Criminal Injuries Compensation Authority
Annual report and accounts 2004-05

INVESTOR IN PEOPLE

cica criminal injuries compensation authority

Ninth Report

Criminal Injuries Compensation Authority Annual report and accounts 2004-05

Presented to Parliament by the Secretary of State for the Home Department and by the Comptroller and Auditor General pursuant to section 6 of the Criminal Injuries Compensation Act 1995.

Ordered by the House of Commons to be printed 12 July 2006

Laid before the Scottish Parliament by the Scottish Ministers July 2006

www.cica.gov.uk
Freephone: 0800 358 3601

HC 1427
SE/2006/117

London: The Stationery Office
£10.15

cica criminal injuries compensation authority

CICA mission statement

The Criminal Injuries Compensation Authority aims to support the victims of violent crime by:

- providing an efficient and fair service to applicants
- investigating thoroughly all claims for criminal injuries compensation
- treating applicants with sensitivity and courtesy at all times.

Contents

Chief Executive's foreword

A challenging year

The strength and determination of an organisation – as of an individual – are seen at their clearest when times are tough. If that rather banal observation is true, then the CICA certainly showed its strength and determination in the year we are reporting on.

As part of a wider government efficiency review, towards the start of the year we were faced with a reduced budget for our running costs – staffing, accommodation and so on. One major response was quickly to reduce our staffing levels. Most of the people we lost were 'agency' rather than permanent staff. But they had been carrying out important functions for us, and doing so with a high degree of professionalism and expertise.

The work they had done of course still needed to be done. It shows the quality of staff at CICA that these tasks were carried out with a minimum of fuss and complaint. Everyone worked together to ensure that the most important people – the victims of violent crime applying for compensation – experienced the bare minimum of delay.

It is another tribute to my colleagues that, despite the staffing reductions, we managed to resolve cases slightly faster than the rate we received them, so that, by year-end, the stock of cases we had to deal with was a little smaller than at the start.

There is a limit to what can be done to reduce costs in the short term. Many areas of spending, such as accommodation, can be varied only over a longer period than a year. So, apart from the staffing reductions noted above, and trimming all budgets which could be trimmed, the main area we focused on for cuts in spending was the one we could reduce quickest: the timing and number of medical reports we commission. This was achieved mainly through requesting doctors' and hospital reports only when it was clear, through police evidence, that an applicant was eligible for compensation. The resulting savings were very considerable.

The measure was absolutely logical: if evidence from the police indicates that an applicant is not entitled to compensation, it is simply a waste of money to have requested a medical report. But the process of deciding cases was slightly extended as a result.

There have been matters to celebrate during the year also. For instance, we successfully concluded negotiations with the Association of Chief Police Officers on a protocol to reduce delays in our receiving reports from the police on the cases we receive. Our production of new guides and application forms continued – all produced to Plain English Campaign Crystal Mark standards. And the appeal rate against our decisions was at a record low level, with less than five per cent of our cases going on appeal to be dealt with by the Criminal Injuries Compensation Appeals Panel.

This annual report and accounts have been produced late due to a major change in our accounting policies. The accounting policy changes were only recently agreed between ourselves, our sponsors and our auditors.

Altogether, this was a year in which despite – or perhaps because of – difficult circumstances, the Authority was seen at its best. It remains an organisation I am proud to lead, and I am proud to have its staff as my colleagues.

Howard Webber
Chief Executive
15 June 2006

Who we are and what we do

Introduction

The Criminal Injuries Compensation Authority administers the criminal injuries compensation scheme throughout England, Scotland and Wales. We pay compensation to people who have been the victim of a violent crime. We operate the scheme from offices in Glasgow and London.

Since the first scheme was set up in 1964, the Authority, together with the Criminal Injuries Compensation Board which it replaced, has paid more than £3billion in compensation, making the scheme among the largest and most generous of its type in the world. Its aim is to provide victims with material recognition of their pain and suffering and to allow society to express its sympathy for what they have been through.

For most of our history, up to 1996, awards were set according to what the victim would have received in a successful civil action against the offender. By March 2005, there were around 300 cases remaining to be resolved under the earlier system. These included cases already settled which the applicant had asked to be re-opened on the grounds that his or her medical condition had got worse unexpectedly. The Authority handles these cases, though decisions are made by legally qualified members of the independent Criminal Injuries Compensation Appeals Panel.

Since April 1996, the level of compensation has been determined according to a scale, or tariff, set by Parliament. The scheme and the 1996 tariff were revised in 2001. The tariff includes descriptions of over 400 injuries, with each attached to one of 25 levels of compensation between £1,000 and £250,000.

In some situations – where applicants are incapacitated and unable to work for 28 weeks or more, and where their injuries have caused financial loss, whether through loss of earnings or the cost of medical or other care – there is the possibility of additional compensation; see below for further details. Close relatives dependent on the victim of a homicide may also seek compensation for their financial loss. The maximum award we can pay in any case, including the tariff award, lost earnings and special expenses, is £500,000.

Objectives

Our objectives are to:

- process efficiently, fairly and consistently all claims for compensation made to us;
- ensure that applicants are treated with consideration and in accordance with Citizen's Charter principles;
- ensure proper accountability for, and use of, public funds;
- achieve progressive improvement in the efficiency, effectiveness and economy of our operations; and
- support staff to achieve their full potential in terms of skill and performance.

Types of compensation

There are two main types of compensation – personal and fatal injury awards.

Personal injury awards are made to recognise personal pain and suffering, whether mental or physical. They will always include an award based on the tariff of injuries (**Table 1** sets out the number and size of tariff awards made in 2004-05). In addition, these awards may include compensation for:

- loss of earnings or earning capacity, beyond the first 28 weeks of loss
- special expenses, particularly the cost of medical or other care, provided that incapacity lasts for 28 weeks or more from the date of injury.

For **fatal injury awards**, where applications are made from close relatives of a person who has died following a violent crime, the basic component is a bereavement award of £5,500 for each applicant who qualifies, or £11,000 if there is only one potential applicant. In addition, applicants may qualify for:

- compensation for financial loss where the applicant was dependent on the income of the deceased;
- in the case of a child under 18, compensation for the loss of parental services; and
- funeral expenses, payable to whoever met the cost of the funeral.

More information on the provisions of the scheme can be found in the 'Guide to the 2001 Compensation Scheme', available from the Authority, and on our website at www.cica.gov.uk

Table 1: Awards made by tariff level 2004-05

Level	Tariff sum (£)	Claims Assessment – no. of awards	Review – no. of awards	Appeal – no. of awards	Total no. of awards	Gross value (£)
1	1,000	5,236	1,118	381	6,735	6,735,000
2	1,250	1,996	257	44	2,297	2,871,250
3	1,500	5,657	723	157	6,537	9,805,500
4	1,750	549	99	36	684	1,197,000
5	2,000	3,153	424	147	3,724	7,448,000
6	2,500	1,774	424	163	2,361	5,902,500
7	3,000	41	64	59	164	492,000
7	3,300	2,514	488	113	3,115	10,279,500
8	3,500	14	19	16	49	171,500
8	3,800	1,432	238	60	1,730	6,574,000
9	4,000	5	16	37	58	232,000
9	4,400	1,847	474	142	2,463	10,837,200
10	5,000	79	58	61	198	990,000
10	5,500	1,091	199	47	1,337	7,353,500
11	6,000	8	6	17	31	186,000
11	6,600	278	65	16	359	2,369,400
12	7,500	125	155	255	535	4,012,500
12	8,200	620	216	93	929	7,617,800
13	10,000	38	19	40	97	970,000
13	11,000	814	124	34	972	10,692,000
14	12,500	2	2	4	8	100,000
14	13,500	61	23	9	93	1,255,500
15	15,000	11	11	23	45	675,000
15	16,500	320	45	11	376	6,204,000
16	17,500	12	4	11	27	472,500
16	19,000	35	4	5	44	836,000
17	20,000	12	26	71	109	2,180,000
17	22,000	208	28	14	250	5,500,000
18	25,000	2	1	5	8	200,000
18	27,000	18	4	3	25	675,000
19	30,000	2	0	1	3	90,000
19	33,000	3	1	0	4	132,000
20	40,000	9	8	17	34	1,360,000
20	44,000	3	2	1	6	264,000
21	50,000	10	3	5	18	900,000
21	55,000	4	2	0	6	330,000
22	75,000	0	0	0	0	0
22	82,000	0	0	0	0	0
23	100,000	1	0	0	1	100,000
23	110,000	1	0	0	1	110,000
24	175,000	5	1	1	7	1,225,000
25	250,000	4	1	1	6	1,500,000
	Total	**27,994**	**5,352**	**2,100**	**35,446**	**£120,845,650**

Note 1: These figures are for tariff scheme payments only and exclude both payments for financial loss and awards under the pre-tariff scheme.

Note 2: The total sums set out in this table are those paid for the most serious injury only. We also pay a proportion of the full tariff award for applicants' second and third most serious injuries.

Note 3: For illustration purposes, the total sums do not take account of reductions in individual awards for such matters as exacerbation of a pre-existing medical condition.

