

CRIMINAL INJURIES COMPENSATION AUTHORITY

ANNUAL
REPORT
AND
ACCOUNTS
2010-11

Fifteenth Report

Criminal Injuries Compensation Authority

Annual report and accounts 2010-11

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

Ordered by the House of Commons to be printed on
14 July 2011

Laid before the Scottish Parliament by the Scottish Ministers
July 2011

HC 1246

London: The Stationery Office

£11.25

SG/2011/100

© Crown Copyright 2011

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at general.enquiries@cica.gsi.gov.uk

This publication is also available for download at www.official-documents.gov.uk

ISBN: 9780102970166

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID P002409118 07/11
Printed on paper containing 75% recycled fibre content minimum.

Contents

FOREWORD	1
ANNUAL REPORT	3
Disclosure of information to auditors	3
About CICA	3
Governance arrangements	3
History and activities	5
Types of compensation	5
Register of interests	6
Sustainable development	6
Going concern	7
Business commentary	7
Management commentary	7
Key achievements 2010-11	7
Transparency	8
Claim activity	9
Financial Overview	14
Supplier payment policy and performance	16
Business focus 2011-12	16
Policy	17
Operations	17
IT	17
Focusing on people	18
Equality and diversity	18
Sickness absence	19
Employment policies	19
Employment of disabled persons	19
Learning and development	19
Customer feedback	20
Health and safety	20
Data protection and Freedom of Information	20

ANNUAL ACCOUNTS	21
Remuneration Report	21
Remuneration policy – senior civil servants	21
Remuneration policy – non-senior civil servants	21
Service contracts	21
Pensions	21
Senior staff disclosures	22
Salary	22
Benefits in kind	22
Cash Equivalent Transfer Values (CETV)	22
Statement of Accounting Officer’s Responsibilities	26
Statement on internal control	27
Scope of responsibility	27
The purpose of the system of internal control	27
Capacity to handle risk	27
The risk and control framework	28
Information security	29
Review of effectiveness	30
Audit Committee	30
Risk Committee	30
Internal audit	30
Business Support	31
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament	32
Respective responsibilities of the Accounting Officer and auditor	32
Scope of the Audit of the Financial Statements	32
Opinion on regularity	33
Opinion on financial statements	33
Opinion on other matters	33
Matters on which I report by exception	34
Report	34
ACCOUNTS	35
NOTES TO THE ACCOUNTS	39
ACCOUNTS DIRECTION STATEMENT	54

Foreword

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

I said last year we wanted to focus on our oldest and most complicated cases, because I believe it is only right that we should concentrate our efforts on those who have been waiting longest. I am pleased to say that we have made good progress on that goal achieving a 12.5 per cent reduction in our aged caseload. These cases have been in the system longest because they are complex and cannot be finalised until we have reliable medical prognoses. We expect to continue to make progress on these cases, both through targeted attention and the use of medical intermediaries who can work with applicants to help us get reliable information about the long term impact of the injuries.

This year we also completed the first phase of our Target Operating Model leading to a more streamlined and efficient internal support structure. The next phase of this work is concentrating on our operational teams. Our operating model, among other things, sets out how we will make better use of technology to further streamline our processes to provide a better service to applicants while keeping our administration costs as low as possible.

The introduction of our new, more efficient processes, coupled with the continuing effort and determination of our staff, have allowed us to continue to reduce the live caseload, which dropped from 52,223 in 2009-10 to 48,781 in 2010-11. This represents a 40 per cent reduction from its peak in 2007, despite an increase in applications over the same period. The average timescale for reaching both first and review decisions also continued to fall, going from 8.5 months in 2009-10 to 7.2 months, and from 5.5 months to 5.1 months respectively.

We resolved almost 65,000 applications in 2010-11, paying out over £280 million in compensation to blameless victims of violent crime. This is the largest amount of compensation paid out under the

Scheme since it was introduced, and was achieved with the support of the Ministry of Justice which made an additional £70 million available to us in year.

In May 2011, we published our business plan for 2011-15 on the *justice* website. This sets out how we want to consolidate the gains we've made over the last three years and make our business environment quicker, more responsive and delivered at optimal cost. I look forward to reporting on our progress next year.

Carole Oatway

Chief Executive
Criminal Injuries Compensation Authority
14 June 2011

Annual Report

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

The Comptroller and Auditor General is the external auditor of the Authority, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The agreed fees for the statutory audit in 2010-11 were £78,500 (2009-10, £76,000). No additional audit fees were paid during 2010-11. In 2009-10, an additional £5,500 was paid for audit work undertaken in respect of the transition to producing financial statements based upon International Financial Reporting Standards (IFRSs). No remuneration was paid for non-audit work in 2010-11, as was also the case in 2009-10.

Disclosure of information to auditors

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

About CICA

Governance arrangements

The CICA is classified as a Non-Departmental Public Body (NDPB) sponsored by the Ministry of Justice (MoJ). The Scottish Government is responsible for its proportion of the costs of administering the

Scheme and for the full cost of all tariff compensation payments where the injury was sustained in Scotland.

Although classified as an NDPB by the Cabinet Office, the Authority does not have a formal Board with a non-executive Chair. Its structure is similar to that of a departmental agency, with an Executive Board headed by the Chief Executive who is supported by functional Directors.

The Chief Executive, Carole Oatway, was appointed at the end of September 2007 and is supported in managing the day-to-day running of the Authority by four Directors: Cliff Binning, Deputy Chief Executive; George Connor, Director of Operations; Jackie Lockhart, Deputy Director of Operations; and Louise Day, Deputy Director of Corporate Support (Technology and Infrastructure).

Directors of Information Technology; Finance and Policy and Legal Services left the Authority on 31 March 2011; 22 October 2010 and 5 April 2010 respectively. In the interest of providing an optimised management structure, the number of Directors has been reduced from six to four.

An Audit Committee, chaired by an independent non-executive member, oversees the strategic process for risk management, internal control and corporate governance and finance. The Audit Committee consists of three independent non-executive members. The Chief Executive, Deputy Chief Executive, Head of Finance, National Audit Office and Internal Auditors attend meetings of the Audit Committee by invitation, but are not members.

The CICA's Risk Committee meets quarterly to ensure the Authority's risks are appropriately discussed and considered. The Head of Management Accounting reports the findings and conclusions of the Committee to the Executive Board and the Audit Committee. The Committee comprises key staff from all Directorates, enabling coverage of all operational activity.

The Authority also has a Policy and Performance Board (PPB) which is chaired by the Chief Executive. The role of the PPB is to offer constructive challenge across the Authority's operations with a view to ensuring that all aspects of strategy and delivery of policy are

scrutinised for effectiveness and efficiency. The PPB has three independent non-executive members and all Directors attend. Representatives from the Authority's sponsor department and the Scottish Government are invited to attend meetings.

History and activities

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

Types of compensation

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

The compensation components for personal injury awards are:

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

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

- a bereavement award of £5,500 for each applicant who qualifies, or £11,000 if there is only one qualifying applicant;
- compensation for financial dependency;

- in the case of a child under 18, compensation for the loss of parental services; and
- the reasonable cost of funeral expenses.

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

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

Register of interests

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

Sustainable development

The Authority contributes to the sponsor department's Sustainable Development Action Plan and has also implemented its own environmental policy. The Authority has also actively sought to promote environmental awareness among its staff and a guide for all staff is available on the Authority's intranet site.

