and Policy and Performance Board have arrangements to review and evaluate their performance. The EB reviews its

effectiveness as part of its annual planning and review round. This includes a review of how effectively it engages with staff and stakeholders. The non-executive advisors report on the PPB's performance and effectiveness.

EB members are each subject to annual personal appraisal. During the last performance year the Chief Executive was line managed by the Ministry of Justice's Director General (DG) – Finance. As part of the year end performance appraisal process, the DG invited non-executive advisors to give their views on the effectiveness of the Chief Executive. Line management responsibility for the CICA Chief Executive has now passed to the Director, Transforming Justice Strategy and Governance.

The Chief Executive meets with each non-executive advisor (after the year end) to informally discuss and evaluate their contribution to the work of CICA. At this meeting non-executive advisors are asked to identify what additional information or support, if any, they would like CICA to provide in order that they can continue to fulfil their roles effectively. Non-executives are also free to raise any matter with the Chief Executive individually or collectively.

Audit Committee

The Audit Committee functions in accordance with the principles of the Audit Committee Handbook. The Audit committee's role is to support the EB, and in particular the accounting officer, in their responsibilities for issues of risk, control and governance.

The Audit Committee consists of CICA's three non-executive advisors, one of whom acts as chair:

- The chair is elected, by members of the audit committee, to serve for a period of three years, or to the end of their term of appointment, whichever comes sooner.
- At least one member of the Audit Committee will have recent and relevant financial experience, and the committee should corporately own an appropriate mix of skills relevant to CICA's business.
- The Audit Committee meets at least four times a year.
- The CICA Chief Executive (AO) and Deputy Chief Executive attend the Audit Committee but are not members of it.
- The CICA secretariat duties include the requirement to ensure that the Audit committee is provided with the information necessary to fulfil its functions.
- If the Audit Committee has concerns about the way the Chief Executive, Deputy Chief Executive or Head of Finance has acted, or failed to act, they

may choose to meet in private, or with only one of the executives present. The Authority's secretariat will provide them with the support necessary to undertake any investigations.

- If necessary, and supported by prima facie evidence, the Audit Committee may ask that the sponsor department appoint independent consultants to undertake investigations on their behalf.
- Internal Auditors and a National Audit Office (NAO) representative attend each meeting.

The Audit Committee provides a report in writing to the EB and Accounting Officer after each meeting by means of an approved set of minutes.

Review of effectiveness

CICA are confident in the level of assurance the governance structure described above provides. The EMT will continue to monitor the structure's effectiveness in the coming year.

Risk Committee

There is a monthly meeting of a risk committee of key members of the CICA senior management covering Finance, Operations, Legal, Policy and Corporate Services.

The risk committee keeps a CICA risk plan up-to-date. The risk plan is submitted to the Executive Board for ratification and confirmation that all key risks have been identified and are being monitored and managed appropriately. The up-dated plan is also submitted to the PPB.

Audit and risk key considerations in 2011-12

The Executive Board, the Policy and Performance Board and the supporting committees' key areas for attention were:

- Securing sufficient resources and managing the settlement of a challenging caseload of tariff and pre-tariff cases – CICA has an excellent track record in budget and case management. It maintains this track record by ensuring it tightly monitors spend; has robust operational processes; has effective working relationships between its finance and operations teams; and has effective working relationships with its sponsor department, to which it provides reliable and comprehensive management information.
- Ensuring continuous improvement in relation to the people management, process and technology – CICA has a well developed governance structure

for change management, including a programme board and project teams who observe best practice in project management in order to ensure change is managed effectively.

- Ensuring CICA can operate from a location that offers continued access to experienced staff and provides good value for money – the lease to the property CICA occupies is held by the Home Office. The lease is due for renewal in 2014 and CICA will seek a transfer of responsibility for managing the lease to the Ministry of Justice so it can work with its sponsor department to negotiate a new lease on favourable terms.
- Ensuring effective Information Assurance – CICA recognises that, given the volume of sensitive information handled and the number of people involved, it must make strenuous efforts to adhere to best practice. It will therefore pay particular attention to reinforcing vigilance in this area. A recently completed audit will help CICA further mitigate this risk in future. There were no reportable data security incidents this year.

