



Criminal Injuries
Compensation
Authority

Annual Report & Accounts

2018-19

HC 2207
SG/2019/75



Criminal Injuries
Compensation
Authority

Criminal Injuries Compensation Authority Annual Report & Accounts 2018-19

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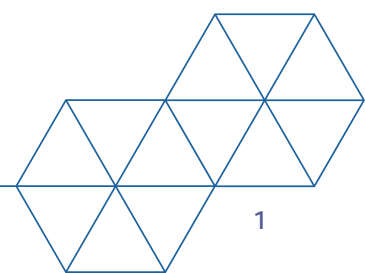
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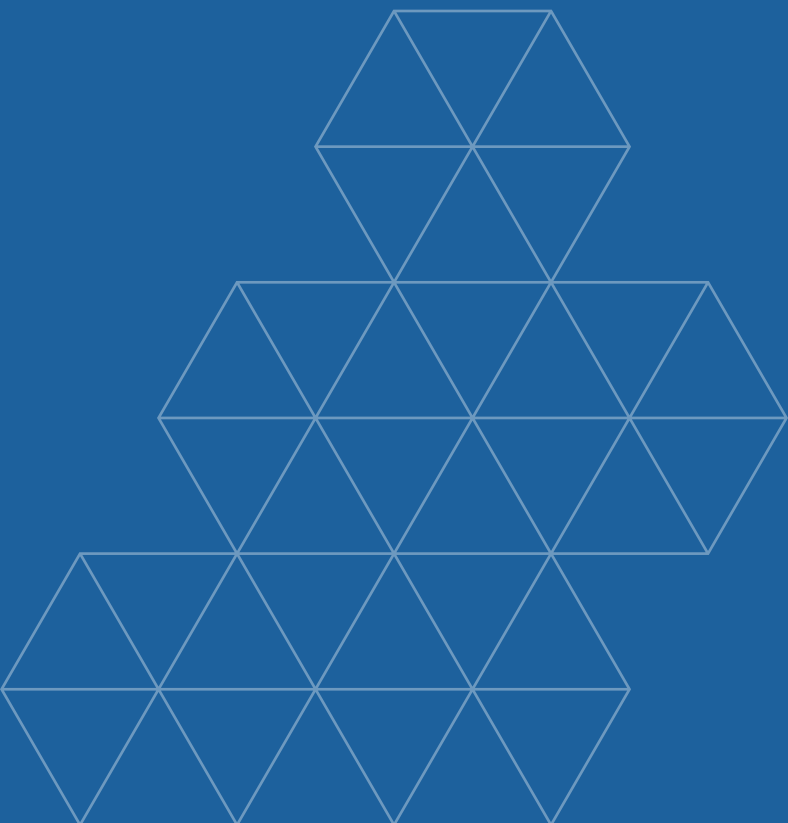
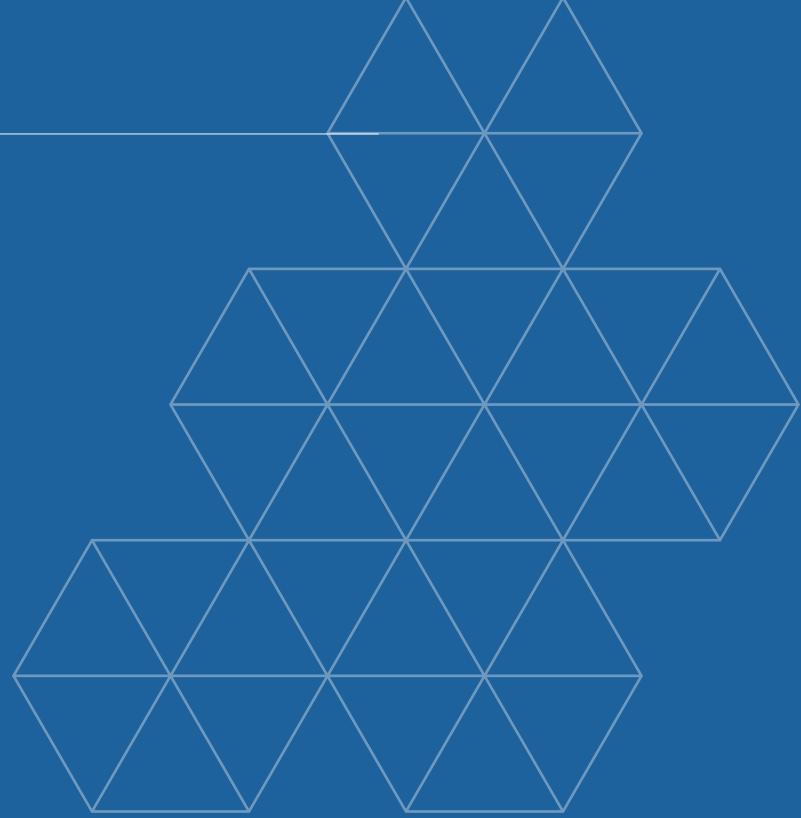
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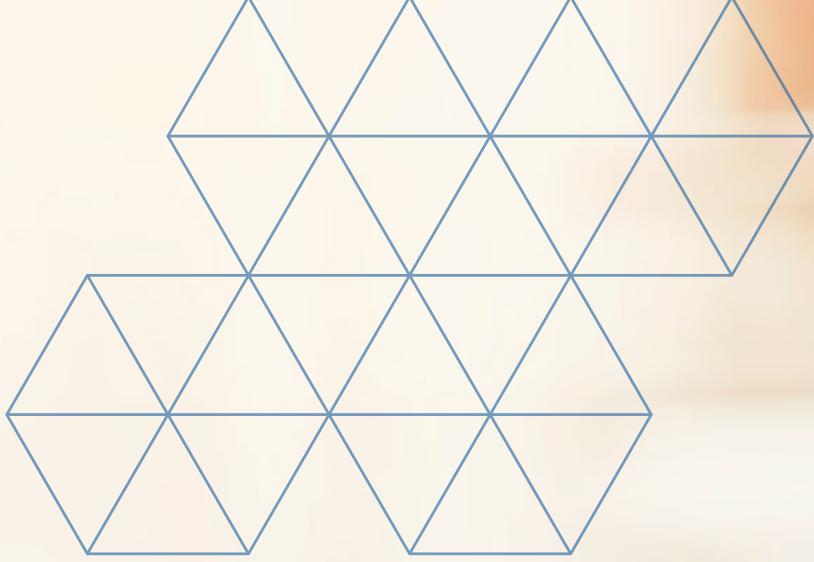
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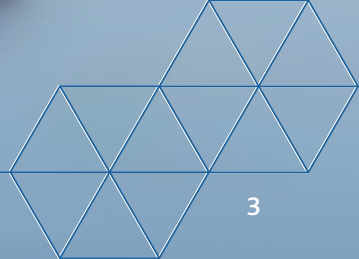
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Performance Report



Overview



Chief Executive's Foreword

As Chief Executive and Accounting Officer, I am pleased to present the annual report and accounts for the Criminal Injuries Compensation Authority (CICA) for the period 2018-19. At CICA our aim over the past 12 months has been to further improve ways of working to ensure our service is: more sensitive in the way we support victims; fair and accurate in the way we assess entitlement to compensation according to the schemes we operate; and efficient in the operation of our processes.

This year, we have increased the level of specialist training for our staff covering areas including child sexual abuse, rape and domestic abuse. This has helped us bring an improved understanding about what victims have experienced when considering their claims. Our customer service team has received specialist training provided by "Samaritans" to ensure the team gives effective support to even the most vulnerable people who contact us by telephone.

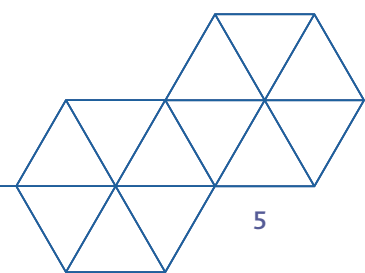
We have also made positive progress with shaping and testing new letters in direct response to applicant feedback. These offer greater empathy and a more straightforward and sensitive explanation of our decisions, while continuing to set out the reasons with reference to the detailed criteria within the schemes. Feedback on these letters has been positive and will inform more extensive work to change our system generated letters.

Through our partnership with Ministry of Justice (MoJ) Digital and Technology Directorate, we have successfully deployed a major upgrade to our operating platform and case management system, and established the secure cloud operating platform which will host our online service. The development of the new application service has undergone substantial redesign informed by insight and feedback from users. When launched, it will reduce the questions asked of applicants by over half and provide improved guidance on completion. The programme has been challenging given our limited resources and the technical requirements presented by the Government Digital Service standards, resulting in delay to the service proceeding into the next stage of controlled live testing with applicants. This will be available during 2019-20 for victims of sexual assault and will provide the foundation from which the service will be extended to all applicant groups.

Our internal Quality Assurance Framework continues to support a high level of first-time accuracy through checks made prior to compensation being offered and informs continuous improvement in decision making. This combined with a focus on learning from the decisions made by the First-tier Tribunal has helped us identify areas for improvement in operational guidance and practice.

We recognise that applicants want a prompt resolution to their claim and, over the last two years, we have made considerable advances in the pace at which new applications are decided. We have achieved this in the main by streamlining evidence gathering and case handling processes. In 2018-19, the improvements achieved in the previous year were sustained with 81% of new applications decided within 12 months. Our focus on resolving older claims continued and at 31 March 2019, the volume of live cases which were over 12 months old, including those at review and awaiting an appeal hearing, was 15% lower than at 31 March 2018.

Each year CICA receives a delegated budget from MoJ for compensation in England and Wales, with income provided by the Scottish Government to fund the schemes



in Scotland. In 2018-19 our total budget, including an additional allocation from MoJ received in March 2019, enabled us to resolve 35,355 cases, which provided £130m in compensation. Cases resolved, combined with a small reduction in new applications received, reduced our live caseload by just over 6% to 32,896, meaning fewer applicants were awaiting resolution of their claim than in the previous year.

We routinely monitor the satisfaction levels of those who use our service and, although the monthly satisfaction rate fluctuated during the year, the annual rating was maintained at 95%. We received 860 complaints, a reduction of 22% on the previous year, with only 55 of these escalating beyond stage 1 of the complaints process. These are positive indicators, however, we know there is more to do to ensure every applicant has a positive experience, whether or not their claim results in an award of compensation.

In January 2019, the Victims' Commissioner for England and Wales, Baroness Newlove of Warrington, published her report "Compensation without re-traumatisation: a Review into Criminal Injuries Compensation". The report presented 11 recommendations directed to CICA, aimed at improving the experience of victims. We welcomed Baroness Newlove's report and her acknowledgement that we have already made positive improvements which might be accelerated with further investment. We gave full consideration to the recommendations made in forming our Business Plan for 2019-20 and in determining how we can best use the resources available to us to meet the needs of victims.

During 2018-19 in partnership with MoJ Finance, we have undertaken a full review of our current and future liabilities informed by the data now available from our experience of working with the Criminal Injuries Compensation Scheme 2012 (CICS). This has the impact of reducing the overall level of CICA financial liabilities by £173m and we have, accordingly, restated these liabilities for the prior year in presenting our Financial Statements. This work will ensure that a more current and accurate picture is presented of the financial liabilities associated with the administration of the CICS in future years.

Finally, I want to say thank you here to my team at CICA, including our partners in Digital and Technology and Finance, who work alongside us. Combined they are a team who bring a wealth of experience and they are committed to ensuring victims of violent crime receive a sensitive, fair and efficient service which does not further their distress. They are open to learning new skills, testing new ways of working and using feedback to continuously improve what we do. Every day they deal with applications from people who have experienced devastating violence. They endeavour to be compassionate and professional, and will do all that they can to provide the support required by victims to access compensation.

Linda Brown

Chief Executive and Accounting Officer

18 July 2019

Our work

The Criminal Injuries Compensation Scheme was set up in 1964 to compensate victims of violent crime. Before 1996 awards were set on the basis of common law damages. Since April 1996, the level of compensation has been determined according to a tariff set by Parliament. Following the enactment of the Criminal Injuries Compensation Act 1995, CICA was established to administer a tariff-based compensation scheme in England, Wales and Scotland.

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

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

The compensation components for personal injury awards are:

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

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

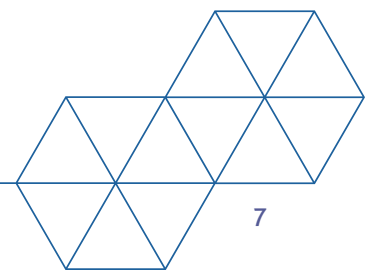
- a bereavement award of £5,500 for each applicant who qualifies, or £11,000 if there is only one qualifying applicant;
- compensation for financial or physical dependency;
- in the case of a child under 18, compensation for the loss of parental services; and
- the reasonable cost of a funeral.

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

Going concern

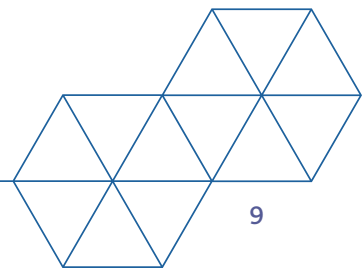
At 31 March 2019, CICA's Statement of Financial Position records net liabilities of £207m (31 March 2018 restated, £169m). Of this total, £194m (31 March 2018 restated, £160m) relates to compensation payable in the future, as recognised in programme provision (Note 10).

Compensation liabilities falling due in future years can only be met by cash funding from the MoJ and the Scottish Government. This is because, under the normal conventions



applying to Parliamentary control over income and expenditure, such amounts are not paid in advance of need.

The net cash requirement for 2019-20, taking into account the amounts required to meet CICA's liabilities falling due that year, has already been included in the MoJ and Scottish Government estimates for that year, that have been approved by Parliament. There is, therefore, no reason to believe that both future sponsorship and Parliamentary approval will not be forthcoming. As a result, it is deemed appropriate to adopt the going concern basis for the preparation of these financial statements.



Key achievements



Strategic Objective 1

We will treat our applicants with sensitivity and fairness at all times.

Specialist training led by organisations including Samaritans, Rape Crisis and Women's Aid helped equip operational staff to assist victims of violent and sexual crime with compassion and sensitivity.

Increased resources and skills in our Customer Service Centre, reducing average waiting time by 11% compared with the previous 12 months. We answered over 138,000 calls and provided over 27,000 hours of advice and support.

Achieved 95% customer satisfaction and 91% of applicants reported a low to moderate effort was required to complete our current application online.

Received 22% fewer complaints than in the previous year, with 94% of these resolved without escalation.



Strategic Objective 2

We will have a highly competent and motivated workforce which is fully engaged and operates effectively in a digital environment.

Invested in an extensive programme of learning and development for staff, sponsoring 13% of our people to undertake formal leadership and professional development programmes.

Our people demonstrated their strength of connection to our purpose and organisational objectives, with a 90% rating in the Civil Service People Survey 2018.

Ninety one percent of our staff confirmed that they had the skills they need to do their job effectively and 78% that their work gives them a sense of personal accomplishment.

Our overall engagement index at November 2018 was 64%, 2% above the Civil Service index.

Promoted diversity and inclusion in our workplace, hosting work experience and Movement to Work placements, investing in the MoJ Schools Programme and supporting social mobility initiatives.

The average working days lost due to sickness absence was 6 days, 1 day below the MoJ benchmark, and our wellbeing programme was recognised by achieving a Healthy Working Lives Silver Award.



Strategic Objective 3

We will use digital technology to receive and process applications efficiently and provide an enhanced service to applicants.

Deployed a full code upgrade to our operating platform in December 2018 which supports our case management system, improving user experience and system performance.

Introduced new measures to protect our systems against cyber threat and successfully renewed our Public Service Network accreditation.

Established and successfully tested the secure cloud platform on which our new digital services for applicants will operate.

Completed design and development on the first phase of our new online application service which will reduce the questions asked of applicants by more than half.



Strategic Objective 4

We will be accountable for the service we provide and the public funds we spend.

Embedded streamlined work processes which delivered a sustained level of improvement throughout 2018-19.

Decided 81% of new applications within 12 months.

Resolved a total of 35,355 cases, reducing the live caseload by 6% from 35,147 to 32,896 meaning fewer victims waiting for a decision on their claim for compensation.

Operated our internal Quality Assurance Framework effectively to assure the accuracy of our decision making and inform learning, with first time accuracy of 96%.