In addition, the Authority has a 'Green Team' as part of its staff forum, its purpose being to discuss and implement ideas for improvement.

On an ongoing basis, the Authority is committed to minimising the environmental impact of its activities, products and services by:

- complying with all applicable legal requirements and targets set by central government;
- reducing the amount of waste produced and increasing the quantity reused or recycled;
- raising awareness of environmental issues among its staff and stakeholders; and
- encouraging environmental protection among suppliers and subcontractors by introducing statements of commitment in any new contracts or service level agreements entered into.

Going concern

At 31 March 2011, the Authority's Statement of Financial Position records net liabilities of £779 million (31 March 2010, £737 million). This reflects the inclusion of compensation liabilities falling due in future years, which can only be met by future grants-in-aid from the Ministry of Justice and the Scottish Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

Grant-in-aid for 2011-12, taking into account the amounts required to meet the Authority's liabilities falling due that year, has already been included in the Ministry of Justice's and Scottish Government's estimates for that year, which have been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Business commentary

Management commentary

The Authority has continued to improve the service provided to victims of violent crime by reducing the time it takes to make case decisions and making further reductions in the number of outstanding cases.

Key achievements 2010-11

During 2010-11, the Authority has:

- paid the highest total amount of compensation for a single year in the Authority's history;
- reduced the live caseload from 52,223 in 2009-10 to 48,781;
- reduced the average timescale for reaching a first decision from 8.5 months in 2009-10 to 7.2 months, and for reaching a review decision from 5.5 months in 2009-10 to 5.1 months;
- reduced the proportion of cases going to both review and appeal by around two per cent;

- completed phase one of our Target Operating Model, leading to a more streamlined and efficient internal support structure; and
- increased the capacity of our new online and telephone application services.

Transparency

The Authority's 2011-15 Business Plan sets out nine key areas on which it will publish data. Although this plan was not in effect in 2010-11, the table below shows the data for the period.

Measure	Definition	Data
1. Time to register an application	The average time taken for a completed application to be added to the live caseload	1.41 days
2. Size of live tariff caseload	The number of live tariff cases that the Authority has registered but are not resolved	48,781
3a. Active case load (tariff) cycle time to first decision	The average time taken to reach first decision	7.2 months
3b. review decision	The average time taken to complete a review	5.1 months
4. Appeal stage response times	The average time between the Tribunals Service telling CICA that an appeal has been received and CICA telling the Tribunals Service the case is ready to list	4.1 weeks
5. Decisions overturned at appeal	The percentage of CICA decisions overturned from those cases that go to appeal	46%
6. Pre-tariff cases listed	The number of pre-tariff cases listed in the year	34
7. Customer satisfaction	The percentage of applicants, as measured by a customer survey, that consider they received good customer service from CICA	81%
8. Programme spend	Actual spending against budget allocated	100%
9. Staff engagement	The average of the results for CICA staff indicating that they feel committed to their work and valued in their role in the Civil Service staff engagement survey	44%

Claim activity

Volume of applications

The Authority received 61,292 new applications in 2010-11. This is a decrease of six per cent on the number of applications received in 2009-10 (65,445).

Resolutions

	2010-11	2009-10
Tariff and pre-tariff schemes	64,768	67,597

Awards by tariff level

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

Table 3: Awards made by tariff level 2010-11

Level	Tariff sum	Decision	Review	Appeals	Total	2009-10 Total
1	£1,000	13.76%	13.63%	13.86%	13.75%	14.86%
2	£1,250	4.15%	3.58%	2.89%	4.03%	5.25%
3	£1,500	16.65%	14.46%	7.44%	16.01%	16.41%
4	£1,750	0.95%	0.95%	0.94%	0.95%	1.49%
5	£2,000	13.91%	8.63%	6.28%	12.87%	11.36%
6	£2,500	7.26%	8.19%	7.44%	7.40%	7.23%
7	£3,000	0.01%	0.03%	0.00%	0.01%	0.07%
7	£3,300	11.07%	10.31%	7.65%	10.84%	10.28%
8	£3,500	0.00%	0.00%	0.00%	0.00%	0.03%
8	£3,800	5.99%	5.74%	4.55%	5.90%	5.94%
9	£4,000	0.00%	0.00%	0.00%	0.00%	0.02%
9	£4,400	9.27%	11.60%	12.35%	9.71%	9.39%
10	£5,000	0.01%	0.00%	0.29%	0.02%	0.02%
10	£5,500	4.30%	3.98%	5.70%	4.30%	4.39%
11	£6,000	0.00%	0.02%	0.00%	0.01%	0.01%
11	£6,600	0.99%	1.19%	1.23%	1.03%	1.00%
12	£7,500	0.02%	0.12%	0.43%	0.05%	0.12%
12	£8,200	2.32%	6.38%	11.19%	3.22%	3.47%
13	£10,000	0.00%	0.07%	0.14%	0.02%	0.03%
13	£11,000	4.41%	3.83%	3.47%	4.29%	3.84%
14	£12,500	0.00%	0.00%	0.00%	0.00%	0.00%
14	£13,500	0.64%	1.77%	5.27%	0.97%	0.90%
15	£15,000	0.00%	0.05%	0.07%	0.01%	0.02%
15	£16,500	2.01%	2.34%	2.24%	2.07%	1.83%
16	£17,500	0.00%	0.00%	0.00%	0.00%	0.01%
16	£19,000	0.19%	0.52%	1.37%	0.28%	0.26%
17	£20,000	0.02%	0.22%	0.07%	0.06%	0.06%
17	£22,000	1.53%	1.34%	1.95%	1.52%	1.20%
18	£25,000	0.00%	0.00%	0.00%	0.00%	0.01%
18	£27,000	0.16%	0.34%	0.72%	0.21%	0.16%
19	£30,000	0.00%	0.00%	0.00%	0.00%	0.00%
19	£33,000	0.05%	0.09%	0.14%	0.06%	0.03%
20	£40,000	0.02%	0.05%	0.51%	0.04%	0.04%
20	£44,000	0.12%	0.26%	1.01%	0.17%	0.11%
21	£50,000	0.02%	0.02%	0.07%	0.02%	0.01%
21	£55,000	0.05%	0.12%	0.14%	0.07%	0.02%
22	£75,000	0.00%	0.02%	0.00%	0.00%	0.00%
22	£82,000	0.01%	0.00%	0.00%	0.01%	0.00%
23	£110,000	0.03%	0.05%	0.22%	0.04%	0.07%
24	£175,000	0.01%	0.07%	0.07%	0.02%	0.02%
25	£250,000	0.07%	0.03%	0.29%	0.08%	0.06%
Total		100%	100%	100%	100%	100%

Rates of review and appeal

The ratio of review requests and appeals lodged has fallen. The overall appeal rate, shown in the following table, reflects the number of appeals lodged when compared to the number of first decisions made.

	2010-11	2009-10
% of claims assessments cases going to internal review	18.2	20.1
% of review cases going to external appeal	20.6	22.9
% overall appeal rate	4.1	4.6

The number of appeals received in the year as a percentage of decisions made will fluctuate with review output. This figure is the product of the review and appeal rates, which, the Authority believes, presents a truer picture.