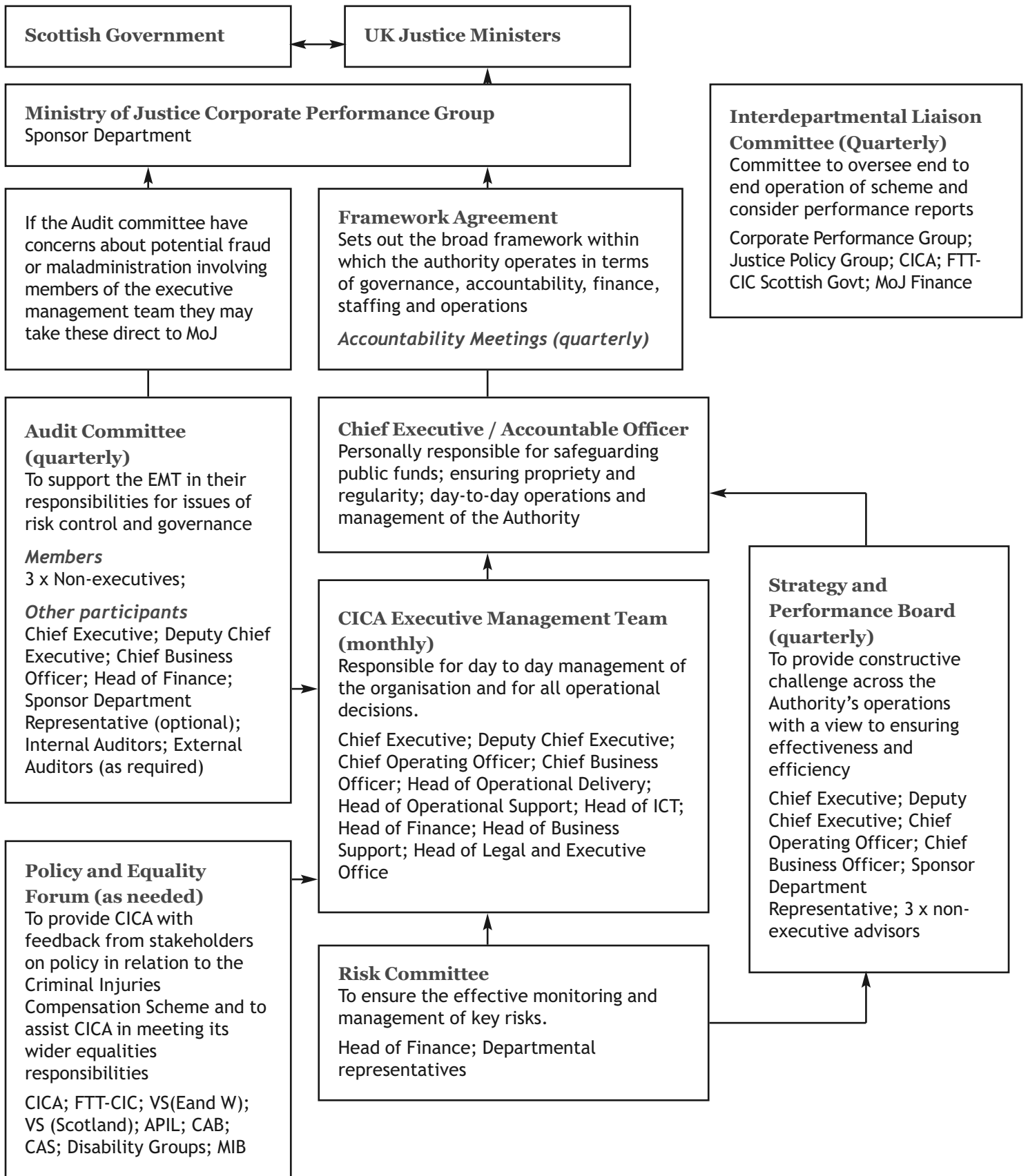
Preparing for future change – the Ministry of Justice began the process of consulting on possible changes to the Criminal Injuries Compensation Scheme in January 2012. CICA played a role in this process by commenting on the operational implications of the proposals, and contributing to the impact assessments. CICA has begun the work of considering the impact of the new Scheme on its operations. This work will continue into 2012-13 when CICA will be expected to change its operations to reflect the provisions of any new Scheme that emerges from the current proposals.

Audit programme

The internal audit programme for the year included reviews of corporate governance (green rating) media relations (green rating) and change management (amber/green rating).

The CICA has an in-house business assurance team who supplement the work of internal auditors and provide additional assurances, to the EB and the Audit Committee, on the quality and consistency of application of CICA's processes, procedures and controls. Responsibility for co-ordinating the work of internal audit and quality assurance lies with the Deputy Chief Executive.

Governance structure



Meeting attendance 2011-12

| | Executive board | | | | Audit Committee | | | | PPB | | | |
|---|-----------------|-----|-----|-----|-----------------|-----|-----|-----|-----|----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Directors | | | | | | | | | | | | |
| Carole Oatway | 1/3 | 3/3 | 3/3 | 2/3 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cliff Binning | 3/3 | 3/3 | 3/3 | 3/3 | ✓ | ✓ | ✓ | ✓ | x | ✓ | ✓ | ✓ |
| George Connor | 3/3 | 2/3 | 3/3 | 3/3 | n/a | n/a | n/a | n/a | ✓ | x | x | x |
| Jackie Lockhart | 3/3 | 3/3 | 2/3 | 3/3 | n/a | n/a | n/a | n/a | ✓ | ✓ | ✓ | ✓ |
| Louise Day | 3/3 | 2/3 | 3/3 | 3/3 | n/a | n/a | n/a | n/a | ✓ | ✓ | ✓ | ✓ |
| Non-executives | | | | | | | | | | | | |
| Hamish Guthrie | n/a | n/a | n/a | n/a | n/a | ✓ | ✓ | ✓ | n/a | ✓ | ✓ | ✓ |
| David Page | n/a | n/a | n/a | n/a | ✓ | ✓ | ✓ | ✓ | x | ✓ | x | ✓ |
| Colin Peebles | n/a | n/a | n/a | n/a | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Peter Hartill | n/a | n/a | n/a | n/a | ✓ | ✓ | n/a | n/a | x | ✓ | n/a | n/a |
| * Hamish Guthrie replaced Peter Hartill as a non-executive advisor in quarter two | | | | | | | | | | | | |

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
12 June 2012

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2012 under the Criminal Injuries Compensation Act 1995. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Criminal Injuries Compensation Act 1995. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Injuries Compensation Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Injuries Compensation Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Criminal Injuries Compensation Act 1995; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
xx June 2012

Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

| | Note | 2011-2012 | | 2010-2011 | |
|---|------|-----------|---------|-----------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| | | | | Re-stated | Re-stated |
| Programme Expenditure | | | | | |
| Tariff scheme compensation | 10 | 200,562 | | 248,318 | |
| Pre-tariff scheme compensation | 10 | (7,306) | | 84,140 | |
| Casehandling costs | 4 | 4,293 | | 3,462 | |
| | | | 197,549 | | 335,920 |
| Administration Expenditure | | | | | |
| Staff costs | 3 | 11,306 | | 12,432 | |
| Other costs | 4 | 4,170 | | 4,180 | |
| Depreciation | 5 | 1,380 | | 1,232 | |
| | | | 16,856 | | 17,844 |
| Total Expenditure | | | 214,405 | | 353,764 |
| Income | 2 | (1,218) | | (1,108) | |
| Income repaid to Consolidated Fund | | 1,272 | | 1,066 | |
| | | | 54 | | (42) |
| Net Expenditure | | | 214,459 | | 353,722 |
| Finance charge | 10 | | 8,284 | | 8,412 |
| Net Expenditure after finance charge | | | 222,743 | | 362,134 |

There was no other comprehensive expenditure incurred during the year.

The notes on pages 43 to 58 form part of these accounts.

