

Criminal Injuries Compensation Authority

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# Annual Report and Accounts 2012-13



# Criminal Injuries Compensation Authority Annual Report and Accounts 2012-13

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

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# Minister's Foreword

As Minister of Justice with responsibility for victims, I am committed to ensuring that victims of crime have the support and services to help them to cope and recover from the impact of crime. Most often this will take the form of practical and emotional support to help victims to understand the criminal justice process and to cope with the experience. But society recognises that sometimes a blameless victim deserves compensation too. This seventeenth annual report reflects the continued vital support that the Criminal Injuries Compensation Authority (CICA) provides to victims of the most serious of crimes.

In the past year, the CICA has seen much change and has driven much improvement. It has implemented the Criminal Injuries Compensation Scheme (CICS) 2012 within two weeks of gaining parliamentary approval. The Government is committed to providing the best possible support for victims of crime. This includes maintaining compensation payments for those seriously affected by crime, but we needed to place the CICS on a sustainable financial footing and ease the burden on the taxpayer. Support services for victims are a better use of money than providing small amounts of compensation some time after the incident for relatively minor injuries, but where lives are changed by criminal injuries, compensation should be paid in a timely manner.

Alongside the new compensation scheme, the CICA also successfully implemented the first statutory Victims of Overseas Terrorism Scheme, and a Hardship Fund which was set up for those low paid workers or the self employed who will no longer receive an award under the new compensation

scheme. The CICA managed to implement both Schemes and the new Fund quickly - and run them in a very high quality way, without any additional administration costs. This is a significant achievement.

The dedication of staff at the CICA - reflected in the improved levels of customer satisfaction and their increased staff engagement score over the last year - goes a long way in helping the Government to do all it can to ensure that the right support is in place to help victims of crime through what is often a sensitive, worrying and emotional time. I want to pay tribute to the hard work of staff at the CICA for their contribution to this important aim.

**Helen Grant**

Minister for Victims and the Courts  
9 May 2013



# Chief Executive's Foreword

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

Given last year's success in reducing the pre-tariff caseload and total number of outstanding cases, we will continue to focus our attention on finalising some of our oldest and most complex tariff cases and have set up a project team to achieve this by October 2013. The extra staff time needed to target complex cases means that in the coming year we will not be able to match the number of resolutions we achieved in 2012-13, but we do believe this will represent a fair and proper prioritisation of our workload.

In total we reduced our live caseload by over 4,000 cases while maintaining the high customer satisfaction levels achieved in recent years. Also as in previous years, around 96 per cent of cases were resolved without recourse to an external appeal.

The Government is encouraging more of its front line organisations to deliver services electronically as it believes this will lead to better customer service. We made significant progress in moving towards helping the Government achieve this goal by introducing our new electronic case management system and updating our online application system. These changes mean there is no delay in an application being registered, while five years ago this could take up to 15 working days. We will be building on these changes to improve the efficiency with which we will handle claims in the future. Organisational change can lead to temporary drops in staff engagement, so I am pleased that our staff have been fully supportive of our efforts to help them deliver a better service and that

our staff engagement level continued to improve this year.

This past year we also embraced fresh challenges with the introduction of a new Criminal Injuries Compensation Scheme. All areas of the organisation worked together to prepare for the new Scheme and we made a smooth transition into operating it. The Government also launched the Victims of Overseas Terrorism Scheme and the Hardship Fund, both of which we now administer. Implementing and operating additional schemes is a credit to our staff and reflects the level of confidence there is in our ability to deliver a good service to victims of violent crime. We have risen to meet the challenges that this year brought and we look forward to building on this in 2013-14.

## **Carole Oatway**

Chief Executive

Criminal Injuries Compensation Authority

11 June 2013

# 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) and 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 2012-13 are £70,000 (2011-12, £70,000). Neither additional audit fees nor remuneration for non-audit work were paid in 2012-13, as was also the case in 2011-12.

## Disclosure of information to auditors

So far as the Accounting Officer is aware, CICA's Auditors are aware of all relevant information. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors are aware of that information.