Disallowed claims

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

Scheme paragraph	Criterion	Disallowed claims
6	Injury sustained before 1 August 1964	6
7A	Previous claim for same injury	543
7B	Injury sustained in family setting before 1 October 1979	78
8A	Mainly, injury did not result from crime of violence	3,566
9	Application did not meet restrictions in paragraph	380
11	Motor vehicle cases: mainly, vehicle not used as a weapon to injure	305
12	Accidental injury sustained in law enforcement: risk not justifiable	115
13A	Failure to report without delay	1,610
13B	Failure to cooperate with police in bringing assailant to justice	4,983
13C	Failure to cooperate with the Authority	2,126
13D	Conduct before, during or after the incident	3,200
13E	Applicants criminal record/character	3,864
16A	Assailant would have benefited from award	102
16B	Award would have been against a minors interests	5
17A	Assailant in family violence/abuse claim not prosecuted	2
17B	Violence between adults in the same family	58
18	Claim not submitted within 2 years of incident	1,196
25	Injury not serious enough to qualify for minimum award of £1000	8,862
26	Pre-existing medical condition	580
	Total	31,581

Time taken to reach decisions

The Authority has focussed strongly on reducing the time it takes to make decisions over the last three years and has delivered improvements in each of them.

Period of Time	Number of decisions	%	Cumulative %
within 2 months	8,371	13.31	13.31
2 - 4 months	13,387	21.29	34.61
4 - 6 months	12,462	19.82	54.43
6 - 8 months	9,055	14.40	68.83
8 -10 months	5,892	9.37	78.20
10 -12 months	3,842	6.11	84.32
Over 12 months	9,861	15.68	100.00
	62,870	100.00	

In 2009-10 around 65 per cent of decisions were made within eight months of receiving an application. This figure is currently almost 69 per cent and over 84 per cent of decisions are now made within a year, compared with just under 78 per cent last year.

Appeals

Extra quality checking in the decision-making process was introduced last year to help reduce the number of appeals. These have decreased this year but the Authority will continue to monitor this area.

	2010-11	2009-10
Awaiting appeal	2,607	2,983

Outstanding applications

The live caseload continues its downward trend as the Authority's case processing becomes more efficient.

	2010-11	2009-10
Awaiting a first decision	38,747	40,773
Awaiting a reviewed decision	5,281	5,683
Awaiting an applicant's response to a first or reviewed decision	2,146	2,784
Awaiting appeal	2,607	2,983
Total	48,781	52,223

Financial Overview

Programme Expenditure

The Authority paid total compensation of £281.0 million to blameless victims of violent crime during 2010-11 (see note 10 to the accounts for a detailed geographical split).

Of this total, £9.4 million is recognised in the Statement of Comprehensive Net Expenditure, under tariff scheme compensation, as cash payments made during 2010-11.

The balance of the cash paid, £271.6 million (£281.0 million less £9.4 million), relates to amounts that had been recognised as a non-cash provision in earlier financial years. In note 10 these cash payments are shown in the provision statement as utilised during the year.

The figure of £323.1 million (£332.5 million, per Statement of Comprehensive Net Expenditure, less £9.4 million cash paid) for all schemes derives from in-year, non-cash movements in provision.

Two elements make up the £323.1 million non-cash movement. New liabilities arising during 2010-11 (totalling £342.2 million), and old liabilities that have been reversed unutilised (totalling £19.1 million) during the year. The former has been disclosed because the Authority has re-assessed its outstanding obligations. The latter amount had been disclosed, in the Statement of Comprehensive Net Expenditure, in earlier accounting periods and therefore is required to be reversed through the same Statement in 2010-11. This reversal is due to the fact that it has been established that present obligations do not exist. Therefore a settlement amount is no longer required.

During 2009-10 the Authority re-assessed and re-valued its tariff provision. As a direct result there was a reversal of provision no longer required as recognised in the Statement of Comprehensive Net Expenditure during 2009-10 (of £215 million). Therefore the Statement for 2009-10 shows a negative balance to accommodate this adjustment. The downward movement in 2009-10 arose as a direct result of a change in methodology used to assess the tariff provision. Prior to 2009-10 the tariff provision was estimated by

using third-party actuarial techniques. During 2009-10 the estimation techniques were developed in-house. As a result the provision, in respect of methodology and magnitude, now best reflects the nature of the business.

During 2010-11 the Authority has continued to use the estimation techniques developed in-house. This has resulted in a positive balance, as would be expected in the normal course of business, as recorded in the Statement of Comprehensive Net Expenditure for 2010-11.

In addition pending pre-tariff cases have been subject to an in-depth valuation assessment by the judiciary. The liability reflects the likely settlement values at the year-end based on the circumstances of each application at that time. As a direct consequence of this appraisal the pre-tariff provision increased by a net figure of £84.1 million. The overall movement as disclosed in note 10 for the pre-tariff provision is £54.4 million. The difference is due to the fact that over £29.7 million has been paid to applicants during 2010-11.

Administration Expenditure

The costs associated with managing and administering the compensation schemes have decreased by an overall £1.120 million (5 per cent). This is predominantly due to a decrease in staff costs, £1.096 million (which makes up 98 per cent of the total reduction realised).

Additionally there is still an on-going senior management impetus to drive down overhead costs of a discretionary nature. Notably there have been large managed reductions in respect of controllable costs. This has been achieved alongside re-engineering working practices and improvements across all areas of the business culminating in an overall 7.1 per cent real-terms reduction in respect of these costs.

The increase in respect of depreciation reflects the 2009-10 and 2010-11 investment programme undertaken within the Authority. As further Assets under Construction are subject to capitalisation a commensurate increase to depreciation will be disclosed.

Supplier payment policy and performance

The Authority follows the Better Payment Practice Code, and undertakes to pay all internally authorised invoices within 28 days of receipt or within stated credit terms. A sample review of invoices paid during 2010-11 indicated that 99 per cent (99 per cent 2009-10) of those reviewed were paid within 28 days. The Authority was not required to pay any interest relating to late payment under the terms of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended by The Late Payment of Commercial Debt Regulations 2002 (SI 1674)).

Business focus 2011-12

The Authority's business plan for 2011-15 set out a strategy to deliver its aim and objectives in support of the Ministry of Justice objective 'to deliver a transformed justice system and a transformed department that is more efficient, more effective, less costly and more responsive to the public.'

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

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

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

Process – optimising business processes and capitalising on technology.

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

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

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

Policy

In 2011-12, the Authority will:

- engage and maintain relationships with stakeholder and equality groups;
- examine the quality and consistency of decision making and provide necessary staff guidance and support; and
- provide Scheme-related support across CICA and its sponsor department.

Operations

This coming year will see continued improvement in the service provided to applicants. Further developments planned for 2011-12 are:

- preparing the outstanding pre-tariff caseload for hearings and completion over the next two to three years;
- extending the number of applications taken over the phone and through the online process;
- helping Victim Support in their role as representatives, including making more use of the online application process;
- extending the use of technology in our dealings with applicants and their representatives, building on the Government Customer Channel Strategy;
- making more use of the telephone for case updates and for collecting additional case information; and
- continue working with Police Forces to help them improve the support they provide.

