



Criminal Injuries
Compensation
Authority

Criminal Injuries Compensation Authority

Annual Report and Accounts 2017-18

HC 1337
SG/2018/70

July 2018



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Annual Report and Accounts 2017-18

For the period 1 April 2017 to 31 March 2018

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Performance Report

Overview

Chief Executive's Foreword

As Interim Chief Executive Officer and Accounting Officer, I am pleased to introduce the annual report and accounts for the Criminal Injuries Compensation Authority (CICA) for the period 2017-18.

Our aim at CICA is to provide a sensitive, fair and efficient service which compensates victims of violent crime. This year, with an increased workforce and the introduction of streamlined processes, we increased the pace at which new applications were decided and reduced the number of applicants awaiting resolution of their claim by 12%. We resolved over 40,000 claims and provided £154m in compensation.

To improve access to our service we have updated our online guidance for applicants. For people who need help with applying or to discuss aspects of their claim, we increased the number of staff in our Customer Service Centre and extended the service they provide.

Accuracy and quality in decision-making was supported by the continued operation of a Quality Assurance Framework, first introduced in 2016. We invited stakeholder input to a review of operational guidance on more complex discretionary aspects of the Criminal Injuries Compensation Scheme resulting in improved guidance for our decision makers.

Our overarching customer satisfaction measure increased to 95%.

We made significant progress on our digital transformation programme and began controlled testing of a new digital service. The service offers streamlined application forms and currently enables a small number of applicants to submit and receive correspondence through a secure digital account. In future, this service will further improve the pace of information gathering and reduce administration costs.

CICA provides our employees a modern, flexible and smart working environment which enables them to perform effectively and achieve their potential. A comprehensive programme of training aligned with job roles has supported individual development and grown our organisational capability. I am particularly pleased that many colleagues are participating in programmes of accredited learning and Civil Service leadership development programmes.

I am proud of the progress the team at CICA have achieved during 2017-18 and I thank my colleagues for their continued commitment and work to improve the service we provide for victims.

Linda Brown

Interim Chief Executive and Accounting Officer

17 July 2018

Our work

The Criminal Injuries Compensation Scheme was set up in 1964 to compensate victims of violent crime. Before 1996 awards were set on the basis of common law damages. 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, Wales and Scotland.

Since 1996 the tariff Scheme has been revised three times, with the latest revisions having been approved by Parliament in November 2012.

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);
- a contribution to loss of earnings or earning capacity, beyond the first 28 weeks of loss as a direct result of the injury; and
- other special expenses which 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 or physical dependency;
 - in the case of a child under 18, compensation for the loss of parental services; and
 - the reasonable cost of a funeral.

The maximum award under a tariff based scheme is £500,000. Applicants who disagree with our decision can request a review by a different claims officer and, if still dissatisfied with CICA's review decision, can appeal to the independent First-tier Tribunal. More information on the provisions of the Scheme are available at www.gov.uk or by contacting CICA on 0300 003 3601.

Going concern

At 31 March 2018, CICA's Statement of Financial Position records net liabilities of £342 million (31 March 2017, £318 million). Of this total, £330 million (31 March 2017, £295 million) relates to compensation payable in the future, as recognised in programme provision (note 10).

Compensation liabilities falling due in future years can only be met by cash funding 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 amounts are not paid in advance of need.

The net cash requirement for 2018-19, taking into account the amounts required to meet CICA's liabilities falling due that year, has already been included in the Ministry of Justice and Scottish Government estimates for that year, that have been approved by Parliament. There is, therefore, no reason to believe that both future sponsorship and Parliamentary approval will not be forthcoming. As a result, it is deemed appropriate to adopt the going concern basis for the preparation of these financial statements.

Key achievements and events 2017-18

Deciding compensation claims

- In 2017-18, we resolved 40,827 applications and provided £154m in compensation.
- New ways of working incrementally increased the percentage of new applicants receiving a decision within 12 months, from 52% in April 2017 to 81% by March 2018.
- Our live caseload was reduced from 40,140 to 35,147 by March 2018.

Service Improvements

- The streamlined applicant journey introduced at the start of 2017 for victims of sexual assault reduced the time taken to reach a decision for most applicants over 12 months to between 8 and 12 weeks.
- We introduced a bank verification system to strengthen security in our payments process and implemented a new digital invoicing and payment system.
- We achieved an overarching customer satisfaction measure of 95%.
- We commenced work to improve our online application forms and designed a new digital service for applicants which moved into live testing.

Quality of decision making

- The employment of clinical psychologists supported the assessment of mental injury claims reducing the need for some applicants to attend additional medical evaluations, and reduced case handling costs.
- A new approach to workflow management and prioritisation, together with a triage process was introduced, ensuring action is initiated on every application received within five days of receipt and matches the evidence gathering process to the circumstances of each case.
- Our Quality Assurance Framework continued to support improved accuracy and quality of decisions made.
- We recruited additional staff for operational and specialist roles, undertaking a programme of training which brought our team to full strength to support our objectives for the period to March 2019.

People

- We launched the Operational Delivery Profession accreditation programme in CICA, with 15% of staff undertaking qualifications at certificate and diploma level, helping to build professional standards.
- We supported leadership skills development through MoJ and Civil Service-wide programmes, and staff have continued with specialist legal, accountancy and IT training throughout the year.

- Our Attendance Management strategy worked effectively, achieving an Average Working Days Lost of 4.5 days, significantly below the departmental benchmark of 7 days.
- The increase of 11% in our Engagement Index in the Civil Service People Survey of 2016 was maintained at 65% in July 2017. This was underpinned by a response rate up from 67% to 78%, a strong achievement given the level of business change introduced.
- A new Diversity Champion's Network led initiatives raising awareness on a range of topics, including disability, mental health, transgender matters and sexuality. We ensured diversity in our selection and interview panels, participated in the MoJ Schools Programme and supported MoJ Social Mobility initiatives.
- We offered flexible hours and introduced a new smarter working offer for all CICA staff and co-located MoJ Digital and Finance Directorate colleagues.

Performance analysis

Claim activity

We received 32,280 new applications in 2017-18, an increase of 2.3% on the number of applications received in 2016-17 (31,563). We increased the number of decisions made at first decision and review stage to a total of 47,588, an increase of 38% on the previous year. In total 40,827 cases were resolved.

Performance measures

TABLE 1 – Size of net caseload

Measure	Definition	2017-18	2016-17
Size of live tariff caseload	The number of live tariff cases that CICA have registered which are awaiting a first, review or appeal decision	35,147	40,140

TABLE 2 Number of applications resolved

	2017-18	2016-17
Tariff and pre-tariff schemes	40,827	32,021

TABLE 3 Pace of Decision Making *

We have increased the pace at which new applicants receive a first decision. The percentage of reviews decided within 6 months has also increased.

Measure	Definition	2017-18	2016-17
% of cases with a first decision within 6 months of date of application	% of new applications decided within 6 months at 31 March 2018	48%	30%
% of cases with a first decision within 12 months of date of application	% of new applications decided within 12 months at 31 March 2018	81%	47%
% of cases with a review decision within 6 months of date of review application	% of new review applications decided within 6 months at 31 March 2018	75%	51%

* This is a new measure of performance introduced from 1.4.17. The previous year is shown for comparison.

TABLE 4 Age of caseload

We have continued to reduce the small number of unresolved or reopened cases relating to pre-2012 Schemes. Those cases relating that remain unresolved relate mainly to applicants whose claims cannot be finalised until the long-term implications of their injuries are known.

% of live cases by Scheme	2017-18	2016-17
2012	97%	95.39%
2008	2.67%	4.21%
2001	0.3%	0.37%
1996	0.03%	0.03%

TABLE 5 Rates of review and appeal

An increased number of decisions in the fourth quarter of 2016-17 resulted in an increased volume of internal reviews and external appeals being received in the first quarter of 2017-18. The proportion of cases finalised without an external appeal being made remains high at 96.5%. Of the 3.5% of decisions going to appeal, 26% of these cases were overturned. This was a reduction on last year and shows that the majority of decisions examined at appeal are upheld.

	2017-18	2016-17
% of claims assessments cases proceeding to internal review	23%	17%
% overall appeal rate	3.5%	2.4%
% of decisions amended at appeal - value	22%	29%
% of decisions amended at appeal - merit	4%	5%

TABLE 6 Outstanding applications

Of those cases not yet resolved, the volume awaiting first decision is 18% lower than at the end of the previous year. The volume of cases currently awaiting review or appeal decisions are higher than in the previous year.

	2017-18	2016-17
First Decision Stage	29,117	35,450
Review	4,164	3,472
Appeal	1,866	1,218
Total	35,147	40,140

Listing and hearing of appeals is the responsibility of HM Courts & Tribunals Service.

TABLE 7 Refused claims

The following table shows the proportion of refusal reasons used when an application has been refused. Applications may have more than one refusal reason. The full statistics are published annually on GOV.UK.

Criterion	2017-18	2016-17
Injury does not qualify for compensation	25%	33%
Failure to cooperate with the Authority	19%	12%
Injury did not result from crime of violence	15%	14%
Convictions/Character	10%	10%
Failure to cooperate with police in bringing assailant to justice	8%	10%
Conduct before, during or after the incident	7%	5%
Failure to report without delay	4%	5%
Claim not submitted within time limit	5%	4%
Other	7%	7%

Our aim and strategy

Our business plan update for 2018 will be published on GOV.UK and sets out a strategy for the delivery of our services. Our aims and objectives support the wider Ministry of Justice commitment to:

- deliver a modern courts and justice system;
- create a prison and probation service that reforms offenders;
- promote Global Britain and protect the rule of law; and
- and create a transformed department that delivers excellent services.

We are committed to our programme of continuous improvement and our digital journey remains at the heart of this. We will continue to improve the experience of our applicants through provision of clear information before and during the claims process, streamline evidence gathering and extend digital services. More detail is contained in our business plan.

Our Service

TABLE 8 Customer feedback

We measure overall Customer Satisfaction and the Customer Effort Score – a measure of how much time and effort our customers take when making an application. Of those customers who were surveyed, 95% expressed overall satisfaction with the service they received from CICA.

We aim to keep the Customer Effort Score as low as possible. The resulting measurement is consistent with the previous year's Customer Effort Score, averaging a measurement of 'Low-Moderate'. This shows that the majority of respondents found the process of applying to be straightforward.

	2017-18	2016-17
The percentage of applicants, as measured by a customer survey, that consider they received good customer service from CICA	95%	94%
Perceived effort in the process	Low-Moderate	Low-Moderate

Complaints

Complaints are an important source of feedback which provide us with an opportunity to remedy any failures in our service and learn lessons for the future.

We act on feedback from customers and victims' organisations to improve our complaint process and overall customer experience. This year we introduced a new process for logging and monitoring complaints. We are a member of the Cross-Government Complaints Forum which shares best practice to focus on complaints and feedback to improve public service.

We have a three-stage complaints process to deal with dissatisfaction about the service we provide when dealing with applications. We aim to fully address complaints at the earliest opportunity by discussing with the customer how we can resolve the matter to their satisfaction within an agreed timescale. However, where customers remain dissatisfied they can escalate their complaint.

If a complaint cannot be resolved at the end of stage three, complainants can ask a Member of Parliament to raise the issue with the Parliamentary and Health Service Ombudsman (PHSO) (covering England and Wales). In Scotland, they can complain directly to the Scottish Public Services Ombudsman (SPSO). This year there were no investigations conducted on our cases by either the PHSO or SPSO. Our complaints process is available on GOV.UK.

Our finances

Programme expenditure

The Schemes provide compensation to victims of violent crime. It is our job to assess claims in accordance with the Scheme provisions, as set by Parliament. To inform our decisions we gather evidence from police authorities and medical

experts. This is an on-going process which means we will always have cases, at various stages of completion, outstanding at year-end.

We also manage a very small number of cases where the claim was made before the introduction of the tariff-based Schemes. These complex cases mainly involve applicants who were very seriously injured as young children. 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.

We settled total compensation awards of £154.5 million to victims of violent crime during 2017-18 (see note 10 to the accounts for additional detail). This was allocated as follows:

- £152 million of the total settled relates to amounts that had been previously provided for, and recognised in the Statement of Comprehensive Net Expenditure (SoCNE) in previous financial years. Therefore, these settlements are all routed through the provision and there is no in-year impact on the SoCNE. The SoCNE only includes amounts at point of recognition in addition to resources consumed during the relevant period. In note 10, these settled awards are shown in the provision statement as utilised during the year and reduce the provision accordingly.
- £2.5 million is recognised in the SoCNE, within tariff scheme compensation, as settlements relating to claims not previously provided for in 2016-17. These claims relate to incidents taking place during 2017-18 where applications were received and settled during 2017-18. Therefore, these claims were not recognised in the provision from prior years.