## About CICA

### History and activities

The Criminal Injuries Compensation Scheme was set up in 1964 to compensate blameless victims of violent crime. Before 1996 awards were set according to what the victim would have received in a successful civil action against the offender. Since April 1996, the level of compensation has been determined according to a tariff set by Parliament. Following the enactment of the Criminal Injuries Compensation Act 1995 CICA was established to administer a tariff-based compensation scheme in England, Scotland and Wales.

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

### 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);
- a contribution to loss of earnings or earning capacity, beyond the first 28 weeks of loss as a direct result of the injury; and

- other special expenses which may be payable in certain circumstances.

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

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

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](http://www.justice.gov.uk), or by contacting CICA on 0300 003 3601.

## Register of interests

No Executive Management Team members or non-executive advisors held any significant interests that conflicted with their management responsibilities.

## Going concern

At 31 March 2013, the Authority's Statement of Financial Position records net liabilities of £408 million (31 March 2012, £547 million). Of this total £377 million (31 March 2012, £531 million) relates to compensation payable in the future.

Compensation liabilities falling due in future years can only be met by future grant-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 are not paid in advance of need.

Grant-in-aid for 2013-14, 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 and Scottish Government estimates for that year, that have been approved by Parliament.

There is, therefore, no reason to believe that both future sponsorship and Parliamentary approval will not be forthcoming. As a result, it is deemed appropriate to adopt the going concern basis for the preparation of these financial statements.

## Business Commentary

### Timeline of key events - April 2012 to March 2013

#### April – June

- CICA take on the administration of the ex-gratia Victims of Overseas Terrorism Scheme.
- Ministry of Justice consultation on the proposals for a new 2012 Criminal Injuries Compensation Scheme closed.
- CICA's first Electronic Case Management System is rolled out to all areas of the business.
- CICA's improved Online Application System launched.

#### July – September

- 2012-15 Business Plan published.
- Civil Service staff survey launched.
- CICA launch a project to clear the remaining 1996 Scheme and 2001 Scheme cases.
- Chris Grayling is appointed Minister for Justice and announced Helen Grant as Minister for Victims and the Courts.
- CICA's Reward and Recognition Scheme launched as part of the Ministry of Justice's Celebrating Your Success policy.

#### Key Achievements 2012 – 13

- Finalised 53,774 tariff cases and reduced the live case load to 45,210 which is the lowest level for 26 years.
- Resolved 47 pre-tariff cases, leaving only 19 of these cases to be settled over the next two years.
- Reduced staffing costs by £0.73 million, this allowed us to absorb the cost of the new Scheme.
- Paid out 25 awards, totalling almost £0.55 million to victims of overseas terrorism under the ex-gratia Victims of Overseas Terrorism Scheme.
- Achieved a 84 per cent customer satisfaction rating.
- Made a successful transition from the 2008 to the 2012 Scheme.
- Took on responsibility for administering new Schemes for Victims of Overseas Terrorism.
- Introduced a simpler Online Application System (OAS) resulting in a 40 per cent increase in the number of people using this channel to apply for compensation.
- Introduced an Electronic Case Management System to all areas of the business.

#### October – December

- Rena Kinloch appointed as Deputy Chief Executive.
- Parliament approves a new Criminal Injuries Compensation Scheme.
- Parliament approves a new Scheme to compensate Victims of Overseas Terrorism, to be administered by CICA.
- Ministry of Justice announces the start of the Triennial Review of CICA.
- Parliament approves a new Hardship Fund.

#### January – March

- Civil Service staff survey results published - showing marked improvement in the level of staff engagement in CICA.
- Organisational restructure is announced to better align staff resources to reflect the impact of the new Scheme and electronic case management.
- MOJ finance and CICA agree final funding requirements to settle the maximum number of cases possible in 2012-13.

## **Management commentary**

The previous page captures some of the key events and achievements during what has been a very busy year for CICA. The commentary below provides more information on some of the most significant events.

### ***New 2012 Criminal Injuries Compensation Scheme***

The major event during 2012 was the introduction of a revised Criminal Injuries Compensation Scheme. This came into force on 27 November 2012 following full public consultation and approval by both Houses of Parliament. The revisions were designed to put the Scheme on a more sustainable financial footing by removing awards for people with the least serious injuries and focusing awards on victims with more serious injuries. Parliament also agreed to tighten up the eligibility criteria by introducing a nationality requirement and by excluding people with unspent convictions which had led to them receiving a custodial or community sentence. A full guide to the new Scheme, which sets out all the new provisions, is available on the Justice website. CICA ensured that the transition from the 2008 Scheme to the 2012 Scheme was managed smoothly and without any interruption to the service provided.