IT

Following delivery of a number of significant projects last year, CICA's internal IT team will focus on exploiting the new technologies introduced last year, including:

- implementing and consolidating our Electronic Case Management System (ECMS) and working towards a paperless office;

- introducing an advanced scanning facility for all case documents received, linking them electronically to their case using barcodes and thereby reducing delays;
- improving Disaster Recovery arrangements; and
- consolidating and exploiting the upgraded telephone system used by our Customer Service Centre.

Focusing on people

Equality and diversity

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

The objectives were agreed at the first meeting of CICA's Policy and Equality Forum (PEF) with stakeholders on 27 January 2011.

CICA will implement these objectives over the next three years and review and update them, if necessary, at the end of that period.

Scheme policy equality issues will continue to be monitored and discussed at regular PEF meetings with stakeholders.

CICA's Scheme policy equality objectives are:

1. CICA will promote the involvement of stakeholders, including race and disability groups, in developing new Scheme policies and processes and in reviewing our existing policies and processes.
2. CICA will promote equality of opportunity for all applicants to apply for compensation by continuing to look at ways we can assist, for example: by providing Braille translations; making our application forms available online; providing facilities for telephone applications; ensuring our guidance is provided in language that is easy to understand and ensuring our written guidance is published in a font size that is easy to read.
3. CICA will monitor customer satisfaction to ensure that applicants consider that they have had equality of opportunity in the application process and have not been subject to discrimination, harassment or victimisation when using our services.

4. CICA will conduct an Equality Impact Assessment to identify the likely equality impacts on any proposed policy change, project or service being assessed.
5. CICA will introduce a Welsh Language Scheme which treats the English and Welsh languages on a basis of equality.
6. CICA will consider mechanisms for gathering, identifying and assessing the ethnicity, gender and age of “unrepresented groups” of eligible applicants.

Sickness absence

During 2010-11, the Authority’s employees incurred an average of 11.6 days sick leave. Of this, 3.4 days (29 per cent) were due to long-term sickness and 8.2 days (71 per cent) were due to short-term sickness.

Sickness levels have been closely monitored throughout 2010-11 and significant effort made to apply the relevant policies. While there has been improvement from last year’s average figure of 13.8 days, this is still an area that will be closely monitored. There will be a focussed effort in the coming year to tackle the absence level.

Employment policies

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

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

Employment of disabled persons

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

Learning and development

Learning and development activity centered on the transfer of Scottish Government staff to the Ministry of Justice (MoJ). A significant number of MoJ policy awareness and induction sessions were completed throughout 2010. The MoJ Justice Academy has

since run face-to-face sessions on recruitment and interviewing skills. This has been coupled with continual promotion of e-learning resources available from MoJ Justice Academy.

Customer feedback

This was the second full year of the Authority's customer feedback survey and results continue to be ahead of target. 81 per cent of customers who had received a first decision on their case were satisfied overall with CICA's service, an increase on last year's figure of 75 per cent.

Health and safety

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

Data protection and Freedom of Information

During 2010-11 the Authority received and responded to 59 requests for information under the Freedom of Information Act 2000, and dealt with 479 requests for information under the Data Protection Act 1998.

Annual Accounts

Remuneration Report

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

Remuneration policy — senior civil servants

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

Remuneration policy — non-senior civil servants

Remuneration packages fall under the schemes operated by the Ministry of Justice and follow Government policy guidelines for public sector pay.

Service contracts

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

Pensions

All permanent members of staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). The Ministry of Justice or the Scottish Government is responsible for making contributions to their pension schemes. They make appropriate charges to the Authority, but as the Authority is not responsible for their pensions, no details of their pension entitlements are given in these accounts.

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, but the Ministry of Justice are unable to identify their share of its underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource

accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employer's contributions of £1.577 million (2009-10, £1.698 million) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent (2009-10, 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. Two staff members working for the Authority had taken this option during the financial year 2010-11 (2009-10, one - restated).

Senior staff disclosures

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

Salary

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

Benefits in kind

No senior staff received any benefits in kind.

Cash Equivalent Transfer Values (CETV)

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

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

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

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

The actuarial factors used in the calculation of the CETVs were changed during 2010, due to changes in demographic assumptions and the move from Retail Price Index (RPI) to Consumer Price Index (CPI) as the measure used to uprate Civil Service pensions.

The information in the following table is audited.

Remunerations and pensions for senior management for 2010-11								
Name	Salary	Bonus	Total	Accrued pension at pension age as at 31/03/11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/11	CETV at 31/03/10 (re-stated)	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	80-85	0	80-85	Pension	Pension	666	582	0
				40-45	0			
				Lump sum	Lump sum			
				0	0			
P Bachoo - Director of Policy and Legal Services ¹	0-5	0	0-5	Pension	Pension	163	147	-5
				10-15	-0-5			
				Lump sum	Lump sum			
				30-35	-1			
C Lyons - Director of Finance ²	25-30	0	25-30	Pension	Pension	29	23	4
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0			
A Murphy - Director of IT ³	55-60	5-10	65-70	Pension	Pension	19	9	6
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0			
G Connor - Director of Operations	55-60	0	55-60	Pension	Pension	492	394	42
				25-30	0-2.5			
				Lump sum	Lump sum			
				75-80	5.0-10.0			
J Lockhart - Director of Regional Caseworking ⁴	45-50	0	45-50	Pension	Pension	18	6	10
				0-2.5	0-2.5			
				Lump sum	Lump sum			
				0	0-2.5			
C Binning - Deputy Chief Executive ⁵	15-20	0	15-20	Pension	Pension	516	500	9
				25-30	0-2.5			
				Lump sum	Lump sum			
				85-90	0			
L Day - Deputy Director of Corporate Services ⁶	15-20	0	15-20	Pension	Pension	298	277	0
				15-20	0-2.5			
				Lump sum	Lump sum			
				55-60	0-2.5			

1. Employment in the Authority ceased as of 05/04/2010.

2. Employment in the Authority ceased as of 22/10/2010.

3. Employment in the Authority ceased as of 31/03/2011. Bonus accruing to 2010-11 was paid in 2010-11.

4. Transferred from Fixed Term Contract to Permanent Staff 22/11/2010.

5. Two years secondment from Scottish Court Services commencing 20/12/2010. The full year equivalent is £70k.

6. Employment commenced 13/12/2010. The full year equivalent is £57k.

General notes

Nil return, for all disclosures, in respect of benefits in kind.

Employer contribution to partnership account is nil for all disclosed.

The information in the following table is audited.

Remunerations and pensions for senior management for 2009-10								
Name	Salary	Bonus	Total	Accrued pension at pension age as at 31/03/10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/10	CETV at 31/03/09	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	80-85	5-10	90-95	Pension	Pension	640	572	29
				35-40	25-30			
				Lump sum	Lump sum			
				0	0			
P Bachoo - Director of Policy and Legal Services ⁴	60-65	0	60-65	Pension	Pension	169	140	18
				10-15	0-2.5			
				Lump sum	Lump sum			
				30-35	0-5			
C Lyons - Director of Finance	45-50	0-5	50-55	Pension	Pension	26	25	(2)
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0			
A Murphy - Director of IT ²	55-60	5-10	65-70	Pension	Pension	11	10	(2)
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0			
G Connor - Director of Operations	50-55	0	50-55	Pension	Pension	435	358	52
				20-25	2.5-5.0			
				Lump sum	Lump sum			
				65-70	5.0-10.0			
N Loughborough - Director of Corporate Services ³	95-100	0	95-100	Pension	Pension	26	14	9
				2.5-5.0	0-2.5			
				Lump sum	Lump sum			
				0	0			
J Lockhart - Director of Regional Caseworking ¹	25-30	0	25-30	Pension	Pension	5	0	5
				0-2.5	0-2.5			
				Lump sum	Lump sum			
				0	0			

1. Fixed Term contract for 2 years commencing 07/09/2009. The full year equivalent is £41k.

2. Fixed Term contract ending 12/01/2011 (extended for one year beyond initial contract period). Bonus accruing to 2009-10 was paid in 2009-10.