New liabilities, for all compensation Schemes, recognised during 2017-18 totaled £185.5 million. Based upon tariff claims received during 2017-18 and still outstanding at year-end, £179.5 million has been recognised as new tariff provision.

There were no pre-tariff cases settling at a higher value than that previously provided during 2017-18. Previous liabilities for pre-tariff reversed unutilised totalled £0.03 million. This liability had been recognised, in earlier accounting periods within the SoCNE, and is therefore required to be reversed through the same Statement in 2017-18. This reversal was required for pre-tariff cases that settled below the estimate previously provided. Upward movements on live cases, due to re-assessment of liability, totalled £5.4 million. An additional new liability of £0.6 million has been recognised, based upon claims received, for the Victims of Overseas Terrorism Compensation Scheme.

The SoCNE can, for compensation recognised during 2017-18, be summarised to its constituent parts, as below, noting that comparative information is disclosed in Note 10 to the Accounts:

TABLE 9

Tariff	
New tariff liabilities arising	£179.5m
Liabilities no longer required	£0.0
Settlements not recognised in provision	£2.5m
Sub Total Tariff	£182.0m
Pre-tariff	
Settlements higher than previous provision	£0.0m
Settlements lower than previous provision	-£0.0m
Revaluation of aged cases	£5.4m
Sub Total Pre-tariff	£5.4m
Net Impact of VOTCS	£0.6m

During 2017-18, one pre-tariff case was settled from funds set-aside from within our budget. The remaining 3 cases have an estimated liability of £9.9 million.

Case-handling costs, classified as programme expenditure, have decreased over the previous year by £1m. These are for medical, legal and other fees related to settling compensation cases. This has been driven by reducing the dependency on detailed medical reports in some cases.

Administration expenditure

The cost associated with managing and administering all compensation Schemes has risen from £13.2m to £13.6m, an overall increase of 3.2%. Staff costs increased by £0.5m, however as a result of a change in the organisational structure, through functional leadership, notional recharges from the MoJ also contain staff costs and these increased by £2.1m. Overall other administrative costs fell by £0.1m. Overall amortisation and depreciation has decreased by £0.1 million.

Supplier payment policy and performance

CICA follows the Better Payment Practice Code and undertakes to pay 80% of internally authorised invoices within five days of receipt. The average for 2017-18 was 99.3% of invoices paid within five days. £3k was paid in interest to HMRC in relation to the incorrect recovery of VAT in year.

Sustainability report

Overview

We have implemented a number of measures to reduce greenhouse gas (GHG) emissions, waste and finite resources and their related costs since 2009-10. As a result, we are exceeding the Greening Government Commitment target to reduce carbon emissions from energy and waste by 32% by 2020, with current carbon emissions reduced by 74% compared to 2009-10.

The full environmental benefit of our relocation in 2014 to smaller premises has been reflected in the continual decline in our GHG emissions. We continue to invest in digital solutions for our staff and customers to reduce paper usage.

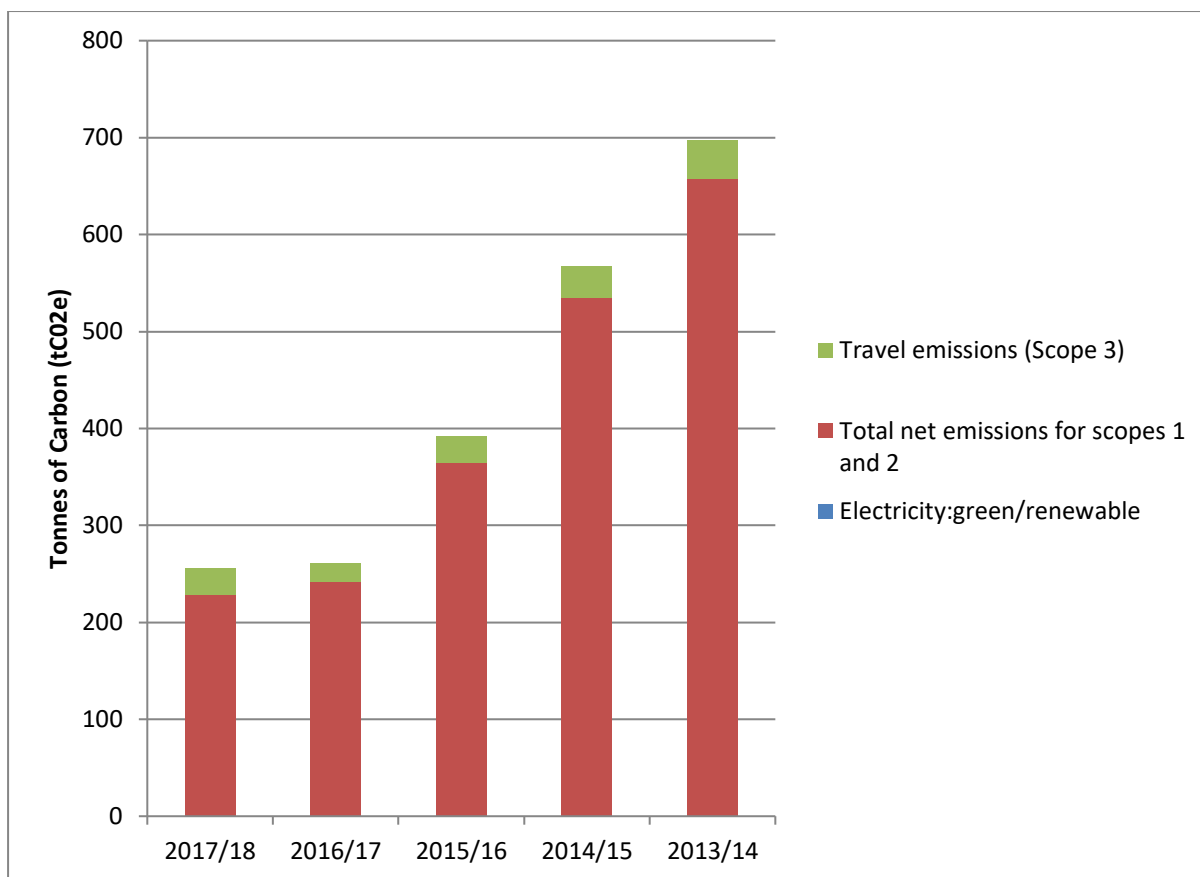
Greenhouse gas emissions

Performance

Table 9 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 five years. Overall the total gross GHG emissions and expenditure on energy and travel reduced significantly over the five-year period.

TABLE 10 Greenhouse gas (GHG) emissions

		2017-18	2016-17	2015-16	2014-15	2013-14
Non-financial indicators (tCO2e)	Total gross emissions for scopes 1 and 2	228.13	241.54	364.76	534.5	658.1
	Electricity: green/renewable	0.0	0.0	0.0	0.0	0.0
	Total net emissions for scopes 1 and 2	228.13	241.54	364.8	534.5	658.1
	Gross emissions for scope 3 - travel	27.49	19.4	27.6	32.5	39.5
	Total gross GHG emissions (all scopes)	255.6	260.9	392.4	567.0	697.6
Non-financial (kWh)	Electricity: Grid, CHP and non-renewable	275,893	273,090	249,692.0	686,149.0	1,052,296
	Electricity: renewable	0.0	0.0	0.0	0.0	0.0
	Gas	566,106	645,847	526,954.0	926,773.0	810,895
	Other energy sources	0.0	0.0	0.0	0.0	0
	Total energy	841,999	918,937	776,646.0	1,612,992.0	1,863,191
Financial indicators	Expenditure on energy	£28,491	£53,003	£49,675.0	£109,464.0	£138,909
	Expenditure on official business travel	£60,632	£51,114	£45,068	£57,584	£45,450



Controllable impacts

The main impacts are estate energy consumption. Gas consumption is attributed to CICA on a space-occupied basis and is therefore uncontrollable. We can however monitor our direct electricity consumption at Alexander Bain House which has assisted in reducing our carbon emissions further. The full benefit of introducing multifunctional devices to reduce the number of scanners, photocopiers and printers has assisted in reducing our energy consumption and the use of paper.

Influenced impacts

We influence employee commuting by actively encouraging car sharing through automatic parking space allocation for car sharers. In addition, we remind staff to switch off equipment before periods of staff leave. CICA also encourage staff to participate in the annual Earth Hour, a worldwide campaign to combat climate change by turning off all lights for just one hour.

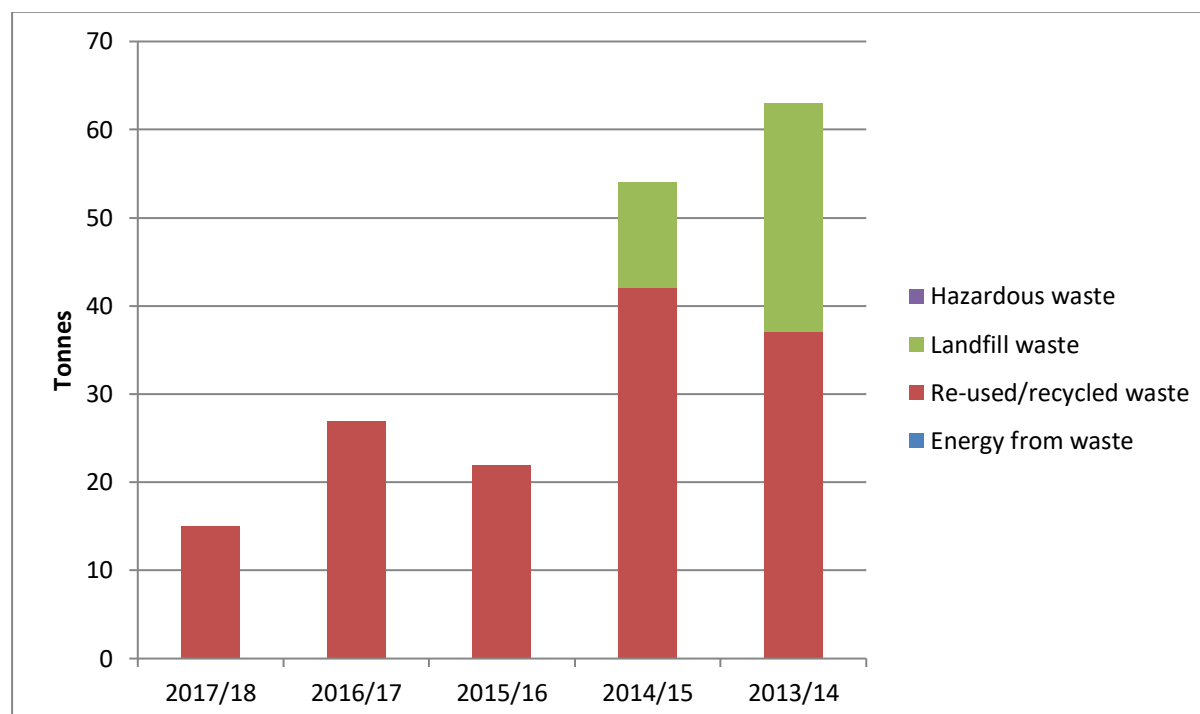
Waste

Performance

As tenants of a shared building CICA does not control all of its waste, nor are disposal volume or costs available for the building. The waste reported by CICA therefore reflects the charges directly incurred by CICA only.

TABLE 11 Waste

		2017-18	2016-17	2015-16	2014-15	2013-14
Non-financial indicators (tonnes)	Hazardous waste	0	0	0	0	0
	Non-hazardous Waste Landfill waste	0	0	0	12	26
	Re-used/recycled waste	15	27	22	42	37
	Energy from waste	0	0	0	0	0
	Total waste arising	15	27	22	54	63
Financial indicators (£'000)	Hazardous waste	0	0	0	0	0
	Non-hazardous Waste Landfill waste	0	0	0	3	5
	Re-used/recycled waste	1	4	5	6	12
	Incinerated waste	0	0	0	0	0
	Total waste costs	1	4	5	9	17



Controllable impacts

The main impacts are paper and related waste from operating activities. CICA operate an electronic case management system that is reducing our need for paper. To further reduce paper correspondence with customers we also introduced electronic consent forms for all customers, earning a nomination at the Public Sector Paperless Awards. CICA have introduced multifunctional devices to discourage non-essential printing to reduce paper usage and emissions from disposing of waste.