Note 4: Where there are two figures under a particular tariff level, this reflects the fact that the tariff was increased in 2001. The first, lower, figure is that under the 1996 scheme; the second, higher, figure is that under the 2001 scheme.

- 56 per cent of the 35,446 people to whom we made tariff awards in 2004-05 received between £1,000 and £2,000 to recognise their pain and suffering.
- The maximum award of £500,000, including lost earnings and special expenses, was paid in 10 cases in 2004-05.

Making decisions

The criminal injuries compensation scheme allows three stages where an application for compensation may be decided – claims assessment, review and appeal.

Over half of our staff work in 14 claims assessment sections, examining and investigating the 65,000 or so applications made each year. We seek information from the police, medical authorities and other relevant organisations to assess each application.

A claims officer (the term the scheme uses to describe the staff who make award decisions) will then apply the terms of the scheme in deciding whether to make an award. This is a rigorous process involving close scrutiny of police and medical reports. In 2004-05, 78 per cent of applications were settled at the claims assessment stage.

Applicants must meet several eligibility criteria to be entitled to an award. **Table 2** lists the number of disallowed claims in 2004-05 and the reasons for the decision.

Table 2: Disallowed claims 2004-05

Scheme paragraph	Criterion	Disallowed claims
6	Injury sustained before 1 August 1964	25
7(a)	Previous claim for same injury	121
7(b)	Injury sustained in family setting before October 1979	16
8(a)	Mainly, injury did not result from crime of violence	4,907
9	Application did not meet restrictions in the paragraph	264
11	Motor vehicle cases: mainly, vehicle not used as a weapon with the intention to injure	382
12	Accidental injury sustained in law enforcement: risk not justifiable or not exceptional	109
13(a)	Failure to report without delay to police	2,379
13(b)	Failure to cooperate with police in bringing assailant to justice	5,968
13(c)	Failure to cooperate with the Authority	1,835
13(d)	Conduct before, during or after the incident	3,629
13(e)	Applicant's criminal record/character	3,470
16(a)	Assailant would have benefited from award	66
16(b)	Award would have been against a minor's interests	0
17(a)	Assailant in family violence/abuse claim not prosecuted	0
17(b)	Violence between adults in same family – assailant and victim still living in same household	53
18	Claim not submitted within 2 years of incident	775
25	Injury not serious enough to qualify for minimum award of £1,000	9,120
26	Pre-existing medical condition	728
	Total	**33,847**

Note 1: This table uses the 2001 scheme paragraph references, but includes decisions made under the equivalent provisions of the 1996 scheme.

Note 2: This table relates to reasons why applications were turned down, rather than numbers of cases. In some applications there was more than one reason for refusal, so the total figure in the table is higher than the total number of refused applications.

The most common reasons for disallowing claims in 2004-05 were that:

- the injury was not serious enough to qualify for the minimum award of £1,000
- the applicant failed to cooperate with the police in bringing their assailant to justice
- the injury did not result from a crime of violence
- the applicant's conduct before, during or after the incident contributed to it
- the applicant's criminal record meant that a refusal was appropriate.

Once we have established eligibility, we determine the size of the award, and issue our decision to the applicant.

These summaries illustrate the wide variety of applications we deal with, and some of the reasons for refusal.

- The applicant was walking her family dog when she observed a man controlling a pit bull terrier by keeping its head pinned to the ground with his foot. The applicant could see that, having noticed her dog, the pit bull was straining to break free and she asked the man to keep his dog restrained until she passed. The man lifted his foot, recklessly releasing the dog, which duly bit the applicant on her lower leg. She was awarded £1,250 for minor scarring to a lower limb.
- The applicant received fractures to his hand and teeth following an unprovoked assault in a pub. The police attended the scene but the applicant refused to make a formal complaint at the time, only doing so the following day. Although a man was subsequently convicted, the police confirmed that the delay in making a complaint by the applicant had hindered their investigation to some extent. As such, after applying paragraph 13(b) of the scheme, a reduction of 25% was made on the award to reflect this element of non co-operation with the police.
- The applicant was leaving a pub when he was subjected to an unprovoked assault by a known female offender. He sustained a serious laceration to his head. The offender was charged and convicted of assault. However, subsequent inquiries with the police revealed that the applicant and his assailant had been involved in a long-term on-and-off relationship, had since reconciled and were now cohabiting. As there was a likelihood that the offender would benefit from any award made, the application was rejected under paragraph 16(a) of the scheme.

Reviewing decisions

People dissatisfied with our initial decision can ask for a review. Review applications are looked at afresh, and decisions are made by staff more senior than those who took the earlier decision. The review decision may be unchanged from or more favourable or less favourable to the applicant than the initial decision. When necessary, review staff make further enquiries of the applicant, police, and medical and other authorities in order to determine whether:

- we have overlooked or misinterpreted information already supplied;
- the applicant has new and relevant information to supply;
- the police or medical authorities provided us with incomplete or misleading information initially;
- the injury suffered was not correctly matched to the tariff description and level; or
- there are other good reasons to change the original decision.

These summaries illustrate review decisions which may differ from those made at claims assessment stage.

- The applicant was the victim of an unprovoked assault during which he sustained facial injuries. Medical evidence obtained by the Authority indicated that the applicant had sustained swelling and bruising to his nose but there was no bony injury. The applicant's injuries therefore did not qualify for an award and the case was rejected. At review stage, the applicant claimed that he had suffered further problems with his breathing and had been referred for specialist treatment. Further medical evidence confirmed that the applicant had suffered a deviated nasal septum which now required surgery, and, on this basis, an award of compensation was made.
- The applicant claimed she was assaulted by a female while out socialising on New Year's Eve. The applicant stated that the police had attended at the scene but the police informed us they had no trace of the incident and the case was rejected by the claims officer. In her review request, the applicant stated that she had made a written statement to the police and that the incident had been covered by her local newspaper. Further enquiries were made and the police discovered their record of the case, and confirmed that the incident had been reported and that the applicant had been the victim of an unprovoked assault. A full award of compensation was made.
- The applicant, a police officer, sustained a hand injury during a violent struggle with an offender, who was resisting arrest. Medical evidence indicated that the applicant had sustained nerve damage to his fingers, the main effects of which lasted four months. At claims assessment an award was made in respect of nerve damage lasting up to 28 weeks. At review stage, the applicant indicated that he had required further treatment and that the medical prognosis was that the nerve damage was permanent. The applicant's GP confirmed that the loss of sensation caused by nerve damage was likely to be permanent, and a higher award was made by the Authority.

When the review has been completed, we write to the applicant with our decision, explaining our reasons in some detail. If the applicant is not satisfied with the review decision, they can request an oral hearing of the case by the independent Criminal Injuries Compensation Appeals Panel. In 2004-05, 78 per cent of cases that went to review were settled at that stage.

Appeals

If there is to be an oral hearing (in some circumstances, an appeal can be dealt with on paper), our Presenting Officers Unit prepares for it by investigating the case anew in the light of the reasons for the appeal provided by the applicant. We gather, examine and index the documentary evidence and compile a summary of the issues to be decided by the Appeals Panel. These set out for the applicant and the Panel the basis of our decisions to date, drawing their attention to the elements of the case most likely to be relevant to the appeal.

At the hearing, the presenting officer puts the case on behalf of the Authority. He or she outlines the facts, explains how we assessed the application previously and questions the applicant and any other witnesses. The Panel and appellant may also ask questions. The Panel, not the Authority, makes the final decision on any appeal case.

These summaries illustrate some appeal cases. At an oral hearing, Appeals Panel members obviously have the benefit of spoken evidence, and often other additional information, on which to base their decisions.

- A builder was assaulted by two men. He sustained a tendon injury to his right leg and a fractured rib. The assailants were convicted of grievous bodily harm. At claims assessment and review stages an award of £1,100 was offered. An appeal was made because the man was unable to work. An orthopaedic surgeon’s report confirmed the nature and degree of the applicant’s disability. At a Panel hearing a final award of £54,130 was made. This included a tariff injury award of £7,650 and £46,480 for past loss of earnings. The applicant had, after orthopaedic treatment, returned to work.
- A 22-year-old man applied for compensation after another man punched him in a pub. At claims assessment stage we rejected the application because the applicant failed to reply to our letters. He had moved address without telling us. When he did get back in touch a review was carried out. We decided that the man’s injuries were not sufficient to meet the criteria for the scheme’s £1,000 minimum award. The victim had suffered grazes to his face. X-rays from his single visit to the A&E department showed no fractures. He hadn’t needed to attend his General Practitioner. The Appeals Panel upheld our decision.
- A 59-year-old dinner lady was carrying a large dinner tray when two fighting schoolboys came into the area where, as described in the ‘accident report’, they ‘bumped’ into her. The appellant twisted her wrist trying to stop the tray from escaping her grip. Claims assessment and Review made no award as they considered that the injury had been caused accidentally and therefore there was not a crime of violence in this case. However, at the hearing the appellant stated that one of the boys had deliberately thumped her on the arm and indeed they had both subsequently been suspended. This had not been expressed in the papers but the Panel accepted her account and accordingly made a full award of £2,500 for a sprained wrist.