3. Employment in the Authority ceased as of 31/03/2010. The above figure includes £24k for loss of office.

4. Employment in the Authority ceased as of 05/04/2010.

General notes

Nil return, for all disclosures, in respect of benefits in kind.

Employer contribution to partnership account is nil for all disclosed.

Bonus accruing to 2009-10 was paid in 2010-11 (see note 2 for exclusion).

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority

14 June 2011

Statement of Accounting Officer's Responsibilities

Under Section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 5 of the Criminal Injuries Compensation Scheme (2008), the Secretary of State (with the approval of the Treasury) has directed the Criminal Injuries Compensation Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Authority and of its net expenditure account, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, as agreed with Ministry of Justice and Scottish Government, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

There are two key mechanisms for managing risk and relations between the Authority and the sponsor department. These include an inter-departmental committee and an Executive Board. Through these mechanisms risks are identified and managed and conveyed to the Ministry of Justice Executive Board and its Ministers. In addition, within the Authority the Audit Committee, Risk Committee and Internal Audit play a role in managing risk.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

Although classified as a Non Departmental Public Body by the Cabinet Office, the Authority does not have a formal Board with a non-executive Chair. Its structure is similar to that of a departmental agency, with an Executive Board headed by the Chief Executive who

is supported by functional Directors. The responsibility for managing risk within the Authority rests with the Chief Executive who, with the Directors, reviews regularly the key existing and emerging risks facing the Authority. The Authority's Policy and Performance Board is attended by Senior Management and Non Executive Advisors who provide a challenge function for CICA policy, and overview CICA performance. The Chief Executive is also advised by the Authority's Audit and Risk Committees, which oversee the organisation's management of risk.

An organisation-wide risk register is produced in which corporate risks are rated according to their likelihood and their impact on the Authority's ability to achieve its aims and objectives. The register also specifies the mitigating actions for managing and monitoring each risk and the risk owner. Risk registers are also in place at Directorate and team levels. A risk framework has been rolled out across the Authority and workshops have been provided to staff.

The risk and control framework

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

- a standing risk committee to oversee the coordination and monitoring of risk;
- maintaining core guidance documentation for all staff and standardising procedures in best practice guidance specific to each casework stage;
- regular reviews of casework policy and procedure by internal policy and standardisation committees;
- setting budgets and targets, separating duties and specifying authority levels;
- reviews at formal meetings of the Executive Board (generally 12 meetings every year) of performance against plan and budget and of financial, operational, staffing and training risks, using where possible quantitative indicators;

- developing and integrating casework support and finance IT systems which incorporate controls and can produce exception and other reports for monitoring risk;
- regular meetings of the Authority's independent Audit Committee;
- regular formal meetings with the Authority's sponsor department, the Ministry of Justice;
- regular meetings with Scottish Government representatives;
- standard compliance test checks and a programme of special risk-based reviews by the Authority's Business Support section; and
- risk-based reviews by the Ministry of Justice Internal Audit.

Information security

The Authority treats information security with utmost importance and completed an assessment of information risk management during the year. The Authority has identified its information assets and asset owners, and risk assessments have been completed in all business areas.

The CICA Business Support team deliver high quality compliance reviews, which ensure that practice and policy is compliant with wider Ministry of Justice and Cabinet Office policy and legislation. A quarterly risk assessment is conducted in accordance with HMG IA Standard No. 6 - Protecting Personal Data and Managing Information Risk. In assessing the level of impact likely to result from any compromise of information assets, departments and agencies must use 'Business Impact Levels', also known simply as Impact Levels (ILs) (ILO - no impact, to IL6). ILs provide a seven-point scale that allows departments and agencies to make a balanced assessment of the countermeasures to meet risk management requirements for information confidentiality, integrity and availability.

The information technology network is Government Secure Intranet accredited and appropriate arrangements are in place in respect of hard copy information.

The Authority has no personal data related incidents to report.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Business Support team, and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework. I am also informed by the comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Audit Committee

The Audit Committee oversees the strategic process for risk management, internal control and corporate governance and finance. The Audit Committee consists of three non-executives. The Chief Executive, Deputy Chief Executive, Head of Finance, National Audit Office and internal auditors attend by invitation. The Audit Committee meets on a quarterly basis.

Risk Committee

The Risk Committee oversees the coordination and monitoring of risk. The Risk Committee is chaired by the Head of Management Accounting and consists of Risk Coordinators from each directorate. Staff representatives are invited to attend. The Risk Committee meets monthly. At these meetings the corporate risk profile is assessed and reviewed, and reported to the Executive Board on a monthly basis.

Internal audit

The Ministry of Justice Internal Audit team operate to Government standards, and provide the Authority's internal audit service. They submit regular reports and, at least annually, provide an independent opinion on the adequacy and effectiveness of the

Authority's system of internal control together with recommendations for improvement. Audit work carried out during 2010-11 indicates that governance, risk management and control arrangements are now largely established, but there remain some areas for improvement and strengthening. I also receive reports from the Authority's Business Support section with the results of their programme of compliance visits and about particular risks which they have been asked to investigate.

Business Support

The Business Support team undertakes compliance testing reviews and a programme of special risk-based reviews.

There were no significant internal control issues during the year.

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
14 June 2011

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

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2011 under the Criminal Injuries Compensation Act 1995. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Injuries Compensation Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Injuries Compensation Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword

and Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and the directions issued thereunder by the Secretary of State with the approval of HM Treasury.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
17 June 2011

Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Note	2010-2011		2009-2010	
		£'000	£'000	£'000	£'000
				Re-stated	Re-stated
Programme Expenditure					
Tariff scheme compensation	10	248,318		(1,464)	
Pre-tariff scheme compensation	10	<u>84,140</u>		<u>65,248</u>	
			332,458		63,784
Administration Expenditure					
Staff costs	3	12,432		13,528	
Other expenditure	4	7,623		7,770	
Depreciation	5	1,232		899	
Dilapidations on leases	10	<u>19</u>		<u>229</u>	
			<u>21,306</u>		<u>22,426</u>
Total Expenditure			353,764		86,210
Income					
Income	2	(1,108)		(1,547)	
Income repaid to Consolidated Fund		<u>1,066</u>		<u>1,161</u>	
			<u>(42)</u>		<u>(386)</u>
Net Expenditure			353,722		85,824
Finance charge					
Finance charge	10		8,412		12,746
Net Expenditure after finance charge			<u>362,134</u>		<u>98,570</u>

There was no other comprehensive expenditure incurred during the year.

The notes on pages 39 to 53 form part of these accounts.