Influenced impacts

CICA encourage customers to apply online where possible, to reduce their paper consumption and waste. CICA have also developed a strategy to make better use of digital technology and continue to develop and invest in our online offerings to customers.

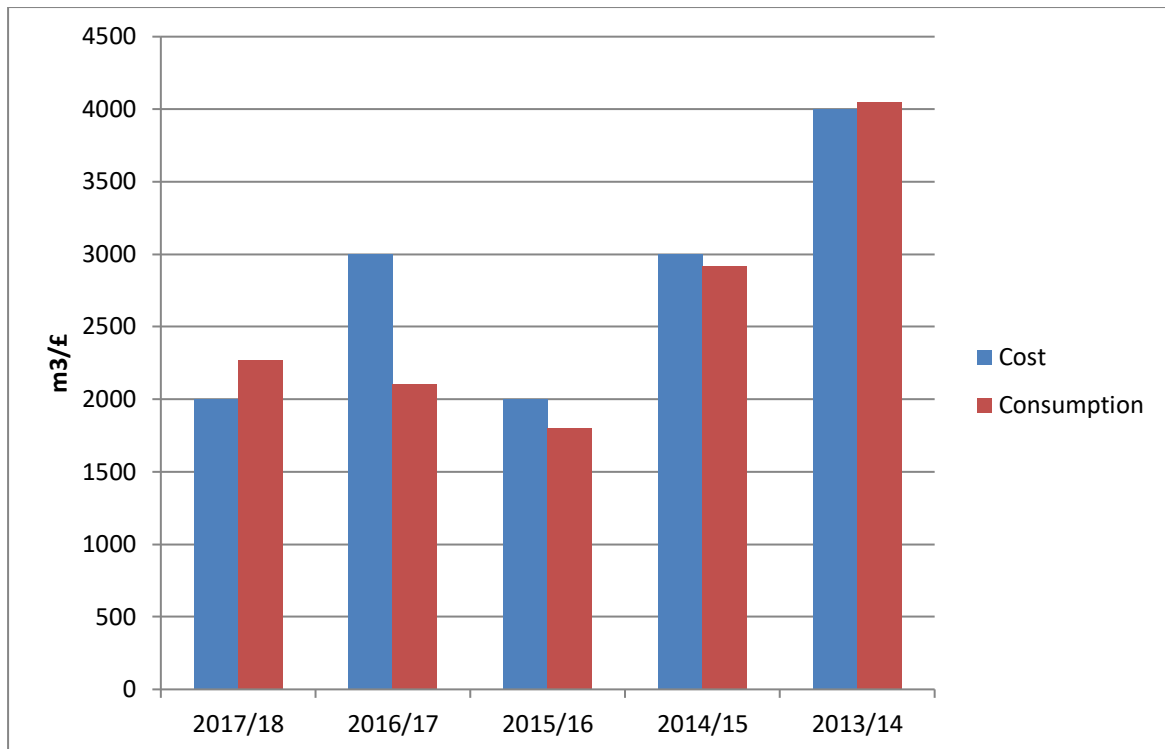
Finite resource consumption

Performance

As tenants of a shared building, we are charged for water consumption based on our proportion (calculated from the floor area occupied) of the whole building's consumption. We are therefore unable to report on our precise consumption but figures showing how much water we were charged for are included for completeness. Water usage has decreased since 2014-15 largely due to the move to smaller premises.

TABLE 12 Finite resource consumption

	2017-18	2016-17	2015-16	2014-15	2013-14
Non-financial indicators (m3) Total water consumption	2,268	2,100	1,798	2,921	4,051
Financial indicators (£'000) Total water supply costs	2	3	2	3	4



Controllable impacts

The main impacts on water consumption are through sanitation and staff consumption use. Our washrooms in Alexander Bain House are of a modern design and therefore use less water reducing our carbon footprint.

Linda Brown

Interim Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority

17 July 2018

Accountability Report

ACCOUNTABILITY REPORT 2017-18

Corporate Governance Report

Directors' Report

The Accounting Officer has responsibility for maintaining a sound system of internal controls which support the achievement of strategy, aims, objectives and policies as agreed with the Ministry of Justice and Scottish Government. These responsibilities extend to personal accountability for the safeguarding of public funds administered by CICA and for the day to day management and operation of the organisation.

I have been appointed as Interim Accounting Officer by the Permanent Secretary of the Ministry of Justice with effect from 4 April 2018, following the retirement of the former Chief Executive, Carole Oatway. Carole Oatway provided me with a Letter of Assurance that there had been no significant governance or irregular spend issues which could undermine the integrity or reputation of CICA up to and including 16 March 2018. In my role as Deputy Chief Executive, I can provide additional assurance that there were no significant governance or irregular spend issues during this period leading up to 31 March 2018.

Corporate governance is central to the effective operation of all public bodies. CICA operate best practice as detailed within the HM Treasury and Cabinet Office Corporate Governance Code of Good Practice, and the 7 principles of public life highlighted within HM Treasury guidance on Managing Public Money.

The purpose of this Corporate Governance Report is to provide an explanation of governance structures and how they have supported the achievement of CICA's objectives during 2017-18.

Our Agency Framework Agreement sets out the arrangements for corporate governance matters, including the role of the Accounting Officer, and the duties around financial and budgetary management, risk management, business planning, audit and assurance. CICA's Agency Framework Agreement can be viewed on GOV.UK.

In the Accountability Report, I have detailed our governance arrangements. It includes information about our Executive Management Board (EMB), Strategy and Performance Board (SPB) and Audit and Risk Committee (ARC). It explains their activities in establishing strategic direction, delivering against objectives and managing risk. Our Corporate Governance Framework can be found at Appendix A. The record of attendance of members at meetings is attached at Appendix B. I am satisfied that these forums represent, and deliver, effective corporate governance within CICA.

Non-executive Board Members

Non-executive Board Members provide support and advice on matters relating to strategy, performance, audit and risk. Three Non-executive Board Members served during 2017-18. Each Non-executive Board Member has strategic leadership experience at board and audit committee levels.

During 2017-18, the Non-executive Board Members were:

- Andrew Flanagan BAcc, ICAS.
- William Matthews MBA, BSc, BA, BA, C. Eng, MIET, MCIM, FCMI.
- Ron Barclay-Smith MA, MPhil, MBA.

During the year, Carole Oatway held performance meetings with Non-executive Board Members to discuss their contribution to CICA. In addition, on 7 July 2017 our new Non-executive Board Member, Ron Barclay-Smith had individual meetings with the Chief Executive, Deputy Chief Executive, Directors and Senior Governance Manager as part of his induction to CICA.

Register of Interests

All Executive and Non-executive Board Members participated in a quarterly declaration of any directorships held and/or other significant interests which may conflict with their role or the conduct of CICA. A Register of Interests is held, and no conflicts were noted during the financial year.

Personal Data Related Incidents

During 2017-18, the Information Commissioner's Office (ICO) notified us of two concerns raised by members of the public. One related to processing incorrect data. ICO reviewed this matter and concluded that whilst we were processing incorrect data due to an administrative error, we had not made any inappropriate disclosure. The other related to the processing of a Subject Access Request. ICO reviewed this matter and concluded that we had complied with the terms of the Data Protection Act.

Statement of Accounting Officer's Responsibilities

Under section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 136 of the Criminal Injuries Compensation Scheme (2012), the Secretary of State (with the approval of the Treasury) has directed the Criminal Injuries Compensation Authority (CICA) 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 CICA and of its net resource outturn, application of resources, 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 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* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Ministry of Justice has appointed the Chief Executive as Accounting Officer of CICA. 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 *Managing Public Money* published by HM Treasury.

The Accounting Officer has taken all reasonable and necessary steps to ensure CICA's Auditors are provided with all information relevant to the audits undertaken and has confidence that the information is accessible to them.

The Accounting Officer has confirmed that these Annual Report and Accounts as a whole are fair, balanced and understandable and takes personal responsibility for the judgements required for determining this.

Governance Statement

CICA is an Executive Agency of the Ministry of Justice (MoJ). From 1 April 2017 until 31 March 2018, CICA was part of the MoJ Operations Group which monitored and provided support on matters relating to organisational performance.

CICA also provides a service on behalf of the Scottish Government. A Memorandum of Understanding sets out the framework of our relationship with the Scottish Government and the MoJ on matters relating to the Criminal Injuries Compensation Scheme(s) and Victims of Overseas Terrorism Compensation Scheme which we administer. This includes arrangements for the Scottish Government contribution towards Scheme funding.

During 2017-18, the Chief Executive of CICA has had a direct line management relationship and met regularly with the Director General for MoJ Operations Group. The Chief Executive, Carole Oatway, and her Deputy, Linda Brown, met on 24 October 2017 with Dr Phillip Lee, then Parliamentary Under-Secretary of State at the Ministry of Justice, and on 1 November 2017 with The Right Honourable Mr David Liddington, then Lord Chancellor and Secretary of State for Justice.

CICA's 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 by which CICA is empowered.

CICA staff are MoJ employees and subject to standard terms and conditions of employment. Accordingly, CICA does not have, nor require, a separate Remuneration Committee or Nominations Committee.

Executive Management Board

The Executive Management Board (EMB) supports the Accounting Officer in the day to day management of CICA and in all related operational decisions. During 2017-18, the EMB members supporting the Accounting Officer were Linda Brown (Deputy Chief Executive, now Interim Chief Executive and Accounting Officer), Ann Russell (Director of Operations), June Fellowes (Director of Corporate Services), James Morrice (Director of Finance) and Gordon Newall (Director of Legal and Policy). In October 2017, James Morrice retired from the Civil Service and was succeeded by Craig Morton as Director of Finance.

In March 2018 further changes took place: Gordon Newall resigned to take up new employment and Carole Oatway retired from the Civil Service.

I am confident that membership of the EMB throughout 2017-18 provided strong skills in operational, financial, policy, legal, and risk management practices. This has ensured that the day to day operational management of CICA was effectively aligned with its strategic direction, aims and objectives.

The EMB met on a monthly basis chaired by the Chief Executive, or Deputy in their absence. In the discharge of its duties, the EMB was informed by advice from a Strategy and Performance Board (SPB) and an Audit and Risk Committee (ARC). The EMB also received management information reports relating to financial accounting, operational performance,

risk management, business transformation, people management, policy, and health and safety. I am satisfied that the EMB, SPB and ARC were provided with accurate and relevant management information during 2017-18 which provided the basis for objective and transparent decision making and supported the achievement of organisational objectives.

All EMB business was reported openly with no matters requiring a confidential addendum or closed minute relating to commercial or personal sensitivities. Minutes of the EMB meetings were published monthly on CICA's intranet.

Strategy and Performance Board

The Strategy and Performance Board is chaired by the Accounting Officer and included membership of the Deputy Chief Executive, Director of Operations, Director of Corporate Services, Director of Legal and Policy and the 3 Non-executive Board Members. A member of Scottish Government attends by invitation. The SPB met quarterly to consider performance, propose change to operational policy, and to offer a constructive challenge across CICA's operations and activities.

Non-executive Board Members provided advice on 5 key areas with:

- Strategic Clarity – setting the vision and/or mission and ensuring all activities, either directly or indirectly, contributing towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that CICA are challenged on the outcomes;
- Commercial Sense – approving the distribution of responsibilities; advising on sign-off of large operational projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives; setting CICA's risk appetite and ensuring controls are in place to manage risk; evaluation of the board and its members, and succession planning;
- Talented People – ensuring CICA has the capability to deliver and to plan to meet current and future needs;
- Results Focus – agreeing the operational business plan, including strategic aims and objectives; monitoring and steering performance against plan; scrutinising performance of sponsored bodies; and setting CICA's standards and values;
- Management Information – ensuring clear, consistent, comparable performance information is used to drive improvements.

The SPB considered and advised on a range of improvements to our services including customer satisfaction, stakeholder engagement, business change programme, the Board Operating Framework, Agency Framework Agreement and annual business planning.

All matters were reported openly, and no business required a confidential addendum or closed minute relating to commercial or personal sensitivities. Minutes of the SPB meetings were published quarterly on CICA's intranet.