Improvements in our decision making were reflected in the increased proportion of final First-tier Tribunal appeal decisions in which CICA's decision was upheld, rising from 74% to 82%.



Performance analysis

Claim activity

We received 31,008 new applications in 2018-19, a decrease on the number of applications received in 2017-18 (32,280). We made a total of 44,779 decisions of which 36,073 were first decisions and 7,458 were review decisions. A total of 35,355 cases were resolved.

Performance measures

Table 1 New applications received

| | 2018-19 | 2017-18 |
|---------------------------|---------|---------|
| New applications received | 31,008 | 32,280 |

Table 2 Number of applications resolved

| | 2018-19 | 2017-18 |
|-------------------------------|---------|---------|
| Tariff and pre-tariff schemes | 35,355 | 40,827 |

Table 3 Pace of decision making

We manage our performance to monitor our progress and identify risks having potential to impact on achievement of strategic objectives.

In 2017-18 we set a stretch KPI target to improve the pace of decision making over the year, achieving substantial growth. In 2018-19 our target and the measures were re-set with the aim of sustaining the improved pace. Both the percentage of new applications decided within 6 and within 12 months remains above target. The percentage of new reviews decided within 6 months remains at 75% and will be the focus of improvement activity.

| Measure* | KPI target 2018-19 | 2018-19 | 2017-18 |
|---|--------------------|---------|---------|
| % of cases with a first decision within 6 months | 40% | 45% | 48% |
| % of cases with a first decision within 12 months | 80% | 81% | 81% |
| % of cases with a review decision within 6 months | 80% | 75% | 75% |

* Revised definition

Table 4 Age of caseload

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

| % of live cases by scheme | 2018-19 | 2017-18 |
|---------------------------|---------|---------|
| 2012 | 98% | 97% |
| 2008 | 1.81% | 2.67% |
| 2001 | 0.25% | 0.3% |
| 1996 | 0.01% | 0.03% |

Table 5 Rates of review and appeal

The proportion of cases resolved at first decision or review stage and not proceeding to external appeal, remains high at 94%, whilst final First-tier Tribunal appeal decisions in which CICA's decision was upheld rose from 74% to 82%.

| | 2018-19 | 2017-18 |
|---|-------------------|---------|
| % of claims assessments cases proceeding to internal review | 21% (6,928 cases) | 23% |
| % overall appeal rate | 6% (2,076 cases) | 3.5% |
| Cases amended at appeal | | |
| % of decisions amended at appeal – value | 15% (190 cases) | 22% |
| % of decisions amended at appeal – merit | 2.5% (31 cases) | 4% |

Table 6 Size of live tariff caseload

Of those cases not yet resolved, the volume awaiting first decision is 6% lower than at the end of the previous year. The volume of cases currently awaiting review or appeal decisions is also lower by 9% and 6% respectively.

| | 2018-19 | 2017-18 |
|----------------------|---------------|---------------|
| First Decision Stage | 27,336 | 29,117 |
| Review | 3,798 | 4,164 |
| Appeal | 1,762 | 1,866 |
| Total | 32,896 | 35,147 |

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

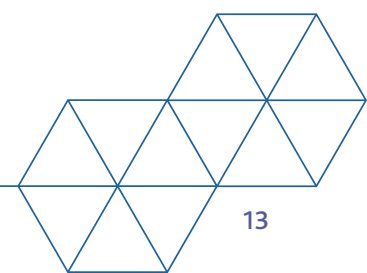


Table 7 Refused claims

The following table shows the reasons used when an application has been refused. Applications may have more than one refusal reason. The full statistics are published annually on <https://www.gov.uk/government/organisations/criminal-injuries-compensation-authority/about/statistics>.

| | 2018-19 | 2017-18 |
|---|---------|---------|
| Injury does not qualify for compensation | 6,826 | 6,630 |
| Failure to cooperate with the Authority | 3,200 | 4,985 |
| Injury did not result from crime of violence | 2,986 | 4,081 |
| Convictions & Character | 2,133 | 2,564 |
| Failure to cooperate with police in bringing assailant to justice | 1,920 | 2,243 |
| Conduct before, during or after the incident | 1,280 | 1,791 |
| Failure to report without delay | 853 | 1,147 |
| Claim not submitted within time limit | 640 | 1,252 |
| Other | 1,493 | 2,016 |

Our Service

Table 8 Customer feedback

We measure overall customer satisfaction and the customer effort score – a measure of how much time and effort our customers take when making an application.

During 2018-19 we saw an increase in monthly customer satisfaction, reaching a high of 97%. However, a dip in the final quarter of the year impacted the overall measure which achieved an average of 95% for the year as a whole, mirroring 2017-18 performance.

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

| Customer satisfaction | 2018-19 | 2017-18 |
|--------------------------------|---------|---------|
| Good customer service | 95% | 95% |
| Customer effort Low - Moderate | 91% | 95% |

Table 9 Complaints

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

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

We have a three-stage complaints process to deal with dissatisfaction about the service we provide when dealing with applications:

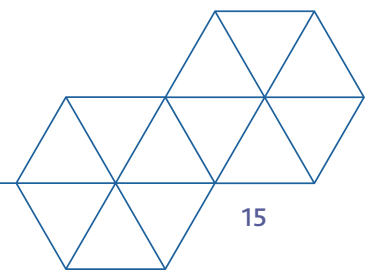
Stage 1 – managed by case officer

Stage 2 – manager will investigate

Stage 3 – senior manager will investigate

We aim to fully address complaints at the earliest opportunity by discussing with the customer how we can resolve the matter to their satisfaction within an agreed timescale. Where customers remain dissatisfied there are routes to escalate their complaint.

During 2018-19, complaints reduced by 22% compared with the previous year.



| Complaints received | 2018-19 | 2017-18 |
|---------------------------|---------|---------|
| Stage one | 860 | 1099 |
| Escalation to stage two | 55 | 85 |
| Escalation to stage three | 13 | 11 |

If a complaint cannot be resolved at the end of stage three, complainants can ask a Member of Parliament to raise the issue with the Parliamentary and Health Service Ombudsman (PHSO) (covering England and Wales). In Scotland, they can complain directly to the Scottish Public Services Ombudsman (SPSO). This year there were no investigations conducted on our cases by either the PHSO or SPSO. Our complaints process is available on <https://www.gov.uk/government/organisations/criminal-injuries-compensation-authority/about/complaints-procedure>.

Our finances

Programme expenditure

The schemes provide compensation to victims of violent crime. It is our role to assess claims in accordance with the scheme provisions, as set by Parliament. To inform our decisions we gather evidence from police authorities and medical experts. This is an on-going process which means we will always have cases, at various stages of completion, outstanding at year-end.

We also manage a very small number of cases where the claim was made before the introduction of the tariff-based schemes. These complex cases mainly involve applicants who were very seriously injured as young children. As these children reach adulthood, we are able to make final payments based on reliable prognoses of their long-term care needs by taking account of the impact of their education and rehabilitation.

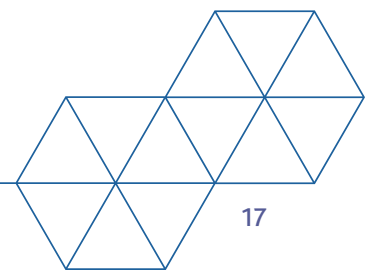
We provided over £130m in compensation to victims of violent crime during 2018-19 (see Note 10 to the Accounts for additional detail). This was allocated as follows:

- £101m of the total settled relates to amounts that had been previously provided for, and recognised in the Statement of Comprehensive Net Expenditure (SoCNE) in previous financial years. Therefore, these settlements are all routed through the provision and there is no in-year impact on the SoCNE. The SoCNE only includes amounts at point of recognition in addition to resources consumed during the relevant period. In Note 10, these settled awards are shown in the provision statement as utilised during the year and reduce the provision accordingly.
- £29m is recognised in the SoCNE, within tariff scheme compensation, as settlements relating to claims not previously provided for in 2017-18. These claims relate to applications received during 2018-19 where applications were received and settled during 2018-19. Therefore, these claims were not recognised in the provision from prior years.

Prior Period Adjustment (PPA)

The tariff schemes provision is reflective of CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes. CICA recognises liabilities that are based upon an evaluation of total applications that are known to and have been received by CICA but have not yet been processed; these are referred to as claims reported but not completed (CRBNC) (discounted value £179.301m). CICA in 2018-19 undertook a review of the model for calculating CRBNC and following the completion of this work it was identified that assumptions were incorrect, for example the estimate of percentage settlements was overstated and should have been lower, leading to prior period errors. Prior period adjustments have since been made detailed in Note 13a and within the restated financial statements.

CICA formerly recognised an additional element of the provision concerning events which had occurred on or before the reporting period end, and had not yet resulted in an application to CICA, but might have resulted in an application which could have been awarded compensation at a future date. Following a reappraisal of the conditions giving rise to an obligation, we have removed the future liability from CICA's accounts and restated the accounts to reflect this prior period error, as detailed in Note 13a.



New liabilities

New liabilities, for all compensation schemes, recognised during 2018-19 totalled £135.5m. Based upon tariff claims received during 2018-19 and still outstanding at year-end, £134.4m has been recognised as new tariff provision.

There were no pre-tariff cases settling at a higher value than that previously provided during 2018-19. Upward movements on live cases, due to re-assessment of liability, totalled £0.9m. An additional new liability of £0.2m has been recognised, based upon claims received, for the Victims of Overseas Terrorism Compensation Scheme (VOTCS).

The SoCNE can, for compensation recognised during 2018-19, be summarised to its constituent parts, as below, noting that comparative information is disclosed in Note 10 to the Accounts:

Table 10 Changes to programme liabilities in year

| Tariff schemes | £m |
|---|-------|
| New tariff liabilities arising | 134.4 |
| Liabilities no longer required | 0 |
| Settlements not recognised in provision* | 28.8 |
| Sub Total Tariff | 163.2 |
| Pre-tariff scheme | |
| Settlements higher than previous provision | 0 |
| Settlements lower than previous provision | 0 |
| Revaluation of aged cases | 0.9 |
| Sub Total Pre-tariff | 0.9 |
| Victims of Overseas Terrorism Compensation Scheme (VOTCS) | |
| Net Impact of VOTCS | 0.1 |

*Settlements not recognised in provision of £28.8m is an increase from 2017-18 reported figure due to the removal of Incurred But Not Yet Received (IBNYR) as a provision within the accounts (See Note 13).

During 2018-19, no pre-tariff cases were finalised. The remaining three cases have an estimated liability based on valuation by the First-tier Tribunal.

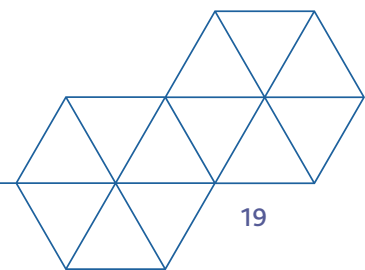
Case-handling costs, classified as programme expenditure, have increased over the previous year by £0.3m. These are for medical, legal and other fees related to finalising compensation claims.

Administration expenditure

The cost associated with managing and administering compensation schemes has increased from £13.6m to £14.1m. Staff costs increased by £0.1m. Overall, other administrative costs increased by £0.4m. Combined amortisation and depreciation has decreased by £0.4m.

Supplier payment policy and performance

CICA follows the Better Payment Practice Code and undertakes to pay 80% of internally authorised invoices within five days of receipt. The average for 2018-19 was 99.4% of invoices paid within five days.



Our future business planning

Our business plan update for 2019-20 will be published on GOV.UK and sets out a strategy for the delivery of our services. Our aims and objectives support the wider Ministry of Justice vision of a world-class justice system that works for everyone in society and our shared values: purpose, humanity, openness and togetherness.

Our Strategic Objectives 2019-20

- Provide an accessible service which treats victims with compassion, sensitivity and fairness.
- Have a highly capable and motivated workforce which shares our values and operates our service in a professional and efficient way.
- Operate an efficient and accurate assessment process and account for the public funds we spend.
- Work with stakeholders and other agencies to promote understanding of the statutory compensation schemes we administer.
- Listen and continue to improve the experience of applicants, using customer insight and feedback, to inform changes to processes and to develop improved digital services.

More detail is contained in <https://www.gov.uk/government/organisations/criminal-injuries-compensation-authority>.



Sustainability report

Overview

We have implemented a number of measures to reduce greenhouse gas (GHG) emissions, waste and finite resources and their related costs since 2009-10. As a result, we are exceeding the Greening Government Commitment target to reduce carbon emissions from energy and travel by 43% by 2020, with current carbon emissions reduced by 77% compared to 2009-10.

Our move to smaller premises in 2014 continues to provide a reduced environmental impact including reduced energy and water consumption. We continue to invest in digital solutions for our applicants and staff to reduce paper usage.

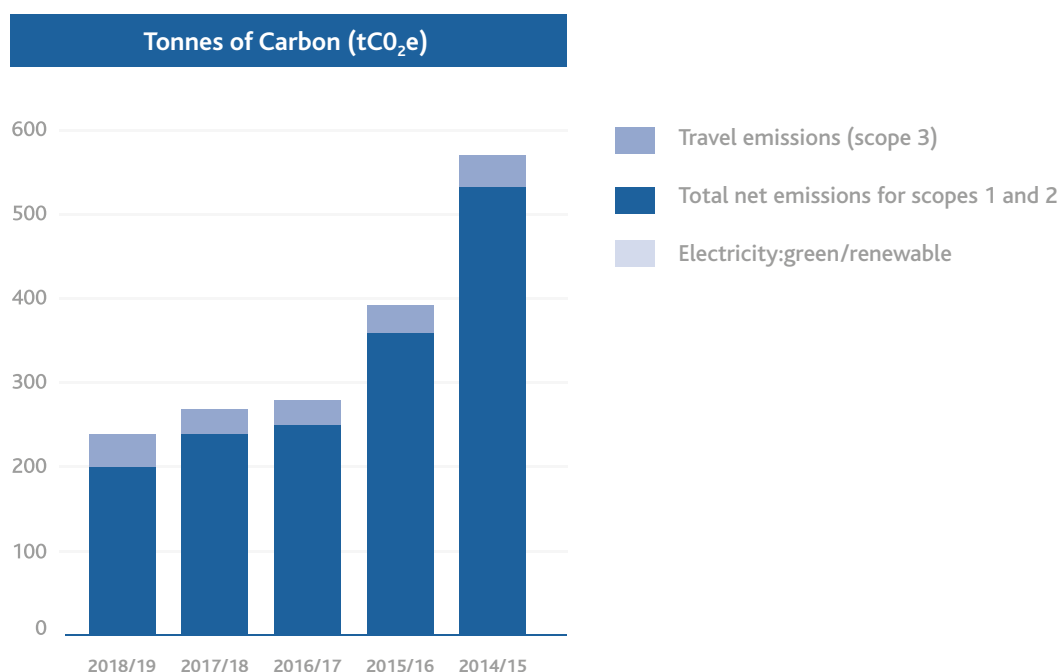
Greenhouse gas emissions

Performance

Table 11 shows CICA's GHG emissions, as defined by the GHG protocol (available at www.ghgprotocol.org including information about the different scopes), over the past five years. Overall the total gross GHG emissions and expenditure on energy and travel reduced significantly over the five-year period.

Table 11 Greenhouse gas (GHG) emissions

| | | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|---|----------------|----------------|----------------|----------------|------------------|
| Non-financial indicators (tCO₂e) | Total gross emissions for scopes 1 and 2 | 194.15 | 228.13 | 241.54 | 364.76 | 534.5 |
| | Electricity: green/renewable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total net emissions for scopes 1 and 2 | 194.15 | 228.13 | 241.54 | 364.8 | 534.5 |
| | Gross emissions for scope 3 - travel | 31.84 | 27.49 | 19.4 | 27.6 | 32.5 |
| | Total gross GHG emissions (all scopes) | 226.0 | 255.6 | 260.9 | 392.4 | 567.0 |
| Non-financial (kWh) | Electricity: Grid, CHP and non-renewable | 280,896 | 273,090 | 249,692.0 | 686,149.0 | 1,052,296 |
| | Electricity: renewable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Gas | 586,221 | 566,106 | 645,847 | 526,954 | 926,773.0 |
| | Other energy sources | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total energy | 867,117 | 841,999 | 918,937 | 776,646 | 1,612,992 |
| Financial indicators | Expenditure on energy | £28,676 | £28,491 | £53,003 | £49,675 | £109,464 |
| | Expenditure on official business travel | £77,639 | £60,632 | £51,114 | £45,068 | £57,584 |



Controllable impacts

The main impacts are estate energy consumption. Gas consumption is attributed to CICA on a space-occupied basis and is therefore uncontrollable. We can however monitor our direct electricity consumption at Alexander Bain House which has assisted in reducing our carbon emissions further.