Statement of Financial Position as at 31 March 2012

| | Note | 31 March 2012 | | 31 March 2011 | |
|--|------|---------------|------------------|---------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 2,630 | | 3,691 | |
| Intangible assets | 5 | 487 | | 362 | |
| Assets under construction | 5 | 2,238 | | 2,049 | |
| Total non-current assets | | | 5,355 | | 6,102 |
| Current assets | | | | | |
| Trade and other receivables | 6 | 1,079 | | 1,546 | |
| Cash and cash equivalents | 7 | 150,144 | | 60,751 | |
| Total current assets | | | 151,223 | | 62,297 |
| Total assets | | | 156,578 | | 68,399 |
| Current liabilities | | | | | |
| Trade and other payables | 8 | | (126,370) | | (53,142) |
| Non-current assets plus/less net current assets/liabilities | | | 30,208 | | 15,257 |
| Non-current liabilities | | | | | |
| Provisions | 10 | (532,506) | | (780,946) | |
| Other payables | 9 | (44,219) | | (13,585) | |
| Total non-current liabilities | | | (576,725) | | (794,531) |
| Liabilities less assets | | | <u>(546,517)</u> | | <u>(779,274)</u> |
| Taxpayers' equity | | | | | |
| General reserve | | | (546,517) | | (779,274) |
| Revaluation reserve | | | 0 | | 0 |
| | | | <u>(546,517)</u> | | <u>(779,274)</u> |

The notes on pages 43 to 58 form part of these accounts.

The financial statements on pages 39 to 42 were approved by the Executive Board on 12 June 2012 and were signed on its behalf by:

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
12 June 2012

Statement of Cash Flows for the year ended 31 March 2012

| | Note | 2011-2012 | | 2010-2011 | |
|---|------|----------------|------------------|----------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | | |
| Net cash outflow from operating activities | 12 | | (365,363) | | (289,707) |
| Other non-operating income | | | | | |
| Income | 2 | 1,218 | | 1,108 | |
| Income repaid to Consolidated Fund | | <u>(1,272)</u> | | <u>(1,066)</u> | |
| | | | (54) | | 42 |
| Cash flows from investing activities | | | | | |
| Purchase of non-current assets | 5 | | <u>(690)</u> | | <u>(1,649)</u> |
| Net cash outflow | | | <u>(366,107)</u> | | <u>(291,314)</u> |
| Cash flows from financing activities | | | | | |
| Grants from sponsor departments | 11 | | <u>455,500</u> | | <u>320,098</u> |
| Net increase in cash and cash equivalents in the period | | | <u>89,393</u> | | <u>28,784</u> |
| Cash and cash equivalents at the beginning of the period | | | <u>60,751</u> | | <u>31,967</u> |
| Cash and cash equivalents at the end of the period | 7 | | <u>150,144</u> | | <u>60,751</u> |

The notes on pages 43 to 58 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012

| | General Reserve | Revaluation Reserve | Total Reserves |
|---|------------------|---------------------|------------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2010 | (737,576) | 338 | (737,238) |
| Net Parliamentary funding | 320,098 | 0 | 320,098 |
| Net transfer from operating activities: | | | |
| Net expenditure | (362,134) | 0 | (362,134) |
| Realised element of Revaluation Reserve | 338 | (338) | 0 |
| Balance at 31 March 2011 | (779,274) | 0 | (779,274) |

| | General Reserve | Revaluation Reserve | Total Reserves |
|---|------------------|---------------------|------------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2011 | (779,274) | 0 | (779,274) |
| Net Parliamentary funding | 455,500 | 0 | 455,500 |
| Net transfer from operating activities: | | | |
| Net expenditure | (222,743) | 0 | (222,743) |
| Balance at 31st March 2012 | (546,517) | 0 | (546,517) |

The notes on pages 43 to 58 form part of these accounts.

Notes to the Accounts

Note 1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where FRm permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The Authority's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified to account for, where applicable, the revaluation of non-current assets.

The Financial Statements, together with the Notes on pages 43 to 58, have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Justice, with approval of HM Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001 and 2008.

At 31 March 2012, the Authority's Statement of Financial Position records net liabilities of £547 million (31 March 2011, £779 million). This reflects the inclusion of liabilities falling due in future years which may only be met by future funding from both the Ministry of Justice and the Scottish Government. This follows the normal conventions applying to Parliamentary control over income and expenditure in that funding is not provided in advance of need.

Funding for 2012-2013, allowing for the amounts required to meet the Authority's liabilities, had already been included in estimates for this period, which had been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

1.2 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between programme and administration elements. The classification of expenditure follows the definition of costs set out in the Financial Memorandum issued to the Authority by the Secretary of State for Justice.

1.3 Funding

Expenditure is met from funds advanced by the Ministry of Justice and the Scottish Government. Funds received for operating activities and capital expenditure are credited to the general reserve.

1.4 Non-current assets

Intangibles

Purchased Intangibles are split between information technology and software licences and are capitalised where expenditure of £500 or more is incurred. Both sets of assets are disclosed at depreciated historical cost which approximates to fair value.

Software and systems development expenditure on IT systems are capitalised as intangibles where specific criteria are met in accordance with International Accounting Standard (IAS) 38. Expenditure on IT systems which maintains expected output requirements, without evidence of enhancement, is written off in the period in which it is incurred.

Property, Office Equipment, and Fixtures and Fittings

Items are capitalised if they are intended to be used on a continuous basis for greater than one year. Items costing more than £500, inclusive of delivery and installation, are treated as non-current

assets. Where an item costs less than the capitalisation level but forms part of an asset or grouped asset, whose total value is greater than the capitalisation level, the item is treated as a non-current asset. Tangible non-current assets are disclosed at depreciated historical cost, which approximates to fair value. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

Donated assets

The Authority holds no assets classified as donated.

Assets under construction

Costs, inclusive of irrecoverable VAT, associated with discrete projects are pooled until the Authority takes the relevant asset on charge (first brings the asset into use). Such items are not depreciated until they are brought into use. The relevant in-year transfers to asset categories, relating to assets which were taken on charge during 2011-12, are disclosed in note 5.

1.5 Depreciation

Depreciation is provided on non-current assets on a straight line basis to write-off the cost or valuation evenly over the asset's useful economic life as follows.

| | |
|---|--------------------------------------|
| Leasehold Improvements | Over the remaining term of the lease |
| Fixtures, Fittings and Office Equipment | Ten years |
| Computer Equipment | Three to five years |
| Intangibles (Information Technology and Licences) | Three to five years |

1.6 Income

All recoveries from assailants through civil actions and the criminal courts are paid into the consolidated fund, on receipt, via the Ministry of Justice and the Scottish Government. However, income is recognised, when the debt is created. The effect of this is short-term timing differences being recognised in the Statement of Comprehensive Net Expenditure. The majority of the Authority's income is received via the courts and therefore the collection-rate is predominantly outwith the control of the Authority. The collection rate is currently less than 40 per cent of all monies due. Therefore the Authority creates bad debt provisions to reflect the uncertainty of future collection.