Audit and Risk Committee

The Audit and Risk Committee operated in accordance with the HM Treasury's Audit and Risk Assurance Committee handbook and provided support to the SPB and EMB in their responsibilities towards risk management, control and corporate governance. The ARC provided additional transparency over the management of CICA's operations and assets, accounting policies (including the integrity of financial statements and the Annual Report and Accounts), practices relating to risk, control and governance, and the adequacy of response to audit findings.

Membership of the ARC comprised three Non-executive Board Members. Meetings were held quarterly and supported by the attendance of the Chief Executive, Deputy Chief Executive, Director of Finance, Director of Operations and Senior Governance Manager. Representatives of Government Internal Audit and Assurance (GIAA) and the National Audit Office (NAO) also attended each meeting.

During 2017-18, the ARC offered guidance and advice on matters including internal assurance, fraud prevention and information management, and provided scrutiny over the monitoring and control of the following risks detailed within the CICA Corporate Risk Register:

- **Financial Risk:** The risk of availability of adequate budgetary resource to deliver the requirements of the Compensation Schemes, was extended to include effective quality assurance. Legal challenges against compensation payment eligibility based on a victim's relationship to an offender and, consideration of convictions during the decision-making process, continue to place uncertainty on CICA's potential future financial liabilities. In 2016, this risk was escalated by the ARC to MoJ Audit, Risk and Assurance Committee and throughout 2017-18 was monitored by both MoJ and CICA.
- **People Risk:** Our people deliver our business and their capability and engagement is crucial to CICA's effectiveness. A People Engagement Group (PEG) operated throughout the year and assisted in maintaining a positive workplace culture. We maintained a 65% people engagement indicator, whilst our Attendance Management Strategy assisted in an overall reduction of average working days lost due to illness from 8.3 to 4.5 days.
- **Fraud Risk:** Using CICA and MoJ communications, we improved internal awareness of our anti-fraud protocols. This resulted in an increase in the number of referrals of potential fraud and an increase in the level of prevented financial loss. We fully supported the development of the new MoJ Counter Fraud and Investigations Function, which brought together CICA, Her Majesty's Courts and Tribunals Service, Her Majesty's Prison and Probation Service and Legal Aid Agency as an initial foundation for more effective cross-department collaboration.

- **Workforce Strategy Risk:** It is essential that we maintain staffing levels which are sufficient and capable of meeting our organisational objectives. Funding for additional posts for the period until 31 March 2019 was received during 2017-18 enabling us to recruit and train additional staff.
- **Information Security Risk:** Information is essential to our decision-making processes. It is critical that we have an effective organisation-wide approach to processing and protecting all personal and sensitive data which we hold. We had a nominated Senior Information Risk Officer (SIRO), Information Asset Lead Officer (Senior Governance Manager) and Information Management Group (IMG). All Information Asset Owners (IAO) were given training relating to Data Protection, the 5 principles of information asset ownership and the implementation of the General Data Protection Regulation (GDPR).
- **Information Technology Infrastructure Risk:** We were supported in controlling risks to the security, availability and continuity of our ICT infrastructure by our MoJ Digital and Technology service providers. We have maintained our Public Services Network (PSN) accreditation to support the overall security and safety of the PSN. We were not affected by any cyber-attacks during the year.

At the beginning of the year the ARC supported the closure of 2 risks from the Corporate Risk Register relating to our ability to support the UK Government 2020 Transformation Strategy. Residual Digital Strategy components were subsumed into our ICT Infrastructure risk, and risk vectors relating to our quality assurance approach were consolidated within our financial risk.

The ARC routinely considered and offered insight, and challenge to reports relating to risk and risk management, fraud, information management, internal audit and internal assurance. Additional notable reports provided to the ARC related to in depth reviews of risk regarding (1) activity towards implementation of the General Data Protection Regulation (GDPR), (2) Cyber Security, and (3) Business Continuity Management.

The ARC provided EMB with a written minute of each quarterly meeting. All matters were reported openly, and no business required a confidential addendum or closed minute relating to commercial or personal sensitivities. This year, the ARC provided its opinion in their annual report to CICA confirming their reasonable assurance that there is an adequate level of control and governance in place across CICA and that matters arising during the year have been, or are being, addressed by management.

Risk Committee

The CICA operational Risk Committee provided assurance to EMB. The Committee was maintained to ensure that Directorate Risk Registers were aligned to organisational objectives and those risks detailed within the Corporate Risk Register. The Risk Committee was chaired by the Senior Governance Manager and comprised representatives from Operations, Corporate Services, Finance, Legal and Policy, and Business Transformation.

In August 2017, the Risk Committee was reconstituted as the Corporate Risk and Assurance Group, frequency of meetings was increased from bi-monthly to monthly and, key person risks and horizon scanning were introduced as standing items to the agenda. Risk awareness presentations were delivered to all CICA teams. These activities have improved identification and speed of response to emerging risks, whilst further embedding risk management as shared responsibility across the organisation.

The activities of the Corporate Risk and Assurance Group, including proposals regarding emerging risks, adequacy of controls and Internal Assurance activities were reported to the EMB and ARC. This ensured the EMB and ARC maintained oversight and influence of all risk considerations having the potential to affect CICA's objectives.

Health and Safety Committee

The Health and Safety Committee ensures compliance with health and safety regulations, providing a co-operative approach to addressing health and safety issues within the workplace.

Meetings of the Health and Safety Committee were held quarterly and chaired by the CICA Health and Safety Manager .

Membership included the Director of Corporate Services, Trade Union representatives and Health and Safety representatives from Operations, Finance, Legal and Policy, and, Business Transformation.

The triennial full Fire Risk Assessment (FRA) was carried out on 26 January 2018.

No significant health and safety matters required escalation during 2017-18.

Other Committees and Forums

Stakeholder Engagement and Equality Forum

The Stakeholder Engagement and Equality Forum (SEEF) is a meeting of CICA's key stakeholders and CICA Legal and Policy staff and is chaired by the Head of Legal and Policy. The role of the SEEF is to provide comment and suggestion on operation of the Criminal Injuries Compensation Scheme(s), provide insight into customers' needs and consider equality issues. This Forum has helped develop a more collaborative approach, and to improve access to our service through both digital and more traditional channels.

Stakeholder Forum membership includes Victim Support Homicide, Victim Support England and Wales, Victim Support Scotland, the Association of Personal Injury Lawyers, Her Majesty's Courts and Tribunals Service, Scottish Women's Aid, Rape Crisis Scotland and Enable (Scotland). The SEEF met once in the last year.

In addition to the SEEF we contacted a number of our key stakeholders to explain the applicant journey, share knowledge and to provide an update on service improvements.

Information Management Group

The Information Management Group (IMG) oversees information management and regulatory compliance. The Group, which met quarterly, is chaired by the Senior Governance Manager (Information Assurance Lead) and comprises the Senior Information Risk Owner (SIRO), all Information Asset Owners and the GDPR Implementation Project Lead.

The IMG monitors existing and emerging information risks, provides assurance to the Senior Information Responsible Officer on the effectiveness of information-risk management, regularly publishes information assurance guidance and promotes an organisation-wide culture of effective and secure information handling.

People Engagement Group (PEG)

We continue to support a wide range of engagement activities to achieve our ambition to make CICA a great place to work. A People Engagement Group (PEG), which met monthly, provided feedback and supported engagement across the organisation through a programme of activities and initiatives. The PEG also provided feedback and recommendations to EMB and helped to gauge engagement levels across the organisation. The PEG terms of reference and membership are reviewed annually.

Audit, Assurance and Operational Delivery

Audit Objectives

The overall objectives of CICA's internal audit and assurance plan were to;

- Deliver a programme of annual compliance reviews which align to and support the achievement of CICA's corporate business plan.
- Ensure that quarterly risk assessments are conducted against the MoJ Information Assurance Maturity Framework, with results reported to MoJ and the EMB.
- Ensure all audit and assurance actions are monitored with the aim of providing accurate progress on outstanding recommendations to the EMB and ARC.
- Provide other reports including the Security Performance Framework (SPF) Outcomes compliance return, the Departmental Security Health Check Security Policy Framework Compliance Return and the Occupational Health and Safety/Fire Safety Overview.

Internal Audit Activity

A programme of internal audit was undertaken by the Government Internal Audit Agency (GIAA) in accordance with the Public Sector Internal Audit Standards (PSIAS). This offered robust scrutiny towards the adequacy, effectiveness and reliability of controls operating over the following management functions;

- Case Management and Decision Making: A **substantial assurance** rating was offered with 2 recommendations.
- Health and Wellbeing: A **substantial assurance** rating was offered with no recommendations.
- Financial Control Framework: A **substantial assurance** rating was offered with 2 recommendations
- Workforce Planning: A **substantial assurance** rating was offered with 6 recommendations
- Business Continuity Management: A **limited assurance** rating was offered with 13 recommendations.

All recommendations from internal audit findings were accepted.

Internal Audit Opinion

The 4 substantial internal audit ratings offered by GIAA were tempered by the limited rating given to Business Continuity Management. This informed an overall internal audit moderate assurance rating for the effectiveness of the systems of governance, risk management and internal control operating across CICA.

We have used the findings from our internal assurance review and the subsequent GIAA audit to implement a programme of improvement to our Business Continuity Management system. We have since been tested in a live situation of severe weather and associated transport disruption during which our plans delivered a high level of organisational resilience and continuity of operations. We are developing a clear system of Business Impact Analysis (BIA), testing and evaluation which will help us to continue to build our business continuity capability.

Information Assurance

CICA processes personal and sensitive information to guide our decision making in accordance with compensation Scheme(s) requirements. We are committed to making sure that all our actions in handling such information achieve the highest standards of security and that the privacy rights of individuals are respected at all times. We continue to employ a mandatory requirement for all staff and new recruits to undertake annual information

assurance training. This ensures that we maintain an effective information assurance culture. We supported this with regular staff awareness activities. This included use of Information Commissioner's Office and MoJ information assurance toolkits, as well as the introduction of a published monthly news article highlighting topical examples and impacts of ineffective information security across various sectors.

We recognised the external threat in relation to cyber-security. We have technical controls in place which reflect those recommended by the National Cyber Security Centre. We have tested our ability to restore access to data in the event of any incidents using backup processes.

During 2017-18, we received 84 requests for information under the Freedom of Information Act 2000 (FOI), and processed 292 Subject Access Requests (SARs) under the Data Protection Act 1998. We achieved 100% compliance for response to FOI requests and a 97% compliance rate for response to SARs within prescribed timescales.

CICA's activities to comply with the General Data Protection Regulation (GDPR) by 25 May 2018 were managed by the IMG. This included establishment of a dedicated GDPR project team, the development of a detailed project implementation plan and a full review of our Information Asset Register. Two Ministry of Justice (MoJ) 'hold to account' GDPR meetings were held in advance of full implementation, both of which recorded CICA's positive progress towards implementation.

During 2017-18 we revised our mechanisms for monitoring and responding to potential security incidents. We identified our highest risk of security incidents occurring as being due to failure of applicants or their representatives to update contact details, failure by mail carriers, and in 3 cases through third party error. We did not escalate any security incidents to the Information Commissioner's Office.

To ensure we were fully integrated with developments affecting wider Government, throughout the year, our Senior Information Risk Owner participated in the MoJ Information Risk and Security Group and the Senior Governance Manager participated in the Information Assurance Leads Committee.

Whistleblowing

A CICA Whistleblowing Policy (contained within the anti-fraud protocol) is aligned with the MoJ Whistleblowing process and published on the CICA intranet. During 2017-18 one anonymous whistleblowing submission was received. This was managed in accordance with MoJ policy.

Business Transformation

The Government Transformation Strategy 2017-20 was launched in February 2017. This strategy changes the relationship between people and government, putting even more emphasis on continuing to improve how people access government services and being more responsive to the needs of citizens.

We have made significant progress on our digital transformation programme.

With a focus on improving our digital services for applicants, we have developed simpler, clearer online guidance and new application forms which are currently being tested with service users. We launched our new digital service into live testing, inviting a limited number of applicants to use the service and provide feedback to inform refinements. This service provides an online account for applicants through which they can manage their claim, provide information to support their claim and receive and accept a decision. The service is being developed in accordance with the 18-point Government Digital Standards and is subject to regular assessment against these standards.