### ***Ex gratia Victims of Overseas Terrorism Scheme***

In April 2012, the Government introduced the ex gratia Victims of Overseas Terrorism Scheme to make payments to victims who were still suffering the effects of injuries sustained in a designated terrorist act on or after 1 January 2002. CICA processed 25 awards with a combined value of just under £546,000, all within agreed timescales.

### ***Statutory Victims of Overseas Terrorism Scheme***

In November 2012, the ex-gratia Scheme was superseded by a statutory Scheme which broadly mirrored the terms and conditions of the revised domestic Scheme. The statutory Scheme provides for payments to victims of terrorism injured in incidents outside the United Kingdom (UK) on or after 27 November 2012. As at 31 March no payments have been made under this Scheme.

### ***Hardship Fund***

To address concerns that the changes to the Criminal Injuries Compensation Scheme would result in hardship for very low paid workers who were temporarily unable to work as a direct result of a being a victim of a crime of violence, the Government introduced a Hardship fund in England and Wales. This fund is also administered by CICA following a referral from Victim Support.

### ***Triennial Review of the Criminal Injuries Compensation Authority.***

The Ministry of Justice announced the start of the Triennial Review of the Criminal Injuries Compensation Authority. This is a routine process which applies to all Non-Departmental Public Bodies (NDPBs). It is aimed at ensuring the functions of individual NDPBs are still required and that the NDPB model is fit for purpose and offers taxpayers the best value for money. The results of this review are expected to be made public in June 2013.

### **Transparency**

The Authority's 2012-15 Business Plan set out nine key areas on which it will publish data. This data appears in the following table. The 2013-17 Business Plan update sets out further transparency measures, which will be included in annual reports from next year.

**Table 1: Transparency measures**

Measure	Definition	2012-13	2011-12
1. Time to register an application	The average time taken for a completed application to be added to the live caseload	0.1 day	1 day
2. Size of live tariff caseload	The number of live tariff cases that the Authority has registered but are not resolved	45,210	49,573
3a. Active case load (tariff) cycle time to first decision*	The average time taken to reach first decision	8.8 months	7.8 months
3b. Tariff cycle time to review decision	The average time taken to complete a review	5.3 months	5.2 months
4. Appeal stage response times	The average time between the Tribunals Service telling CICA that an appeal has been received and CICA telling the Tribunals Service the case is ready to list	3.7 weeks	3.8 weeks
5. Decisions overturned at appeal**	The percentage of CICA decisions overturned from those cases that go to appeal	30% on merit 20% on value	30% on merit 19% on value
6. Pre-tariff cases listed	The number of pre-tariff cases listed	47	78
7. Customer satisfaction	The percentage of applicants, as measured by a customer survey, that consider they received good customer service from CICA	84%	82%
8. Programme spend	Accrued expenditure	100%	100%
9. Staff engagement	The average of the results for CICA staff indicating that they feel committed to their work and valued in their role in the Civil Service staff engagement survey	60%	53%

\*An explanation for this increase can be found on page 12

\*\* 96 per cent of cases are decided without the need for an external appeal



## Claim activity

### *Volume of applications under the 2008 and 2012 Criminal Injuries Compensation Schemes*

The Authority received 47,889 new applications in 2012-13. This is a reduction of 17.7 per cent on the number of applications received in 2011-12 (58,195). Part of this reduction can be attributed to the introduction of the 2012 Scheme, on 27 November 2012, which tightened the eligibility criteria. Next year's demand is estimated at 42,000 applications. This is likely to reduce further in the future, as potential applicants become more aware of the tighter eligibility criteria.

### *Resolutions*

**Table 2: Applications resolved**

	2012-13	2011-12
Tariff and pre-tariff schemes	53,821	57,480

### *Awards by tariff level*

The following tables show 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 the tables.