Other income is composed of compensation repaid by applicants, subject access requests fees and royalties receivable against vending machine supplier arrangements. Compensation repayments are paid to consolidated fund, on receipt, and other miscellaneous income is retained by the Authority.

1.7 Accounting for employee benefits

Under IAS 19 the Authority is required to provide for the full long-term pension liabilities of any qualifying staff not covered under the PCSPS arrangements. All staff working for the Authority were covered under the arrangements and therefore no disclosure for long-term pension liabilities is charged to these accounts.

The same standard additionally requires the Authority to provide, in full, short-term employee liabilities for both untaken annual leave and bonus entitlements.

1.8 Leases

Leases are assessed against the criteria laid down within IAS 17. The extant leases have been determined as operating in nature and therefore charged to Statement of Comprehensive Net Expenditure as incurred.

1.9 Provisions

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period end. The provision is established on the basis of the best estimate of the expenditure required to settle the obligation. The provisions (particularly tariff) involve significant estimations and uncertainties (see note 10 for detail). These obligations are set out below.

Pre-tariff scheme

The pre-tariff scheme provision reflects the expected settlement value of all outstanding cases at the reporting period end. The total liability has been derived by an in-depth valuation assessment by experts from the judiciary (totally independent from CICA). This provision has not been discounted (see note 10).

Tariff scheme

The tariff scheme provision is made up of two components. Primarily, the Authority recognises liabilities that are based upon an evaluation of total applications that are currently known to the Authority. The additional element relates to those events, occurring on or before reporting period end, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability. This provision has been discounted by using the prevailing Treasury Discount Rate, currently 2.2 per cent. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

Dilapidations

Provisions for dilapidations are recognised in the year in which the Authority recognises it has a future obligation to transfer economic benefits based on a past event. This provision has not been discounted (see note 10).

Early departure

The Authority meets the additional costs of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) for employees who retire early. These costs are provided for in full when the relevant early retirement programme becomes binding by establishing a provision for the estimated payments discounted at the Treasury rate of 2.8 per cent in real terms. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

1.10 Recognition of compensation accrual

The Authority recognises an accrual when an offer is made to an applicant. The liability takes account of the prevailing review and appeal request rate for the tariff scheme. For pre-tariff the on-offer is recognised at full liability as the offer made to an applicant is binding.

1.11 Value Added Tax

The Authority is not eligible to register for VAT and all costs are shown inclusive of irrecoverable VAT, where applicable.

1.12 Holding Accounts

Compensation awards are held in individual holding accounts in the name of the applicant prior to guardianship being determined. On confirmation of the legal position of each case, final payment, including accrued interest, is made as directed.

1.13 Third party assets

The third party assets are not the Authority's assets and are therefore not included in the Financial Statements.

The retention of compensation awards to minors is provided for under paragraph 3 of the 2008 Scheme. The purpose of this action is to ensure that the victim will be the sole beneficiary of the award (including accrued interest) when they reach their majority (18 years of age). Where appropriate interim payments are made on an 'as needs' basis against an agreed framework.

The Authority acts as agent on behalf of the MoJ to undertake special payment Schemes and therefore holds, but does not own, the cash to meet obligations. The Authority is reimbursed for the costs associated with set-up and administration (see note 6) of any Scheme undertaken.

The balances held on behalf of both of the above parties are disclosed in note 13.

1.14 Segmental Reporting

The Authority has one reportable operating segment under IFRS 8. It therefore does not prepare a detailed segmental analysis.

The split in programme expenditure, between Tariff and Pre-Tariff is disclosed on the face of the Statement of Comprehensive Net Expenditure. The relevant geographical analysis for both schemes is disclosed in note 10.

1.15 Impending application of newly issued accounting standards not yet effective

There is no anticipated material impact to the Authority in respect of International Financial Reporting Standards (IFRSs) that have been issued by the International Accounting Standards Board but are not yet effective at the end of the reporting period.

Note 2 INCOME

| | 2011-12 | 2010-11 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Civil actions - non-retainable | 571 | 698 |
| Court compensation orders - non-retainable | 280 | 379 |
| Other administrative income | 367 | 31 |
| | <u>1,218</u> | <u>1,108</u> |

Note 3 STAFF NUMBERS AND RELATED COSTS

a) Staff costs

| | 2011-12 | 2010-11 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Salaries and emoluments | 7,941 | 8,846 |
| Early departure / redundancy | 492 | 328 |
| Provision for early departure / redundancy | 0 | 734 |
| Social security costs | 578 | 607 |
| Pension costs | 1,398 | 1,577 |
| Agency staff | 562 | 302 |
| Overtime payments | 335 | 38 |
| | <u>11,306</u> | <u>12,432</u> |

The disclosures above include the costs should be within the body of the remuneration report.

Costs relating to staff on fixed-term contracts (not included in above) have been capitalised as key inputs to delivery against specific IT related projects. The total staff cost subject to capitalisation was £0 (2010-11, £58,247 and 2 members of staff).

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

The banded remuneration of the highest-paid director in CICA in the financial year 2011-12 £90k – £95k (2010-11, £90k – £95k). This was 4.25 times (2010-11, 4.36) the median remuneration of the workforce which was £21,289 (2010-11, £20,786).

In 2010-11 no employee received remuneration in excess of the highest paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

b) Staff numbers

The average number of full time equivalent persons employed (including senior management) during the year was as follows:

| | 2011-12 | 2010-11 |
|----------------|------------|------------|
| Casework | 303 | 360 |
| Administration | 62 | 69 |
| Agency staff | 34 | 15 |
| | <u>399</u> | <u>444</u> |

| | 2011-12 | 2010-11 |
|---------------------|------------|------------|
| Scottish Government | 1 | 196 |
| Ministry of Justice | 364 | 233 |
| Agency | 34 | 15 |
| | <u>399</u> | <u>444</u> |

The number of full time equivalent persons employed in the Authority as at 31 March 2012 was 387 (including 38 Agency).