We successfully introduced 'smarter working' capability, equipping our people with secure-laptop computers and mobile telephones. This has brought the benefits of significantly improved organisational flexibility.

Early in 2017, we introduced a bank verification system to strengthen security in our payments process and implemented a new digital invoicing and payment system. More recently, we have completed development work in readiness to test and deploy an upgrade to our case management system.

Operational Delivery

During 2017-18 we recruited additional staff for operational and specialist roles to support a programme of business improvement, aimed at reducing the number of applicants awaiting resolution of their claims and providing more applicants with a decision within 12 months. A new approach to workflow management and prioritisation, together with a triage process was introduced, ensuring action is initiated on every application received within five days of receipt and matches the evidence gathering process to the circumstances of each case.

Two key initiatives piloted during the year have helped deliver improved performance outcomes:

We have piloted an improved service for new applicants who have been the victims of sexual assault, without additional physical or disabling mental injuries. This allows for decisions to be made based on the application and police report alone and without additional medical evidence. Streamlining this process has led to earlier resolution of claims.

We have undertaken a pilot with a team of Clinical Psychologists to provide advice to Decision Makers in respect of disabling mental injury claims. This has reduced our reliance on external provision of special medical reports.

In total, over 40,827 applications were resolved and over £150m compensation was paid to victims. The rate of cases decided within 12 months for new applicants rose from 52% in

April 2017 to 81% in March 2018, and the live caseload was reduced from over 40,000 to just over 35,000 cases.

Quality Assurance

Work to calculate the compensation payable is undertaken by case officer and decision teams within CICA. Each year, the National Audit Office (NAO) performs sample testing of cases to confirm accuracy of the compensation offered.

CICA has embedded a quality assurance framework which is administered by our Quality Assurance Team. The team conduct regular pre-payment quality and accuracy checks on applicant eligibility and compensation decisions. These additional controls continue to improve our operating practices in relation to decision making and accuracy of calculations. In 2017 NAO recommended that we should investigate whether the workflow of compensation payments through the control system can be automated, to reduce reliance on manual intervention. In response to this recommendation, we have developed the first phase of a digital Quality Assurance management process, which will provide improved controls and more robust data reporting in future years.

Developing our people

Our programme of staff development continued throughout the year. The Civil Service People Survey in 2017 revealed that we match the highest performing organisations across government in providing opportunities for learning and development.

CICA were amongst the exhibitors at Civil Service Live in July 2017. Our people developed a product that showcased our progress in our digital journey and shared best practices and lessons learned with other government departments. CICA staff had the opportunity to attend the event gaining an enhanced understanding of the wider civil service and the contribution they make to the provision of government services.

September 2017 saw the launch of the Operational Delivery Profession accreditation programme with 15% of our staff pursuing qualifications at certificate and diploma level, helping to build professional standards. We also invested in specialist legal, accountancy, IT and business transformation training and supported leadership development through MoJ and Civil Service formal programmes. Two of our people graduated from Crossing Thresholds, a Civil Service development programme aimed at supporting women in overcoming barriers to success in the workplace, and another 4 are on the programme and will complete next year.

The Diversity Champions Network is fully embedded and has led initiatives to raise awareness on a range of topics including disability, mental health, transgender and sexuality ensuring our people were equipped to respond to the diversity of our applicants. Our people were also involved in several social mobility initiatives led by MoJ including the Schools Programme and laying the foundations for Step into Work Experience opportunities in summer 2018.

Events

Recent terrorist attacks

We have dedicated teams in place to manage applications relating to terrorist incidents including those which took place during 2017-18 in London and Manchester. We have finalised a number of claims and continue to work to resolve those applications where further information is required to confirm eligibility and the appropriate level of compensation.

In August 2017 we also received a number of applications from Barcelona which falls within the Victims of Overseas Terrorism Compensation Scheme (VOTCS).

Engagement with key stakeholders

- We worked closely with the Home Office Victims of Terrorism Unit following the UK terrorist attacks to ensure a consistent cross-government approach to injured victims and their families. This involved signposting to organisations who offer assistance to victims and making sure the advice and information given to victims about claiming compensation is accessible.
- We arranged meetings and presentations with the Metropolitan and Greater Manchester Police to better inform us about the recent terrorist incidents, the aftermath and the impact on victims. We reciprocated by providing the Family Liaison Officers of Greater Manchester Police with briefing about the Scheme and how victims could apply for compensation.
- Our Chief Executive met with the Victims' Commissioner to discuss improvements made to our IT systems and service delivery.
- We consulted with key stakeholders on a Scheme Guidance review relating to the linked issues of consent and grooming. The revised guidance was welcomed by participants and has been implemented.
- The National Child Abuse Investigation Unit of Police Scotland have helped provide our Decision makers with additional insight training to help them relate to the impact that historical child abuse can have on victims, throughout their lives, and when the abuse is exposed.
- We held meetings with the National Police Chief's Council and Police Scotland to discuss the completion rates of our enquiry forms, data sharing and the review of our protocols.
- We held a Stakeholder Engagement and Equality Forum (SEEF) to inform key stakeholders of the latest Policy and Operational developments and to preview and discuss our new Online System.
- We attended a Modern Slavery workshop provided by the Home Office in London where we engaged with organisations who support victims of modern slavery in relation to their eligibility for compensation.
- Our Chief Executive met with the Children's Commissioner which we followed up by providing relevant information about the Scheme.

Conclusion

I am confident that this statement provides a comprehensive account of the corporate governance, risk management and control arrangements operating across the CICA.

I am satisfied that these governance arrangements not only offered effective control and transparency over achievement of the objectives and accountabilities of CICA but have been instrumental in improving the quality of our services during 2017-18.

Remuneration and staff report

Remuneration policy

All permanent members of staff, including those on secondment and fixed term appointments, are currently on assignment to CICA and remain employees of MoJ.

Remuneration policy — senior civil servants (Not subject to audit)

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. For 2017-18, there were two individuals classified as senior civil servants, Chief Executive and Deputy Chief Executive. 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 (Not subject to audit)

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.

Remuneration report

Service contracts (Not subject to audit)

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

Civil Service Pensions (Audited)

All permanent members of staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). The Ministry of Justice is responsible for making contributions to their pension schemes.

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Ministry of Justice is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2017-18, employer's contributions of £1.456million (2016-17, £1.225 million) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2016-17, 20.0% to 24.5%) of pensionable earnings based on salary bands. The Scheme Actuary reviews

employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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 CICA had taken this option during the financial year 2017-18 and this was also the case for 2016-17.

Senior staff disclosures (Audited)

The Chief Executive fulfils the role of Accounting Officer of CICA. The Chief and the Deputy Chief Executive, for the purposes of disclosure, are classified as the senior management of CICA. Their emoluments disclosed represent the total amount paid. The three Non-Executive Board Members earned, in total, £5,600.00 in fees and claimed £0 in expenses during 2017-18. (2016-17 £5,200.00 + £469.78).

Remuneration comparison (audited)

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

The banded remuneration of the highest paid executive in CICA during 2017-18 was £90k - £95k (2016-17, £105k - £110k). This was 4.2 times (2016-17, 5.1 times) the median remuneration of the workforce which was £21,797 (2016-17, £20,905), the removal of functional leadership from CICA payroll in year has contributed to this change. The range of remuneration in year was £90 - £95k to £15-£20k. In 2017-18 and 2016-17 no employee received remuneration in excess of the highest paid executive.

Total remuneration includes salary, overtime payments, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Salary (Audited)

'Salary' includes gross salary; overtime; and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind (Audited)

No senior staff received any benefits in kind.

The table below shows the fees paid to Non-Executive Board Members.

TABLE 13

Name	Fee (£) 2017-18	Fee (£) 2016-17
David Page	0	0-5
Andrew Flanagan	0-5	0-5
William Matthews	0-5	0-5
Ron Barclay Smith	0-5	0
Total	5,600	5,200

Senior management travel and subsistence (Not subject to audit)

In 2017-18, the Chief Executive claimed £1,252.96 (2016-17, £6,878.81) and the Deputy Chief Executive claimed £1,431.47 (2016-17, £1,659.79) in expenses. There were no claims for expenses other than for standard travel.

Compensation for loss of office (audited)

No senior managers received compensatory payments in 2017-18 (2016-17, nil).

Cash Equivalent Transfer Values (CETV) (Audited)

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 or 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 information in Tables 14 and 15 is audited.

**TABLE 14: Remunerations and pensions for senior management for 2017–18
(Audited)**

Name	Salary	Bonus	Value of pension benefits for single total figure of remuneration	Total	Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension And related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	90-95	0	3	95-100	Pension 55-60 Lump sum 0	Pension 0-2.5 Lump sum 0	1,123	1,095	2
Linda Brown - Deputy Chief Executive	65-70	5-10	2	80-85	Pension 25-30 Lump sum 80-85	Pension 0-2.5 Lump sum 0-2.5	567	530	1

**TABLE 15: Remunerations and pensions for senior management for 2016-17
(Audited)**

Name	Salary	Bonus	Value of pension benefits for single total figure of remuneration	Total	Accrued pension at pension age as at 31/03/17 and related lump sum	Real increase in pension And related lump sum at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	90-95	10-15	14	120-125	Pension 55-60 Lump sum 0	Pension 0-2.5 Lump sum 0	1,095	1,035	14
Linda Brown - Deputy Chief Executive	65-70*	0-5	76	145-150	Pension 25-30 Lump sum 80-85	Pension 2.5-5 Lump sum 10-12.5	530	445	64

General notes:

The 2017-18 CETV return reflects the only Senior Civil Servant employed at CICA included within the Pension Scheme. The Chief Executive Carol Oatway left on 31 March 2018. Nil return, for all disclosures, in respect of benefits in kind. Employer contribution to partnership account is nil for all disclosed.

TABLE 16 Staff numbers and related costs (Audited)

Staff costs		2017-18	2016-17
	Note	£'000	£'000
Salaries and emoluments		6,367	6,176
Early departure other adjustment		0	3
Early departure in year costs		0	38
Provision in year costs	10	(0)	(38)
Social security costs		686	575
Pension costs		1,456	1,225
Overtime payments		207	252
		8,716	8,231

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

Staff costs relating to individuals of a non-permanent nature (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 £0k (2016-17, £28k) and is included in assets under construction.

There was no expenditure on consultancy in 2017-18.

Staff numbers (Audited)

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

TABLE 17

	2017-18	2016-17
Casework	236	204
Administration ¹	40	63
Agency staff	0	0
	276	267
Ministry of Justice	276	267
Agency	0	0
	276	267

1. Average number of persons employed has reduced from 2016-17 due to the introduction of functional leadership. As at 1 April 2017, 30 staff transferred from CICA to MoJ Core Department under functional leadership. For more information refer to note 1.13 in the financial statements.

The number of full time equivalent persons employed in CICA as at 31 March 2018 was 276 (273 as at 31 March 2017)

Staff composition

As of 31 March 2018, CICA employed 133 male and 181 female staff members. In addition, two female SCS members were employed.

Civil Service - Exit Packages (audited)

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. Exit costs are accounted for in full in the year the exit package is confirmed. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Principal Civil Service Pension Scheme. Ill health retirement costs are met by the pension scheme and are not included in the table above.

During 2016-17 and 2017-18 there were no exit packages paid.

Pension liabilities

CICA have no pension liabilities. As detailed in the Remuneration Report permanent members of staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer Defined Benefit Scheme which prepares its own accounts but where individual employers are unable to identify their share of the underlying assets and liabilities of the scheme.

Our staff (Not subject to audit)

Employment policies

CICA is staffed by Ministry of Justice employees and follows all Ministry of Justice HR practices. People involvement is actively encouraged as part of the day-to-day process of line management. The senior management team is committed to working in a collaborative way with trade unions in improving industrial relations.

Equality and diversity

We value the diversity of our workforce and promote a culture where all are treated with fairness and respect. Diversity data is held and collated by the Ministry of Justice and we continue to promote and encourage our people to record their personal diversity information. This will help us ensure we have the best information possible on the diversity profile of our people and can be confident that there is strong and robust data for ensuring that our policies and processes are applied fairly. We actively encourage and support our people to participate in the Ministry of Justice Coaching Squared and the Civil Service wide Positive Action Pathway programmes. This year two of our people graduated from Crossing Thresholds, a Civil Service development programme aimed at supporting women in overcoming barriers to success in the workplace. The Ministry of Justice publish diversity information annually in their MoJ Workforce Monitoring Report. We have an established Diversity Champions Network who are proactive in increasing awareness of diversity issues and ensure CICA continues to be an inclusive working environment.