How we performed in 2004-05

Objectives

Our key objectives were:

- **To resolve more cases than we receive.** We aim to reduce the number of cases outstanding and minimise the time taken to finalise applications.
- **To reach decisions at claims assessment stage in 90% of cases within 12 months of receiving the application.** This target recognises that not all cases can be decided in a year.
- **To resolve cases as economically as the provisions of the scheme and our efforts to improve customer service will allow.** We measure this as the average unit cost of resolving a case.

Achievements

- **We exceeded our target for resolving applications.** Due to our reduced budget for running costs we set a lower target for resolving cases than in previous years – 64,000 cases. Due to the determination and hard work of our staff we exceeded this by nearly 3,000 cases (4.5%).
- **For the third year running we reduced the number of applications outstanding.**
- **We spent £2.5 million below budget – an 11% saving – and reduced the unit cost by nearly 7%.** This was the result of continuing savings in medical report costs arising from the procedural changes made in 2003.

Volume of applications

The volume of applications continued on a downward trend. Compared with our expectation of 72,000 cases, we received 66,290 new tariff applications (including reactivated cases and requests for reopening on medical grounds). This was a 6.5% reduction on the total for 2003-04 of 70,595. We received 80 applications to re-open pre-tariff cases on medical grounds.

Research that we commissioned has indicated that our investment in better communications, through improved literature about the scheme, our new website and our telephone helpline, have helped potential applicants gain a clearer idea of whether an application is likely to be successful. Calls to our helpline almost doubled in 2004-05 compared with the year before.

Applications resolved

Our target for 2004-05 was for 64,000 tariff resolutions. In fact, we achieved 66,699 resolutions. We also resolved 199 pre-tariff cases.

Table 3 shows the overall targets and achievements, including the pre-tariff scheme.

Table 3: Applications resolved – pre-tariff and tariff scheme cases combined

	2002-03	2003-04	2004-05
Target for resolved claims	81,000	77,500	64,250
Achievement	79,972	77,487	66,898
% achievement	99	100	104

Rates of review and appeal

As **Table 4** shows, the proportion of decisions at the claims assessment stage that are contested appears to be consistently close to 22 per cent – meaning that nearly 80 per cent of applications are concluded at this stage. And the rate of appeals on review decisions has fallen below the 2002-03 figure after an upwards distortion in 2003-04 due to an unusual 'mix' of decisions that year.

More detailed analysis of the statistics for 2004-05 has shown that in over 90 per cent of cases the decision at the claims assessment stage was either accepted by the applicant or was upheld at the subsequent review/appeal stages. For decisions made on review the picture was little different with nearly 90 per cent accepted by applicants or upheld on appeal.

Table 4: Tariff scheme review and appeal rates

	2002-03	2003-04	2004-05
% of claims assessment cases going to review	21.8	22	21.7
% of review cases going to appeal	24	25.3	21.6
Overall appeal rate	5.2[1]	5.6[1]	4.7[1]

[1] The number of appeals received in the year as a percentage of decisions made will fluctuate with review output. This figure is the product of the review and appeal rates, which we consider gives a truer picture.

Time taken to reach decisions

We recognise the importance to applicants of minimising the time they have to wait for a just determination. Unfortunately, as **Table 5** shows, it took slightly longer than in 2003-04 to reach decisions at the claims assessment stage – both the proportion of cases determined within the 12-month target period (73.4 per cent compared with 74.4 per cent in 2003-04) and our performance in the more straightforward cases.

Table 5: Time taken to reach decisions 2004-05

Period of time from receipt	Number of decisions	%	Cumulative %
Within 2 months	4,072	6.60	6.60
2-4 months	7,252	11.75	18.35
4-6 months	9,347	15.14	33.49
6-8 months	9,456	15.32	48.81
8-10 months	8,291	13.43	62.25
10-12 months	6,898	11.18	73.42
Over 12 months	16,402	26.58	100.00
Total	**61,718**	**100.00**	

Cases outstanding

In 2002-03 and 2003-04, we made large inroads into the overall number of cases outstanding. In 2004-05 we were unable to continue this. But as **Table 6** shows, by resolving slightly more cases than we received, we still managed to make a small reduction in the total number of tariff scheme cases outstanding.

Table 6: Outstanding applications at 31 March 2005

	2003	2004	2005
Awaiting a first decision	60,807	56,142	59,188
Awaiting a review decision	9,779	9,097	8,708
Awaiting applicant's response to a first or review decision	15,677	14,577	12,294
Awaiting appeal	5,184	5,174	4,391
Total	**91,447**	**84,990**	**84,581**

Unit cost

Dividing our expenditure on administration of £19 million by the total number of cases resolved in the year gives a unit cost of £284. This is a 7% reduction on the figure for 2003-04. This was achieved despite increases in salary rates and rent.

Our expenditure on staff costs was £10.5 million, compared with a budget of £11 million and expenditure in 2003-04 of £12 million. At the end of March 2005 we had 426 substantive staff compared with 489 a year earlier.

Expenditure on other running costs amounted to £8.5 million, compared with the budget of £10.65 million and with expenditure of £11.5m in 2003-04. This was the result of economies made in most variable cost areas but mainly in the cost of medical reports.

In 2002-03 our total expenditure on medical reports was £5.4 million, 42 per cent of our non-staff costs. We introduced two procedural changes in November 2003: deferring obtaining medical reports until we had received and considered the report from the police, except in priority cases, and focusing our enquiries on applicants' GPs rather than hospitals. Together they reduced our spending on reports by £1 million, to £4.4 million for the year 2003-04.

In 2004-05 the reduction in new applications, further economies in the commissioning of reports and our reduced casework targets brought the cost for the year down to just over £2 million. However, a significant additional factor during this period was that we had not reached agreement with the British Medical Association about increasing the fee rates for medical reports – a matter which we continue to discuss with the BMA.

In making economies in the use of medical reports we considered the risk that they might affect adversely the quality of decisions. However, investigations in 2004-05 by our Security and Quality Assurance Team indicated that there has been no reduction in quality.

Improving how we work

Every annual report we produce contains a statement to the effect that our staff are our main and most important resource. But repetition in no way reduces the sincerity and truth of the statement; it is both.

The considerable majority of our staff deal directly with cases at the three stages of the casework process – claims assessment, review and appeal. A team of legal advisers, information technology, policy and training sections and administrative, quality control and finance personnel are on hand to support them. The Chief Executive and his 12 management team colleagues lead and manage performance. In essence, their job is to assist all staff in the Authority to achieve their full potential.

CICA caseworkers fulfil a challenging and demanding role. They make difficult assessments on a daily basis on the eligibility of claimants, dealing with complex issues of causation and blame. In doing so they must interpret detailed medical and police reports. They may also have to make complicated financial calculations, where applicants' injuries mean that they are unable to work. Specialised training and support for all staff are therefore very important.

Information technology

During 2004-05 we continued to develop and upgrade the CICA's IT systems. The main projects were:

Upgrading the Oracle caseworking database.

This project was given approval to commence during early December 2004. The current version of Oracle 8i was becoming unsupported and it was now imperative that we moved to a more up-to-date product. The choice was to move to Oracle 10g, using our existing partners MI Services to do the upgrade. Most of the development work was completed on schedule by the agreed date of 31 March 2005. The aim was to go into a testing phase, and to deliver the upgraded version of our Oracle caseworking database during August 2005.

Upgrading the Lotus Notes system

This project was also given approval to commence during early December 2004. The current version of Notes had been in place since 1999 with no real changes to either software or hardware. The notes system was sharing the same hardware as the Oracle training and test environments, and was beginning to crack under the strain. The overall project therefore was not only to upgrade the software but also to provide the notes system with its own Sun hardware. This project was completed on schedule and the roll-out to all CICA staff was completed in March 2005.

Government Secure Intranet (GSi)

The Office for Government Commerce had re-let the tender for the operation of the GSi network, this work is being transferred from Cable & Wireless to Energis with a cut-off date of June 2005. We met with our security consultants for advice and successfully migrated over to the new supplier Energis in February 2005. The more difficult part of this project, meeting the new accreditation standards, continues into the current financial year.

Helpdesk

We completed the review of the helpdesk operational procedures by applying enhanced reporting and escalation facilities. This will help to ensure that all calls received from users of our IT systems will be dealt with in a more effective and efficient manner.

Content management of the CICA website

In a joint exercise with our colleagues in the communication and policy team, we reviewed the content of the website and will continue to do so on an ongoing basis. Technical problems due to the GSi migration to Energis resulted in a delay in making all the agreed changes to the site.

During the course of the year we also provided numerous statistics to our sponsors at the Home Office and Scottish Executive, and assistance with replies to Parliamentary Questions and freedom of information requests.

Training and development

In 2004-05 our training team delivered 115 training events in many different formats, developing staff from their initial induction through to more specialist job skills training, and towards their future aspirations via our career development programmes.

Our training team works in partnership with staff, line managers and our Training Liaison Committee to develop training to specific roles and which suits specific needs and work areas and which supports our overall business objectives. We also include the learning needs of our stakeholders. For instance, we work with Victim Support, local authorities and the police through training presentations and workshops.