Statement of Financial Position as at 31 March 2011

	Note	31 March 2011		31 March 2010	
		£'000	£'000	£'000	£'000
					Re-stated
Non-current assets					
Property, plant and equipment	5	3,691		4,351	
Intangible assets	5	362		260	
Assets under construction	5	2,049		1,081	
Total non-current assets			6,102		5,692
Current assets					
Trade and other receivables	6	1,546		1,026	
Cash and cash equivalents	7	60,751		31,967	
Total current assets			62,297		32,993
Total assets			68,399		38,685
Current liabilities					
Trade and other payables	8		(53,142)		(37,797)
Non-current assets plus/less net current assets/liabilities			15,257		888
Non-current liabilities					
Provisions	10	(780,946)		(720,388)	
Other payables	9	(13,585)		(17,738)	
Total non-current liabilities			(794,531)		(738,126)
Liabilities less assets			<u>(779,274)</u>		<u>(737,238)</u>
Taxpayers' equity					
General reserve			(779,274)		(737,576)
Revaluation reserve			0		338
			<u>(779,274)</u>		<u>(737,238)</u>

The financial statements on pages 35 to 38 were approved by the Executive Board on 14 June 2011 and were signed on its behalf by:

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
14 June 2011

The notes on pages 39 to 53 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2011

	Note	2010-2011		2009-2010	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash outflow from operating activities	12		(289,707)		(250,999)
Other non-operating Income					
Income	2	1,108		1,547	
Income repaid to Consolidated Fund		<u>(1,066)</u>		<u>(1,161)</u>	
			42		386
Cash flows from investing activities					
Purchase of non-current assets	5		<u>(1,649)</u>		<u>(1,713)</u>
Net cash outflow			<u>(291,314)</u>		<u>(252,326)</u>
Cash flows from financing activities					
Grants from sponsor departments	11		<u>320,098</u>		<u>282,237</u>
Net increase in cash and cash equivalents in the period			<u>28,784</u>		<u>29,911</u>
Cash and cash equivalents at the beginning of the period			<u>31,967</u>		<u>2,056</u>
Cash and cash equivalents at the end of the period	7		<u>60,751</u>		<u>31,967</u>

The notes on pages 39 to 53 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	General Reserve	Revaluation Reserve	Total Reserves
	Re-stated		Re-stated
	£'000	£'000	£'000
Balance at 1 April 2009	(921,324)	419	(920,905)
Net Parliamentary funding	282,237	0	282,237
Net transfer from operating activities:			
Net expenditure	(98,570)	0	(98,570)
Realised element of Revaluation Reserve	81	(81)	0
Balance at 31 March 2010	(737,576)	338	(737,238)

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

The notes on pages 39 to 53 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 2010-11 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 FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The Authority's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

The Financial Statements together with the Notes on pages 39 to 53 have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Justice, with approval of HM Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001 and 2008.

At 31 March 2011, the Authority's Statement of Financial Position records net liabilities of £779 million (31 March 2010 £737 million). This reflects the inclusion of liabilities falling due in future years which may only be met by future funding from both the Ministry of Justice and the Scottish Government. This follows the normal conventions applying to Parliamentary control over income and expenditure in that funding is not provided in advance of need.

Funding for 2011-2012, allowing for the amounts required to meet the Authority's liabilities, had already been included in estimates for this period, which had been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

1.2 Administration and programme expenditure

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

1.3 Funding

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

1.4 Non-current assets

Intangibles

Purchased computer software licences are capitalised as intangible assets where expenditure of £500 or more is incurred. Intangible 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 & 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. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

Donated assets

The Authority holds no assets classified as donated.

Assets under construction

Costs, inclusive of irrecoverable VAT, associated with discrete projects are pooled until the Authority takes the relevant asset on charge (first brings the asset into use). Such items are not depreciated until they are brought into use. The relevant in-year transfers to asset categories, relating to assets which were taken on charge during 2010-11, are disclosed in note 5.

1.5 Depreciation

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

Leasehold improvements	Remaining term of the lease
Furniture and office equipment	Ten years
Computer equipment	Three to five years
Intangibles (software and licences)	Three to five years

1.6 Income

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

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

1.7 Accounting for employee benefits

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

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

1.8 Leases

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

1.9 Provisions

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

Pre-tariff scheme

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

Tariff scheme

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

Dilapidations

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

Early departure

The Authority meets the additional costs of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) for employees who retire early. These costs are provided for in full when the relevant early retirement programme becomes binding by establishing a provision for the estimated payments discounted at the Treasury rate of 2.9 per cent in real terms. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

1.10 Recognition of compensation accrual

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

1.11 Value Added Tax

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

1.12 Third party assets

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

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

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

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

1.13 Segmental Reporting

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

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

1.14 Accounting Policy Change - Removal of Cost of Capital Charge

HM Treasury has agreed that any amount relating to Cost of Capital is to be removed from the Financial Statements. This has been carried out and the net impact in respect of the Taxpayers' Equity is zero. The impact on the Statement of Comprehensive Net Expenditure is highlighted below.

	£'000
Net Expenditure after finance charge for 2009-10 per original disclosure	69,552
Adjustment for Notional capital credit	29,018
Restated Net Expenditure after finance charge for 2009-10	<u>98,570</u>

1.15 Impending application of newly issued accounting standards not yet effective

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

Note 2 INCOME

	£'000	£'000
Civil actions - non-retainable	698	1,016
Court compensation orders - non-retainable	379	396
Other administrative income	31	135
	<u>1,108</u>	<u>1,547</u>

Note 3 STAFF NUMBERS AND RELATED COSTS

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

a) Staff costs

	2010-11	2009-10
	£'000	£'000
Salaries and emoluments	8,846	9,793
Early departure / redundancy	328	624
Provision for early departure / redundancy	734	244
Social security costs	607	638
Other pension costs	1,577	1,698
Agency staff	302	483
Overtime payments	38	48
	<u>12,432</u>	<u>13,528</u>

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 £58,247 against 2 members of staff (2009-10, £127,384 and 4 members of staff).

b) Staff numbers

	2010-11	2009-10
Casework	360	406
Administration	69	72
Agency staff	15	27
	<u>444</u>	<u>505</u>

	2010-11	2009-10
Scottish Government	196	380
Ministry of Justice	233	98
Agency	15	27
	<u>444</u>	<u>505</u>

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

The number of full time equivalent persons employed in the Authority as at 31 March 2011 was 426 (including 23 Agency). All staff as at 31 March 2011 were classified as being employed by the Ministry of Justice.

Note 3.1 CIVIL SERVICE AND OTHER COMPENSATION SCHEMES - EXIT PACKAGES

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972 (for 2009-10) as amended by the Superannuation Act 2010 effective 16 December 2010 (for 2010-11). Exit costs are accounted for in-full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme.