Employment of disabled persons

The Ministry of Justice has clear rules on employing disabled staff and we apply these rules. We encourage a culture in which we remove barriers for disabled people and promote a better understanding of disability issues. This year all our people completed Equality and Diversity awareness training.

Learning and development

During 2017-18, we continued to promote learning opportunities and encouraged all our people to undertake, as a minimum, 5 days learning. We continue to develop our people by delivering training on our compensation scheme, providing opportunities for job shadowing, and supporting activities during Learning at Work Week. This year our learning activities mainly focused on delivering an extensive training plan to support our recruitment programme and up skilling those new to CICA. We also invested in Agile training to support a different approach to our project management and support continuous professional development.

Social and community issues

We remain committed to supporting our local community and wider society. Our people are encouraged to volunteer for community projects and to help raise funds for local and nationwide charitable organisations. This year our people have engaged in a number of volunteering projects, including working in a local children's hospital and a community garden. We have also been involved in a social mobility initiative led by MoJ, the Schools Programme, which engages with young people to show that the Civil Service is a vibrant, diverse and inclusive place to work. This year our people selected the Beatson Cancer Charity as their chosen charity and raised funds throughout the year.

Sickness absence

We continue to proactively manage sick absence and improve health and wellbeing at work. We supported new line managers to increase knowledge and skills on attendance management and disability awareness, delivered learning sessions on wellbeing and resilience and staff completed mental health awareness training. We are currently maintaining the Healthy Working Lives Bronze Award criteria and have made a submission for the Silver Award.

During 2017-18, the average working days lost to sickness in CICA was 4.5 days. Of this 1.8 days (41%) were due to long term sickness and 2.7 days (59%) were due to short term sickness. Like all departments, we benchmark against the Civil Service average figure, which at 31 March 2018 was 7 days.

Parliamentary accountability and audit report

Audit

The Comptroller and Auditor General is the external auditor of CICA, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The notional fee for the statutory audit in 2017-18 is £70,000 (2016-17, £70,000). No additional audit fees or remuneration for non-audit work were recognised in 2017-18, as was also the case in 2016-17.

Regularity of expenditure (audited)

Write-offs and bad debts up to £20,000, abandoned claims up to £10,000 and ex-gratia payments up to £500 are authorised by the Accounting Officer. Amounts greater than these specified thresholds are referred to and authorised by CICA'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. Bad debts written off totalled £1,406.59 (2016-17 £0) and losses and special payments totalled £794.76 (2016-17, £3,481.32). No individual or cumulative events breached the disclosure level of £300,000. Amounts lost due to fraud totalled £12,500 (2016-17, £22,500).

Remote contingent liabilities (audited)

On occasion compensation cases at appeal stage, under the jurisdiction of the First Tier Tribunal – Criminal Injuries Compensation, may go to judicial review. These could have an impact on the CICA's future liabilities. These cases are not included within the provision due to 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.

Linda Brown

Interim Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority

17 July 2018

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

Opinion on financial statements

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2018 and of the net operating 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Criminal Injuries Compensation Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Criminal Injuries Compensation Act 1995.

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Criminal Injuries Compensation Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Criminal Injuries Compensation Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with directions made under the Criminal Injuries Compensation Act 1995;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

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 parts of the Accountability 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.

Sir Amyas C E Morse
Comptroller and Auditor General
19 July 2018
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure for the period ended 31 March 2018

		2017-18		2016-17	
	Note	£'000	£'000	£'000	£'000
Staff costs	3	8,716		8,231	
Other expenditure	4	4,900		4,958	
Depreciation and amortisation	5	1,128		1,194	
Provision expense	10	187,983		145,870	
Total Expenditure		202,727		160,253	
Income	2	(4,577)		(5,478)	
Income repaid to Consolidated Fund		4		4	
			(4,573)		(5,474)
Net Operating Expenditure		198,154		154,779	
Finance expense (Unwinding of discount)	10		1,098		1,996
Net Expenditure for the year		199,252		156,775	

There was no other comprehensive expenditure incurred during the year.

The notes on pages 53 to 74 form part of these accounts

Statement of Financial Position as at 31 March 2018

		31 March 2018		31 March 2017	
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	5	1,317		1,221	
Intangible assets	5	2,092		1,976	
Total non-current assets			3,409		3,197
Current assets					
Trade and other receivables	6	5,517		4,690	
Cash and cash equivalents	7	41,495		39,806	
Total current assets			47,012		44,496
Total assets			50,421		47,693
Current liabilities					
Provisions (not later than one year)	10		(109,187)		(127,448)
Trade and other payables	8		(37,569)		(35,632)
Total assets less current liabilities			(96,335)		(115,387)
Non-current liabilities					
Provisions (later than one year)	10	(220,998)		(168,158)	
Other payables	9	(24,650)		(34,154)	
Total non-current liabilities			(245,648)		(202,312)
Total assets less total liabilities			(341,983)		(317,699)
Taxpayers' equity and other reserves					
General reserve			(341,983)		(317,699)
Total equity			(341,983)		(317,699)

Linda Brown
Interim Chief Executive and Accounting Officer

17 July 2018

Statement of cashflow 31 March 2018

		2017-18		2016-17	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net expenditure for the year	12	(199,252)		(156,775)	
Adjustments for non-cash transactions	12	7,143		(137)	
(Increase) /decrease in trade and other receivables	12	(827)		5,801	
Increase/(decrease) in trade and other payables	12	(7,567)		(25,478)	
Net movement of provisions	10	34,579		4,477	
Net cash outflow from operating activities (Note 12)			(165,924)		(172,112)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(468)		(112)	
Purchase of intangible assets	5	(899)		(1,107)	
			(1,367)		(1,219)
Net cash outflow			(167,291)		(173,331)
Cash flows from financing activities					
Funding from Ministry of Justice and Scottish Government	11		168,980		171,850
Net increase/(decrease) in cash and cash equivalents in the period	7		1,689		(1,481)
Cash and cash equivalents at the beginning of the period			39,806		41,287
Cash and cash equivalents at the end of the period	7		41,495		39,806

Statement of Change in Taxpayer's Equity 31 March 2018

		General Reserve	Total Reserves
	Note	£'000	£'000
Balance at 1 April 2016		(331,443)	(331,443)
Net Parliamentary funding	11	171,850	171,850
Intra-departmental balances settled with MoJ		(1,715)	(1,715)
Auditors remuneration	4	70	70
Notional recharge from the MoJ	4	314	314
Net expenditure		(156,775)	(156,775)
Balance at 31 March 2017		(317,699)	(317,699)
		General Reserve	Total Reserves
		£'000	£'000
Balance at 1 April 2017		(317,699)	(317,699)
Net Parliamentary funding	11	168,980	168,980
Intra-departmental balances settled with MoJ		3,542	3,542
Notional recharge from the MoJ	4	2,376	2,376
Auditors remuneration	4	70	70
Net expenditure		(199,252)	(199,252)
Balance at 31 March 2018		(341,983)	(341,983)

Notes to the Accounts

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where a choice of accounting policy is permitted by the FReM CICA select the policy which best presents a true and fair view. CICA'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.

The Financial Statements, together with the Notes on pages 53 to 74, 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, 2008 and 2012.

At 31 March 2018, CICA's Statement of Financial Position records net liabilities of £342 million (31st March 2017, £318 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 2018-19, allowing for the amounts required to meet CICA'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 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 fund.

1.3 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, Plant and Equipment

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 rather than fair value revaluation as the impact of this policy would not be material to CICA's accounts. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

During the period a non-current asset analysis was undertaken to ensure the SOFP Non-Current Asset balance matches that contained within the Non-current asset register. The review resulted in the discovery of £27k of assets no longer owned by CICA but still registered as such, these assets have been accounted for as disposals in this period. The review also highlighted an estimated £148k of assets that historically had not been accounted for when purchased, as many of these assets will now be close to zero net book value they have not been adjusted for in these accounts.

Donated Assets

CICA holds no assets classified as donated.

Assets Under Construction

Costs, inclusive of irrecoverable VAT, associated with discrete projects are pooled until CICA 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 2017-18, are disclosed in note 5.

1.4 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	Five years
Computer Equipment	Three to five years
Intangibles (Information Technology and Licences)	Three to five years

The depreciation rate for Fixtures, Fittings and Office Equipment was changed in 2015-16 from the previous write off period of 10 years to 5 years. This change now reflects the natural working life of these assets, following our move to a reduced floor space at Alexander Bain House in September 2014.

1.5 Income

Following inclusion in the MoJ Ambit of Estimates, compensation repayments from England and Wales and other miscellaneous income are retained by CICA and recycled back into compensation spending. Compensation repayments from Scotland are repaid to the Scottish Government via the consolidated fund.

The majority of CICA's income is received via the courts and therefore the collection-rate is predominantly outwith the control of CICA. The collection rate is currently 4.95 per cent of all monies due. CICA 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 bank interest. In 2017-18 CICA received an additional £4m in funds from MoJ which due to the MoJ classification of this funding CICA were required to consider it as income not resource funding.

1.6 Accounting for Employee Benefits

Under IAS 19 CICA 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 CICA were covered under the arrangements, therefore contributions to PCSPS are treated as contributions to a defined scheme. CICA is unable to identify its share of liabilities in the PCSPS defined benefit scheme therefore no disclosure for long-term pension liabilities is charged to these accounts.

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

1.7 Leases

Leases are assessed against the criteria laid down within IAS 17. The lease for Alexander Bain House has been determined as operating in nature and therefore charged to the Statement of Comprehensive Net Expenditure as incurred.

1.8 Provisions

CICA 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). While the provision reflects the higher end of the valuation assessment, there is a possibility that these cases will settle for up to £6m less than already provided.

Tariff Scheme

The tariff scheme provision is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known to CICA. The additional element relates to those events, occurring on or before reporting period end, that CICA deems probable and, based upon historical evidence, provides for an estimation of the future liability. This provision has been discounted by using the prevailing nominal Treasury Discount Rates, highlighted at note 10. The nominal rate is used as the tariff scheme is not subject to inflation so using the real rate would be inappropriate. 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.

Victims of Overseas Terrorism Compensation Scheme (VOTCS)

Events designated as Acts of Terrorism, by the Foreign Secretary, are provided for on the basis of applications that are currently known to CICA. The compensation liabilities are determined by the same principles that underpin the 2012 tariff scheme.

Dilapidations

Provisions for dilapidations are recognised in the year in which CICA recognises it has a future obligation to transfer economic benefits based on a past event.

Early Departure

CICA meets the additional costs of benefits beyond the 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 1.30 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.

1.9 Recognition of Compensation Accrual

CICA 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.

1.10 Value Added Tax

With effect from 01 April 2014 CICA was reclassified as an Agency of the MoJ. As a result of this change CICA is eligible to recover VAT on a limited range of services.

1.11 Holding Accounts

Compensation awards can be held in individual 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.

1.12 Third Party Assets

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

The retention of compensation awards to minors is provided for under Scheme arrangements. 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 balances held on behalf of both of the above parties are disclosed in note 16.

1.13 Third Party Recharges

During the period the MoJ reorganised the structure of IT and finance support services into a functional leadership model providing a service across the department and its agencies. This resulted in the staff costs of the finance and IT teams being borne by MoJ Core teams, as well as the administration costs of IT which can be seen in the reduction of IT costs in Note 4. These costs, totalling £2.2m have been recharged through corporate recharges in the Statement of Comprehensive Net Expenditure which has resulted in a substantial increase in this balance, also seen in Note 4.

1.14 Segmental Reporting

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

1.15 Impending application of newly issued Accounting Standards not yet effective

CICA is aware of the impending implementation of the IFRS 9 and IFRS 15 updates which will commence from 1st April 2018. CICA has conducted an assessment of both updates and anticipates that neither will have a material impact on the accounts in 2018/19.

The changes to IFRS 9 which affect the requirements for recognition, measurement, and impairment of financial assets are anticipated to create an impairment to debtors, which is below overall materiality.

The changes to IFRS 15 which affect revenue recognition do not apply to any of CICA's operations.

IFRS 16 will change the way CICA recognises, measures, presents and discloses leases that it holds. The full impact of IFRS 16 on CICA will not be determined until it has been adopted for use in the public sector by the FReM.