Our **induction** programmes are the foundation for all staff. We ensure that these provide fundamental knowledge and skills for everyone. This year we expanded our training to include more practical learning on gathering medical information, and also carried out training on new software which assists caseworkers to calculate more efficiently the significance of any criminal record which an applicant may have.

The learning we gain by sharing knowledge and experience with each other is invaluable. In April 2004 we introduced **learning forums** for our specialist caseworkers involved in financial loss casework. This enables our specialists continually to develop their skills and knowledge through sharing best practice with each other.

Towards the end of the year we completed an evaluation of our **Introduction to Management** programme. This provides our managers with the first level of development in their management skills. It was important to evaluate the impact of this training. Managers and staff were invited to give feedback. The evaluation highlighted the value of the programme, but also suggested changes as well as ideas for our next level of management training.

Our **career development** training prepares staff for the future by developing skills in areas such as completing application forms, assessment centres and interviewing.

Everyone is also encouraged to take advantage of external opportunities to learn and develop. We have provided support and financial assistance for staff undertaking development in further education studies at degree level, as well as specialist roles such as quality and risk assurance, freedom of information, project management and IT development. We have also continued to provide an in-house learning resource centre.

Communicating more and better

Our Policy and Communications Team has five main functions:

- to explain the work of CICA to the public, customers, our staff and the media;
- to provide staff with the information they need to do their job;
- to ensure that victims of violent crime know how to reach us;
- to encourage valid applications, and discourage those which are clearly outside the remit of the scheme; and
- to ensure that applicants understand the procedure, provide relevant information and have realistic expectations in their dealings with us.

Main objectives for 2004-05

Team development

Having existed separately before May 2004, the Policy and Communication teams became one and it was necessary to build a strong team whose work was clear to staff and was monitored and evaluated effectively.

Policy support

The team continued to develop the staff instructions and the helpdesk service to provide staff with guidance on the interpretation and practical application of the scheme. For instance, during the year the team:

- analysed helpdesk enquiries to identify gaps in policy support and casework training, sharing this information with trainer colleagues;
- provided staff with direct access to an index on the Lotus Notes database covering all team briefing questions and answers since its inception in 2002; and
- gave policy guidance on the interpretation of the Data Protection Act.

Key suppliers of information

- **Police**

  The team worked with the management team to secure the working protocol and revised procedures and forms which should make it much easier for staff to obtain police reports. The protocol was introduced in January 2005.

- **Medical authorities**

  The team continued to assist the management team in their negotiations with the BMA regarding fees for medical reports.

Internal communications

A change management programme was developed to focus and support the work of the team. We carried out an assessment of communications within the Authority, of management quality and staff motivation. As a result, a new programme, 'Improving Life at Work' was developed.

- **Team communication**

  The evaluation of team communications resulted in the end of team briefing in its current format and the development of training to assist staff in running team meetings and communicating more effectively with each other.

- **Management quality**

  Work continued with the management team and Training Group to identify ways to improve management training.

- **Staff survey**

  The team issued the annual staff survey in September 2004 and published the results in November. The information provided by staff was used to identify areas to address in the 'Improving Life at Work' programme.

- **Recognising, rewarding and motivating staff**

  The team held discussion groups in our Glasgow and London offices to gain staff views on how best to reward and recognise them for the work they do. The groups covered some 40 staff of all grades from across CICA. The results will be used to shape and develop our work over the next 18 months.

- **Health at work**

  The team continued to improve our standard of provision, within the framework of the Scotland's Health at Work (SHAW) programme, including the following:

  - issuing a health needs assessment questionnaire to all staff in September 2004;
  - arranging seminars in our Glasgow office to raise awareness of male and female cancers;
  - organising staff seminars to give advice on staying healthy over the winter;
  - investigating the possibility of gyms in our Glasgow and London offices;

- instituting a new smoking policy in our Glasgow office to reflect the Scottish Executive's change in policy, and assisting in the conversion of the smoking room to be used for health related activities;
- organising exercise activities – pilates, yoga and body balance in our Glasgow office; and
- running stress awareness sessions in our London office.

External communications

- **Media relations**

  To improve the effectiveness of our contacts with the media we:

  - produced a guide for journalists to explain the scheme and what information they can expect to receive from us;
  - developed with Home Office colleagues a new protocol for handling out-of-hours media enquiries;
  - proactively addressed criticism of elements of the compensation scheme when appropriate; for instance, our Head of Legal Services contributed a feature to the April 2004 issue of **Scolag Legal Journal**, setting out CICA policy on compensation in rape and sexual abuse cases, and our Chief Executive was interviewed on BBC Radio 4's **You and Yours** to explain compensation issues;
  - took up more reactive opportunities to explain the scheme via the media, including BBC Radio 4's **Law in Action** and BBC TV's **Panorama**; and
  - worked closely with the BBC soap **Eastenders** which featured a criminal injuries compensation storyline; assisting the research team and scriptwriters, we were able to reach millions of potential applicants.

Foreword to accounts

Introduction

1. This statement of accounts reports the results of the Criminal Injuries Compensation Authority (the Authority) for the year 1 April 2004 to 31 March 2005. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Office with the consent of HM Treasury in accordance with section 6 of the Criminal Injuries Compensation Act 1995 (the Act). The Secretary of State for the Home Office is required to make arrangements for the payment of compensation to or in respect of persons who have sustained one or more criminal injuries. These arrangements are set out in the Criminal Injuries Compensation Scheme (the scheme) made by the Secretary of State on 12 December 1995 and revised by him on 1 April 2001.

Background information

2. The Authority is a Non-Departmental Public Body (NDPB) sponsored by the Home Office and the Scottish Executive. It makes payments under the scheme and also under the previous common law based ex-gratia schemes (the predecessor schemes). Claims officers in the Authority, appointed by the Secretary of State under Section 3(4)(b) of the Act, determine claims in accordance with the scheme. Their decisions are open to appeal to an independent Criminal Injuries Compensation Appeals Panel (the Panel), comprising adjudicators appointed by the Secretary of State under Section 5(1) (b) of the Act. Applications under the predecessor schemes are dealt with by the Authority, but such decisions are made by members of the Appeals Panel.

3. Section 6(3) of the Act requires that the scheme includes provision for such persons as the Secretary of State considers appropriate to prepare a statement of accounts in each financial year in such form as the Secretary of State may direct. Under the scheme, the Chief Executive, as Accounting Officer, must prepare such a statement of accounts for the Authority. The Panel prepares its own annual report and accounts.

4. The accounts have been prepared in line with the Executive Non-Departmental Public Bodies Annual Report and Accounts Guidance, as advised by the Financial Reporting Advisory Board. The accounts are also prepared in line with the Accounting Guidelines issued by the HM Treasury.

5. The Authority is financed in respect of its administrative costs and payments of awards of compensation by grant-in-aid from the Home Office, with a contribution from the Scottish Executive.

6. The balance sheet at 31 March 2005 shows net liabilities of £1,257 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Authority's other income, may be met only by future grants or grants-in-aid from the sponsor departments. This is because under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need. These liabilities concern mainly provision for awards that are expected to be made in finalising applications already received or still to be received under the tariff schemes.

7. Grant-in-aid for 2005-06, taking into account the amounts required to meet the Authority's liabilities falling due in that year, has already been included in the department's budget for that year, which has been approved by Parliament. The Home Office have confirmed in writing that they will continue to fund the Authority in its activities for the foreseeable future, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial accounts.

Payment performance

8. The Authority follows the Better Payment Practice Code, and undertakes to pay all invoices within 28 days of receipt or within stated credit terms. A sample review of invoices paid during 2004-05 showed that more than 97 per cent of those reviewed were paid within 28 days. We are determined to improve on this performance – indeed, to meet the 100 per cent target. Formal procedures were in place to investigate any payments not made within 28 days or the stated credit terms where a supplier has issued a reminder to pay. The Authority was not required to pay any interest relating to late payment under the terms of the Commercial Debts Interest Act 1998.

Review of activities

9. The financial year 2004-05 was the ninth year of operation of the tariff-based schemes. Work under this scheme was by far the main activity. Business targets for 2004-05 included resolving 64,000 applications. In the year, 66,699 claims were resolved, and responses were awaited to decisions in a further 12,294 cases. Cash expenditure on compensation under the tariff-based scheme was £166.9 million. Work also continued on the clearance of claims under the predecessor schemes. Resolutions under these schemes totalled 199 compared with a target of 250. The related cash expenditure on

compensation was £19.2 million, so total cash expenditure on compensation was £186.2 million. Including the movement in the provision a total of £231.6 million was charged to the Income and Expenditure account for compensation.