Influenced impacts

We influence employee commuting by actively encouraging car sharing through parking space allocation for car sharers. In addition, we remind staff to switch off equipment before periods of staff leave. CICA has invested in laptops and mobile phones to provide staff with the option of remote working, reducing CICA's energy consumption and reducing the need for staff to commute.

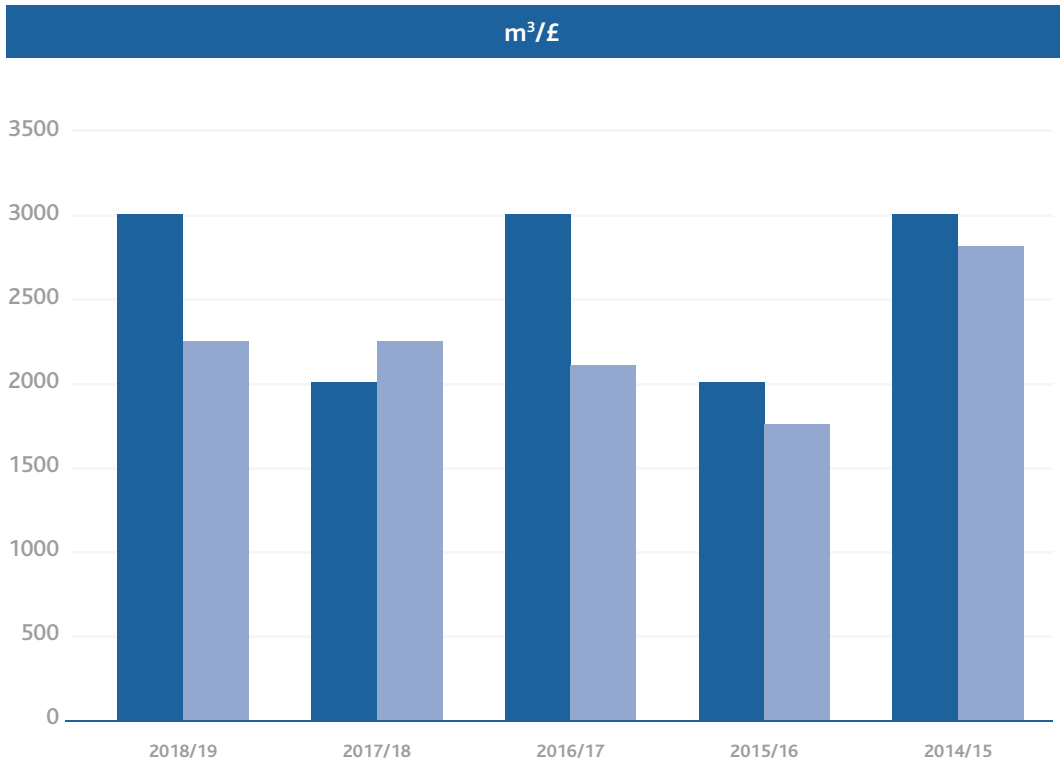
Waste

As a result of a change in supplier CICA is no longer provided with data on the volume of waste uplifted from its premises. We are therefore unable to provide current year information.

Table 12 Finite resource consumption

| Water | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|------------------------------|---------|---------|---------|---------|---------|
| Non-financial indicators | | | | | |
| Total water consumption (m3) | 2,304 | 2,268 | 2,100 | 1,798 | 2,921 |
| Financial indicators | | | | | |

| Water | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|----------------------------------|---------|---------|---------|---------|---------|
| Total water supply costs (£'000) | 3 | 2 | 3 | 2 | 3 |

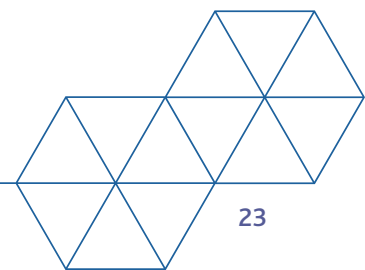


Controllable impacts

Water consumption is attributed to CICA on a space-occupied basis and is therefore uncontrollable. The main impacts on water consumption are through sanitation and staff consumption. Our washrooms in Alexander Bain House are of a modern design and therefore use less water reducing our environmental impact.

Linda Brown

Chief Executive and Accounting Officer
 Criminal Injuries Compensation Authority
 18 July 2019





Accountability Report



Corporate Governance Report

Directors' Report

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

I was appointed Chief Executive and Accounting Officer of CICA on 1 October 2018, having held these roles on an interim basis since 4 April 2018.

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

Our Agency Framework Agreement sets out the arrangements for corporate governance matters, including the role of the Accounting Officer, and the duties around financial and budgetary management, risk management, business planning, audit and assurance. CICA's Agency Framework Agreement can be viewed on <https://www.gov.uk/government/publications/criminal-injuries-compensation-authority-agency-framework>.

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

Non-executive Board Members

Non-executive Board Members provide support and advice on matters relating to strategy, performance, audit and risk. Three Non-executive Board Members served during 2018-19. Each Non-executive Board Member has strategic leadership experience at board and audit committee levels.

During 2018-19, the Non-executive Board Members were:

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

During the year the Accounting Officer held individual and collective performance meetings with Non-executive Board Members to discuss their contribution to CICA. In addition, the Non-executive Board Members attended the CICA 2019-20 business planning session and Andrew Flanagan participated in direct communication with the MoJ Chief Financial Officer regarding budgetary provision.

Register of Interests

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

Personal Data Related Incidents

During 2018-19, one data breach was reported to the Information Commissioner's Office (ICO) and this matter related to a single security incident.

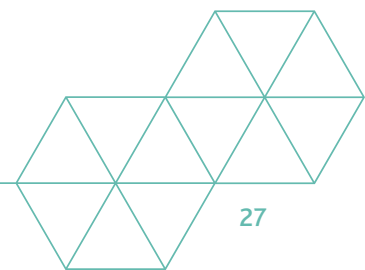
Statement of Accounting Officer's Responsibilities

Under section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 136 of the Criminal Injuries Compensation Scheme 2012, the Secretary of State (with the approval of the Treasury) has directed the Criminal Injuries Compensation Authority (CICA) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must provide a true and fair view of the state of affairs of CICA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Ministry of Justice has appointed the Chief Executive as Accounting Officer of CICA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CICA's assets, are set out in *Managing Public Money*, published by HM Treasury.



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

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

Governance Statement

CICA is an Executive Agency of the Ministry of Justice (MoJ). From 1 April 2018 until 31 March 2019, CICA was part of the MoJ Chief Financial Officer's (CFO) Group which monitored and provided support on matters relating to organisational performance.

CICA also provides a service on behalf of the Scottish Government. A Memorandum of Understanding sets out the framework of CICA and Scottish Government's relationship. This includes arrangements for the Scottish Government contribution towards scheme funding.

During 2018-19, the Chief Executive of CICA had a direct line management relationship and met regularly with the MoJ Chief Financial Officer as well as attending weekly meetings of the CFO Group. In January 2019, the Chief Executive met with the Parliamentary Under Secretary of State at the Ministry of Justice in the first of a series of quarterly bilateral meetings and accepted an invitation from the Scottish Cabinet Secretary for Justice to join the Scottish Government's Victims Taskforce.

CICA's Business Plan is subject to Ministerial approval. There is no separate requirement for CICA to consult with Ministers on key financial or operational decisions. This is compatible with the requirements of the primary and secondary legislation by which CICA is empowered.

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

Executive Management Board

The Executive Management Board (EMB) supports the Accounting Officer in the management of CICA and in all related operational decisions. During 2018-19, the EMB members supporting the Accounting Officer were Ann Russell (Director of Operations), June Fellowes (Director of Corporate Services), Craig Morton (Director of Finance) and Laura Johnston (Director of Legal and Policy Services). The post of Deputy Chief Executive was vacant during this period.

In the discharge of its duties, the EMB was informed by advice from a Strategy and Performance Board (SPB) and an Audit and Risk Committee (ARC), together with specific reports relating to financial accounting, operational performance, risk management, business transformation, people management, policy and health and safety. The quality and organisational-wide relevance of this management information provided EMB with an acceptable level of detail with which to monitor and react to all matters relating to organisational activity and performance. This ensured that decisions were taken with objectivity, transparency and with a clear focus on achieving organisational objectives.

Strategy and Performance Board

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

Non-executive Board Members provided advice on 5 key areas in line with HMT Corporate Governance in central government departments. These were:

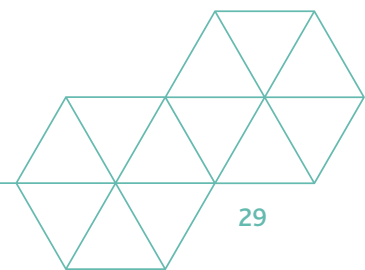
- Strategic Clarity – setting the vision mission and ensuring all activities, either directly or indirectly, contributing towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that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

The SPB considered and advised on a range of improvements to our services including performance and people management, business planning, budget management, customer service and business transformation.

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

Audit and Risk Committee

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



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

The ARC routinely considered and offered insight and challenge to reports relating to risk and risk management, information management, internal audit and internal assurance. Additional notable reports provided to the ARC related to in depth reviews of risk regarding: (i) budget delegation; (ii) Business Continuity Management; (iii) mid-year budget position and Provision modelling; (iv) Risk Management and assurance and; (v) fraud risk.

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

During 2018-19, the ARC offered guidance and advice on matters including internal assurance, fraud prevention and information management, and provided scrutiny over the monitoring and control of risks detailed within the CICA Corporate Risk Register.

Financial Risk

CICA receives a delegated budget from MoJ each financial year to operate the scheme in England and Wales, and income from the Scottish Government to fund the scheme in Scotland. CICA is required to manage controls to ensure the budget is not exceeded.

CICA maintains a policy that entitlements are never reduced or refused due to budget pressures, and clearly state in the published Customer Charter that the timing of payments may be affected by the availability of budget.

In 2018-19 CICA managed this risk by providing forecasts and regular reports to the Chief Financial Officer on budget utilisation. Additional funding of £7.5m was allocated by MoJ in March 2019.

A successful case was made to MoJ to increase budget in 2019-20 in response to CICA's expectation of an increased volume of applications arising from the abolition of the "same roof rule", subject to Parliamentary approval to amend the Scheme, and the increased pace of decision-making.

Financial Liability Risk

The key financial liability risks were:

The "Same Roof Rule"

The "same roof rule" (paragraph 19 of the Criminal Injuries Compensation Scheme 2012) prevented an award being made to applicants injured before 1 October 1979 by an assailant who they were living with as a member of the same family. In 2018-19, a successful legal challenge to the same roof rule led to the materialisation of an existing financial risk. In July 2018, the Court of Appeal found that the same roof rule had unfairly denied compensation to the claimant, in contravention of Article 14 of the European

Convention on Human Rights (ECHR) when read with Article 1 of Protocol 1 ECHR. The Government chose not to appeal this judgment to the Supreme Court and announced in September 2018 that the rule would be abolished. As at 31 March 2019, a statutory instrument to remove the rule had been laid in Parliament.

Post year end the instrument came into force on 13 June 2019, with the effect of enabling new applications from people who were previously refused because of the rule, as well as from those who have not previously applied. This will increase the compensation which is payable under the Criminal Injuries Compensation Scheme 2012, however the value of this increase cannot be reliably estimated. Based upon our recent impact assessment, CICA has assessed this liability range to be £56m-£123m across a ten-year period.

Foetal Alcohol Syndrome

Foetal Alcohol Spectrum Disorder (FASD) occurs when a mother consumes alcohol during pregnancy. This can result in babies being born with a range of disabilities and development issues with the brain, organs and facial features. In 2017-18 there were ongoing judicial review proceedings challenging CICA's decision (upheld by the First-tier Tribunal) that the circumstances in which FASD occurred did not constitute a crime of violence under the Criminal Injuries Compensation Scheme 2008. As at 31 March 2019, the case had yet to be heard by the Upper Tribunal.

Post year end the case was heard on 29 April 2019 and the Upper Tribunal issued a decision dated 10 June 2019 upholding the decision of the First-tier Tribunal. It is not yet known whether an appeal will be made to the Court of Appeal. However, if the challenge continues and is successful before the higher courts, this may lead to compensation being payable to applicants with FASD. Should this risk materialise, liability is uncertain but has been estimated between £26m and £43.5m.

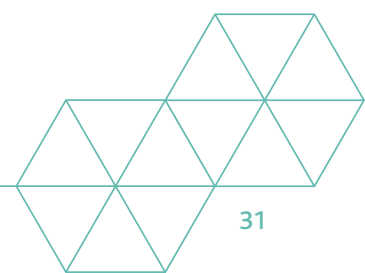
The Chancellor's Discount Rate

In deriving an award value for pre-tariff cases CICA applies a discount rate on expected future care costs and loss of earnings. The rate currently applied to these cases is -0.75%, being the Lord Chancellor's discount rate. Given that the value of provision for the remaining pre-tariff cases is high, there is an outstanding risk that until all pre-tariff cases are resolved, changes in the Lord Chancellor's discount rate will have material financial impacts to CICA.

Incidents Incurred But Not Yet Received (IBNYR)

In 2018-19, CICA undertook a series of reviews to the provision model for estimating the outstanding liabilities to CICA in the annual report and accounts. Upon completion of this review, CICA determined that a provision was not the correct accounting treatment for incidents incurred but not yet received (IBNYR) (see Note 13).

The IBNYR is an unquantifiable contingent liability in respect of a possible future obligation to individuals who have been victims of violent crime as of 31 March 2019. This liability depends upon uncertain future events occurring and an application being submitted which meets the criteria set out in the relevant scheme. Although CICA recognises that this contingent liability exists in respect of IBNYR, it is not practicable to estimate the financial effect of the liability because it is not possible to establish the total number of eligible criminal injuries or other relevant factors, such as the likelihood of an application being made and the potential value of any award made.



People Risk:

Our people deliver our business and their capability and engagement is crucial to CICA's effectiveness and workforce collaboration.

We increased our investment in learning and development for our people at all levels; with opportunities to participate in MoJ and Civil Service wide programmes. This included active support for the first tranche of our people to undertake Operational Delivery Profession qualifications.

In the Civil Service People Survey 2018, CICA achieved a 64% people engagement indicator based on a completion rate of 74%. Our Attendance Management Strategy, and continued focus on offering flexible working patterns and supporting wellbeing initiatives maintained a low rate of average working days lost at 6 days, and we achieved a Healthy Working Lives Silver Award.

Fraud Risk:

We continued to raise awareness of the potential for fraudulent activity by applicants and developed a Fraud Risk Register with a comprehensive suite of revised fraud risk controls. Referrals of possible instances of fraud decreased from the previous year whilst levels of prevented financial loss increased.

We completed the Cabinet Office review process concerning the HM Government Functional Standard for Counter Fraud (GovS 013) receiving favourable feedback on our capability and activity. We will continue to develop our counter fraud capability during 2019-20.

In addition, we continued to actively support the development of the MoJ Counter Fraud and Investigations Function.

Workforce Strategy Risk:

It is essential that we maintain workforce levels which are sufficient and capable of meeting our organisational objectives whilst ensuring the ongoing wellbeing of our people.

During 2018-19 we were required by MoJ to reduce our resource level to no more than 262 full time equivalents by 31 March 2019, and within affordability. We addressed the risks presented by this reduction in staff resource levels through sharper focus on talent management and skill requirements, and by ensuring that we incorporate the most efficient balance of grade within available budget. The workforce level was achieved through natural attrition.

Information Security Risk:

Information is essential to our decision-making processes. It is critical that we have an effective organisation-wide approach to processing and protecting all personal and sensitive data which we hold. We had a nominated Senior Information Risk Officer, Information Asset Lead Officer and Information Management Group. At directorate level, nominated Information Asset Owners ensured that the security of all our assets benefited from regular review.

Information Technology Infrastructure Risk:

We were supported in controlling risks to the security, availability and continuity of our Information and Communications Technology infrastructure by our Moj Digital and Technology service providers who work onsite to support our operations.