Table 3 shows the percentage of awards under each tariff band in the 2012 Scheme. The table covers the period from the 2012 Scheme's introduction, 27 November 2012, to 31 March 2013. The spread of awards is not reflective of a full year as it will not include injuries where we need to wait for a long-term prognosis.

Table 4 shows the percentage of awards under each tariff band in the Schemes prior to this; 1996, 2001 and 2008. Where there are two figures under a particular tariff, this reflects the fact that the tariff was increased in 2001. The first figure is that under the 1996 Scheme, and the second is that under the 2001 and 2008 Scheme. There was no increase to tariff bands under the 2008 Scheme.

**Table 3: Awards made by tariff level 2012-13, 2012 Scheme**

Level	Tariff sum £	Decision %	Review %	Appeals %	Total %
A1/B1	1,000	12.7	0.0	0.0	12.7
A2/B2	1,500	1.6	0.0	0.0	1.6
B3	2,000	11.1	0.0	0.0	11.1
A4	2,400	1.6	0.0	0.0	1.6
B4	3,300	6.3	0.0	0.0	6.3
B6	5,500	12.7	0.0	0.0	12.7
B7	6,600	1.6	0.0	0.0	1.6
B8	8,200	3.2	0.0	0.0	3.2
A8/B9	11,000	30.2	0.0	0.0	30.2
A10/B11	16,500	9.5	0.0	0.0	9.5
A12/B12	22,000	9.5	0.0	0.0	9.5
<b>Total</b>	-	<b>100.00</b>	<b>0.0</b>	<b>0.0</b>	<b>100.00</b>

Table 4: Awards made by tariff level 2012-13, 1996, 2001 and 2008 Schemes\*

Level	Tariff sum £	Decision %	Review %	Appeals %	Total %	2011-12 Total %	2010-11 Total %
1	1,000	13.50	12.69	10.57	13.26	13.71	13.75
2	1,250	4.37	3.54	2.01	4.16	3.96	4.03
3	1,500	17.03	13.45	6.88	16.11	16.58	16.01
4	1,750	0.75	0.69	0.34	0.73	0.77	0.95
5	2,000	14.03	10.13	6.38	13.16	13.37	12.87
6	2,500	6.91	8.34	6.96	7.11	7.12	7.40
7	3,000	0.00	0.02	0.00	0.01	0.01	0.01
7	3,300	10.73	10.54	7.13	10.56	10.51	10.84
8	3,800	5.57	5.50	2.52	5.43	5.93	5.90
9	4,400	9.02	11.52	10.91	9.45	9.68	9.71
10	5,000	0.00	0.02	0.08	0.01	0.01	0.02
10	5,500	4.59	4.54	6.46	4.66	4.17	4.30
11	6,600	1.05	1.17	0.34	1.04	0.92	1.03
12	7,500	0.02	0.02	0.08	0.02	0.02	0.05
12	8,200	1.99	5.54	16.19	3.08	3.04	3.22
13	10,000	0.00	0.02	0.00	0.00	0.01	0.02
13	11,000	5.07	3.39	4.11	4.79	4.31	4.29
14	12,500	0.00	0.00	0.00	0.00	0.00	0.00
14	13,500	0.61	2.17	6.80	1.08	0.99	0.97
15	16,500	2.33	2.63	2.52	2.38	2.19	2.07
16	19,000	0.11	0.43	2.10	0.24	0.27	0.28
17	20,000	0.03	0.07	0.76	0.06	0.03	0.06
17	22,000	1.77	2.08	2.27	1.84	1.68	1.52
18	27,000	0.13	0.38	1.51	0.23	0.24	0.21
19	33,000	0.03	0.00	0.08	0.02	0.03	0.06
20	40,000	0.03	0.02	0.25	0.03	0.02	0.04
20	44,000	0.08	0.62	1.43	0.21	0.18	0.17
21	50,000	0.01	0.02	0.00	0.01	0.01	0.02
21	55,000	0.04	0.12	0.17	0.05	0.07	0.07
22	75,000	0.01	0.00	0.00	0.01	0.01	0.00
22	82,000	0.03	0.07	0.17	0.04	0.01	0.01
23	110,000	0.07	0.19	0.76	0.12	0.08	0.04
24	175,000	0.03	0.00	0.17	0.03	0.01	0.02
25	250,000	0.07	0.05	0.08	0.07	0.05	0.08
<b>Total</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