Results for the year

10. The Authority received £204.1 million as grant-in-aid income from the Home Office in 2004-05, which included a contribution of £21.3 million from the Scottish Executive. Compensation spending on the predecessor schemes was charged against the provision reported in paragraph 6 above. The net reduction in expenditure reported on an accruals basis offset against grant-in-aid income reported on a cash basis resulted in an operating deficit of £46.5 million and an overall deficit on the general fund of £1,257 million – primarily due to the provision noted above.
11. The provision for the tariff schemes was obtained with specialist actuarial advice to recognise not only the likely total net final value of the applications which are ‘work in progress’, but also the likely total final value of applications that we are likely to receive in future from incidents which occurred on or before 31 March 2005.
12. The Authority has re-assessed the provision for the pre-tariff schemes. The Authority’s Advocates revalued all outstanding pre-tariff cases as at 31 March 2005. This exercise provided the gross liability from which interim payments made were deducted to arrive at the revised provision required.
13. The Authority is required to pay into the consolidated fund income relating to the tariff schemes. During 2004-05 a total of £1 million was paid to the consolidated fund.
14. During the year a total of £0.8 million was transferred from the reserves to the Income and Expenditure account. This transfer related to the depreciation and revaluation of fixed assets, and to loss on the disposal of fixed assets.

Post balance sheet events

15. On 7 December 2005 the Home Office published a consultation paper about changing the tariff scheme. At this stage the likely outcomes and their effects are unclear.

Future developments

16. There are no significant future developments to be reported.

Employees

17. The Authority is an Investor in People because investing in training and development plays an integral part in achieving its business aims. The Authority has strategies and plans in place to equip all staff with the knowledge and skills necessary to meet business objectives and to offer wider career and personal development.

Disabled people

18. Recruitment and engagement of staff assigned to the Authority are currently undertaken by the Home Office and Scottish Executive in accordance with their policies and practices as equal opportunities employers.

Freedom of Information Act

19. The Authority has developed policies and procedures to meet the requirements of the Freedom of Information Act 2000. These were implemented on 1 January 2005.

Audit

20. The Comptroller and Auditor General is the external auditor of the Authority, and is appointed under statute, reporting to Parliament. The cost of the statutory audit for 2004-05 was £87,900 (2003-04 £97,800).

Audit Committee

21. In January 2005 the Audit Committee was strengthened by recruiting two non-executive directors, additional to the existing non-executive Chair. The non-executive directors provide valuable advice and support to the Authority’s senior management team.

Howard Webber
Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
15 June 2006

Statement of the Authority's and the Accounting Officer's Responsibilities

The Authority's responsibilities

Under the Cabinet Office's guidance on codes of best practice for Board members of public bodies, the Authority is responsible for ensuring propriety in its use of public funds and for the proper accounting for their use.

Under Section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 4 of the Criminal Injuries Compensation Scheme, the Accounting Officer of the Authority must prepare a statement of accounts for each financial year. These Accounts are to be prepared in the format and on the basis directed by the Secretary of State for the Home Office, with consent of the Treasury. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Authority's state of affairs at the year-end, and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Authority is required to:

- observe the accounts direction issued by the Secretary of State, with the consent of the Treasury, including the relevant accounting and disclosure requirements, and to apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the statements on the going concern basis unless it is inappropriate to presume that the Criminal Injuries Compensation Authority will continue in operation.

The Accounting Officer's responsibilities

The Accounting Officer for the Home Office has appointed the Chief Executive of the Criminal Injuries Compensation Authority as the Accounting Officer. His relevant responsibilities as the Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officers Memorandum issued by the Treasury and published in Government Accounting.

Statement on internal control

As Accounting Officer I am responsible for ensuring that the Authority operates and maintains a system of internal control which supports the achievement of its policies, aims and objectives, as agreed with the Home Office and Scottish Executive, and which safeguards the public funds and assets for which I am responsible personally in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Authority's policies, aims and objectives, to evaluate those risks in terms of likelihood and potential impact and to manage them effectively, efficiently and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Although an NDPB, the Authority does not have a Board or non-executive Chair. Its structure is, rather, akin to that of a departmental agency, headed by the Chief Executive and Management Team. The responsibility for managing risk within the Authority rests with the Chief Executive who, with the Management Team, reviews the key risks to the Authority regularly and considers whether any new risks are emerging. The Chief Executive is also advised by the Authority's Audit Committee, which oversees the organisation's management of risk.

Through an extensive process of consultation with staff and consideration by the management team an organisation-wide risk register has been produced in which the main risks are rated according to their likelihood and their impact on our ability to achieve our aims and objectives. The register also specifies the arrangements for managing and monitoring each risk and the managers who are responsible.

The Authority's approach to managing risk is based on a framework of regular management information, administrative procedures including the segregation of duties, a system of delegation and accountability, and procedural guidance and benchmarking. In particular it includes:

- maintaining core guidance documentation for all staff and standardising procedures in best practice guidance specific to each casework stage;
- regular reviews of casework policy and procedure by internal policy and standardisation committees;
- providing a high level of job specific training and coaching, which is reviewed by the Training Liaison Committee;
- setting budgets and targets, separating duties and specifying authority levels;
- reviews at formal meetings of the Management Team (generally 10 every year) of performance against plan and budget and of financial, operational, staffing and training risks, using where possible quantitative indicators;
- developing and integrating casework support and finance IT systems which incorporate controls and can produce exception and other reports for monitoring risk;
- close involvement of internal customers in the development of IT systems and thorough pre-release testing;
- regular meetings of the Authority's independent Audit Committee;
- regular formal meetings with the Authority's Home Office and Scottish Executive sponsors;
- as appropriate, formal project management disciplines; and
- standard compliance test checks and a programme of special risk-based investigations by our Security and Quality Assurance Section.

The Home Office Audit and Assurance Unit, which operate to Government standards, provide the Authority's internal audit service. They submit regular reports and, at least annually, provide an independent opinion on the adequacy and effectiveness of the Authority's system of internal control together with recommendations for improvement. I also receive reports by our Security and Quality Assurance Section about the results of their programme of compliance visits and about particular risks which they have been asked to investigate.

As Accounting Officer I also have responsibility for reviewing the effectiveness of our systems of internal control. My review of this is informed by the measures mentioned above:

- meetings of the Management Team at which the risk register and control system are reviewed;
- the work of the internal auditors;
- the reports by our Security and Quality Assurance Section;
- the work of our managers who are responsible for the development and maintenance of the internal control framework;
- the advice of the Audit Committee; and
- comments made by our external auditors in their management letter and other reports.

Due to the need for continuing improvement in the production of the Authority's annual accounts, highlighted in reports produced by the Authority's internal auditors, additional consultancy support was obtained to help finalise the production of the 2003-04 and 2004-05 accounts, and to review the systems and plans for 2005-06.

During 2004-05 a number of important changes were made to our systems and new reviews undertaken which improved the control of risk.

- A key development was the appointment in January 2005 of two non-executive members to our Audit Committee, to support the existing non-executive Chair. Following a subsequent review of the committee's terms of reference it was decided to make its membership entirely non-executive.
- On advice from our external auditors, our Security and Quality Assurance Section modified its security checks on payments to allow greater reliance to be placed on them.
- Our internal auditors assessed the operations of our Security and Quality Assurance Section and made valuable recommendations for improving its efficiency and effectiveness.
- Our Security and Quality Assurance Section began a programme of decision quality assessments.
- In July 2004, new controls on the commissioning of and payment for medical reports were implemented following a Security and Quality Assurance report earlier in the year.
- A central File Management Unit was established in December 2004 in our London Office to provide more effective control over the allocation of new applications and the processing of case decisions and award acceptances. A formal risk analysis of the plans for the unit was undertaken before its establishment.
- In November 2004, the facility to record file destruction dates on our casework IT system was introduced in order to improve the effectiveness and efficiency of our case file archiving.

Howard Webber
Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
15 June 2006

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

I certify that I have audited the financial statements on pages 21 to 38 under Section 6(3) of the Criminal Injuries Compensation Act 1995. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 25 to 27.

Respective responsibilities of the Authority, Chief Executive and Auditor

As described on page 17 the Authority and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 6(3) of the Criminal Injuries Compensation Act 1995 and directions by the Secretary of State with the consent of Treasury made thereunder and for ensuring the regularity of financial transactions. The Authority and Chief Executive are also responsible for the preparation of the Foreword and other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and directions by the Secretary of State with the consent of Treasury made thereunder, and whether in all material respects the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 18 and 19 reflects the Authority's compliance with HM Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Panel's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Criminal Injuries Compensation Authority at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with Section 6(3) of the Criminal Injuries Compensation Act 1995 and directions made thereunder by the Secretary of State with the consent of the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

28 June 2006

Accounts

Income and expenditure account for the year ended 31 March 2005

		2004-05		2003-04	
	Notes	£'000	£'000	£'000	£'000
Grant-in-Aid	2		204,114		241,563
Tariff and pre-tariff compensaton charges					
Tariff schemes	11	229,084		218,442	
Pre-tariff schemes	11	2,507		47,208	
			231,591		265,650
Staff costs	4	10,474		12,073	
Administration costs	5	8,548		11,509	
Dilapidations on leases	11	50		1,250	
			19,072		24,832
Total operating expenditure			250,663		290,482
Operating deficit			(46,549)		(48,919)
Other income	3	1,458		1,796	
Notional cost of capital	1(vi)	43,176		41,545	
Amount repaid to consolidated fund		(1,090)		(505)	
			43,544		42,836
Retained deficit before transfers from reserves and reversal of notional cost of capital			(3,005)		(6,083)
Transfers from reserves	13	846		561	
Notional cost of capital reversal	1(vi)	(43,176)		(41,545)	
			(42,330)		(40,984)
Retained deficit for the financial year after transfers from reserves and reversal of notional cost of capital	12		(45,335)		(47,067)

All income and expenditure is derived from continuing operations.