We have continued to maintain our Public Services Network accreditation to assure overall network security and safety. We were not affected by any cyber-attacks during the year.

Corporate Risk and Assurance Group

The Corporate Risk and Assurance Group (CRAG) maintained representation from each of the CICA Directorates and Moj Digital and Technology and Finance Directorate's Function. This Group ensured that Directorate level risks were aligned to organisational strategic objectives and related corporate risk considerations. A report from the CRAG was included in the monthly governance report provided to EMB. To ensure effective connectivity and opportunity for risk escalation where necessary, the CRAG chairperson participated at meetings of EMB, reporting on proposals regarding emerging risks, adequacy of controls and internal assurance activities.

The CRAG met monthly. Business Continuity Management (BCM) was introduced as an additional standing agenda item, with all directorates participating in review of Business Impact Analysis, Organisational Change and identification of necessary enhancement to the CICA Business Continuity Plan. This was complemented by introduction of a rolling programme of testing of directorate and organisational business continuity arrangements and delivery of organisational-wide awareness sessions to help embed an effective system of BCM.

Health and Safety Committee

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

Meetings of the Health and Safety Committee were held quarterly and chaired by the CICA Health and Safety Manager. Membership included the Director of Corporate Services, Trade Union representatives and Health and Safety representatives from all directorates.

A Fire Risk Assessment was carried out in September 2018.

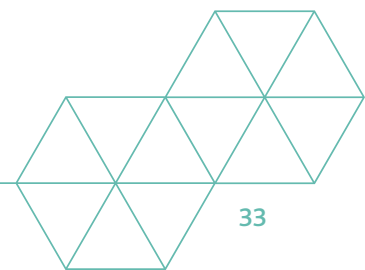
No significant health and safety matters required escalation during 2018-19.

Other Committees and Forums

Information Management Group

The Information Management Group (IMG) oversees information management and regulatory compliance. The IMG, which met quarterly, is chaired by the Senior Governance Manager and comprised the Senior Information Risk Owner, all Information Asset Owners and the General Data Protection Regulation Implementation Project Lead.

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



People Engagement Group

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

Stakeholder Engagement

The Stakeholder Engagement and Equality Forum (SEEF) is chaired by the Head of Policy and is a meeting with CICA's key stakeholders. The role of the SEEF is to facilitate and provide insight into customers' needs and experience to inform service improvements. This includes offering insights on equality in the way that CICA operates the compensation scheme(s). This SEEF has helped develop a more collaborative approach, and has improved access to our service through both digital and more traditional channels.

SEEF membership includes: Victim Support's Homicide Service, Victim Support England and Wales, Victim Support Scotland, the Association of Personal Injury Lawyers, Her Majesty's Courts and Tribunals Service, Scottish Women's Aid, Rape Crisis Scotland and Enable (Scotland). The SEEF met twice in 2018-19.

In addition to the SEEF, we undertook a wide range of collaborative activity including:

- Regular meetings with the Victims' Commissioner including participating and supporting her review into criminal injuries compensation.
- Samaritans delivered bespoke training to our customer service and case handling team. This focused on understanding how victims cope with the aftermath of their experiences and providing specialist call handling skills to ensure our staff are equipped to help the most vulnerable of applicants.
- Rape Crisis Scotland delivered training to increase understanding of the nature and impact of sexual violence and how this might affect an applicant's engagement during the process of claiming compensation.
- Women's Aid delivered awareness sessions to our staff on the impact of domestic abuse.
- Our Chief Executive provided a witness statement and oral evidence to support the Independent Inquiry into Child Sexual Abuse (IICSA).
- Our Head of Policy attended a conference of the European Commission to facilitate best practice in relation to cross-border access to compensation.

Audit, Assurance and Operational Delivery

Audit Objectives

The plan is designed to support an annual internal audit opinion on the adequacy and effectiveness of governance, risk management and control, through the evaluation of the extent to which:

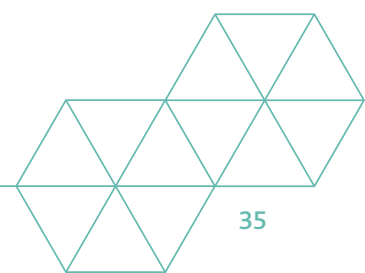
- Oversight, structures, authorities and responsibilities, and reporting support a clear understanding of risks and controls and effective decision-making.
- Objectives are specified with sufficient clarity to enable the identification and assessment of risks.
- Risks to the achievement of objectives are identified and assessed to determine how they should be managed.
- Changes that could significantly affect the system of internal control are identified and assessed.
- Control activities are designed adequately and operated as intended to mitigate risks to acceptable levels.
- Relevant, accurate, complete and timely information is available and used to support the functioning of internal control.

Internal Audit Activity

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

- Risk Management and Assurance: A **substantial assurance** rating was offered with no recommendations.
- Freedom of Information and Parliamentary Questions: A **substantial assurance** rating was offered with no recommendations.
- Learning and Development: A **substantial assurance** rating was offered with 1 recommendation.
- Business Plan Development and Delivery: A **moderate assurance** rating was offered with 1 recommendation.
- Management of Change Portfolio: A **moderate assurance** rating was offered with 6 recommendations.

During the previous year (2017-18), a limited internal audit assurance rating was offered in relation to controls operating over CICA's Business Continuity Management arrangements. This audit was revisited by GIAA during 2018-19 reporting that one high priority recommendation and 6 medium priority recommendations had been fully implemented and that there were no areas where further action was required.



Internal Audit Opinion

GIAA provided an overall internal audit **moderate assurance** rating for the effectiveness of the systems of governance, risk management and internal control operating across CICA. All recommendations made by GIAA are being implemented.

Information Assurance

CICA processes personal and sensitive information to guide our decision making in accordance with compensation scheme(s) requirements. We are committed to making sure that all our actions in handling such information achieve the highest standards of security and that the privacy rights of individuals are respected at all times. We continue to employ a mandatory requirement for all staff and new recruits to undertake annual information assurance training. This ensures that we maintain an effective information assurance culture. We supported this with regular staff awareness activities. This included use of the Information Commissioner's Office and MoJ information assurance toolkits, as well as publishing monthly news articles highlighting topical examples and impacts of ineffective information security across various sectors. All information security activity is managed through our Information Management Group.

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

During 2018-19, we received 75 requests for information under the Freedom of Information Act 2000 (FOI), and processed 922 Subject Access Requests under the Data Protection Acts 1998 and 2018. We achieved 99% compliance for response to FOI requests. Following the introduction of the new General Data Protection Regulation in May 2018 the volume of Subject Access Requests accelerated. In total we received 776 during 2018-19, representing a 165% increase on the previous year. Although additional resource was invested in completion of Subject Access Requests, we saw performance reduce from 97% to 87% compliance for response within prescribed timescales.

CICA completed all required activity to comply with the General Data Protection Regulation by 25 May 2018. This was achieved through development of a detailed project implementation plan and a full review of our Information Asset Register. Two MoJ 'hold to account' data protection meetings were held during the year, both of which recorded CICA's compliance with the new legislation.

During 2018-19 we continued to ensure effectiveness of our mechanisms for monitoring and responding to potential security incidents. We identified our highest risk of security incidents occurring as being due to failure of applicants or their representatives to update contact details, failure by mail carriers, or third-party error.

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

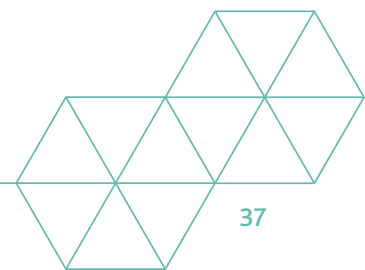
Whistleblowing

A CICA Whistleblowing Policy (contained within the anti-fraud protocol) is aligned with the MoJ Whistleblowing process and published on the CICA intranet. During 2018-19 no whistleblowing submissions were received. Our anti-fraud protocol and whistleblowing policy further support vigilance around potential for corrupt practice.

Conclusion

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

I am satisfied that these governance arrangements not only offered effective control and transparency over achievement of the objectives and accountabilities of CICA but have been instrumental in improving the quality of our services during 2018-19.



Remuneration and staff report

Remuneration policy

All permanent members of staff, including those on secondment and fixed term appointments remain employees of MoJ.

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

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. For 2018-19, there was one individual classified as a senior civil servant, the Chief Executive. Performance based pay awards for senior civil servants are determined by an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also influence any bonus element awarded.

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

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

Remuneration report

Service contracts (Not subject to audit)

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

Civil Service Pensions (Audited)

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

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

For 2018-19, employer's contributions of £1.510m (2017-18, £1.456m) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2017-18, 20.0% to 24.5%) of pensionable earnings based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Table 13: Remunerations and pensions for senior management for 2018-19 (Audited)

| Name | Salary £'000 | Bonus £'000 | Value of pension benefits for single total figure of remuneration £'000 | Total £'000 | Accrued pension at pension age as at 31/03/19 and related lump sum £'000 | Real increase in pension and related lump sum at pension age £'000 | CETV at 31/03/19 £'000 | CETV at 31/03/18 £'000 | Real increase in CETV £'000 |
|----------------------------------|-----------------|----------------|--|----------------|--|--|------------------------------|------------------------------|---|
| Linda Brown – Chief Executive | 90-95 | 5-10 | 160 | 260-265 | Pension 30-35 Lump sum 100-105 | Pension 5-7.5 Lump sum 20-22.5 | 753 | 538 | 538 |

Table 14: Remunerations and pensions for senior management for 2017-18 (Audited)

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

CETV figure contains a restated closing figure as at 31 March 2018 for Linda Brown. This CETV component was restated from £567K (closing 2017-18) to £538K (opening 2018-19). This decrease of £29K was based on assumptions and information provided by Civil Service Pensions.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for CICA had taken this option during the financial year 2018-19 and this was also the case for 2017-18.

Senior staff disclosures (Audited)

The Chief Executive fulfils the role of Accounting Officer of CICA. The Chief and the Deputy Chief Executive, for the purposes of disclosure, are classified as the senior management of CICA. Their emoluments disclosed represent the total amount paid. The three Non-Executive Board Members earned, in total, £6,000.00 in fees and claimed £0 in expenses during 2018-19 (2017-18, £5,600.00 + £0).

Fair Pay Disclosure (Audited)

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

Table 15

| | 2018-19 | 2017-18 |
|---------------------------------------|-----------|----------|
| Highest paid executive in CICA salary | £95-£100K | £90-£95K |
| Median CICA Salary | £21,581 | £21,797 |
| Multiplier of Median Remuneration | 4.5 | 4.2 |

The banded remuneration of the highest paid executive in CICA during 2018-19 was £95k – £100k (2017-18, £90k – £95k). This was 4.5 times (2017-18, 4.2 times) the median remuneration of the workforce which was £21,581 (2017-18, £21,797). The range of remuneration in year was £95 – £100k to £15 – £20k. In 2018-19 and 2017-18 no employee received remuneration in excess of the highest paid executive.

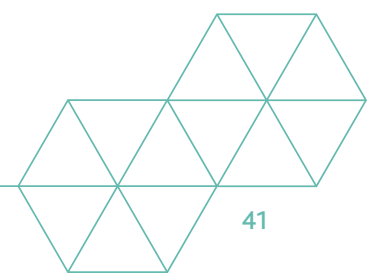
Total remuneration includes salary, overtime payments, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Salary (Audited)

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

Benefits in kind (Audited)

No senior staff received any benefits in kind.



The table below shows the fees paid to Non-executive Board Members (Non-executive Board Member fees are non-pensionable but are subject to national insurance and taxation).

Table 16

| Name | Fee (£'000) 2018-19 | Fee (£'000) 2017-18 |
|-------------------|---------------------|---------------------|
| Andrew Flanagan | 0.5 | 0.5 |
| William Matthews | 0.5 | 0.5 |
| Ron Barclay Smith | 0.5 | 0.5 |
| Total | 6 | 5.6 |

Senior management travel and subsistence (Not subject to audit)

In 2018-19, the Chief Executive claimed £7,154 (2017-18, £1,253). The Deputy Chief Executive post was vacant and therefore incurred nil travel and subsistence expenditure in year (2017-18, £1,431.47) in expenses. There were no claims for expenses other than for standard travel.

Compensation for loss of office (Audited)

No senior managers received compensatory payments in 2018-19 (2017-18, nil).

Cash Equivalent Transfer Values (CETV) (Audited)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement, which the individual has transferred to the Civil Service pension arrangements.

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

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

General notes:

The 2018-19 CETV return reflects the only Senior Civil Servant employed at CICA included within the Pension Scheme. The former Chief Executive retired on 31 March 2018. There were nil returns for all disclosures relating to benefits in kind. There were nil returns for employer contributions to partnership account for all disclosed.

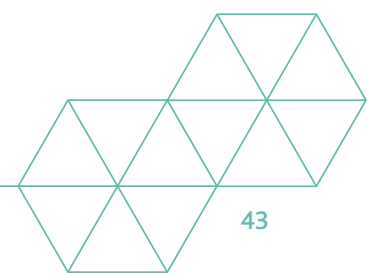
Table 17: Staff costs (Audited)

| Staff costs | | 2018-19 | 2017-18 |
|----------------------------------|------|--------------|--------------|
| | Note | £'000 | £'000 |
| Salaries and emoluments | | 6,546 | 6,367 |
| Early departure other adjustment | | 0 | 0 |
| Early departure in year costs | | 0 | 0 |
| Provision in year costs | 10 | (0) | (0) |
| Social security costs | | 676 | 686 |
| Pension costs | | 1,510 | 1,456 |
| Overtime payments | | 83 | 207 |
| Total | | 8,815 | 8,716 |

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

Staff costs relating to individuals of a non-permanent nature (not included in above) have been capitalised as key inputs to delivery against specific IT related projects. The total staff cost subject to capitalisation was £0k (2017-18, £0k).

There was no expenditure on consultancy in 2018-19.



Staff numbers (Audited)

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

Table 18

| | 2018-19 | 2017-18 |
|----------------|------------|------------|
| Casework | 232 | 236 |
| Administration | 42 | 40 |
| Agency staff | 0 | 0 |
| Total | 274 | 276 |

Staff composition

As of 31 March 2019, CICA employed 277 people which constituted 255.37 full-time equivalent. This included 1 full-time senior civil servant and 1 full-time secondee.

Table 19

| | Number employed | Full-Time Equivalent |
|------------------|-----------------|----------------------|
| Male | 159 | 141.03 |
| Female | 118 | 114.34 |
| Total | 277 | 255.37 |
| Full-time | 202 | 202 |
| Part-time | 75 | 53.37 |

Civil Service – Exit Packages (Audited)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the exit package is confirmed. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Principal Civil Service Pension Scheme. Ill health retirement costs are met by the pension scheme and are not included in the table above.

During 2017-18 and 2018-19 there were no exit packages paid.

There have been no off-payroll engagements during the year.

Pension liabilities

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

Our staff (Not subject to audit)

Employment policies

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

Equality and diversity

We value the diversity of our workforce and promote a culture where all are treated with fairness and respect. Diversity data is held and collated by the MoJ and we continue to promote and encourage our people to record their personal diversity information. This will help us ensure we have the best information possible on the diversity profile of our people and can be confident that there is strong and robust data for ensuring that our policies and processes are applied fairly. We actively encourage and support our people to participate in the Civil Service wide Positive Action Pathway programmes.

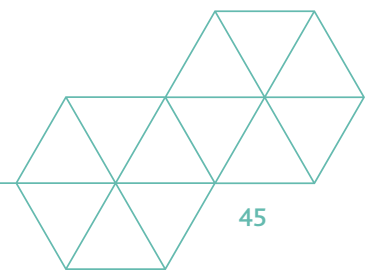
This year one of our people graduated from Crossing Thresholds and another three embarked on this Civil Service development programme aimed at supporting women in overcoming barriers to success in the workplace. The MoJ publishes diversity information annually in its Workforce Monitoring Report. We have an established Diversity Champions Network who are proactive in celebrating diversity and ensure CICA continues to be an inclusive working environment which promotes access to opportunities for all.

Employment of disabled persons

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

Learning and Development

During 2018-19, we continued to promote learning opportunities and encouraged all our people to undertake, as a minimum, 5 days learning. We continue to develop our people by delivering training on our compensation scheme(s), providing opportunities for job shadowing, and supporting activities during Learning at Work Week.