The Authority was staffed by employees on assignment from both Scottish Government or the Ministry of Justice (MoJ) up to and including 31 October 2010. With effect from 01 November 2010 all employees of the Authority were transferred to MoJ under Machinery of Government Procedures.

3.1 CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, as amended by the Superannuation Act 2010 effective 16 December 2010. Exit costs are accounted for in-full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by CICA and not by the Civil Service pension scheme.

| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
|---------------------------------------|-----------------------------------|---------|-----------------------------------|-----------|-------------------------------|-----------|
| Exit package cost band | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages | |
| <£10,000 | 0 | 0 | 3 | 3 | 3 | 3 |
| £10,000 - £25,000 | 0 | 0 | 7 | 6 | 7 | 6 |
| £25,000 - £50,000 | 0 | 0 | 7 | 15 | 7 | 15 |
| £50,000 - £100,000 | 0 | 0 | | 7 | 0 | 7 |
| £100,000 - £150,000 | 0 | 0 | | 0 | 0 | 0 |
| £150,000 - £200,000 | 0 | 0 | | 0 | 0 | 0 |
| £200,000 - £250,000 | 0 | 0 | | 0 | 0 | 0 |
| Total number of exit packages by type | 0 | 0 | 17 | 31 | 17 | 31 |
| Total resource cost (£) | 0 | 0 | 491,971 | 1,131,000 | 491,971 | 1,131,000 |

Note 4 OTHER EXPENDITURE

| | Note | 2011-12 | 2010-11 |
|---|------|---------|-----------|
| | | £'000 | £'000 |
| | | | Re-stated |
| Casehandling costs | | 4,293 | 3,462 |
| Rentals under operating leases | | 1,238 | 1,226 |
| Other accommodation costs | | 1,007 | 969 |
| Information technology | | 953 | 765 |
| Miscellaneous fees | | 41 | 217 |
| Postage and telecommunications | | 320 | 362 |
| Stationery | | 135 | 138 |
| Storage and handling | | 63 | 0 |
| Travel and subsistence | | 92 | 109 |
| Losses and special payments | 20 | 44 | 90 |
| External audit fees | | 70 | 79 |
| Training and recruitment | | 62 | 65 |
| Dilapidations on leases | | 35 | 19 |
| Internal audit fees | | 29 | 27 |
| Asset disposal costs | | 2 | 0 |
| Furniture and fittings | | 8 | 12 |
| Information and publications | | 6 | 7 |
| Non Cash Items: | | | |
| Bad debts written-off | 20 | 118 | 62 |
| (Decrease) / increase to bad debt provision | 6 | (110) | 26 |
| Loss on disposal of non-current assets | 5 | 57 | 7 |
| | | 8,463 | 7,642 |

See Financial Overview for additional details.

Note 5 NON-CURRENT ASSETS

| | Information Technology (Intangibles) | Software Licences (Intangibles) | Fixtures & Fittings | Assets Under Construction | Leasehold Improvements | Computer Equipment | Office Equipment | Total |
|--|--------------------------------------|---------------------------------|---------------------|---------------------------|------------------------|--------------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | | |
| At 1 April 2011 | 212 | 290 | 750 | 2,049 | 3,528 | 1,727 | 687 | 9,243 |
| Additions | 29 | 0 | 17 | 563 | 74 | 2 | 5 | 690 |
| Disposals | 0 | 0 | (91) | 0 | 0 | 0 | (25) | (116) |
| Transfers | 342 | 8 | 0 | (374) | 0 | 23 | 1 | 0 |
| At 31 March 2012 | 583 | 298 | 676 | 2,238 | 3,602 | 1,752 | 668 | 9,817 |
| Depreciation | | | | | | | | |
| At 1 April 2011 | (43) | (97) | (242) | 0 | (1,449) | (929) | (381) | (3,141) |
| Charged in year | (157) | (97) | (71) | 0 | (594) | (410) | (51) | (1,380) |
| Disposals | 0 | 0 | 36 | 0 | 0 | 0 | 23 | 59 |
| At 31 March 2012 | (200) | (194) | (277) | 0 | (2,043) | (1,339) | (409) | (4,462) |
| Net book value at 31 March 2012 | 383 | 104 | 399 | 2,238 | 1,559 | 413 | 259 | 5,355 |
| Net book value at 31 March 2011 | 169 | 193 | 508 | 2,049 | 2,079 | 798 | 306 | 6,102 |

Assets Under Construction predominantly relate to internal systems upgrades and enhancements. As a result 94 per cent will be transferred (during 12-13) to Intangibles.

All non-current assets are owned by the Authority.

No non-current assets have been subject to revaluation in current period.

| | Information Technology (Intangibles) | Software Licences (Intangibles) | Fixtures & Fittings | Assets Under Construction | Leasehold Improvements | Computer Equipment | Office Equipment | Total |
|--|--------------------------------------|---------------------------------|---------------------|---------------------------|------------------------|--------------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | | |
| At 1 April 2010 | 64 | 219 | 750 | 1,081 | 3,217 | 1,641 | 669 | 7,641 |
| Additions | 0 | 1 | 0 | 1,418 | 153 | 63 | 14 | 1,649 |
| Disposals | 0 | 0 | 0 | 0 | 0 | (47) | 0 | (47) |
| Transfers | 148 | 70 | 0 | (450) | 158 | 70 | 4 | 0 |
| At 31 March 2011 | 212 | 290 | 750 | 2,049 | 3,528 | 1,727 | 687 | 9,243 |
| | | | | As re-stated | | | | |
| Depreciation | | | | | | | | |
| At 1 April 2010 | (14) | (9) | (166) | 0 | (873) | (564) | (323) | (1,949) |
| Charged in year | (29) | (88) | (76) | 0 | (576) | (405) | (58) | (1,232) |
| Disposals | 0 | 0 | 0 | 0 | 0 | 40 | 0 | 40 |
| At 31 March 2011 | (43) | (97) | (242) | 0 | (1,449) | (929) | (381) | (3,141) |
| Net book value at 31 March 2011 | 169 | 193 | 508 | 2,049 | 2,079 | 798 | 306 | 6,102 |
| Net book value at 31 March 2010 | 50 | 210 | 584 | 1,081 | 2,344 | 1,077 | 346 | 5,692 |

All non-current assets are owned by the Authority.