The notes on pages 25 to 38 form part of these accounts.

Statement of total recognised gains and losses for the year ended 31 March 2005

		2004-05		2003-04	
	Notes	£'000	£'000	£'000	£'000
Retained deficit for the financial year after transfers from reserves and reversal of notional cost of capital	12	(45,335)		(47,067)	
(Loss)/gain on revaluation of fixed assets	13	(241)		684	
			(45,576)		(46,383)
Grant-in-aid used for capital expenditure	2	110		571	
Transfers from government grant reserve	13	(846)		(561)	
			(736)		10
Total recognised losses for the year	13		(46,312)		(46,373)

The notes on pages 25 to 38 form part of these accounts.

Balance sheet as at 31 March 2005

	Notes	31 March 2005 £'000	31 March 2005 £'000	31 March 2004 £'000	31 March 2004 £'000
Fixed assets:					
Intangible assets	6	185		346	
Tangible assets	6	1,200		1,776	
			1,385		2,122
Current assets:					
Debtors	7	1,219		1,236	
Prepayments	8	456		921	
Cash at bank and in hand	14	3,720		2,986	
		5,395		5,143	
Creditors (amounts falling due within one year)	9	(5,459)		(4,702)	
Net current (liabilities)/assets			(64)		441
Total assets less current liabilities			1,321		2,563
Creditors (amounts falling due after more than one year)	10		(1,177)		(1,579)
Provisions for liabilities and charges					
Pre-tariff schemes	11	(192,207)		(208,924)	
Tariff schemes	11	(1,063,141)		(1,001,002)	
Lease dilapidation	11	(1,300)		(1,250)	
			(1,256,648)		(1,211,176)
Net liabilities			(1,256,504)		(1,210,192)
Government funds					
Income and expenditure reserve	12		(1,257,627)		(1,212,292)
Other reserves	13		1,123		2,100
			(1,256,504)		(1,210,192)

Howard Webber
Chief Executive and Accounting Officer
15 June 2006

The notes on pages 25 to 38 form part of these accounts.

Cashflow statement for the year ended 31 March 2005

	Notes	2004-05 £'000	2004-05 £'000	2003-04 £'000	2003-04 £'000
Operating activities					
Net cash inflow/(outflow) from operating activities	15		365		(9,407)
Other non-operating income					
Other income		1,425		1,758	
Amount repaid to consolidated funds		(1,090)		(505)	
			335		1,253
Returns on investments and servicing of finance					
Interest received			33		38
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets			(109)		(571)
Net cash inflow/(outflow)			624		(8,687)
Financing					
Grant-in-aid for capital expenditure	2		110		571
Increase/(reduction) in cash	14		734		(8,116)

Analysis of changes in net debt

	At 1 April 2004 £'000	Cashflows £'000	Other charges £'000	At 31 March 2005 £'000
Cash in hand, at bank	2,986	734	–	3,720

The notes on pages 25 to 38 form part of these accounts.

Notes to accounts

Note 1 ACCOUNTING POLICIES

(i) Basis of accounts

The statement of accounts set out on pages 21 to 24 together with the notes on pages 25 to 38 have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for the Home Office, with approval of the Treasury, in accordance with the Criminal Injuries Compensation Schemes 1996 and 2001.

At 31 March 2005, the Criminal Injuries Compensation Authority balance sheet records net liabilities of £1,257 million (2004 £1,210 million). This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Authority's other sources of income, may only be met by future grants or grants-in-aid from the Home Office. This is because, under the normal conventions applying to Home Office control over income and expenditure, such grants may not be paid in advance of need.

Grant-in-aid for 2005-06, taking into account the amounts required to meet the Authority's liabilities falling due that year, has already been included in the Home Office's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Home Office's future sponsorship and future parliamentary approval will not be forthcoming. It has been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

(ii) Accounting conventions

The accounts meet:

- the accounting and disclosure requirements of the Companies Act 1985 to the extent that such requirements are appropriate to the Authority;
- standards issued by the Accounting Standards Board;
- disclosure and accounting requirements of HM Treasury;
- the requirements of the accounts direction and the financial memorandum issued to the Authority by the Secretary of State for the Home Office;
- the Executive Non-Departmental Public Bodies Annual Report and accounts guidance issued by the Treasury.

(iii) Grant-in-aid

Grant-in-aid received for revenue expenditure is credited to income in the year to which it relates. Grant-in-aid used for capital purchases is credited to a government grant reserve. Each year, an amount equal to the depreciation charge on the fixed assets acquired through grant-in-aid, and any deficit on their revaluation in excess of the balance on the revaluation reserve, will be released from the government grant reserve to the income and expenditure account.

(iv) Fixed assets

Tangible fixed assets

Assets are capitalised as fixed assets if they are intended for use on a continuous basis and their original purchase cost, on an individual basis, is £500 or more, or, on a grouped basis if £25,000 or more. Fixed assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics, from the month of acquisition. All refurbishment costs are valued on an historic cost basis. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

Any surplus on revaluation is credited to the revaluation reserve. A deficit on revaluation is debited to the income and expenditure account if the deficit exceeds the balance on the revaluation reserve.

The Authority has received no donated assets in the current financial year.

Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £500 or more is incurred. Intangible assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office of National Statistics, from the month of acquisition.

(v) Depreciation

Depreciation is provided on all fixed assets on a straight line basis to write off the cost or valuation evenly over the asset's anticipated life as follows.

Refurbishment costs	Over the remaining term of the lease
Furniture and office equipment	Ten years
Computer equipment	Three to five years
Software licences	Three years

Software and systems development expenditure on IT systems is written off in the period in which it is incurred.

(vi) Notional charges

In accordance with Treasury guidance, a notional charge for the cost of capital employed in the period is included in the income and expenditure account along with an equivalent reversing notional income to finance the charge. The charge for the period is calculated using the Treasury's discount rate of 3.5 per cent applied to the average value of capital employed during the period of all assets less liabilities except for:

a) Tangible and intangible assets where the cost of capital charge is based on opening values adjusted pro-rata for in-year

plus additions at cost

minus disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)

minus impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)

minus depreciation of tangible and amortisaton of intangible assets

b) Donated assets, where the charge is nil.

2004-05 This is therefore calculated (in £'000) as follows:

Tangible and intangible assets: 3.5% (£2,122 + £110 – £132 – £600) = £52.5

Net assets less liabilities excluding tangible and intangible assets

Opening: (£1,210,192) – £2,122 = (£1,212,314)
Closing: (£1,256,504) – £1,385 = (£1,257,889)

Average = (£1,235,101.5) * 3.5% = (£43,228.5)

Total cost of capital charge for the year (£43,228.5) + £52.5 = £43,176

2003-04 This is therefore calculated (in £'000) as follows: 3.5% (£1,210,192 + £1,163,819) / 2 = £41,545

(vii) Value Added Tax

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

(viii) Income from court awards

Apart from those relating to applications made before 1 April 1996, which are retained by the Authority, all recoveries from assailants through civil actions and the criminal courts are paid into the consolidated funds of the Home Office and Scottish Executive.

(ix) Notional costs

Notional costs of Home Office services provided to the Authority in 2004-05 are not reflected in these accounts. These costs are included in the total Home Office expenditure. A Home Office review is underway to develop a more robust methodology for calculating these.

(x) Accounting for retirement benefits

Under FRS17 the Authority is required to provide for the full long term pension liabilities of any qualifying staff not covered under the PCSPS arrangements. All staff working for the Authority were however covered under the PCSPS arrangements and therefore no liability for long term pension liabilities is charged to these accounts.

(xi) Operating leases

A provision of £1.3 million has been established in the accounts for dilapidation commitments on all leases. This is based on a prudent estimate provided by the appropriate Home Office department. Rentals paid on operating leases for buildings are charged to expenditure as incurred.

(xii) Provisions

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. These obligations consist of provisions for the pre-tariff and tariff schemes and for dilapidations for the building leases.

<u>Pre-tariff schemes</u>
The pre-tariff schemes provision reflects the liability of all pre-tariff schemes cases at the balance sheet date. It is compiled following an annual case-by-case assessment by lawyers employed by the Authority to arrive at the liability, which is then subject to a sampling review by members of the independent Criminal Injuries Compensation Appeals Panel. All interim payments already made are then deducted to arrive at the net liability.

A provision was first set aside in the 2001-02 accounts on the basis of an assessment of all cases remaining to be settled under the pre-tariff schemes. For the cases remaining, including cases with expected long term settlement dates, the Authority's management consider that the provision at year end is adequate.

<u>Tariff schemes</u>
The Authority's accounting policy recognises as liabilities not only the likely total net value of all applications that are currently under consideration, but also the value of applications that we are likely to receive in the future from incidents which occurred before the year end.

The estimates for these have been obtained with specialist actuarial advice.