Social and community issues

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

Sickness absence

We continue to proactively manage sickness absence and improve health and wellbeing at work. We supported new line managers to increase knowledge and skills on attendance management and disability awareness, and delivered learning sessions on wellbeing and resilience. Staff completed mental health awareness training. We progressed from the Healthy Working Lives Bronze Award and obtained Silver in March 2019.

During 2018-19, the average working days lost to sickness in CICA was 6 days. Of this 2.76 days (46%) were due to long term sickness and 3.24 days (54%) were due to short term sickness. Like all departments, we benchmark against the Civil Service average figure, which at 31 March 2019 was 7 days.

Parliamentary accountability and audit report

Audit

The Comptroller and Auditor General is the external auditor of CICA, and is appointed under statute, reporting to both the UK Parliament and to the Scottish Parliament. The notional fee for the statutory audit in 2018-19 is £90,000 (2017-18, £70,000). No additional audit fees or remuneration for non-audit work were recognised in 2018-19, as was also the case in 2017-18.

Regularity of expenditure (audited)

Losses and special payments

| | 2018-19 £ | 2017-18 £ |
|------------------|--------------|--------------|
| Write-downs | 855,860 | 1,407 |
| Special Payments | 10,244 | 7,941 |

In accordance with Managing Public Money, individual losses over £300,000 are required to be disclosed separately. No individual or cumulative events breached the disclosure level of £300,000.

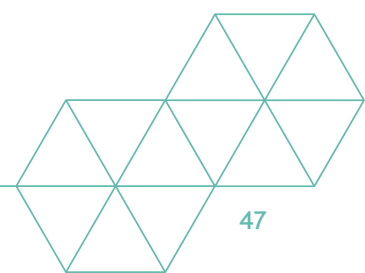
Remote contingent liabilities (audited)

On occasion, compensation cases at appeal stage, under the jurisdiction of the First-tier Tribunal – Criminal Injuries Compensation, may proceed to judicial review. These could have an impact on CICA's future liabilities. These cases are not included within the provision due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA.

Linda Brown

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority

18 July 2019



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

Opinion on financial statements

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2019 under the Criminal Injuries Compensation Act 1995. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injury Compensation Authority's affairs as at 31 March 2019 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and HM Treasury directions issued thereunder.

Emphasis of matter – provision for tariff scheme

Without qualifying my opinion, I draw attention to the disclosures made in Notes 10 and 13 to the financial statements concerning the uncertainties inherent in the tariff provision. As set out in these notes, given the material changes to the provision this year and nature of the assumptions on which the estimate of the provision is based, a considerable degree of uncertainty remains over the value of liability recorded by the Criminal Injuries Compensation Authority. Significant changes to the liability could occur as a result of subsequent information and events which are different from current assumptions adopted by the Criminal Injuries Compensation Authority.

Opinion on regularity

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

Basis of opinions

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

and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Criminal Injuries Compensation Authority's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

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

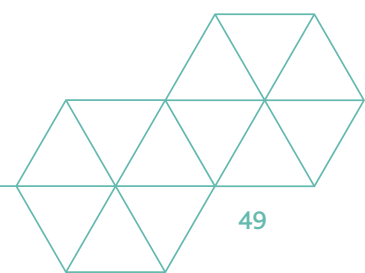
Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Criminal Injuries Compensation Authority's internal control.



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

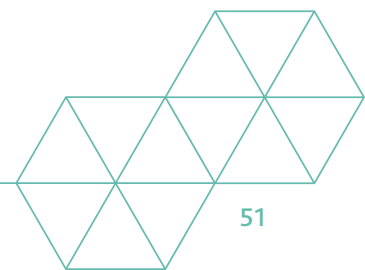
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have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

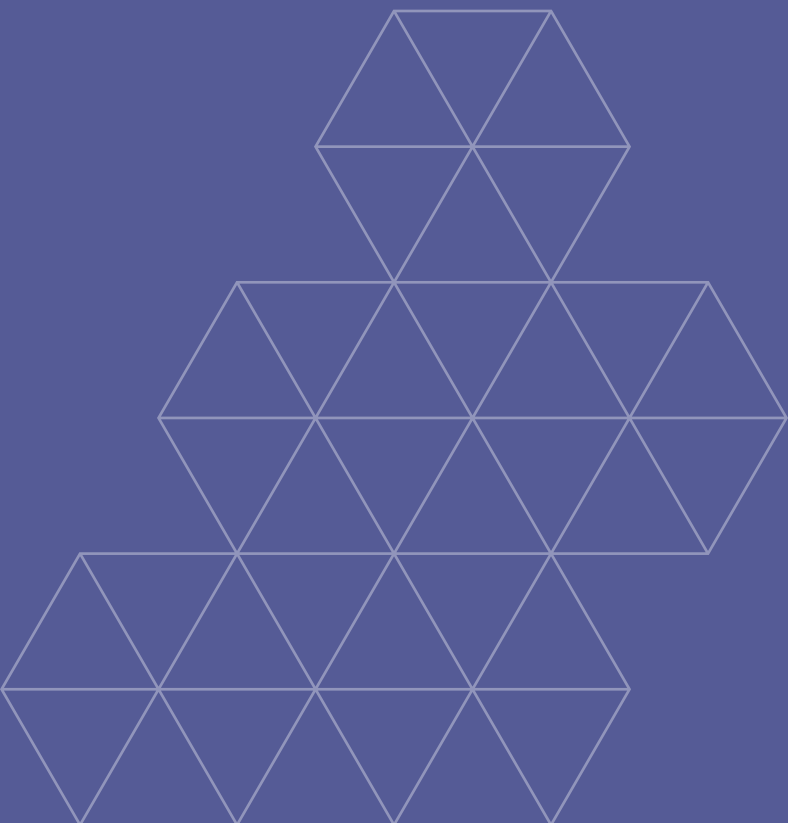
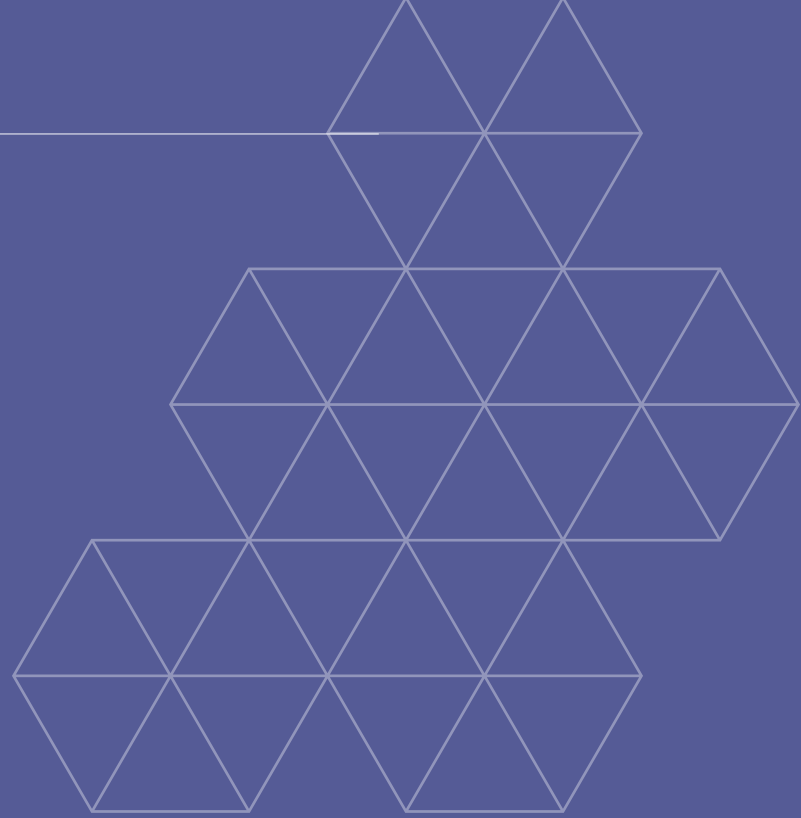
Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

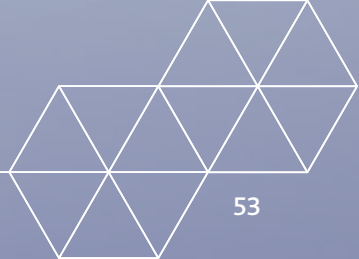
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP







Financial Statements



Statement of Comprehensive Net Expenditure for the period ended 31 March 2019

| | Note | 2018-19 | | Restated 2017-18 | |
|--|---------|----------|----------------|---------------------|----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Staff costs | 3 | 8,815 | | 8,716 | |
| Other expenditure | 4 | 5,330 | | 4,900 | |
| Depreciation and amortisation charges | 5 | 770 | | 1,128 | |
| Provision expense | 10, 13a | 163,563 | | 159,787 | |
| Total Expenditure | | | 178,478 | | 174,531 |
| Income | 2 | (4,426) | | (4,577) | |
| Income - Scottish Government | 2 | (16,869) | | 0 | |
| Income repaid to Consolidated Fund | | (21) | | (5) | |
| | | | (21,316) | | (4,582) |
| Net Operating Expenditure | | | 157,162 | | 169,949 |
| Finance expense (Unwinding of discount) | 10, 13a | | 968 | | 424 |
| Net Expenditure for the year | | | 158,130 | | 170,373 |

There was no other comprehensive expenditure incurred during the year.

The notes on pages 58 to 89 form part of these accounts.

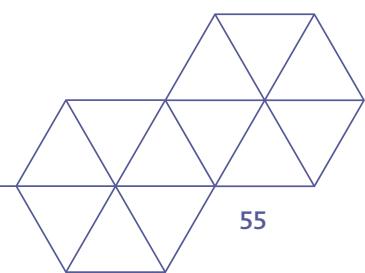
Statement of Financial Position as at 31 March 2019

| | Note | 31 March 2019 | | Restated 31 March 2018 | | Restated 01 April 2017 | |
|--|--------|---------------|------------------|---------------------------|------------------|---------------------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 5 | 941 | | 1,317 | | 1,221 | |
| Intangible assets | 5 | 2,255 | | 2,092 | | 1,976 | |
| Total Non-current assets | | | 3,196 | | 3,409 | | 3,197 |
| Current assets | | | | | | | |
| Trade and other receivables | 6 | 5,551 | | 5,517 | | 4,690 | |
| Cash and cash equivalents | 7 | 17,152 | | 41,495 | | 39,806 | |
| Total current assets | | | 22,703 | | 47,012 | | 44,496 |
| Total assets | | | 25,899 | | 50,421 | | 47,693 |
| Current liabilities | | | | | | | |
| Provisions (not later than one year) | 10,13a | | (99,624) | | (45,643) | | (65,014) |
| Trade and other payables | 8, 13b | | (32,702) | | (40,399) | | (37,542) |
| Total assets less current liabilities | | | (106,427) | | (35,621) | | (54,863) |
| Non-current liabilities | | | | | | | |
| Provisions (later than one year) | 10,13a | (94,492) | | (114,385) | | (91,041) | |
| Other payables | 9,13b | (6,212) | | (19,379) | | (28,077) | |
| Total Non-current liabilities | | | (100,704) | | (133,764) | | (119,118) |
| Total assets less total liabilities | | | (207,131) | | (169,385) | | (173,980) |
| Taxpayers' equity and other reserves | | | | | | | |
| General reserve | | | (207,131) | | (169,385) | | (173,980) |
| Total equity | | | (207,131) | | (169,385) | | (173,980) |

The notes on pages 58 to 89 form part of these accounts.

(Signed).....(Chief Executive and Accounting Officer)

18 July 2019



Statement of Cashflow 31 March 2019

| | Note | 2018-19 | | Restated 2017-18 | |
|---|------|-----------|-----------|---------------------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | | |
| Net expenditure | 12 | (158,130) | | (170,373) | |
| Adjustments for non-cash transactions | 12 | 7,169 | | 7,143 | |
| (Increase) /decrease in trade and other receivables | 12 | (34) | | (826) | |
| Increase/(decrease) in trade and other payables | 12 | (20,864) | | (5,841) | |
| Net movement of provisions | 10 | 34,088 | | 3,973 | |
| Net cash outflow from operating activities | | | (137,771) | | (165,924) |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 5 | (39) | | (468) | |
| Purchase of intangible assets | 5 | (533) | | (899) | |
| | | | (572) | | (1,367) |
| Net cash outflow | | | (138,343) | | (167,291) |
| Cash flows from financing activities | | | | | |
| Funding | 11 | 114,000 | | 168,980 | |
| Net increase/(decrease) in cash and cash equivalents in the period | 7 | | (24,343) | | 1,689 |
| Cash and cash equivalents at the beginning of the period | | | 41,495 | | 39,806 |
| Cash and cash equivalents at the end of the period | 7 | | 17,152 | | 41,495 |

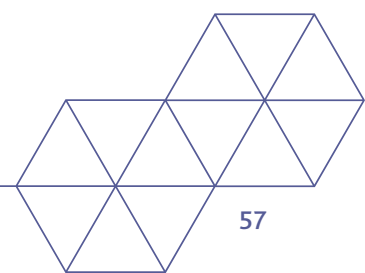
The notes on pages 58 to 89 form part of these accounts.

Statement of Change in Taxpayer's Equity 31 March 2019

| | Note | Restated General Reserve | Restated Total Reserves |
|--|-----------|-----------------------------|----------------------------|
| | | £'000 | £'000 |
| Balance at 1 April 2017 | 13 | (173,980) | (173,980) |
| Net Parliamentary funding | 11 | 168,980 | 168,980 |
| Intra-departmental balances settled with MoJ | | 3,542 | 3,542 |
| Notional recharge from MoJ | 4 | 2,376 | 2,376 |
| Auditors remuneration | 4 | 70 | 70 |
| Net expenditure | 13 | (170,373) | (170,373) |
| Balance at 31 March 2018 | | (169,385) | (169,385) |

| | Note | General Reserve | Total Reserves |
|--|------|------------------|------------------|
| | | £'000 | £'000 |
| Balance at 1 April 2018 | | (169,385) | (169,385) |
| Net Parliamentary funding received from MoJ | 11 | 114,000 | 114,000 |
| Intra-departmental balances settled with MoJ | | 3,610 | 3,610 |
| Notional recharge from MoJ | 4 | 2,684 | 2,684 |
| Auditors remuneration | 4 | 90 | 90 |
| Net expenditure | | (158,130) | (158,130) |
| Balance at 31 March 2019 | | (207,131) | (207,131) |

The notes on pages 58 to 89 form part of these accounts.



Notes to the Accounts

Note 1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM, apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where a choice of accounting policy is permitted by the FReM, CICA selects the policy which best presents a true and fair view. CICA's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1a Basis of Preparation

The Financial Statements are presented in Sterling rounded to the nearest thousand (£000) unless otherwise stated. These accounts have been prepared under the historical cost convention.

The Financial Statements, together with the Notes on pages 58 to 89, have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Justice, with approval of HM Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001, 2008 and 2012.

At 31 March 2019, CICA's Statement of Financial Position records net liabilities of £207 million (31 March 2018 restated, £169 million). This reflects the inclusion of liabilities falling due in future years which may only be met by future funding from both the MoJ and the Scottish Government. This follows the normal conventions applying to Parliamentary control over income and expenditure in that funding is not provided in advance of need.

Funding for 2019-20, allowing for the amounts required to meet CICA's liabilities, had already been included in estimates for this period, which had been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

1.1b Significant Judgements Used in the Production of the Accounts

CICA has prepared the annual accounts in accordance with latest IAS and IFRS guidance as of 31 March 2019.

The key area of significant judgement used in the preparation of the annual accounts is that of provision spread across years 1-4. The spread of the likely profile for paying the current caseload is determined by CICA's Executive Management Board upon consideration of a number of options by the Director of Finance and tied closely to likely budget availability in the MoJ Medium Term Financial Plan (MTFP). These judgements are expanded in Note 10.

1.1c Changes in Accounting Policies

There have been no changes in the accounting policies for period ending 31 March 2019.

1.2 Funding

Expenditure is met from funds advanced by the MoJ and the Scottish Government. Funds received for operating activities and capital expenditure are credited to the general fund.