No non-current assets have been subject to revaluation in current period.

Note 6 TRADE AND OTHER RECEIVABLES

| | 31 March 2012 | 31 March 2011 |
|-------------------------|------------------|------------------|
| | £'000 | £'000 |
| Trade receivables | 76 | 355 |
| Court compensation | 863 | 1,015 |
| Civil claims | 51 | 75 |
| Other receivables | 4 | 9 |
| Prepayments | 708 | 825 |
| | <u>1,702</u> | <u>2,279</u> |
| Provision for bad debts | (623) | (733) |
| | <u>1,079</u> | <u>1,546</u> |

Trade receivables includes £58k (2010-11, £341k) due from MoJ for provision of services (see note 1.13).

Note 7 CASH AND CASH EQUIVALENTS

| | Notes | 2011-12 | 2010-11 |
|---|-------|----------------|---------------|
| | | £'000 | £'000 |
| Opening balance at Paymaster General Account | | 0 | 14,017 |
| (Decrease) in cash | | 0 | (14,017) |
| Closing balance at Paymaster General Account | | <u>0</u> | <u>0</u> |
| Opening balance at Government Banking Service Accounts | | 47,154 | 0 |
| Increase in cash | | 58,638 | 47,154 |
| Closing balance at Government Banking Service Accounts | | <u>105,792</u> | <u>47,154</u> |
| Opening balance all other bank accounts and cash | | 12 | 212 |
| Increase / (decrease) in cash | | 121 | (200) |
| Closing balance at all other bank accounts and cash | | <u>133</u> | <u>12</u> |
| Opening balance of awards held on deposit in holding accounts | 9 | 13,585 | 17,738 |
| Increase / (decrease) in cash | 9 | 30,634 | (4,153) |
| Closing balance of awards held on deposit in holding accounts | 9 | <u>44,219</u> | <u>13,585</u> |
| Total balance of cash and cash equivalents | | <u>150,144</u> | <u>60,751</u> |
| Total increase in cash and cash equivalents | | <u>89,393</u> | <u>28,784</u> |

The increase in the Government bank account is due to the Authority receiving grant to cover compensation accruals recognised during 2011-12. The cash balance will reduce as cash payments are made to applicants during 2012-13. The Paymaster General Account was closed and replaced by Government Banking Service Accounts during 2010-11.

Note 8 TRADE AND OTHER PAYABLES

| | 31 March 2012 | 31 March 2011 |
|------------------------------|------------------|------------------|
| | £'000 | £'000 |
| Trade payables | 1,601 | 4,037 |
| Consolidated Fund payables | 272 | 130 |
| Other payables | 0 | 6 |
| Accruals - pre-tariff scheme | 86,947 | 14,637 |
| Accruals - tariff scheme | 35,528 | 32,442 |
| Other accruals | 2,022 | 1,890 |
| | <u>126,370</u> | <u>53,142</u> |

Note 9 NON-CURRENT LIABILITIES: OTHER PAYABLES

| <u>Holding accounts (see note 1.12)</u> | Number of accounts | 2011-12 | | Number of accounts | 2010-11 | |
|---|-----------------------|--------------|---------------|-----------------------|--------------|---------------|
| | | £'000 | £'000 | | £'000 | £'000 |
| Opening balance | 11 | | 13,585 | 14 | | 17,738 |
| In-year deposits | 31 | 53,115 | | 4 | 9,524 | |
| Interest received in-year | | <u>58</u> | | | <u>65</u> | |
| | | | 53,173 | | | 9,589 |
| Closures | (13) | 21,484 | | (7) | 11,995 | |
| Withdrawal prior to closure | | <u>1,055</u> | | | <u>1,747</u> | |
| | | | (22,539) | | | (13,742) |
| Closing balance | 29 | | <u>44,219</u> | 11 | | <u>13,585</u> |

Note 10 PROVISIONS

| Provisions 2011-12 | Pre-tariff scheme | Tariff scheme | Lease dilapidation | Early departure | Total |
|-------------------------------------|----------------------|------------------|-----------------------|--------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2011 | 391,777 | 387,533 | 709 | 927 | 780,946 |
| Arising during the year | 29,431 | 190,151 | 35 | 0 | 219,617 |
| Reversed unutilised during the year | (36,737) | 0 | 0 | 0 | (36,737) |
| Utilised during the year | (236,654) | (202,322) | (55) | (573) | (439,604) |
| Charge for year (unwinding) | 0 | 8,258 | 0 | 26 | 8,284 |
| Balance at 31 March 2012 | <u>147,817</u> | <u>383,620</u> | <u>689</u> | <u>380</u> | <u>532,506</u> |

| Provisions 2010-11 | Pre-tariff scheme | Tariff scheme | Lease dilapidation | Early departure | Total |
|-------------------------------------|-------------------|---------------|--------------------|-----------------|-----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2010 | 337,389 | 382,065 | 690 | 244 | 720,388 |
| Arising during the year | 103,324 | 238,919 | 19 | 743 | 343,005 |
| Reversed unutilised during the year | (19,184) | 0 | 0 | (9) | (19,193) |
| Utilised during the year | (29,752) | (241,856) | 0 | (58) | (271,666) |
| Charge for year (unwinding) | | 8,405 | 0 | 7 | 8,412 |
| Balance at 31 March 2011 | 391,777 | 387,533 | 709 | 927 | 780,946 |

Geographical split for pre-tariff and tariff schemes provision utilised during the year and other in-year tariff scheme expenditure

| | 2011-12 | 2010-11 |
|--|---------|---------|
| | £'000 | £'000 |
| Awards relating to victims of crimes of violence occurring in: | | |
| England and Wales | 411,028 | 255,849 |
| Scotland | 38,359 | 25,157 |
| | 449,387 | 281,006 |

Impact upon Statement of Comprehensive Net Expenditure (SOCNE)

New liabilities arising during 2011-12 (totalling £219.58 million), and old liabilities that have been reversed unutilised (totalling £36.74 million) during the year are both disclosed on the SOCNE. The former has been disclosed because the Authority has re-assessed its outstanding obligations. The latter amount had been disclosed, in the Statement, in earlier accounting periods and therefore is required to be reversed through the same Statement in 2011-12. This reversal is due to the fact that it has been established that present obligations do not exist. Therefore a settlement amount is no longer required.