The actuarial projection methodology, used to estimate the provision for the tariff schemes, involved an examination of the historical claims data together with information on issues that may affect the future claim developments. From this work, claim patterns were derived that might apply in the future. Analysis based on these patterns was then used to project the likely ultimate value of applications already received and of those yet to be received in respect of incidents that have already occurred.

<u>Dilapidations</u>
Provisions for dilapidations are recognised in the year in which the Authority recognises it has a future obligation to transfer economic benefits based on a past event.

Note 2 INCOME – GRANT-IN-AID

	Notes	2004-05 £'000	2003-04 £'000
HMG grants received			
Compensation payments – grant received from Home Office		183,114	218,000
Administration – grant-in-aid from Home Office for revenue expenditure		21,000	23,563
		204,114	241,563
Administration – grant-in-aid from Home Office used for capital purchases		110	571
		204,224	242,134
The HMG grant received included a contribution by the Scottish Executive as follows:			
Compensation Vote 5, subhead D4		20,143	23,980
Administration Vote 5, subhead C2		1,121	2,592
		21,264	26,572

Note 3 INCOME – OTHER INCOME

	2004-05 £'000	2003-04 £'000
Civil actions – retainable	130	144
Civil actions – non-retainable	627	736
Court compensation orders – retainable	–	(6)
Court compensation orders – non-retainable	539	588
Bank interest	33	38
Other administrative income	129	296
	1,458	1,796

Note 4 EMPLOYMENT COSTS

The Authority is staffed by employees on assignment from either the Scottish Executive or the Home Office.

a) Staff costs

	2004-05 £'000	2003-04 £'000
Salaries and emoluments	8,560	8,736
Social security costs	559	650
Other pension costs	1,068	1,120
Agency staff	245	684
Overtime payments	42	883
	10,474	12,073

b) Staff numbers

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

	2004-05	2003-04
Casework	368	397
Administration	87	100
Agency staff	14	37
	469	534

	2004-05	2003-04
Scottish Executive	326	355
Home Office	129	142
Agency	14	37
	469	534

c) Senior staff pay

The Chief Executive fulfils the role of Accounting Officer of the Authority. The emoluments disclosed for him represent the total amount paid, as do the emoluments of the Senior Solicitor and the Deputy Chief Executive.

All permanent members of staff are currently on assignment to the Authority and remain employees of their parent organisations. They are all ordinary members of the Principal Civil Service Pension Scheme (PCSPS). The parent organisations are responsible for paying their remuneration and making contributions to their pension schemes. They make appropriate charges to the Authority, but as the Authority is not responsible for their pensions, no details of their pension entitlements are given in these accounts.

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Home Office and the Scottish Executive are unable to identify their share of its underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2004-05, employer's contributions of £1,068k (2003-04, £1,120k) were payable to the PCSPS at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the civil service after 1st October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No staff members working for the Authority had taken this option during the financial year 2004-05 and therefore no contributions were made.

d) Cash equivalent transfer values (CETV)

(CETV values are not available for 2003-04)

	Age	Salary and pension	Real increase in pension and related lump sum at age 60	Total accrued pension and related lump sum at age 60 at 31 March 2005	CETV at 31 March 2005	CETV at 31 March 2004	Real increase in CETV	Employer contribution to partnership pension account
	2004-2005							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
H Webber Chief Executive	50	65-70	Pension 0.0-2.5 Lump sum 0.0-2.5	Pension 25-30 Lump sum 0.0-2.5	351	323	28	0
A Johnstone Senior Solicitor	45	55-60	Pension 0.0-2.5 Lump sum 2.5-5.0	Pension 10-15 Lump sum 30-35	155	136	19	0
E McKeown Deputy Chief Executive	51	60-65	Pension 0.0-2.5 Lump sum 0.0-2.5	Pension 20-25 Lump sum 60-65	335	304	11	0

		Age	Salary and pension	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2004
				2003-2004	
			£'000	£'000	£'000
H Webber	Chief Executive	49	70-75	2.5-5.0	25-30
A Johnstone	Senior Solicitor	44	60-65	0.0-2.5	25-30
E McKeown	Deputy Chief Executive	50	60-65	0.0-2.5	25-30

This 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 CETV figures, and from 2004-05 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

They also include any additional pension benefits accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Note 5 ADMINISTRATION COSTS

	2004-05 £'000	2003-04 £'000
Accommodation costs	3,363	3,519
Audit fees – external	88	98
Audit fees – internal	23	18
Furniture and fittings	131	95
Information and publications	42	80
IT development and maintenance	592	492
Medical/dental fees	2,029	4,421
Miscellaneous fees	353	854
Postage and telephone	590	595
Stationery	181	226
Training	83	141
Travel and subsistence – staff	171	294
Travel and subsistence – witnesses	7	10
Ex-gratia payments	54	17
Depreciation	600	514
Loss on disposal of fixed assets	5	26
Bad debts written-off/(recovered)	70	130
Increase/(decrease) in provision for bad debt	166	(21)
Total administration costs	8,548	11,509

Note 6 FIXED ASSETS

Tangible assets

	Land & buildings £'000	IT £'000	Furniture & fittings £'000	Assets under construction £'000	31 March 2005 £'000
Cost					
at 1 April 2004	479	2,083	309	-	2,871
Additions	-	39	28	-	67
Disposals	-	(117)	(15)	-	(132)
Reclassifications	(1)	-	1	-	0
Revaluations	-	(311)	11	-	(300)
At 31 March 2005	478	1,694	334	0	2,506
Depreciation					
at 1 April 2004	(331)	(614)	(151)	-	(1,096)
Charged in year	(34)	(358)	(29)	-	(421)
Disposals	-	116	11	-	127
Reclassifications	1	-	(1)	-	0
Revaluations	-	90	(6)	-	84
At 31 March 2005	(364)	(766)	(176)	0	(1,306)
Net book value at 31 March 2005	114	928	158	0	1,200
Net book value at 31 March 2004	148	1,469	158	0	1,775

Intangible assets

	Software licences £'000	Assets under construction £'000	31 March 2005 £'000
Cost			
at 1 April 2004	509	-	509
Additions	43	-	43
Revaluations	(59)	-	(59)
At 31 March 2005	493	0	493
Depreciation			
at 1 April 2004	(163)	-	(163)
Charged in year	(179)	-	(179)
Revaluations	34	-	34
At 31 March 2005	(308)	0	(308)
Net book value at 31 March 2005	185	0	185
Net book value at 31 March 2004	346	0	346

Total assets

Net book value at 31 March 2005	1,385
Net book value at 31 March 2004	2,121

Note 7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2005 £'000	31 March 2004 £'000
Trade debtors	261	373
Court compensation	874	805
Civil claims	261	255
Other debtors	194	8
	1,590	1,441
Provision for bad debt	(371)	(205)
	1,219	1,236
Provision for bad debt		
Opening balance	205	226
Increase/(decrease) in provision	166	(21)
Closing balance	371	205

Note 8 PREPAYMENTS

	31 March 2005 £'000	31 March 2004 £'000
Pay	–	145
Accommodation	339	641
IT maintenance	59	129
Other	58	6
	456	921

Note 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2005 £'000	31 March 2004 £'000
Trade creditors	162	23
Other creditors	75	–
Other creditors – pre-tariff schemes	1,641	1,869
Other creditors – tariff schemes	2,859	1,998
Accruals	722	812
	5,459	4,702

Note 10 HOLDING ACCOUNTS (CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

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

	Number of accounts	2004-05 £'000	2004-05 £'000	Number of accounts	2003-04 £'000	2003-04 £'000
Holding accounts						
Opening balance	35		1,579	37		3,445
Deposits in year	10	2,277		16	741	
Additional deposits to existing accounts		–			220	
Interest received		54			65	
			2,331			1,026
Closures	24	1,539		18	1,138	
Withdrawals		1,128			5	
Repaid to CICA		26			1,711	
Interest paid to victims		40			38	
			(2,733)			(2,892)
Closing balance	21		1,177	35		1,579

Note 11 PROVISIONS FOR LIABILITIES AND CHARGES

	Pre-tariff schemes £'000	Tariff schemes £'000	Lease dilapidation £'000	Total £'000
Balance at 1 April 2004	208,924	1,001,002	1,250	1,211,176
Arising during the year	2,507	229,084	50	231,641
Reversed unutilised during the year	–	–	–	–
Utilised during the year	(19,224)	(166,945)	–	(186,169)
Balance at 31 March 2005	192,207	1,063,141	1,300	1,256,648

Geographical split for pre-tariff and tariff schemes utilised during the year

Awards relating to victims of crimes of violence occurring in:	2004-05 £'000	2003-04 £'000
England and Wales	164,329	205,458
Scotland	21,840	22,022
	186,169	227,480

The pre-tariff schemes' provision reflects the Authority's liabilities in respect of all outstanding cases which remain to be settled from the schemes which existed prior to 1996. In accordance with the Authority's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year end based on the circumstances of each application at that time. Many of the cases are complex and will take some years before the final assessment of compensation can be made. The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid made available by the Home Office.

The tariff schemes' provision reflects the Authority's liabilities under the 1996 and 2001 tariff schemes, in respect of applications received, or likely to be received, from incidents which occurred before the year end. In accordance with the Authority's accounting policies, the provision has been derived from historical claims data, together with information on issues that may affect future claim developments. Approximately three quarters of applications are assessed and, for qualifying applications, an offer is made within one year of receiving the application. The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid made available by the Home Office.