	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
<£10,000	0	0	3	1	3	1
£10,000 - £25,000	0	0	6	3	6	3
£25,000 - £50,000	0	0	15	6	15	6
£50,000 - £100,000	0	0	7	1	7	1
£100,000 - £150,000	0	0	0	1	0	1
£150,000 - £200,000	0	0	0	1	0	1
£200,000 - £250,000	0	0	0	1	0	1
Total number of exit packages by type	0	0	31	14	31	14
Total resource cost (£)	0	0	1,131,000	888,000	1,131,000	888,000

Note 4 OTHER EXPENDITURE

	Note	2010-11	2009-10
		£'000	£'000
Medical and dental fees		2,917	3,115
Rentals under Operating Leases		1,226	1,303
Other accommodation costs		969	1,066
IT maintenance		765	585
Miscellaneous fees		762	584
Postage and telecommunications		362	390
Stationery		138	225
Travel and subsistence		109	143
Losses and special payments	20	90	112
External audit fees		79	82
Training and recruitment		65	101
Internal audit fees		27	17
Furniture and fittings		12	28
Information and publications		7	13
Non Cash Items:			
Bad debts written-off	20	62	23
Increase / (decrease) to bad debt provision	6	26	(17)
Loss on disposal of non-current assets	5	7	0
		<u>7,623</u>	<u>7,770</u>

See Financial Overview for additional details.

Note 5 NON-CURRENT ASSETS

	Intangibles	Assets under Construction	Leasehold Improvements	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>						
At 1 April 2010	283	1,081	3,217	1,641	1,419	7,641
Additions	1	1,418	153	63	14	1,649
Disposals	0	0	0	(47)	0	(47)
Transfers	218	(450)	158	70	4	0
At 31 March 2011	502	2,049	3,528	1,727	1,437	9,243
<u>Depreciation</u>						
At 1 April 2010	(23)	0	(873)	(564)	(489)	(1,949)
Charged in year	(117)	0	(576)	(405)	(134)	(1,232)
Disposals	0	0	0	40	0	40
At 31 March 2011	(140)	0	(1,449)	(929)	(623)	(3,141)
Net book value at 31 March 2011	362	2,049	2,079	798	814	6,102
Net book value at 31 March 2010	260	1,081	2,344	1,077	930	5,692

All non-current assets are owned by the Authority.

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

	Intangibles	Assets under Construction	Leasehold Improvements	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>						
At 1 April 2009	410	511	3,242	2,217	1,421	7,801
Additions	0	1,284	395	16	18	1,713
Disposals	(401)	0	(420)	(1,031)	(20)	(1,872)
Transfers	275	(714)	0	439	0	0
At 31 March 2010	284	1,081	3,217	1,641	1,419	7,642
<u>Depreciation</u>						
At 1 April 2009	(405)	0	(816)	(1,328)	(374)	(2,923)
Charged in year	(20)	0	(477)	(267)	(135)	(899)
Disposals	401	0	420	1,031	20	1,872
At 31 March 2010	(24)	0	(873)	(564)	(489)	(1,950)
Net book value at 31 March 2010	260	1,081	2,344	1,077	930	5,692
Net book value at 1 April 2009	5	511	2,426	889	1,047	4,878

All non-current assets are owned by the Authority.

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

Note 6 TRADE AND OTHER RECEIVABLES

	31 March 2011	31 March 2010
	£'000	£'000
Trade receivables	355	40
Court compensation	1,015	939
Civil claims	75	84
Other receivables	9	6
Prepayments	825	664
	<u>2,279</u>	<u>1,733</u>
Provision for bad debts	(733)	(707)
	<u>1,546</u>	<u>1,026</u>

Trade receivables includes £341k due from MoJ for provision of services (see note 1.12).

Note 7 CASH AND CASH EQUIVALENTS

	Note	2010-11	2009-10
		£'000	£'000
Opening balance at Paymaster General Account		14,017	(1,340)
(Decrease) / Increase in cash		(14,017)	15,357
Closing balance at Paymaster General Account		<u>0</u>	<u>14,017</u>
Opening balance at Government Banking Service Accounts		0	0
Increase in cash		47,154	0
Closing balance at Government Banking Service Accounts		<u>47,154</u>	<u>0</u>
Opening balance all other bank accounts and cash		212	243
(Decrease) in cash		(200)	(31)
Closing balance at all other bank accounts and cash		<u>12</u>	<u>212</u>
Opening balance of awards held on deposit in holding accounts	9	17,738	3,153
(Decrease) / increase in cash	9	(4,153)	14,585
Closing balance of awards held on deposit in holding accounts	9	<u>13,585</u>	<u>17,738</u>
Total balance of cash and cash equivalents		<u>60,751</u>	<u>31,967</u>
Total increase in cash and cash equivalents		<u>28,784</u>	<u>29,911</u>

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

Note 8 TRADE AND OTHER PAYABLES

	31 March 2011	31 March 2010
	£'000	£'000
		Re-stated
Trade payables	4,037	786
Consolidated Fund payables	130	33
Other payables	6	79
Accruals - pre-tariff scheme	14,637	3,506
Accruals - tariff scheme	32,442	31,439
Other accruals	1,890	1,954
	<u>53,142</u>	<u>37,797</u>

Note 9 NON-CURRENT LIABILITIES: OTHER PAYABLES

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

<u>Holding accounts</u>	Number of accounts	2010-11		Number of accounts	2009-10	
		£'000	£'000		£'000	£'000
Opening balance	14		17,738	10		3,153
In-year deposits	4	9,524		9	30,373	
Interest received in-year		<u>65</u>			<u>33</u>	
			9,589			30,406
Closures	(7)	11,995		(5)	15,801	
Withdrawal prior to closure		<u>1,747</u>			<u>20</u>	
			(13,742)			(15,821)
Closing balance	11		<u>13,585</u>	14		<u>17,738</u>

Note 10 PROVISIONS

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

Provisions 2009-10	Pre-tariff scheme	Tariff scheme	Lease dilapidation	Early departure	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2009	307,156	579,916	461	0	887,533
Arising during the year	70,918	207,157	229	244	278,548
Reversed unutilised during the year	(5,670)	(215,338)	0	0	(221,008)
Utilised during the year	(35,015)	(202,416)	0	0	(237,431)
Charge for year (unwinding)		12,746	0	0	12,746
Balance at 31 March 2010	337,389	382,065	690	244	720,388

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

	2010-11	2009-10
	£'000	£'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	255,849	218,531
Scotland	25,157	25,617
	281,006	244,148

Impact upon Statement of Comprehensive Net Expenditure

The figure of £323.1 million (£332.5 million, per Statement of Comprehensive Net Expenditure, less £9.4 million cash paid) for all schemes derives from in-year, non-cash movements in provision.

Two elements make up the £323.1 million non-cash movement. New liabilities arising during 2010-11 (totalling £342.2 million), and old liabilities that have been reversed unutilised (totalling over £19.1 million) during the year. The former has been disclosed because the Authority has re-assessed its outstanding obligations. The latter amount had been disclosed, in the Statement, in earlier accounting periods and therefore is required to be reversed through the same Statement in 2010-11. This reversal is due to the fact that it has been established that present obligations do not exist. Therefore a settlement amount is no longer required.

The tariff scheme compensation, as highlighted above, includes £9.4m that was not previously included in the opening provision. This is due to the fact that the events which underpin the awards took place after 31 March 2010.

The pre-tariff provision increased by a net figure of £84.1 million and this is reflected in the Statement.

Pre-tariff scheme

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

As a direct consequence of the annual appraisal the pre-tariff provision increased by a net figure of £84.1 million. The overall movement as disclosed in above table for pre-tariff provision is £54.4 million. The difference is due to the fact that over £29.7 million has been paid to applicants during 2010-11.