The tariff scheme compensation total also includes £10.41m that was not previously included in the opening provision. This is due to the fact that the events which underpin the awards took place after 31 March 2011.

The pre-tariff provision decreased by a net figure of £243.96 million and this is reflected in the above table (£391.78 million less £147.82 million).

Reconciliation between Compensation Schemes and Programme movements disclosed in Note 10 to figures disclosed on the face of the Statement Of Comprehensive Net Expenditure (SOCNE)

| | Pre-tariff 2011-12 | Tariff 2011-12 | Totals 2011-12 | Pre-tariff 2010-11 | Tariff 2010-11 | Totals 2010-11 |
|--|--------------------|----------------|----------------|--------------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| New Provision arising | 29,431 | 190,151 | 219,582 | 103,324 | 238,919 | 342,243 |
| Scheme expenditure not included in the provision | 0 | 10,411 | 10,411 | 0 | 9,399 | 9,399 |
| Provisions reversed unutilised | (36,737) | 0 | (36,737) | (19,184) | 0 | (19,184) |
| Figures recognised on SOCNE | (7,306) | 200,562 | 193,256 | 84,140 | 248,318 | 332,458 |

Split for pre-tariff and tariff schemes provision utilised during the year and other in-year tariff scheme expenditure based on date of incident leading to determination of award

| | Pre-tariff | Tariff | Totals | Pre-tariff | Tariff | Totals |
|---|----------------|----------------|----------------|---------------|----------------|----------------|
| | 2011-12 | 2011-12 | 2011-12 | 2010-11 | 2010-11 | 2010-11 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Value of cases where incident took place prior to 31 March (from provision) | 236,654 | 202,322 | 438,976 | 29,752 | 241,856 | 271,608 |
| Value of cases where incident took place after 31 March (where no provision was previously established) | 0 | 10,411 | 10,411 | 0 | 9,399 | 9,399 |
| Total Value of cases settled in-year | 236,654 | 212,733 | 449,387 | 29,752 | 251,255 | 281,007 |

Pre-tariff scheme

The pre-tariff scheme provision reflects the Authority's liabilities in respect of all outstanding cases incurred prior to 1996 which remain to be settled in future years. In accordance with the Authority's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year-end based on the circumstances of each application at that time. The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid in year of settlement.

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases (see note 1.9). Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

Tariff scheme

The tariff scheme provision, reflecting the Authority's liabilities under the 1996, 2001 and 2008 schemes, is made up of two components. Primarily, the Authority recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £261.793m). The additional element relates to those events, occurring on or before reporting period end, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £121.827m).

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing Treasury Discount Rate (2.2 per cent) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision and be shown as a finance charge on the face of the Statement of Comprehensive Net Expenditure.

The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid in year of settlement.

Analysis of expected timing of discounted cash flows:

| | £'000 |
|---|---------|
| Not later than one year | 194,860 |
| Later than one year and not later than five years | 167,104 |
| Later than five years | 21,656 |
| | 383,620 |

In accordance with IAS 37 the following areas of uncertainty are noted in relation to the Tariff provision. The valuation is based upon a financial analysis of the historical settlement averages and the assessed tariff banding attributed to cases in-progress.

The following are key assumptions that affect valuation and are variables that reflect CICA's recent operational experience in processing Tariff applications:-

- a. The apportionment of cases received, but as yet unallocated to Tariff bands. An exercise is on-going in order to reduce the number of cases without a banding. However, 78 per cent of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends.
- b. The likelihood of known cases, received in current year, that will resolve at nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where nil value cases are likely to be expected.
- c. For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends.

Lease dilapidations

The balance reflects the likely liability of the Authority on exit of Tay House, Glasgow. The assessment is based upon advice provided by both Home Office Estates Department and Landlord. The in-year adjustment to provision reflects the dilapidations costs relating to the Authority's exit from the storage facility Kinning Park during Aug 2011.

The dilapidations provision has not been discounted as the estimate is subjected to a yearly assessment.

Early departure

The provision represents the future liability to pay on-going pensions for six personnel who left the Authority during 2009-10, eight personnel who left during 2010-11 and a further twelve who left during 2011-12. All individuals left the employment of the Authority under recognised schemes both in the Scottish Government and Ministry of Justice.

The liability has been discounted at the prevailing Treasury Discount Rate (2.8 per cent) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision.

Note 11 FUNDING

| | 2011-12 | 2010-11 |
|--|----------------|----------------|
| | £'000 | £'000 |
| HMG Funding, received as Grant-in-Aid: | | |
| Compensation payments | 434,447 | 298,990 |
| Operating costs | 20,453 | 19,433 |
| | <u>454,900</u> | <u>318,423</u> |
| Capital expenditure | 600 | 1,675 |
| | <u>455,500</u> | <u>320,098</u> |

The above includes a contribution from the Scottish Government, utilised as follows:

| | 2011-12 | 2010-11 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Compensation | 18,952 | 24,786 |
| Operating costs and capital expenditure | 2,195 | 2,814 |
| | <u>21,147</u> | <u>27,600</u> |

Note 12 RECONCILIATION OF NET EXPENDITURE TO THE NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | Notes | 2011-12 | 2010-11 |
|--|-------|------------------|------------------|
| | | £'000 | £'000 |
| Net Expenditure after finance charge | | (222,743) | (362,134) |
| Loss on disposal of non-current assets | 5 | 57 | 7 |
| (Decrease) / increase in provision for doubtful debts | 6 | (110) | 26 |
| Depreciation | 5 | 1,380 | 1,232 |
| Decrease / (increase) in receivables | 6 | 577 | (546) |
| Increase in payables | 8 | 73,228 | 15,345 |
| Increase / (decrease) in awards held on deposit holding accounts | 9 | 30,634 | (4,153) |
| Net movement in pre-tariff scheme provision | 10 | (243,960) | 54,388 |
| Net movement in tariff scheme provision | 10 | (3,913) | 5,468 |
| Net movement in dilapidations provision | 10 | (20) | 19 |
| Net movement in early departure provision | 10 | (547) | 683 |
| Net movement in income | | 54 | (42) |
| Net cash outflow from operating activities | | <u>(365,363)</u> | <u>(289,707)</u> |