1.3 Non-Current Assets

Intangibles

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

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

Property, Plant and Equipment

Items are capitalised if they are intended to be used on a continuous basis for greater than one year. Items costing more than £500, inclusive of delivery and installation, are treated as Non-current assets. Where an item costs less than the capitalisation level but forms part of an asset or grouped asset, whose total value is greater than the capitalisation level, the item is treated as a Non-Current Asset. Tangible Non-Current assets are disclosed at depreciated historical cost which approximates to fair value rather than fair value revaluation as the impact of this policy would not be material to CICA's accounts. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

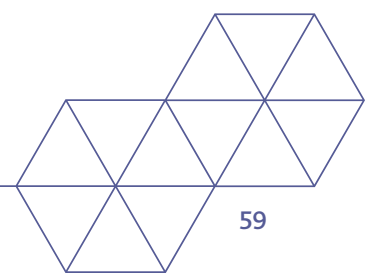
During the prior period a Non-Current Asset analysis was undertaken to ensure the Statement of Financial Position Non-current Asset balance matches that contained within the Non-current Asset Register. The review resulted in the identification of £27k of assets no longer owned by CICA but still registered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

Donated Assets

CICA holds no assets classified as donated.

Assets Under Construction

Costs, inclusive of irrecoverable VAT, associated with discrete projects are pooled until CICA takes the relevant asset on charge (first brings the asset into use). Such items are not depreciated until they are brought into use. The relevant in-year transfers to asset categories, relating to assets which were taken on charge during 2018-19, are disclosed in Note 5.



1.4 Depreciation

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

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

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

1.5 Income

Following inclusion in the MoJ Ambit of Estimates, compensation repayments from England and Wales and other miscellaneous income are retained by CICA and recycled back into compensation spending. Compensation repayments from Scotland are repaid to the Scottish Government via the consolidated fund. Due to the HM Treasury Financial Reporting Manual (FRM) classification of this type of funding CICA is required to treat this as income rather than resource funding.

A proportion of CICA's income is received via the courts and therefore the collection-rate is predominantly outwith the control of CICA. The collection rate is currently 3.7 per cent of all monies due. CICA creates losses provisions to reflect the uncertainty of future collection.

Other income is composed of compensation repaid by applicants and bank interest. In 2018-19 CICA received an additional £4m from the Victim Surcharge from MoJ which CICA was required to consider as income rather than resource funding.

1.6 Accounting for Employee Benefits

Under IAS 19: *Employee Benefits* CICA is required to provide for the full long-term pension liabilities of any qualifying staff not covered under the Principle Civil Service Pension Scheme arrangements. All staff working for CICA were covered under the arrangements, therefore contributions to PCSPS are treated as contributions to a defined scheme. CICA is unable to identify its share of liabilities in the PCSPS defined benefit scheme therefore no disclosure for long-term pension liabilities is charged to these accounts.

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

1.7 Leases

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

1.8 Provisions

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

Pre-tariff Scheme

The pre-tariff scheme provision reflects the expected settlement value of all outstanding pre-tariff cases at the reporting period end. The total liability has been derived by an in-depth valuation assessment by experts within the judiciary (independent of CICA). This provision has not been discounted (see Note 10). While the provision reflects the higher end of the valuation assessment, there is a possibility that these cases will settle for up to £6m less than already provided.

Tariff Schemes

CICA recognises liabilities that are based upon an evaluation of total applications that are currently known to CICA. This provision has been discounted by using the prevailing nominal Treasury Discount Rates, highlighted at Note 10. The nominal rate is used as the tariff scheme is not subject to inflation so using the real rate would be inappropriate. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

In 2018-19 CICA reassessed its assumptions and criteria in calculating the tariff provision. See Note 13a.

Victims of Overseas Terrorism Compensation Scheme (VOTCS)

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

Dilapidations

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

Early Departure

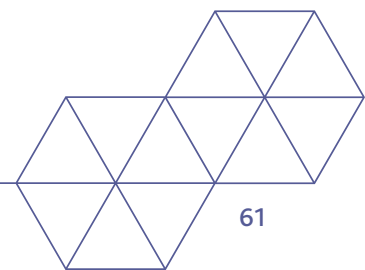
CICA meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme for employees who retire early. These costs are provided for in full when the relevant early retirement programme becomes binding by establishing a provision for the estimated payments.

1.9 Recognition of Compensation Accrual

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

1.10 Value Added Tax

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



1.11 Holding Accounts

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

In 2018-19 CICA reviewed the treatment of holding accounts, leading to a change in accounting treatment. CICA's policy is that only funds connected to applications which have been offered and accepted by the applicant should be held for a temporary period within a holding account. This may occur where a Trust is being established. Following the review, we identified a small number of accounts, the combined value of which was material, where this was not the case. As a result, a prior period adjustment was made to reflect the correct accounting treatment for these holding accounts in prior periods. See Note 13b.

1.12 Third Party Assets

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

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

The balances held on behalf of both of the above parties are disclosed in Note 17.

1.13 Third Party Recharges

During the prior period the MoJ reorganised the structure of IT and finance support services into a functional leadership model providing a service across the department and its agencies. This resulted in the staff costs of the finance and IT teams being borne by MoJ Core teams, as well as the administration costs of IT. These costs, totalling £2.5m have been recharged through corporate recharges in the Statement of Comprehensive Net Expenditure.

1.14 Segmental Reporting

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

1.15 Financial Reporting Standards Newly Effective

Revenue is recognised in accordance with the HM Treasury's Financial Reporting Manual (FRM) interpretation of IFRS 15: *Revenue from Contracts with Customers* from 1 April 2018. Income streams were assessed to ensure recognition and timing were consistent with the application of the new standard under the FRM.

CICA currently receives funding from the Scottish Government. This was recognised as funding under IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and was attributable to the equity section of the Statement of Financial Position. Under IFRS 15 this income stream is recognised as revenue from contracts. A comparison of how this would have been recognised under IAS 8 versus IFRS 15 as at 31 March 2019 is outlined below.

New and amended standards adopted

There have been new standards adopted in the year to 31 March 2019 which are detailed below:

IFRS 9: *Financial Instruments* (replacing IAS 39) aimed to simplify financial instrument accounting and more closely align accounting and practices with how instruments are used in the business. IFRS 9 has been assessed and has not had a material impact on the Accounts. The change in the standard requires CICA's financial assets, which are held to collect contractual cashflows only, to be measured at amortised cost. Details of the impact of adopting this standard are included in Note 19.

IFRS 15: *Revenue from Contracts with Customers* aimed to replace a significant amount of existing guidance and reduce inconsistencies by setting a new principles-based Standard.

Recognition in Statement of Comprehensive Net Expenditure as at 31 March 2019 IAS 8 vs IFRS 15:

| IAS 8 | £ | IFRS 15 | £ |
|---|---------------|----------------|---------------|
| Scottish Government tariff compensation | 15,334,361.28 | Income (other) | 16,868,781.00 |
| Scottish Government case handling costs | 231,146.52 | - | - |
| Scottish Government administration | 1,186,421.24 | - | - |
| Scottish Government capital | 116,851.96 | - | - |

For all other income streams there were no changes from how revenue was recognised under IAS 18: *Revenue* and IFRS 15.

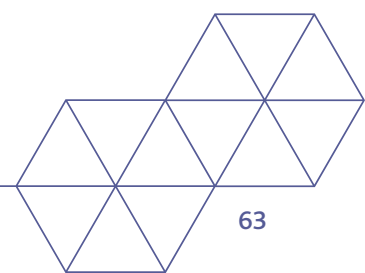
In accordance with IFRS 15 from 1 April 2018, income streams are disaggregated from customers into categories that depict the nature, amount, timing and uncertainty of revenue. The main revenue stream for CICA is in the form of Scottish Government income and the Victim Surcharge. Other streams equate to 2% of total income and are captured under "other". This is broken down in Note 2.

1.16 Impending application of newly issued Accounting Standards not yet effective

IFRS 16: *Leases* will change the way CICA recognises, measures, presents and discloses leases that it holds. The full impact of IFRS 16 on CICA will not be determined until it has been adopted by the FReM for use in the public sector at year end 2019-20.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2018 and not adopted early

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The full impact of IFRS 16 on CICA will not be determined until it has been adopted for use in the public sector by the FReM and uncertainties surrounding the valuation methodology, and the full scope of the standard have been resolved. IFRS 16 will take effect from 2020-21.



Note 2 Operating Income

| | 2018-19 | 2017-18 |
|--|---------|---------|
| | £'000 | £'000 |
| Civil actions | 132 | 471 |
| Court compensation orders | 3 | 103 |
| Compensation tariff recoveries | 289 | 0 |
| Income from the Scottish Government | 16,869 | 0 |
| Income from MoJ including Victim Surcharge | 4,000 | 4,000 |
| Other administrative income | 2 | 3 |
| | 21,295 | 4,577 |

*From 2018-19 following the implementation of IFRS 15, Scottish Government funding is identified as income.

Note 3 Staff Costs

| | 2018-19 | 2017-18 |
|-------------------------|---------|---------|
| | £'000 | £'000 |
| Salaries and emoluments | 6,546 | 6,367 |
| Social security costs | 676 | 686 |
| Pension costs | 1,510 | 1,456 |
| Overtime payments | 83 | 207 |
| | 8,815 | 8,716 |

Note 4 Other Expenditure

| | | 2018-19 | 2017-18 |
|--|------|---------|---------|
| | Note | £'000 | £'000 |
| Programme expenditure – casehandling costs | | 1,124 | 801 |
| Other accommodation costs | | 463 | 449 |
| Rentals under operating leases | | 489 | 707 |
| Miscellaneous fees | | 28 | 29 |
| Postage | | 112 | 117 |
| Travel and subsistence | | 156 | 97 |
| Storage and handling | | 47 | 16 |
| Stationery | | 25 | 21 |
| Training, recruitment and staff welfare | | 37 | 49 |
| Internal audit fees | | 26 | 24 |
| Losses and special payments | | 10 | 1 |
| Information and publications | | 3 | 1 |
| Losses and special payments written back | | 0 | 1 |
| Non-Cash Items: | | | |
| Loss on disposal of Non-Current Assets – PPE | | 15 | 25 |
| Dilapidations on lease arising | | 21 | 21 |
| Corporate recharge | | 154 | 174 |
| Corporate recharge - functional leadership | | 2,530 | 2,202 |
| Increase/(decrease) to losses provision | 6 | (855) | 92 |
| Notional external audit fees | | 90 | 70 |
| Loss on disposal of Non-Current Assets – IA | | 0 | 2 |
| Losses written-down | | 855 | 1 |
| | | 5,330 | 4,900 |

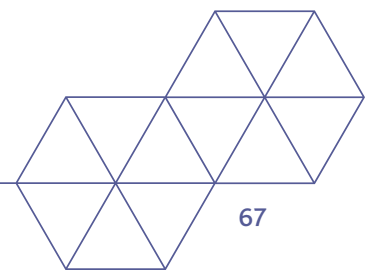
Note 5 Non-Current Assets

| Property, Plant and Equipment 2018-19 | Fixtures & Fittings | Leasehold Improvements – Alexander Bain House | Computer Equipment | Office Equipment | Assets under Construction | Total |
|--|---------------------|---|--------------------|------------------|---------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 April 2018 | 291 | 973 | 1,535 | 96 | 72 | 2,967 |
| Additions | 6 | 0 | 30 | 3 | 0 | 39 |
| Disposals | 0 | 0 | (215) | (5) | 0 | (220) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | 297 | 973 | 1,350 | 94 | 72 | 2,786 |
| Depreciation | | | | | | |
| At 1 April 2018 | (285) | (373) | (943) | (49) | 0 | (1,650) |
| Charged in year | (4) | (97) | (287) | (12) | 0 | (400) |
| Disposals | 0 | 0 | 203 | 2 | 0 | 205 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | (289) | (470) | (1,027) | (59) | 0 | (1,845) |
| Net book value at 31 March 2019 | 8 | 503 | 323 | 35 | 72 | 941 |
| Net book value at 31 March 2018 | 6 | 600 | 592 | 47 | 72 | 1,317 |

| Intangible Assets | Information Technology | Software Licences | Assets under Construction | Total |
|--|------------------------|-------------------|---------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 April 2018 | 4,024 | 342 | 1,552 | 5,918 |
| Additions | 126 | 116 | 291 | 533 |
| Disposals | (8) | 0 | 0 | (8) |
| Transfers | 95 | 0 | (95) | 0 |
| At 31 March 2019 | 4,237 | 458 | 1,748 | 6,443 |
| Amortisation | | | | |
| At 1 April 2018 | (3,524) | (302) | 0 | (3,826) |
| Charged in year | (332) | (38) | 0 | (370) |
| Disposals | 8 | 0 | 0 | 8 |
| At 31 March 2019 | (3,848) | (340) | 0 | (4,188) |
| Net book value at 31 March 2019 | 389 | 118 | 1,748 | 2,255 |
| Net book value at 31 March 2018 | 500 | 40 | 1,552 | 2,092 |

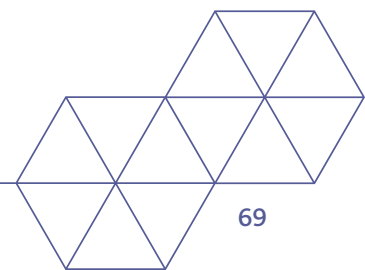
All Non-Current Assets are owned by CICA.

No Non-Current Assets have been subject to revaluation in current period.



| Property, Plant and Equipment 2017-18 | Fixtures & Fittings | Leasehold Improvements – Alexander Bain House | Computer Equipment | Office Equipment | Assets under Construction | Total |
|--|---------------------|---|--------------------|------------------|---------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 April 2017 | 292 | 973 | 1,201 | 119 | 72 | 2,657 |
| Additions | 3 | 0 | 461 | 4 | 0 | 468 |
| Disposals | (4) | 0 | (127) | (27) | 0 | (158) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2018 | 291 | 973 | 1,535 | 96 | 72 | 2,967 |
| Depreciation | | | | | | |
| At 1 April 2017 | (287) | (275) | (807) | (67) | 0 | (1,436) |
| Charged in year | (3) | (98) | (234) | (12) | 0 | (347) |
| Disposals | 5 | 0 | 98 | 30 | 0 | 133 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2018 | (285) | (373) | (943) | (49) | 0 | (1,650) |
| Net book value at 31 March 2018 | 6 | 600 | 592 | 47 | 72 | 1,317 |
| Net book value at 31 March 2017 | 5 | 698 | 394 | 52 | 72 | 1,221 |

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



Note 6 Trade and other Receivables

| | 2018-19 | 2017-18 |
|----------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade receivables | 41 | 49 |
| Court compensation | 22 | 786 |
| Civil claims | 2 | 107 |
| Other receivables | 4,635 | 4,534 |
| VAT receivable | 441 | 462 |
| Prepayments | 439 | 463 |
| Sub-total | 5,580 | 6,401 |
| Provision for losses | (29) | (884) |
| Total | 5,551 | 5,517 |

Note 7 Cash and Cash Equivalents

| | | 2018-19 | 2017-18 |
|---|-------|-----------------|---------------|
| | Notes | £'000 | £'000 |
| Opening balance at Government Banking Service Accounts | | 16,843 | 5,651 |
| Increase / (decrease) in cash | | (10,774) | 11,192 |
| Closing balance at Government Banking Service Accounts | | 6,069 | 16,843 |
| Opening balance all other bank accounts and cash | | 2 | 1 |
| Increase / (decrease) in cash | | (2) | 1 |
| Closing balance at all other bank accounts and cash | | 0 | 2 |
| Opening balance of awards held on deposit in holding accounts | 9,13 | 24,650 | 34,154 |
| Increase / (decrease) in cash | 9,13 | (13,567) | (9,504) |
| Closing balance of awards held on deposit in holding accounts | 9,13 | 11,083 | 24,650 |
| Total balance of cash and cash equivalents | | 17,152 | 41,495 |
| Total increase/(decrease) in cash and cash equivalents | | (24,343) | 1,689 |

Note 8 Trade and other Payables

| | 2018-19 | Restated 2017-18 |
|------------------------------|---------------|---------------------|
| | £'000 | £'000 |
| Trade payables | 16 | 237 |
| Consolidated Fund payables | 0 | 0 |
| Other payables | 2,599 | 2,684 |
| Accruals - pre-tariff scheme | 0 | 0 |
| Accruals - tariff scheme | 27,485 | 34,892 |
| Other accruals | 2,602 | 2,585 |
| | 32,702 | 40,399 |