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these

cases (see note 1.9). Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

Tariff scheme

The tariff scheme provision, reflecting the Authority's liabilities under the 1996, 2001 and 2008 schemes, is made up of two components. Primarily, the Authority recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £260.430m). The additional element relates to those events, occurring on or before reporting period end, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £127.103m).

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

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

Analysis of expected timing of discounted cash flows:

	£'000
Not later than one year	191,279
Later than one year and not later than five years	175,760
Later than five years	20,494
	<u>387,533</u>

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

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

- a. The apportionment of cases received, but as yet unallocated to Tariff bands. An exercise is on-going in order to reduce the number of cases without a banding. However, 80 per cent of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends.
- b. The likelihood of known cases, received in current year, that will resolve at nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where nil value cases are likely to be expected.
- c. For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends.

Lease dilapidations

The majority of the balance reflects the likely liability of the Authority on exit of Tay House, Glasgow. The assessment is based upon advice provided by both Home Office Estates Department and Landlord. The in-year increase to provision reflects the latest estimated exit costs for Kinning Park.

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

Early departure

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

The liability has been discounted at the prevailing Treasury Discount Rate (2.9 per cent) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision.

Note 11 FUNDING

	£'000	£'000
HMG Funding, received as Grant-in-Aid:		
Compensation payments	298,990	259,611
Operating costs	19,433	20,876
	318,423	280,487
Capital expenditure	1,675	1,750
	320,098	282,237

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

	£'000	£'000
Compensation	24,786	25,517
Operating costs and Capital expenditure	2,814	2,483
	27,600	28,000

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

	£'000	£'000
		Re-stated
Net Expenditure after finance charge	(362,134)	(98,570)
Loss on disposal of non-current assets	5	0
Increase / (decrease) in provision for doubtful debts	6	(17)
Depreciation	5	899
(Increase) in receivables	6	(142)
Increase / (decrease) in payables	8	(223)
(Decrease) / Increase in awards held on deposit holding accounts	9	14,585
Net movement in pre-tariff scheme provision	10	30,233
Net movement in tariff scheme provision	10	(197,851)
Net movement in dilapidations provision	10	229
Net movement in early release provision	10	244
Other net income		(386)
Net cash outflow from operating activities	(289,707)	(250,999)

Note 13 THIRD PARTY ASSETS

<u>Amounts held as Retained awards</u>	Number of accounts	2010-11		Number of accounts	2009-10	
		£'000	£'000		£'000	£'000
Balance at 1 April 2010	5,271		44,998	2,551		29,298
Open Accounts						
Deposits	3,540	22,528		3,573	22,067	
Additional deposits to existing accounts		323			96	
Interest received		722			233	
Withdrawals		(751)			(714)	
			22,822			21,682
Closures	(1,680)		(9,355)	(853)		(5,982)
Balance at 31 March 2011	7,131		58,465	5,271		44,998
<u>Amounts held on behalf of the MoJ</u>						
			2010-11			2009-10
Net balance at 31 March 2011			3,190			0
Total third-party assets			61,655			44,998

Note 14 CAPITAL COMMITMENTS

At 31 March 2011 the Authority had contracted capital commitments of £82,691 relating to leasehold improvements and office equipment.

Note 15 COMMITMENTS UNDER LEASES*Operating Leases*

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

	2010-11	2009-10
	£'000	£'000
Obligations under operating leases comprise:		Re-stated
Not later than one year	1,224	1,214
Later than one year and not later than five years	3,032	4,192
Later than five years	0	0
	4,256	5,406

The Authority's staff are employed on two sites in Glasgow. The main office (floors 1 and 2) at Tay House, Glasgow with a further file storage facility on a separate site in Kinning Park, Glasgow. The leases on these properties end in financial years 2014 and 2011 respectively for each site.

The prior year figures have been subject to re-statement as a result of reviewing the timing and value of the obligations that were applicable for 2009-10.

Note 16 CONTINGENT LIABILITIES

On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service Criminal Injuries Compensation, may go to judicial review. These could have an impact on the Authority's future liabilities but due to the uncertainty surrounding timing and valuation these cases are not included within the provision.

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

Note 17 EVENTS AFTER THE REPORTING PERIOD

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

There are no relevant issues that require disclosure.

Note 18 RELATED PARTY TRANSACTIONS

The Authority is classified as a Non-Departmental Public Body (NDPB) of the Ministry of Justice. Both the Ministry of Justice and the Scottish Government are related parties to the Authority in respect of providing staff, during the year, on assignment to the Authority. As a direct result of a Machinery of Government change, all staff were transferred to Ministry of Justice with effect from 1 November 2010. In addition, during the year, the Authority has had various dealings with other government departments and entities.

During the period related party transactions were entered into with the Tribunals Service Criminal Injuries Compensation. The Authority received a total of £0 (2009-10, £19,550) for providing information technology support services to the Tribunals Service. The nil charge for this year has been agreed between both parties and will be subject to review.

Note 19 INTRA-GOVERNMENT BALANCES

	Receivables and prepayments: amounts falling due within one year		Payables and accruals: amounts falling due within one year	
	2010-11	2009-10	2010-11	2009-10
	£'000	£'000	£'000	£'000
				Re-stated
Balances with other central government bodies	355	34	4,048	938
Balances with bodies external to government	1,191	992	49,094	36,859
Total Balances	1,546	1,026	53,142	37,797

Note 20 LOSSES AND SPECIAL PAYMENTS

Losses up to £20,000 and ex-gratia payments, special payments, fraud and abandoned claims up to £10,000, are authorised by the Accounting Officer. Amounts greater than these specified thresholds

are referred to and authorised by the Authority's sponsor, the Ministry of Justice. Cases are related to compensation paid, to applicants, for lost documents, payments made to applicants as a direct result of third-party interception / fraud and for bad debts written-off. The latter relates to non-payment of repayments due from applicants who have received compensation via the courts system (and are therefore required to reimburse the Authority for previous compensation received from the Authority). Bad debts written-off totalled £61,583 (2009-10, £22,507) and losses and special payments totalled £90,260 (2009-10, £112,174).

Note 21 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

The Authority does hold material cash balances on deposit. Allocated holding accounts (note 9) are included in the cash balance on the Statement of Financial Position, while funds retained in the applicant's name are excluded from the Authority's cash balance and are disclosed by note. The movement in retained funds is detailed in note 13. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with agreed interest rates each year over the period in which the funds are retained. The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. No administration fee is charged to the applicant. The average rate of interest applied to the investments during 2010-11 was 1.40 per cent (2009-10, 0.66 per cent).

Accounts Direction Statement

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

The annual accounts shall give a fair and true view of the income and the expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Criminal Injuries Compensation Authority shall prepare accounts for the year ending 31 March 2011 and subsequent years in accordance with:

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

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

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

Pat Lloyd

Head of Sponsorship and Performance Unit
Corporate Performance Group
2 March 2011

Criminal Injuries Compensation Authority
Tay House
300 Bath Street
Glasgow
G2 4LN
tel: 0300 003 3601
www.cica.gov.uk



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

Online
www.tsoshop.co.uk

Mail, telephone, fax and email

TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/general enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other accredited agents

Customers can also order publications from:

TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Telephone orders/general enquiries: 028 9023 8451
Fax orders: 028 9023 5401

ISBN 978-0-10-297016-6