A long term liability of £1.3 million has been established in the accounts for dilapidation commitments on all leases. This is based on a prudent estimate provided by the appropriate Home Office department.

Note 12 INCOME AND EXPENDITURE RESERVE

	31 March 2005 £'000	31 March 2004 £'000
Opening balance	(1,212,292)	(1,165,225)
Retained deficit for the year	(45,335)	(47,067)
Closing balance	(1,257,627)	(1,212,292))

Note 13 RESERVES AND MOVEMENT IN GOVERNMENT FUNDS

	Notes	31 March 2005 £'000	31 March 2004 £'000
Government grant reserve			
Opening balance		1,401	1,391
Grant used for capital purchases	2	110	571
Loss on revaluation of fixed assets transferred to the income and expenditure reserve		(241)	(21)
Depreciation transferred to the income and expenditure reserve		(600)	(514)
Net book value of disposals of fixed assets transferred to the income and expenditure reserve		(5)	(26)
Closing balance		665	1,401
Revaluation reserve			
Opening balance		699	15
Gain on revalued assets		5	705
Loss on revalued assets		(246)	(21)
Closing balance		458	699
Total reserves		1,123	2,100
Transferred to income and expenditure reserve			
Loss on revaluation of fixed assets		241	21
Loss on disposal of fixed assets		5	26
Depreciation transferred from government grant reserve		600	514
		846	561
Movement in government funds			
Opening balance		2,100	1,406
Closing balance		1,123	2,100
Increase/(decrease) in reserves		(977)	694
Retained deficit	12	(45,335)	(47,067)
Increase in government funds		(46,312)	(46,373)

Note 14 ANALYSIS OF CHANGES IN CASH

	Notes	31 March 2005 £'000	31 March 2004 £'000
Opening balance		1,407	7,656
Increase/(decrease) in cash		1,136	(6,249)
Closing balance		2,543	1,407
Awards held on deposit in holding accounts	10	1,579	3,445
Decrease in cash	10	(402)	(1,866)
Closing balance	10	1,177	1,579
Total cash balance		3,720	2,986
Total increase/(decrease) in cash		734	(8,115)

Note 15 RECONCILIATION OF THE OPERATING SURPLUS TO THE NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Notes	2004-05 £'000	2003-04 £'000
Operating (deficit)		(46,549)	(48,919)
Loss on revaluation of fixed assets	13	–	21
Loss on disposal of fixed assets	13	5	26
Increase/(decrease) in provision for doubtful debts	7	166	(22)
Depreciation	6	600	514
(Increase)/decrease in debtors	7	(149)	(325)
Decrease in prepayments	8	465	483
Increase in creditors	9	757	1,261
Decrease in awards held on deposit holding accounts	10	(402)	(1,866)
Decrease in pre-tariff schemes provision	11	(16,717)	(5,832)
Increase In tariff schemes provision	11	62,139	44,002
Increase in dilapidations provision	11	50	1,250
Net cash inflow/(outflow) from operating activities		365	(9,407)

Note 16 THIRD PARTY ASSETS

The retention of compensation awards to certain minors is provided for under paragraph 3 of the scheme. The purpose of this action is to ensure that the victim will be the sole beneficiary of the sum 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.

The investment policy applied to these investments is to deposit the awards in low risk commercial bank accounts. The average rate of interest applied to the investments during the financial year was 4.10%.

	Number of accounts	2004-05 £'000	2004-05 £'000	Number of accounts	2003-04 £'000	2003-04 £'000
Retained awards						
Opening balance	2,682		26,764	2,937		27,030
Deposits in year	254	4,571		314	6,844	
Additional deposits to existing accounts	–	51			181	
Interest received		968			798	
			5,590			7,823
Closures	525	6,279		569	8,117	
Withdrawals		937			406	
Repaid to CICA		41			12	
Interest paid to victims		75			89	
			(7,332)			(8,624)
Clearing account						535
Closing balance	2,411		25,022	2,682		26,764

Note 17 CAPITAL COMMITMENTS

At 31 March 2005 the Authority had no outstanding capital commitments.

Note 18 COMMITMENTS UNDER OPERATING LEASES

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in the which the lease expires.

	2004-05 £'000	2003-04 £'000
Operating leases which expire:		
Within one year	–	–
Between two and five years	1,099	1,099
After five years	1,125	1,125
	2,224	2,224

The Authority's staff are employed on three sites, the main ones in Glasgow and London, with a further file storage facility on a separate site in Scotland. The leases on these properties end in the financial years 2014, 2007 and 2011 respectively for each site.

Note 19 CONTINGENT LIABILITIES

On occasion compensation cases, generally at appeal stage under the jurisdiction of the Criminal Injuries Compensation Appeals Panel, go to judicial review. Others may do so in the future. These could have an impact on the Authority's future liabilities.

Similarly, on occasion judgments under the Human Rights Act may have an impact on the Authority's award decisions. All such cases are and will be closely monitored. Because of the uncertainty of the outcome of such cases, the Authority is unable to quantify their effects, and no provision has been made for them.

Note 20 POST BALANCE SHEET EVENTS

On 7 December 2005 the Home Office published a consultation paper about changing the tariff scheme. At this stage the likely outcomes and their effects are unclear.

Note 21 RELATED PARTY TRANSACTIONS

The Home Office and Scottish Executive are related parties to the Authority for their provision of staff on assignment to the Authority.

During the year ending 31 March 2005, related party transactions were entered into with the Criminal Injuries Compensation Appeals Panel for information technology support services and for the cost of judicial reviews. The Authority re-imbursed a total of £57,838 relating to judicial review expenses incurred by the Criminal Injuries Compensation Appeals Panel. A further £10,503 has been included in the creditor balances at 31 March 2005.

Note 22 LOSSES AND SPECIAL PAYMENTS

Losses and special payments up to £1,000 are authorised by the Accounting Officer while above this level they are referred and authorised by the Authority's sponsors, the Home Office. Most cases related either to compensation for lost documents or to bad debts relating to repayments due from applicants in receipt of court compensation payments. Write-offs in 2004-05 totalled £70,000.

Note 23 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

FRS13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non trading nature of its activities and the way NDPB's are financed, the Authority is not exposed to the degree of financial risk faced by some business entities. Moreover, financial instruments play a more limited role in creating risk than would be the case with a typical listed company to which FRS13 mainly applies.

The Authority has no borrowings and relies on funding of its cash requirements on a resource budgeting basis from the Home Office. It is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk. The fair value of cash is the same as the book value. As permitted by FRS13, debtors and creditors which mature or become payable within twelve months from the balance sheet date are excluded from this note.

The Authority does hold material cash balances on deposit. Allocated holding accounts are included in the cash balance on the balance sheet, while funds retained in the applicant's name are excluded from the Authority's cash balance and are disclosed by way of a note. Details of all of these funds are set out in note 14 to these accounts. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with average 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 low risk commercial bank accounts. No administration fee is charged to the applicant. The average rate of interest applied to the investments during the financial year 2004-05 was 4.10 per cent.

Accounts direction

Accounts direction given by the Secretary of State for the Home Office, with the approval of the Treasury, in accordance with the Criminal Injuries Compensation Scheme 1990, 1996, and 2001

The annual accounts shall give a fair and true view of the income and expenditure and cash flows for the financial year, and the state of affairs at the year end. Subject to this requirement the Criminal Injuries Compensation Authority shall prepare accounts for the year ended 31 March 2005 and subsequent years in accordance with:

- Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance;
- Other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a fair and true view;
- Any other specific disclosures required by the Secretary of State;

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

Signed by the authority of the Secretary of State for the Home Office

Joanne Drean
Victims and Confidence Unit
22 November 2005

Printed in the UK for the Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

07/06, 5392429

CICA, Morley House,
26-30 Holborn Viaduct,
London EC1A 2JQ
Telephone: 020 7842 6800
Fax: 020 7436 0804

CICA, Tay House,
300 Bath Street,
Glasgow G2 4LN
Telephone: 0141 331 2726
Fax: 0141 331 2287

www.cica.gov.uk
Freephone: 0800 358 3601

Published by TSO (The Stationery Office) and available from:

Online
www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/General enquiries 0870 600 5522
Fax orders 0870 600 5533
Order through the Parliamentary Hotline *Lo-call* 0845 7 023474
E-mail book.orders@tso.co.uk
Textphone 0870 240 3701

TSO Shops
123 Kingsway, London WC2B 6PQ
020 7242 6393 Fax 020 7242 6394
68-69 Bull Street, Birmingham B4 6AD
0121 236 9696 Fax 0121 236 9699
9-21 Princess Street, Manchester M60 8AS
0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
18-19 High Street, Cardiff CF10 1PT
029 2039 5548 Fax 029 2038 4347
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop
12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/General enquiries 020 7219 3890
Fax orders 020 7219 3866

TSO Accredited Agents
(see Yellow Pages)

and through good booksellers

criminal injuries
compensation authority

ISBN 0-10-294236-6
9 780102 942361