Note 9 Non-current Liabilities: Other Payables

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

| Holding accounts | Number of accounts | 2018-19 | | Number of accounts | 2017-18 | |
|-----------------------------|-----------------------|---------|--------------|-----------------------|---------|---------------|
| | | £'000 | £'000 | | £'000 | £'000 |
| Opening balance | 46 | | 19,379 | 42 | | 28,077 |
| Restatement | | | | | | |
| In-year deposits | 0 | 326 | | 23 | 7,944 | |
| Interest received in-year | | 39 | | | 28 | |
| | | | 365 | | | 7,972 |
| Closures | (31) | 10,819 | | (19) | 16,250 | |
| Withdrawal prior to closure | | 2,713 | | | 420 | |
| | | | (13,532) | | | (16,670) |
| Closing balance | 15 | | 6,212 | 46 | | 19,379 |

Note 10 Provisions

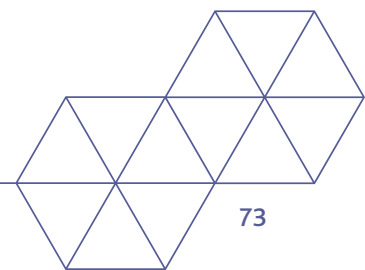
| Provision – Programme 2018-19 | Pre-tariff Scheme | Tariff Schemes | VOTCS | Total |
|---|-------------------|----------------|------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2018 | 12,771 | 146,169 | 473 | 159,413 |
| Arising during the year | 907 | 134,387 | 182 | 135,476 |
| Charge for year (Change in Discount Rate) | 0 | (722) | 0 | (722) |
| Reversed unutilised during the year | 0 | 0 | (49) | (49) |
| Utilised during the year | 0 | (101,501) | (66) | (101,567) |
| Charge for year (unwinding) | 0 | 968 | 0 | 968 |
| Balance at 31 March 2019 | 13,678 | 179,301 | 540 | 193,519 |

| Provision – Programme 2017-18 | Pre-tariff Scheme | Tariff Schemes | VOTCS | Total |
|---|-------------------|----------------|------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2017 | 7,472 | 147,692 | 259 | 155,423 |
| Arising during the year | 5,395 | 128,405 | 605 | 134,405 |
| Charge for year (Change in Discount Rate) | 0 | (963) | 0 | (963) |
| Reversed unutilised during the year | (30) | 0 | (10) | (40) |
| Utilised during the year | (66) | (129,389) | (381) | (129,836) |
| Charge for year (unwinding) | 0 | 424 | 0 | 424 |
| Balance at 31 March 2018 | 12,771 | 146,169 | 473 | 159,413 |

A decrease in available funding in 2018-19 compared to the previous financial year resulted in a corresponding decrease in provision utilised during the year.

Note 10 Provisions

| Breakdown of total Compensation | 2018-19 | | 2018-19 | | 2018-19 | | 2018-19 | | 2018-19 | | 2017-18 | | 2017-18 | |
|---|---------------------|-----------------|----------------|-----------------|---------------------|-----------------|----------------|-----------------|---------------------|-----------------|----------------|-----------------|---------|----------------|
| | Pre-tariff £'000 | Tariff £'000 | VOTCS £'000 | Totals £'000 | Pre-tariff £'000 | Tariff £'000 | VOTCS £'000 | Totals £'000 | Pre-tariff £'000 | Tariff £'000 | VOTCS £'000 | Totals £'000 | | |
| Utilising provisions recognised | 0 | 101,501 | 66 | 101,567 | 66 | 129,389 | 381 | 129,836 | | | | | | |
| Claims settled in the Financial Year | 0 | 28,858 | 0 | 28,858 | 0 | 26,385 | 0 | 26,385 | | | | | | |
| | - | 130,359 | 66 | 130,425 | 66 | 155,774 | 381 | 156,221 | | | | | | |
| Compensation Breakdown | | | | 2018-19 | | | | | | | | | | 2017-18 |
| Awards relating to victims of crimes of violence occurring in: | | | | | | | | | | | | | | |
| England and Wales | | | | 114,859 | | | | 143,815 | | | | | | |
| Scotland | | | | 15,500 | | | | 12,025 | | | | | | |
| Awards relating to victims of overseas terrorism | | | | 66 | | | | 381 | | | | | | |
| | | | | 130,425 | | | | 156,221 | | | | | | |



| Statement of Comprehensive Net Expenditure (SoCNE) | | Pre-tariff | Tariff | VOTCS | Totals | Pre-tariff | Tariff | VOTCS | Totals |
|---|--|------------|---------|---------|---------|------------|---------|---------|---------|
| Balances | | 2018-19 | 2018-19 | 2018-19 | 2018-19 | 2017-18 | 2017-18 | 2017-18 | 2017-18 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| New liabilities recognised in period and provided for | | 907 | 134,387 | 182 | 135,476 | 5,395 | 128,405 | 605 | 134,405 |
| Charge for year (Change in Discount Rate) | | 0 | (722) | 0 | (722) | 0 | (963) | 0 | (963) |
| Claims relating to and settled in the Financial Year, not provided for | | 0 | 28,858 | 0 | 28,858 | 0 | 26,385 | 0 | 26,385 |
| Provision no longer required | | 0 | 0 | (49) | (49) | 0 | 0 | (10) | (10) |
| Provisions reversed unutilised as a result of case settlements being lower than provision | | 0 | 0 | 0 | 0 | (30) | 0 | 0 | (30) |
| | | 907 | 162,523 | 133 | 163,563 | 5,365 | 153,827 | 595 | 159,787 |

Pre-tariff Scheme Provision

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

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases (see Note 1.8). Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

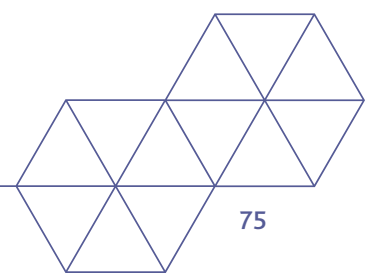
Tariff Schemes Provision

The tariff schemes provision is reflective of CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes. CICA recognises liabilities that are based upon an evaluation of total applications that are known to and have been received by CICA but have not yet been processed; these are referred to as claims reported but not completed (CRBNC) (discounted value £179.301m). CICA in 2018-19 undertook a review of the model for calculating CRBNC and following the completion of this work it was identified that assumptions were incorrect, for example the estimate of percentage settlements was overstated and should have been lower, leading to prior period errors. Prior period adjustments have since been made detailed in Note 13a and within the restated financial statements.

The provision now stated, is based on a number of assumptions informed by the prior history of claims resolved, by injury group, and applying this to how claims will be resolved in the future. In determining the provision we have used the following assumptions:

- Historical data on payments and case banding is used as a prediction for future payments
- The number of nil value cases in the 2012 Scheme caseload is assumed to be 51%
- 88.7% of live cases within the pre-2012 schemes are expected to be successful
- Nominal discount rates are used to reflect the time value of money
- Payments will be spread across 4 years

Given the complex nature of claims and the simplifying assumptions used, the methodology provides an estimation only, which will be subject to variance compared with the actual value of future awards. This uncertainty in the provision arises from the range of variables, arising in turn from the criteria within the schemes, which will influence the eventual value of awards made. These include, but are not exclusive to, the range of injury bandings, the actual success rate for pre-2012 schemes live cases, the actual percentage of cases resulting in a monetary award and rules regarding reduced or withheld payments.



CICA formerly recognised an additional element of the provision concerning events which had occurred on or before the reporting period end, and had not yet resulted in an application to CICA, but might have resulted in an application which could have been awarded compensation at a future date. Following a reappraisal of the conditions giving rise to an obligation, we have removed the future liability from CICA's accounts and restated the accounts to reflect this prior period error, as detailed in Note 13a.

Due to the fixed nature of the tariff schemes the liability has been discounted at the prevailing Treasury Discount Rates (see below table) in order to recognise the time value of money. The rates used are nominal to reflect that the tariffs are not influenced by inflationary pressures. Therefore, a real rate for discounting is not used. This discount will be unwound over the remaining life of the provision and be shown as a finance charge on the face of the Statement of Comprehensive Net Expenditure.

Treasury Discount Rates utilised:

| | |
|------------|-------|
| Years 1-5 | 0.76% |
| Years 6-10 | 1.14% |
| Years 11+ | 1.99% |

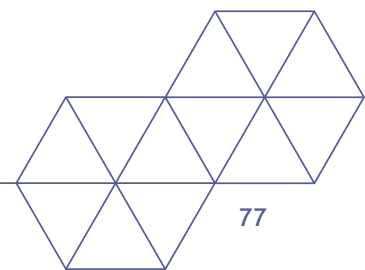
CICA does not hold any assets in respect of these liabilities; compensation will be paid from parliamentary funding in year of settlement.

Sensitivity Analysis

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

- average settlement value per case (plus or minus 10%);
- future changes in discount rate (plus or minus 0.25 percentage points from current rate points shown above); and
- number of nil value cases in the 2012 scheme caseload (plus or minus 5%)

| | No Variance | + Variance | - Variance |
|---|-----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2018 | £179,301 | £179,301 | £179,301 |
| Variance: | | | |
| Average Value of Case in Current Caseload +/- 10% | | £17,930 | -£17,930 |
| Variance: | | | |
| Discount Rate +/- 0.25 percentage points | | £821 | -£814 |
| Variance: | | | |
| Number of Nil Value Cases in 2012 Scheme +/- 5% | | £12,456 | -£12,456 |



Victims of Overseas Terrorism Compensation Scheme (VOTCS)

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

| Provision – Administration 2018-19 | Lease | Staff | Total |
|-------------------------------------|--------------|------------|-------|
| | Dilapidation | Departures | |
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2018 | 78 | 537 | 615 |
| Arising during the year | 21 | 0 | 21 |
| Reversed unutilised during the year | 0 | 0 | 0 |
| Utilised during the year | 0 | (39) | (39) |
| Charge for year (unwinding) | 0 | 0 | 0 |
| Balance at 31 March 2019 | 99 | 498 | 597 |

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

Lease dilapidations

The 2018-19 provision is for Alexander Bain House, Glasgow. This is based on an estimate, on the possible cost, to CICA of departing from Alexander Bain House at the end of our lease in July 2024.

Staff departures

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

| Analysis of expected timing of provisions: | |
|---|---------|
| Cashflow Timing of all provisions | 2018-19 |
| | £'000 |
| Not later than one year | 99,624 |
| Later than one year and not later than five years | 94,085 |
| Later than five years | 407 |
| | 194,116 |

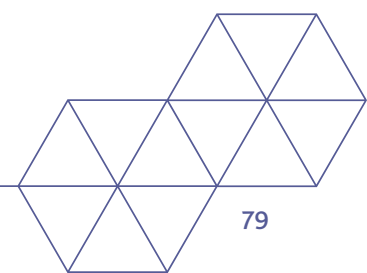
Note 11 Funding

| Cash Funding received: | | |
|--|---------|---------|
| Cashflow Timing of all provisions | 2018-19 | 2017-18 |
| | £'000 | £'000 |
| Compensation payments | 99,909 | 154,267 |
| Operating costs and casehandling costs | 13,519 | 13,346 |
| | 113,428 | 167,613 |
| Capital expenditure | 572 | 1,367 |
| | 114,000 | 168,980 |

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

| | 2018-19 | 2017-18 |
|---|---------|---------|
| | £'000 | £'000 |
| Programme - Tariff Compensation | 0 | 11,920 |
| Programme - Casehandling | 0 | 235 |
| Operating costs and capital expenditure | 0 | 1,325 |
| | 0 | 13,480 |

As a result of the implementation of IFRS 15, Scottish Government disbursements are now recognised as income rather than funding. This is further explained in Note 1.15.



Note 12 Reconciliation of net expenditure to the net cash outflow from operating activities

| | | 2018-19 | 2017-18 |
|--|------|------------------|------------------|
| | Note | £'000 | £'000 |
| Net Expenditure after finance charge | | (158,130) | (170,373) |
| Depreciation | 5 | 400 | 347 |
| Amortisation | 5 | 370 | 781 |
| Notional recharge from MoJ | 4 | 2,774 | 2,446 |
| Intra-departmental balances settled with MoJ | | 3,610 | 3,542 |
| Loss on disposal of Non-Current Assets | | 15 | 27 |
| Increase/(decrease) in provision for doubtful losses | 6 | (855) | 92 |
| Losses written off | | 0 | 1 |
| Decrease / (increase) in receivables | 6 | 821 | (919) |
| (Decrease) / increase in payables | 8 | (7,697) | 2,857 |
| Increase / (decrease) in awards held on deposit holding accounts | 9 | (13,167) | (8,698) |
| Net movement in pre-tariff scheme provision | 10 | 907 | 5,299 |
| Net movement in tariff scheme provision | 10 | 33,132 | (1,523) |
| Net movement in VOTCS provision | 10 | 67 | 214 |
| Net movement in dilapidations | 10 | 21 | 21 |
| Net movement in early release provision | 10 | (39) | (38) |
| Net Cash Outflow from Operating Activities | | (137,771) | (165,924) |

NOTE 13 Prior Period Error - Adjustment to provision**Note 13a Changes to Provision**

During 2018-19, CICA undertook a series of activities designed to improve the accuracy of the liability provision and reassess the criteria used to estimate a future liability provision.

The liability provision is an estimate of the value of applications received by CICA but not yet processed. At 31 March 2019, CICA held 32,896 cases at different stages of the application process from first decision to appeal. In accordance with International Accounting Standard 37, CICA has revised the provision model which assesses the value of the liability to CICA of resolving these cases.

As part of the complex revision work to make the provision estimate more reliable, we undertook several data mining exercises to test the assumptions used to calculate the liability tariff provisions. These assumptions are based on information drawn from CICA's case management system and data archive of settled cases.

Within the liability provision, for cases where an application has been received but hasn't yet received a decision, we identified that one of the key assumptions was incorrect leading to prior period errors. This was identified to be materially different to that entered into the model. Updating these assumptions has led to greater accuracy in our estimation and a reduction in the value of CICA's liability provision.

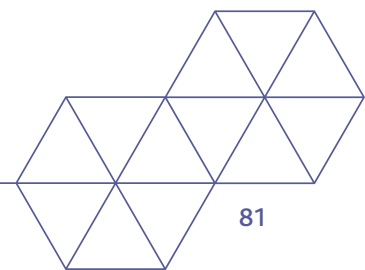
The future liability provision is an estimate of the liability to CICA of incidents which have occurred by year-end, have not yet resulted in an application to CICA, but might result in an application which is awarded compensation at a future date. In accordance with IAS 37 and the Criminal Injuries Compensation Scheme 2012 ('the Scheme'), CICA has determined that the act of being subject to a criminal injury is insufficient to result in an obligation to pay compensation due to the detailed decision-making criteria in the Scheme and, in particular, the requirement that an application must be made to the Scheme before an applicant becomes eligible to receive a monetary award. Also of particular note are the provisions within the Scheme which:

- i. permit an application to be deferred until the applicant has taken all reasonable steps to obtain any benefits, insurance payments, damages or compensation to which they may be entitled in respect of the same injury; and
- ii. require an award of compensation to be withheld or reduced in the amount of any similar payment received by the applicant in respect of the same injury.

There are also detailed criteria within the Scheme concerning the circumstances in which an application may be ineligible.