Note 13 THIRD PARTY ASSETS

| <u>Amounts held as Retained Awards</u> | Number of accounts | 2011-12 | | Number of accounts | 2010-11 | |
|--|--------------------|----------------|---------------|--------------------|--------------|---------------|
| | | £'000 | £'000 | | £'000 | £'000 |
| Balance at 1 April | 7,131 | | 58,465 | 5,271 | | 44,998 |
| Open Accounts | | | | | | |
| Deposits | 2,706 | 21,633 | | 3,540 | 22,528 | |
| Additional deposits to existing accounts | | 64 | | | 323 | |
| Interest received | | 880 | | | 722 | |
| Withdrawals | | <u>(3,351)</u> | | | <u>(751)</u> | |
| | | | 19,226 | | | 22,822 |
| Closures | (2,002) | | (15,372) | (1,680) | | (9,355) |
| Balance at 31 March | 7,835 | | <u>62,319</u> | 7,131 | | <u>58,465</u> |
| <u>Amounts held on behalf of the MoJ</u> | | | | | | |
| Net balance at 31 March | | | <u>153</u> | | | <u>3,190</u> |
| Total third-party assets | | | <u>62,472</u> | | | <u>61,655</u> |

Note 14 CAPITAL COMMITMENTS

At 31 March 2012 the Authority had contracted capital commitments of £492 relating to the purchase of office furniture.

Note 15 COMMITMENTS UNDER LEASES**Operating Leases**

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

| | 2011-12 | 2010-11 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Obligations under operating leases comprise: | | |
| Not later than one year | 1,213 | 1,224 |
| Later than one year and not later than five years | 1,819 | 3,032 |
| Later than five years | 0 | 0 |
| | <u>3,032</u> | <u>4,256</u> |

The Authority's staff are now all employed on the main office (floors 1 and 2) at Tay House, Glasgow. The lease on the storage facility at Kinning Park, which ended in August 2011, was not renewed. The Tay House lease expires during 2014.

Note 16 CONTINGENT LIABILITIES

On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service – Criminal Injuries Compensation, may go to judicial review. These could have an impact on the Authority's future liabilities. These cases are not included within the provision due the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA. There were 28 active cases as at 31 March 2012.

Note 17 EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

There are no relevant issues that require disclosure.

Note 18 RELATED PARTY TRANSACTIONS

The Authority is classified as a Non-Departmental Public Body (NDPB) of the Ministry of Justice. The Ministry of Justice and the Scottish Government are related parties in respect of providing resources and staff, during the year, on assignment to the Authority. In the current financial year, the Authority had various dealings with other government departments and entities.

Note 19 INTRA-GOVERNMENT BALANCES

| | Receivables and prepayments: amounts falling due within one year | | Payables and accruals: amounts falling due within one year | |
|---|--|--------------|--|---------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| | £'000 | £'000 | £'000 | £'000 |
| Balances with other central government bodies | 58 | 355 | 1,746 | 4,048 |
| Balances with bodies external to government | 1,021 | 1,191 | 124,624 | 49,094 |
| Total Balances | <u>1,079</u> | <u>1,546</u> | <u>126,370</u> | <u>53,142</u> |

Note 20 LOSSES AND SPECIAL PAYMENTS

Losses up to £20,000 and ex-gratia payments, special payments, fraud and abandoned claims up to £10,000, are authorised by the Accounting Officer. Amounts greater than these specified thresholds are referred to and authorised by the Authority's sponsor, the Ministry of Justice. Cases are related to compensation paid, to applicants, for lost documents, payments made to applicants as a direct result of third-party interception / fraud and for bad debts written-off. The latter relates to non-payment of repayments due from applicants who have received compensation via the courts system (and are therefore required to reimburse the Authority for previous compensation received from the Authority). Bad debts written-off totalled £118,448 (2010-11, £61,583) and losses and special payments totalled £43,727 (2010-11, £90,260).

Note 21 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Under international reporting there are various standards that encompass Financial Instruments (IFRS 7, IAS 32 and IAS 39). The standards cover disclosure, presentation and recognition / measurement. As a collective these standards enable an assessment to be made of the way in which all financial instruments have, during the period, created or changed the risks an entity faces in undertaking its business activities / achieving its outputs. Because of the non-trading nature of its activities and the way in which NDPBs are financed, the Authority is not exposed to the degree of financial risk faced by some business entities. Moreover, financial instruments play a more limited role in creating risk than would be the case with a typical listed company to which these standards mainly apply.

The Authority does hold material cash balances on deposit. Allocated holding accounts (note 9) are included in the cash balance on the Statement of Financial Position, while funds retained in the applicant's name are excluded from the Authority's cash balance and are disclosed by note. The movement in retained funds is detailed in note 13. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with agreed interest rates each year over the period in which the funds are retained. The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. No administration fee is charged to the applicant. The average rate of interest applied to the investments during 2011-12 was 1.50 per cent (2010-11, 1.40 per cent). Notably the rate applied after 10 January 2012 was 1.78 per cent for all investments in the retained funds pool.

Accounts Direction Statement

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR JUSTICE, WITH THE APPROVAL OF THE TREASURY, IN ACCORDANCE WITH THE CRIMINAL INJURIES COMPENSATION SCHEMES 1990, 1996, 2001 AND 2008.

The annual accounts shall give a fair and true view of the income and the expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Criminal Injuries Compensation Authority shall prepare accounts for the year ended 31 March 2012 and subsequent years in accordance with:

- the Treasury's Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance ('NDPB Green: illustrative accounts');
- other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a fair and true view; and
- any other specific disclosures required by the Secretary of State;

except where agreed otherwise with the Treasury, in which case the exception shall be described in the notes to the accounts.

The Authority shall provide the ALB Governance Division and MoJ Corporate Finance with its finalised (audited) accounts in line with the timetable set out in MoJ Finance and Commercial Instructions (FCI) on the production of Consolidated Departmental Accounts and submit a draft report to the ALB Governance Division at least two weeks before the proposed publication date.

Signed by the authority of the Secretary of State for Justice.

Pat Lloyd

Head of Sponsorship and Performance Unit
Corporate Performance Group
3 April 2012

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