1.16 Significant Judgements Used in the Production of the Accounts

CICA has prepared the annual accounts in accordance with latest IAS and IFRS guidance as of 31st March 2018.

The key area of significant judgement used in the preparation of the annual accounts is that of provision spread across years 1-4. The spread of the likely profile for paying the current caseload is determined by CICA's Executive Management Board upon consideration of a number of options by the Director of Finance and tied closely to likely budget availability in the Ministry of Justice medium term financial plan (MTFP).

NOTE 2 OPERATING INCOME

	2017-18	2016-17
	£'000	£'000
Civil actions	471	1,341
Court compensation orders	103	22
Compensation Tariff recoverable	0	79
Income from MOJ including Victim Surcharge	4,000	4,032
Other administrative income	3	4
	4,577	5,478

NOTE 3 STAFF COSTS

	2017-18	2016-17
	£'000	£'000
Salaries and emoluments	6,367	6176
Early departure other adjustment	0	3
Early departure in year costs	0	38
Provision in year utilisation	0	-38
Social security costs	686	575
Pension costs	1,456	1225
Overtime payments	207	252
	8,716	8,231

NOTE 4 OTHER EXPENDITURE

		2017-18	2016-17
	Note	£'000	£'000
Programme expenditure - casehandling costs		801	1,807
Information technology and telecommunications		0	1,430
Other accommodation costs		449	692
Rentals under operating leases		707	277
Miscellaneous fees		29	52
Postage		117	114
Travel and subsistence		97	103
Storage and handling		16	47
Stationery		21	8
Training, recruitment and staff welfare		49	67
Internal audit fees		24	26
Losses and special payments paid		1	3
Furniture and fittings		0	1
Information and publications		1	5
Losses and special payments written-back		1	0
Non Cash Items:			
Loss on disposal of non-current assets - PPE		25	0
Dilapidations on lease arising		21	(58)
Corporate recharge		174	314
Corporate recharge - functional leadership		2,202	0
Increase/(decrease) to bad debt provision	6	92	0
Notional external audit fees		70	70
Loss on disposal of non-current assets - IA		2	0
Bad debts written-off		1	0
		4,900	4,958

NOTE 5 NON-CURRENT ASSETS

Property, Plant and Equipment	Fixtures & Fittings	Leasehold Improvements - Alexander Bain House	Computer Equipment	Office Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2017	292	973	1,201	119	72	2,657
Additions	3		461	4	0	468
Disposals	(4)		(127)	(27)	0	(158)
Transfers	0	0	0	0	0	0
At 31 March 2018	291	973	1,535	96	72	2,967
Depreciation						
At 1 April 2017	(287)	(275)	(807)	(67)	0	(1,436)
Charged in year	(3)	(98)	(234)	(12)	0	(347)
Disposals	5		98	30	0	133
Transfers	0			0	0	0
At 31 March 2018	(285)	(373)	(943)	(49)	0	(1,650)
Net book value at 31 March 2018	6	600	592	47	72	1,317
Net book value at 31 March 2017	5	698	394	52	72	1,221

Intangible Assets	Information Technology	Software Licences	Assets under Construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2017	3,872	341	814	5,027
Additions	118	0	781	899
Disposals	(9)	1	0	(8)
Transfers	43	0	-43	0
At 31 March 2018	4,024	342	1,552	5,918
Amortisation				
At 1 April 2017	(2,809)	(242)	0	(3,051)
Charged in year	(721)	(60)	0	(781)
Disposals	6	0	0	6
At 31 March 2018	(3,524)	(302)	0	(3,826)
Net book value at 31 March 2018	500	40	1552	2,092
Net book value at 31 March 2017	1,063	99	814	1,976

All non-current assets are owned by the CICA.

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

Property, Plant and Equipment	Fixtures & Fittings	Leasehold Improvements - Alexander Bain House	Computer Equipment	Office Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2016	292	973	1,099	82	72	2,518
Additions	0	0	75	37	0	112
Disposals	0	0	0	0	0	0
Transfers	0	0	27	0	0	27
At 31 March 2017	292	973	1,201	119	72	2,657
Depreciation						
At 1 April 2016	(284)	(157)	(621)	(62)	0	(1,124)
Charged in year	(3)	(118)	(186)	(5)	0	(312)
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
At 31 March 2017	(287)	(275)	(807)	(67)	0	(1,436)
Net book value at 31 March 2017	5	698	394	52	72	1,221
Net book value at 31 March 2016	8	816	478	20	72	1,394

Intangible Assets	Information Technology	Software Licences	Assets under Construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2016	3,622	298	27	3,947
Additions	208	43	856	1,107
Disposals	0	0	0	0
Transfers	42	0	(69)	(27)
At 31 March 2017	3,872	341	814	5,027
Amortisation				
At 1 April 2016	(2,022)	(147)	0	(2,169)
Charged in year	(787)	(95)	0	(882)
Disposals	0	0	0	0
At 31 March 2017	(2,809)	(242)	0	(3,051)
Net book value at 31 March 2017	1,063	99	814	1,976
Net book value at 31 March 2016	1,600	151	27	1,778

NOTE 6 TRADE AND OTHER RECEIVABLES

	2017-18	2016-17
	£'000	£'000
Trade receivables	49	6
Court compensation	786	718
Civil claims	107	109
Other receivables	4,534	4,082
VAT receivable	462	228
Prepayments	463	339
	6,401	5,482
Provision for bad debts	(884)	(792)
	5,517	4,690

NOTE 7 CASH AND CASH EQUIVALENTS

		2017-18	2016-17
	Notes	£'000	£'000
Opening balance at Government Banking Service Accounts		5,651	1,183
Increase / (decrease) in cash		11,192	4,468
Closing balance at Government Banking Service Accounts		16,843	5,651
Opening balance all other bank accounts and cash		1	17
Increase / (decrease) in cash		1	(16)
Closing balance at all other bank accounts and cash		2	1
Opening balance of awards held on deposit in holding accounts	9	34,154	40,087
Increase / (decrease) in cash	9	(9,504)	(5,933)
Closing balance of awards held on deposit in holding accounts	9	24,650	34,154
Total balance of cash and cash equivalents		41,495	39,806
Total increase/(decrease) in cash and cash equivalents		1,689	(1,481)

NOTE 8 TRADE AND OTHER PAYABLES

	2017-18	2016-17
	£'000	£'000
Trade payables	237	462
Consolidated Fund payables	0	0
Other payables	2,684	2,543
Accruals - tariff scheme	32,063	29,619
Other accruals	2,585	3,008
	37,569	35,632

NOTE 9 NON-CURRENT LIABILITIES: OTHER PAYABLES

Awards held in holding accounts in the name of the applicant prior to appropriate guardianship being determined.

Holding accounts	Number of accounts	2017-18	Number of accounts	2016-17
	£'000	£'000	£'000	£'000
Opening balance	51	34,154	47	40,087
In-year deposits	23	8,062	33	10,306
Interest received in-year	38		36	
		8,100		10,342
Closures	(19)	17,043	(29)	16,275
Withdrawal prior to closure	561		0	
		(17,604)		(16,275)
Closing balance	55	24,650	51	34,154

NOTE 10 PROVISIONS

Provision - Programme 2017-18	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	4,591	290,124	259	294,974
Arising during the year	5,395	179,514	605	185,514
Reversed unutilised during the year	(30)	0	(10)	(40)
Utilised during the year	(66)	(151,529)	(381)	(151,976)
Charge for year (unwinding)	0	1,098	0	1,098
Balance at 31 March 2018	9,890	319,207	473	329,570
Provision - Programme 2016-17	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2016	4,545	285,129	727	290,401
Arising during the year	2,121	142,910	19	145,050
Reversed unutilised during the year	(46)	0	(37)	(83)
Utilised during the year	(2,029)	(139,911)	(450)	(142,390)
Charge for year (unwinding)	0	1,996	0	1,996
Balance at 31 March 2017	4,591	290,124	259	294,974

Breakdown of total Compensation settled	Pre-tariff	Tariff	VOTS	Totals	Pre-tariff	Tariff	VOTS	Totals
	2017-18	2017-18	2017-18	2017-18	2016-17	2016-17	2016-17	2016-17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Utilising provisions recognised	66	151,529	381	151,976	2,029	139,911	450	142,390
Claims settled in the Financial Year	0	2,509	0	2,509	0	903	0	903
	66	154,038	381	154,485	2,029	140,814	549	143,293

Geographical split for total compensation settled

	2017-18	2016-17
	£'000	£'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	142,079	127,039
Scotland	12,025	15,804
Awards relating to victims of overseas terrorism	381	450
	154,485	143,293

Statement Of Comprehensive Net Expenditure (SOCNE) balances

	Pre-tariff	Tariff	VOTS	Totals	Pre-tariff	Tariff	VOTS	Totals
	2017-18	2017-18	2017-18	2017-18	2016-17	2016-17	2016-17	2016-17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
New liabilities recognised in period and provided for	5,395	179,514	605	185,514	2,121	142,910	19	145,050
Claims relating to and settled in the Financial Year, not provided for	0	2,509	0	2,509	0	903	0	903
Provision no longer required	0	0	(10)	(10)	0	0	(37)	(37)
Provisions reversed unutilised as a result of case settlements being lower than provision	(30)	0	0	(30)	(46)	0	0	(46)
	5,365	182,023	595	187,983	2,075	143,813	(18)	145,870

Pre-tariff Scheme

The pre-tariff scheme provision reflects CICA's liabilities in respect of all outstanding cases incurred prior to 1996 which remain to be settled in future years. In accordance with the CICA'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. CICA does not hold any assets in respect of these liabilities; compensation will be paid from parliamentary funding 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 1.8). 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 CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes, is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known and received which are held within CICA and have not yet been processed; Claims Reported, Not Yet Completed (CRNYC) (discounted value £252.310m). The additional element relates to events, which have occurred on or before reporting period end, that CICA deems probable based upon historical evidence but have not yet received the application for those incidents. CICA classify these as Incurred But Not Yet Received (IBNYR) and therefore provides for an estimation of the future liability of these claims when the applications are made (discounted value £66.897m).

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing Treasury Discount Rates (see below table) in order to recognise the time value of money. The rates used are nominal to reflect that the tariffs are not influenced by inflationary pressures, therefore a real rate for discounting is not used. 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.

CICA does not hold any assets in respect of these liabilities; compensation will be paid from parliamentary funding in year of settlement.

A sensitivity analysis for the tariff provision has been carried out considering four variables:

- average settlement value per case (plus or minus 10%);
- future changes in discount rate (plus or minus 0.25 percentage points from current rate points shown below);
- number of nil value cases in the 2012 scheme caseload (plus or minus 5%); and
- value of IBYNR (Cases which have been Incurred But Not Yet Received (plus or minus 10%)

£000's	No Variance	+ Variance	- Variance
Balance at 31 March 2018	£319,207	£319,207	£319,207
Variance:			
Average Value of Case in Current Caseload +/- 10%		£25,890	-£25,890
Variance:			
Discount Rate +/- 0.25 percentage points		£2,224	-£2,195
Variance:			
Number of Nil Value Cases in 2012 Scheme +/- 5%		£7,681	-£7,681
Variance:			
Value of IBYNR +/- 10%		£6,690	-£6,690
Scale of Variance Risk	£319,207	£361,692	£276,751
Variance:		13.3%	-13.3%
Treasury Discount Rates utilised:			
Years 1-5			0.54%
Years 6-10			1.13%
Years 11+			1.99%

Victims of Overseas Terrorism Compensation Scheme (VOTCS)

Events designated as Acts of Terrorism, by the Foreign Secretary, are provided for on the basis of applications that are currently known to CICA. The compensation liabilities are determined by the same principles that underpin the 2012 tariff Scheme. This provision has not been discounted as it is not material.

Provision - Administration 2017-18	Lease Dilapidation	Staff Departures	Total
	£'000	£'000	£'000
Balance at 1 April 2017	57	575	632
Arising during the year	21	0	21
Reversed unutilised during the year	0	0	0
Utilised during the year	0	(38)	(38)
Charge for year (unwinding)	0	0	0
Balance at 31 March 2018	78	537	615

Provision - Administration 2016-17	Lease Dilapidation	Staff Departures	Total
	£'000	£'000	£'000
Balance at 1 April 2016	115	613	728
Arising during the year	(58)	0	(58)
Reversed unutilised during the year	0	0	0
Utilised during the year	0	(38)	(38)
Charge for year (unwinding)	0	0	0
Balance at 31 March 2017	57	575	632

Lease dilapidations

The 2017-18 provision is for Alexander Bain House, Glasgow. This is based on an estimate, of the possible cost, to CICA of departing from Alexander Bain House at the end of our lease in July 2024.