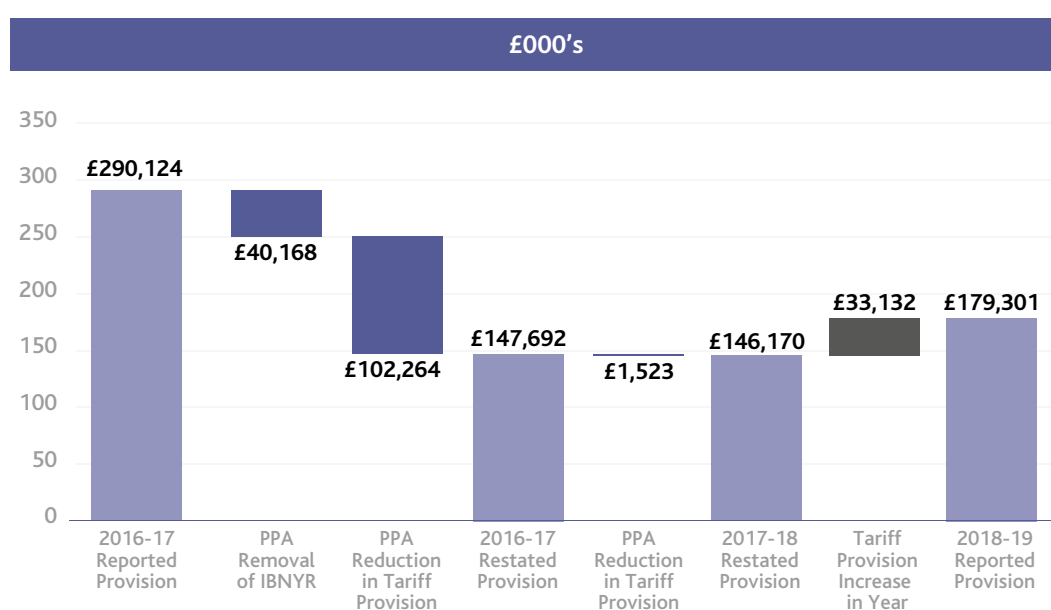
As a result of our reappraisal of the conditions giving rise to an obligation, we have removed the future liability from CICA's accounts and restated the accounts to reflect this prior period error.

In 2018-19, CICA undertook a series of reviews to the provision model for estimating the outstanding liabilities to CICA in the annual report and accounts. Upon completion of this review, CICA determined that a provision was not the correct accounting treatment for incidents incurred but not yet received (IBNYR).



The IBNYR is an unquantifiable contingent liability in respect of a possible future obligation to individuals who have been victims of violent crime as of 31 March 2019. This liability depends upon uncertain future events occurring and an application being submitted which meets the criteria set out in the relevant scheme. While there is no provision for IBNYR due to no present legal or constructive obligation existing, under paragraph 13 of IAS 37, CICA does have a possible obligation where it is yet to be confirmed that there is a present obligation. This depends upon certain future events occurring, namely; an application being submitted which meets the above stated criteria. CICA therefore recognise that a contingent liability exists for IBNYR. It is not practicable to estimate the financial effect of IBNYR and as such the contingent liability will be disclosed as unquantifiable. We are not able to establish the total number of eligible criminal injuries or other relevant factors, such as the likelihood of an application being made.

The impact of restating the tariff provision has the following impact:



Note 13b Adjustment to Holding Accounts

In complex cases in which an award has been accepted by an applicant, CICA may place funds in an interest-bearing holding account while outstanding issues are resolved prior to payment. During 2018-19, upon assessment of extant holding accounts, a number were identified which did not meet the criteria for remaining in a holding account. The result was that in prior years material accounting errors in the value of trade and other payables and the total provision occurred. Steps were taken to align these funds with the appropriate accounting treatment and any interest earned on these holding accounts was realigned to government funds. Due to the materiality, prior period adjustments were made in realigning these accounts.

Furthermore, interest accrued in the duration of these monies being held has reverted back into Government funds through Income Repaid to Consolidated Fund.

The impact of these prior period adjustments detailed in Notes 13a and 13b on each line in the primary statements is set out below:

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

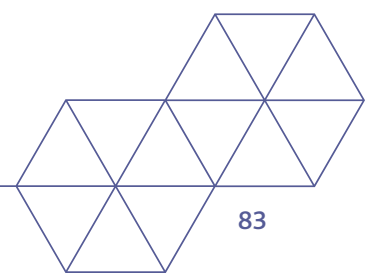
| | As reported | Adjustments | Restated |
|---|-------------|-------------|----------|
| | £'000 | £'000 | £'000 |
| Provision Expense | 187,983 | (28,196) | 159,787 |
| Income repaid to Consolidated Fund | 4 | (9) | (5) |
| Finance expense (unwinding of discount) | 1,098 | (674) | 424 |
| Net expenditure for the year | 199,252 | (28,879) | 170,373 |

Statement of Financial Position as at 1 April 2017

| | As reported | Adjustments | Restated |
|--------------------------------------|-------------|-------------|-----------|
| | £'000 | £'000 | £'000 |
| Current Liabilities | | | |
| Provisions (not later than one year) | (127,448) | 62,434 | (65,014) |
| Trade and other payables | (35,632) | (1,910) | (37,542) |
| Non-current liabilities | | | |
| Provisions (later than one year) | (168,158) | 77,117 | (91,041) |
| Other payables | (34,154) | 6,077 | (28,077) |
| Taxpayers' Equity and Other Reserves | (317,699) | 143,720 | (173,979) |

Statement of Financial Position as at 31 March 2018

| | As reported | Adjustments | Restated |
|--------------------------------------|-------------|-------------|-----------|
| | £'000 | £'000 | £'000 |
| Current Liabilities | | | |
| Provisions (not later than one year) | (109,187) | 63,544 | (45,643) |
| Trade and other payables | (37,569) | (2,829) | (40,399) |
| Non-current liabilities | | | |
| Provisions (later than one year) | (220,998) | 106,613 | (114,385) |
| Other payables | (24,650) | 5,271 | (19,379) |
| Taxpayers' Equity and Other Reserves | (341,983) | 172,599 | (169,385) |



Statement of changes in Taxpayers' Equity for the year ended 31 March 2018

| | As reported | Adjustments | Restated |
|---|-------------|-------------|-----------|
| | £'000 | £'000 | £'000 |
| General Reserve Balance at 1 April 2017 | (317,699) | 143,720 | (173,979) |
| Net Expenditure | (199,252) | 28,879 | (170,373) |

Statement of Cashflows for the year ended 31 March 2018

| | As reported | Adjustments | Restated |
|---|-------------|-------------|-----------|
| | £'000 | £'000 | £'000 |
| Net operating cost | (199,252) | 26,970 | (172,282) |
| (Increase) /decrease in trade and other receivables | (827) | 1 | (826) |
| Increase/(decrease) in trade and other payables | (7,567) | 3,635 | (3,932) |
| Net movement of provisions | 34,579 | (30,606) | 3,973 |

Note 14 Commitments under Leases

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

In September 2014 CICA relocated to Alexander Bain House (ABH). The lease agreement at ABH is for 10 years, including a 2.25 year rent-free period which is reflected in the above profile.

| Operating Leases - buildings | 2018-19 | 2017-18 |
|---|---------|---------|
| Obligations under operating leases comprise: | £'000 | £'000 |
| Not later than one year | 505 | 505 |
| Later than one year and not later than five years | 2,018 | 2,018 |
| Later than five years | 126 | 631 |
| Total | 2,649 | 3,154 |

Note 15 Capital Commitments

At 31 March 2019 CICA had contracted capital commitments of £39k relating to Information Technology associated with its on-going Change Programme

Note 16 Related Party Transactions

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

Note 17 Third Party Assets

| Amounts held as Retained Awards | 2018-19 | | | 2017-18 | | |
|--|--------------------|---------|----------|--------------------|---------|----------|
| | Number of accounts | £'000 | £'000 | Number of accounts | £'000 | £'000 |
| Opening balance | 6,900 | | 73,423 | 6,479 | | 69,559 |
| Open Accounts | | | | | | |
| Deposits | 1,661 | 20,714 | | 1,671 | 16,640 | |
| Additional deposits to existing accounts | | 6 | | | 94 | |
| Interest received | | 356 | | | 482 | |
| Withdrawals | | (2,093) | | | (1,640) | |
| | | | 18,983 | | | 15,576 |
| Closures | (1,389) | | (13,525) | (1,250) | | (11,712) |
| Closing balance | 7,172 | | 78,881 | 6,900 | | 73,423 |

Note 18 Contingent Liabilities

There have been a number of risks with potential to impact on CICA financial liabilities:

Foetal Alcohol Spectrum Disorder

Foetal Alcohol Spectrum Disorder (FASD) occurs when a mother consumes alcohol during pregnancy. This can result in babies being born with a range of disabilities and development issues with the brain, organs and facial features. In 2017-18 there were ongoing judicial review proceedings challenging CICA's decision (upheld by the First-tier Tribunal) that the circumstances in which FASD occurred did not constitute a crime of violence under the Criminal Injuries Compensation Scheme 2008. As at 31 March 2019, the case had yet to be heard by the Upper Tribunal.

Post year end the case was heard on 29 April 2019 and the Upper Tribunal issued a decision dated 10 June 2019 upholding the decision of the First-tier Tribunal. It is not yet known whether an appeal will be made to the Court of Appeal. However, if the challenge continues and is successful before the higher courts, this may lead to compensation being payable to applicants with FASD. Should this risk materialise, liability is uncertain but has been estimated between £26m and £43.5m.

The Chancellor's Discount Rate

In deriving an award value for pre-tariff cases CICA applies a discount rate on expected future care costs and loss of earnings. The rate currently applied to these cases is -0.75%, being the Lord Chancellor's discount rate. Given that the value of provision for the remaining pre-tariff cases is high, there is an outstanding risk that until all pre-tariff cases are resolved, changes in the Lord Chancellor's discount rate will have material financial impacts to CICA.

The "Same Roof Rule"

The "same roof rule" (paragraph 19 of the Criminal Injuries Compensation Scheme 2012) prevented an award being made to applicants injured before 1 October 1979 by an assailant who they were living with as a member of the same family. In 2018-19, a successful legal challenge to the same roof rule led to the materialisation of an existing financial risk. In July 2018, the Court of Appeal found that the same roof rule had unfairly denied compensation to the claimant. The Government chose not to appeal this judgment to the Supreme Court and announced in September 2018 that the rule would be abolished. As at 31 March 2019, a statutory instrument to remove the rule had been laid in Parliament.

Post year end the instrument came into force on 13 June 2019, with the effect of enabling new applications from people who were previously refused because of the rule, as well as from those who have never applied. This will increase the compensation which is payable under the Criminal Injuries Compensation Scheme 2012. Based upon our most recent impact assessment, CICA has assessed that the liability range is between £56m - £123m across a 10 year period, however this cannot be more reliably estimated due to assumptions based on applications previously refused as well as trying to estimate applications which would have been submitted in the past if not for the same roof rule being in place.

The liability range does not include applications which CICA currently hold which are accounted for in the tariff provision.

Incidents Incurred But Not Yet Received (IBNYR)

In 2018-19, CICA undertook a series of reviews to the provision model for estimating the outstanding liabilities to CICA in the annual report and accounts. Upon completion of this review, CICA determined that a provision was not the correct accounting treatment for incidents incurred but not yet received (IBNYR) (see Note 13).

The IBNYR is an unquantifiable contingent liability in respect of a possible future obligation to individuals who have been victims of violent crime as of 31 March 2019. This liability depends upon uncertain future events occurring and an application being submitted which meets the criteria set out in the relevant scheme. Although CICA recognises that this contingent liability exists in respect of IBNYR, it is not practicable to estimate the financial effect of the liability because it is not possible to establish the total number of eligible criminal injuries or other relevant factors, such as the likelihood of an application being made and the potential value of any award made.

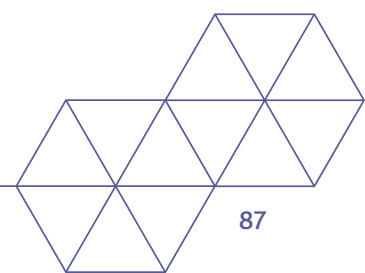
Note 19 Derivatives and other Financial Instruments

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

CICA holds material cash balances on deposit. Allocated holding accounts are included in the cash balance on the Statement of Financial Position, while funds retained in the applicant's name are excluded from CICA's cash balance and are disclosed by Note 9. The movement in retained funds is detailed in Note 17. The objective of opening these individual deposit accounts is to accrue cumulative interest on behalf of the applicant. The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. No administration fee is charged to the applicant. The average rate of interest applied to the investments during 2018-19 was 0.78 per cent (2017-18, 0.63 per cent).

Changes to financial instruments were made taking effect from 1 April 2019 in accordance with IFRS 9 implementation. This standard changed the recognition of financial instruments from an expected credit loss model under IAS 39 to an actual credit loss model under IFRS 9. MoJ policy dictates that financial instruments should be recognised at lifetime loss and impairment (stage 3 under IFRS 9).

As a result of the new standard, impairments of £111K and write down of £748K were recognised as an adjustment to the opening balance. During the year the impairment model was run to calculate movements and adjustments to the credit risk balance. This resulted in improved credit risk indicators and adjustment of £16K being written back to the ledger and impairments reducing by £1K. These values were offset against a losses provision previously recognised under IAS 39. As a result, the change in accounting



treatment resulted in movements between losses provisions and receivables on the statement of financial position with a £0 net impact during the year on the statement of comprehensive net expenditure. Impairment and credit risk factors will be tested annually in line with the requirements of the new standard.

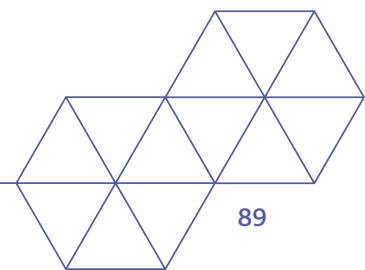
Comparisons between the impact of closing balances at the end of the financial period are outlined below:

| TRADE AND OTHER RECEIVABLES | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2018-19 |
|-----------------------------|----------------|--------------------|-------------------------|--------------------|--------------|
| | Closing IAS 39 | IFRS 9 Adjustments | Opening Adjusted IFRS 9 | IFRS 9 Adjustments | IFRS 9 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Trade receivables | 49 | 0 | 49 | 0 | 41 |
| Court compensation | 786 | (763) | 23 | 15 | 22 |
| Civil claims | 107 | (106) | 1 | 0 | 2 |
| Other receivables | 4,534 | (1) | 4,533 | 0 | 4,635 |
| VAT receivable | 462 | | 462 | | 441 |
| Prepayments | 463 | 0 | 463 | 0 | 439 |
| | 6,401 | | 5,531 | | 5,580 |
| Provision for losses | (884) | 870 | (14) | (15) | (29) |
| | | | | | 0 |
| | 5,517 | | 5,517 | | 5,551 |

| | 2018-19 | 2018-19 |
|--|---|--------------------|
| | IFRS Adjustments (IAS 39 change to IFRS 9 in 2017-18) | IFRS 9 Adjustments |
| | £'000 | £'000 |
| Write down of receivables balances | (870) | 15 |
| Increase/(Utilisation) of provision for losses | 870 | (15) |
| | 0 | 0 |

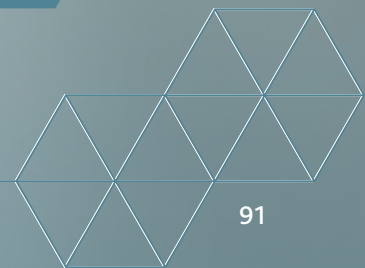
Note 20 Events After the Reporting Period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post balance sheet events to report. However, there is a development in contingent liabilities Foetal Alcohol Spectrum Disorder (FASD) are detailed in Note 18.





Appendices



Appendix A – Governance



No Deputy Chief Executive in place during 2018-19.

Appendix B – Meeting Attendance

| | Executive Management Board (EMB) | | | | Strategy & Performance Board (SPB) | | | | Audit & Risk Committee (ARC) | | | | |
|-------------------------------------|----------------------------------|-----|-----|-----|------------------------------------|----------|----------|----------|------------------------------|---------------------------|----------|----------|----------|
| | Q1 | Q2 | Q3 | Q4 | 30/5/18 | 11/9/18 | 20/11/18 | 25/2/19 | 30/05/18 | 5/7/18 Special Meeting | 11/9/18 | 20/11/18 | 25/2/19 |
| Executive Management Board | | | | | | | | | | | | | |
| Linda Brown | 3/3 | 3/3 | 3/3 | 3/3 | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| June Fellowes | 3/3 | 3/3 | 3/3 | 3/3 | Attended | Attended | Attended | Absent | * | * | * | * | * |
| Ann Russell | 2/3 | 2/3 | 3/3 | 3/3 | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| Laura Johnston | 3/3 | 3/3 | 3/3 | 3/3 | Attended | Attended | Attended | Attended | * | * | * | * | * |
| Craig Morton | 2/3 | 3/3 | 3/3 | 3/3 | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| Non- Executive Board Members | | | | | | | | | | | | | |
| Ron Barclay Smith | n/a | n/a | n/a | n/a | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| Andrew Flanagan | n/a | n/a | n/a | n/a | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| Bill Matthews | n/a | n/a | n/a | n/a | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |

* Attendance not required