Staff departures

The total provision represents a future liability to pay an annual allowance, under the Civil Service Injury Benefit Scheme, for 1 individual who left CICA during 2010.

Analysis of expected timing of provisions:	
Cashflow Timing of all provisions	
	£'000
Not later than one year	109,187
Later than one year and not later than five years	202,557
Later than five years	18,441
Total	330,185

NOTE 11 FUNDING

HMG Funding received:	2017-18	2016-17
	£'000	£'000
Compensation payments	154,267	158,555
Operating costs and casehandling costs	13,346	12,076
	167,613	170,631
Capital expenditure	1,367	1,219
	168,980	171,850

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

	2017-18	2016-17
	£'000	£'000
Programme - Tariff Compensation	11,920	15,590
Programme - Casehandling	235	235
Operating costs and capital expenditure	1,325	1,325
	13,480	17,150

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

		2017-18	2016-17
	Notes	£'000	£'000
Net expenditure for the year		(199,252)	(156,775)
Depreciation	5	347	312
Amortisation	5	781	882
Notional recharge from the MoJ	4	2,446	384
Intra-departmental balances settled with MoJ		3,542	(1,715)
Loss on disposal of non-current assets		27	0
Increase in provision for doubtful debts	6	92	0
Decrease / (increase) in receivables	6	(919)	5,801
(Decrease) / increase in payables	8	1,937	(19,545)
Increase / (decrease) in awards held on deposit holding accounts	9	(9,504)	(5,933)
Net movement in pre-tariff scheme provision	10	5,299	46
Net movement in tariff scheme provision	10	29,083	4,995
Net movement in VOTS provision	10	214	(468)
Net movement in dilapidations	10	21	(58)
Net movement in early release provision	10	(38)	(38)
Net cash outflow from operating activities		(165,924)	(172,112)

NOTE 13 COMMITMENTS UNDER LEASES**Operating Leases - buildings**

	2017-18	2016-17
	£'000	£'000
Obligations under operating leases comprise:		
Not later than one year	505	505
Later than one year and not later than five years	2,018	2,018
Later than five years	631	1,136
	3,154	3,659

Note 13 has been adjusted to reflect the VAT element of the lease that was not included in the values stated last financial year. In September 2014 CICA relocated to Alexander Bain House (ABH). The lease agreement at ABH is for 10 years, including a 2.25 year rent-free period which is reflected in the above profile.

NOTE 14 CAPITAL COMMITMENTS

At 31 March 2018 CICA had contracted capital commitments of £48.3k relating to Information Technology associated with on-going Change Programme.

NOTE 15 RELATED PARTY TRANSACTIONS

The Ministry of Justice and the Scottish Government are related parties in respect of providing funding resources. CICA also has transactions with HMRC in relation to the payment of VAT and NIC and with CS Pensions in relation to pension contributions.

NOTE 16 THIRD PARTY ASSETS

Amounts held as Retained Awards	2017-18			2016-17		
	Number of accounts	£'000	£'000	Number of accounts	£'000	£'000
Opening balance	6,479		69,559	6,664		66,901
Open Accounts						
Deposits	1,671	16,640		1,223	16,138	
Additional deposits to existing accounts		94			848	
Interest received		482			442	
Withdrawals		(1,640)			(1,662)	
			15,576			15,766
Closures	(1,250)		(11,712)	(1,408)		(13,108)
Closing balance	6,900		74,423	6,479		69,559
Total third-party assets			74,423			69,559

NOTE 17 CONTINGENT LIABILITIES

CICA Tariff: The Court of Appeal rejected an appeal by an applicant against the decision of the Upper Tribunal in a Tariff case concerning Foetal Alcohol Spectrum Disorder (“FASD”). The applicant’s representatives requested permission to appeal from the Supreme Court which was refused. The representatives have now selected another case which was put before the First-tier Tribunal (“FTT”) on the basis that FASD is a Crime of Violence. The FTT rejected the application. The applicant has been given permission by the Upper Tribunal to Judicially Review that decision, however this action has been stayed pending the outcome of an application for permission to appeal to the Supreme Court in the case of Y v CICA; it is currently unknown when this stay will be lifted. Any liability is uncertain but has been estimated between £26m and £43.5m.

Removal of Contingent Liability from 2016-17

LHS was a pre-tariff case decided under the Criminal Injuries Compensation Scheme 1990. The CICA administers ‘pre-tariff’ cases which are claims made before the statutory Criminal Injuries Compensation Scheme was introduced in 1996. However, decisions in such cases are made by the First Tier Tribunal (Tribunal). Where compensation is awarded in the form of a lump sum it is discounted on the basis that applicants receive money in respect of future needs and the lump sum can be invested and interest earned. The issue before the court was whether, as CICA contended, a CICA award for future losses should be calculated by reference to the discount rate in the Damages Act 1996 or, as the Claimant contended, to actuarial evidence. The Court of Appeal hearing took place on 5 December 2017 and the appeal was dismissed. In short, the Court agreed that the CICA and Tribunal were correct to apply a discount rate of 2.5% as prescribed by the Damages Act 1996.

Had the Claimant’s argument been successful there would have been significant financial implications for CICA, with potential liabilities of between £4.9m and £9.3m in respect of the LHS case and further potential liabilities of between £32.5m and £59.6m in respect of 7 other cases, the awards in which were dependent on the outcome of LHS. As the CICA were successful in the litigation, this is no longer an issue.

NOTE 18 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Under International Financial Reporting Standards (IFRS) 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 Agencies are financed, CICA 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.

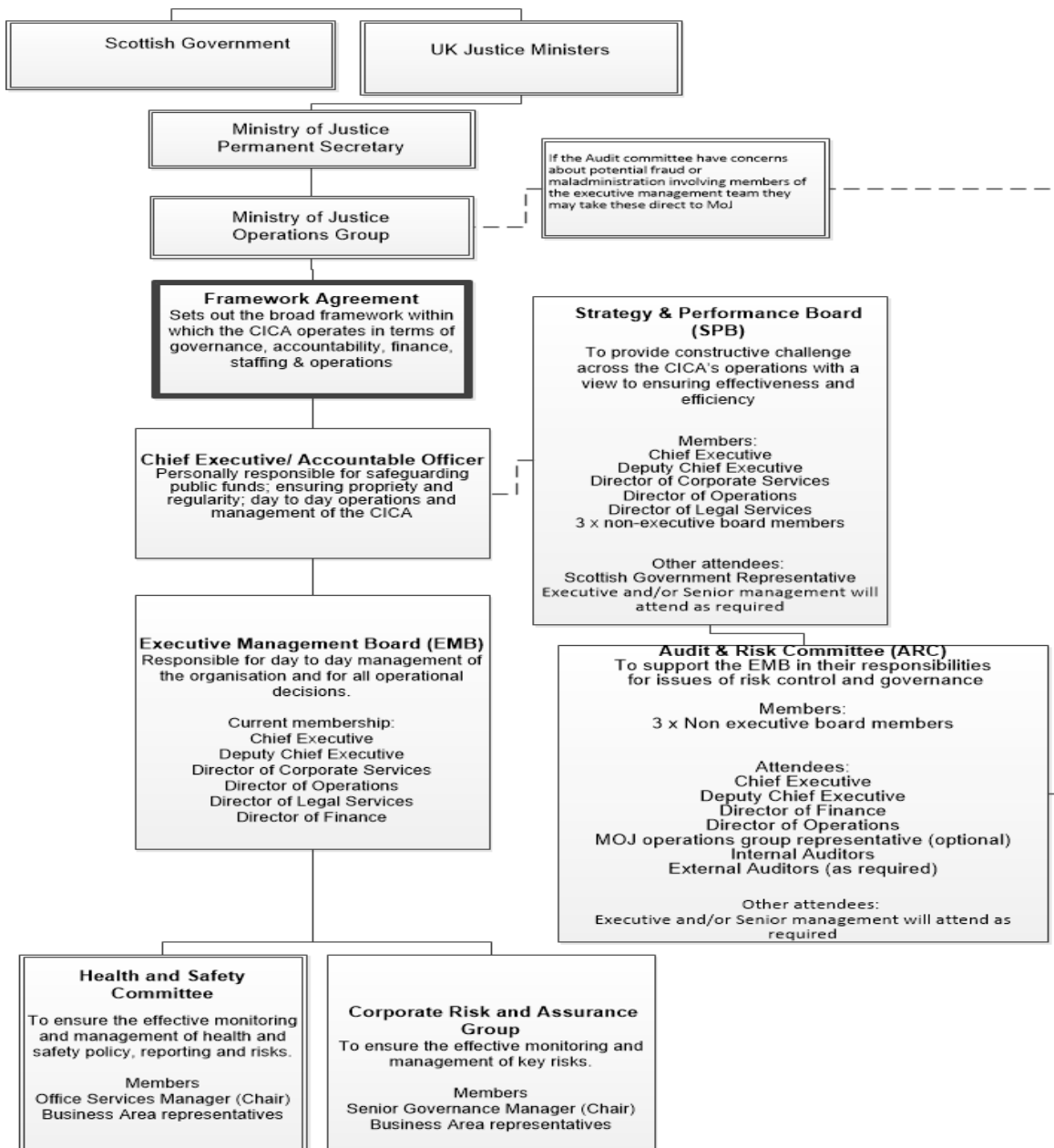
CICA does hold material cash balances on deposit. Allocated holding accounts (note 9) are included in the cash balance on the Statement of Financial Position, while funds retained in the applicant's name are excluded from CICA's cash balance and are disclosed by note. The movement in retained funds is detailed in note 16. 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 2017-18 was 0.63 per cent (2016-17, 0.69 per cent).

NOTE 19 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 post balance sheet events to report.

Appendices

Appendix A – Governance



Appendix B – Meeting Attendance

	Executive Management Board (EMB)				Audit & Risk Committee (ARC)					Strategy & Performance Board (SPB)			
	Q1	Q2	Q3	Q4	05-May-17	07-Jul-2017 (SPECIAL MEETING)	29-Aug-17	03-Nov-17	28-Mar-18	05-May-17	29-Aug-17	03-Nov-17	28-Mar-18
EMB Members													
Carole Oatway	2/3	2/3	3/3	2/3	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	RETIRED	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	RETIRED
Linda Brown	3/3	3/3	3/3	2/3	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended
June Fellowes	3/3	2/3	3/3	2/3	n/a	n/a	n/a	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input type="checkbox"/> Attended
Gordon Newall	3/3	1/3	3/3	2/3	n/a	n/a	n/a	n/a	LEFT CICA	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	LEFT CICA
David Paton	n/a	1/3	n/a	1/3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<input type="checkbox"/> Attended
Ann Russell	3/3	2/3	3/3	3/3	<input type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended
James Morrice (TRA)	3/3	2/3	2/3	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	RETIRED	RETIRED	n/a	n/a	RETIRED	RETIRED
Craig Morton	n/a	n/a	3/3	2/3	n/a	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended
Non-executive Board Members													
Ron Barclay Smith	n/a	n/a	n/a	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended
Andrew Flanagan	n/a	n/a	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended
Bill Matthews	n/a	n/a	n/a	n/a	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended	<input checked="" type="checkbox"/> Attended

Appendix C – Abbreviations

Audit and Risk Committee (ARC)
Cash Equivalent Transfer Values (CETV)
Criminal Injuries Compensation Authority (CICA)
Executive Management Board (EMB)
Government Financial Reporting Manual (FReM)
Greenhouse gas (GHG)
Government Internal Audit Agency (GIAA)
International Accounting Standard (IAS)
International Financial Reporting Standards (IFRS)
Ministry of Justice (MoJ)
Principal Civil Service Pension Scheme (PCSPS)
Senior Information Reporting Officer (SIRO)
Statement of Comprehensive Net Expenditure
(SoCNE) Strategy and Performance Board (SPB)
Victims of Overseas Terrorism Compensation Scheme (VOTCS)



Criminal Injuries
Compensation
Authority

Criminal Injuries Compensation Authority
Alexander Bain House
Atlantic Quay
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Glasgow
G2 8JQ
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