\*This excludes awards made under the 2012 Scheme which are shown in Table 3

### **Rates of review and appeal**

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

**Table 5: Tariff scheme review and appeal rates**

	2012-13	2011-12
% of claims assessments cases going to internal review	18.8	19.1
% of review cases going to external appeal	23.5	21.2
% overall appeal rate	4.5	4.3

### **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.

**Table 6: Disallowed claims 2012-13**

Scheme paragraph	Criterion	2012-13	2011-12
6	Injury sustained before 1 August 1964	13	6
7A	Previous claim for same injury	749	611
7B	Injury sustained in family setting before 1 October 1979	76	67
8A	Mainly, injury did not result from crime of violence	3,050	3,201
9	Application did not meet restrictions in paragraph	246	265
11	Motor vehicle cases: mainly, vehicle not used as a weapon to injure	255	312
12	Accidental injury sustained in law enforcement: risk not justifiable	78	103
13A	Failure to report without delay	1,378	1,533
13B	Failure to Cooperate with police in bringing assailant to justice	3,690	4,381
13C	Failure to Cooperate with the Authority	2,140	1,996
13D	Conduct before, during or after the incident	3,110	2,967
13E	Applicants criminal record/character	5,235	4,485
16A	Assailant would have benefited from award	10	35
16B	Award would have been against a minor's interests	0	1
17A	Assailant in family violence/abuse claim not prosecuted	140	81
17B	Violence between adults in the same family	16	34
18	Claim not submitted within 2 years of incident	1,550	1,804
25	Injury not serious enough to qualify for minimum award of £1000	7,406	7,839
26	Pre-existing medical condition	447	498
	<b>Total</b>	<b>25,455</b>	<b>30,219</b>

### **Time taken to reach decisions**

The Authority has focussed strongly on reducing the time it takes to make decisions over the last five years. Performance in this area declined slightly in 2012-13, as we have focused on finalising some of our oldest and most complex tariff cases, but remains stronger than it was at the start of that period. For example, 64 per cent of cases were decided within 12 months in 2007-08, compared with 77 per cent in 2012-13.

**Table 7: Time taken to reach decisions 2012-13**

Period of Time	Number of decisions	%	Cumulative %	2011-12
within 2 months	6,565	12.40	12.40	12.92
2-4 months	8,788	16.60	29.01	33.85
4-6 months	9,173	17.33	46.34	52.07
6-8 months	6,861	12.96	59.30	65.26
8-10 months	5,128	9.69	68.99	74.46
10-12 months	4,150	7.84	76.83	80.98
Over 12 months	12,263	23.17	100.00	100.00
	<b>52,928</b>	<b>100.00</b>		

### **Appeals**

The number of outstanding appeals has decreased further this year. Although the number of outstanding appeals has stayed at a broadly consistent level since introducing new quality checking measures in 2009-10, there was a reduction of 397 cases last year.

**Table 8: Outstanding Appeals**

	2012-13	2011-12
Awaiting appeal	2,302	2,699

### **Outstanding applications**

The Authority has focussed on reducing the live caseload over the last two years. The live caseload reduced from last year and is now at the lowest since 1986.

**Table 9: Outstanding Applications at 31 March 2013**

	2012-13	2011-12
Awaiting a first decision	36,748	40,329
Awaiting a reviewed decision	4,770	5,186
Awaiting an applicant's response to a first or reviewed decision	1,390	1,359
Awaiting appeal	2,302	2,699
<b>Total</b>	<b>45,210</b>	<b>49,573</b>

## **Financial Overview**

### **Programme Expenditure**

The Schemes provide compensation to victims of crime. The Authority receives tariff Scheme claims on a daily basis that are required to be verified and assessed. This will determine whether an award can be made within the Scheme rules, as approved by Parliament. This determination is made after gathering evidence from police authorities and medical experts. As a result the Authority will always have

cases outstanding at year-end. These applications will be at various stages of completion, based upon both date received and complexity of case.

The Authority also manages the remaining cases for the pre-tariff Scheme, which was in operation prior to the tariff Scheme. Additional funding of £23.5 million was provided during 2012-13, to hear and settle these cases as they became ready, and this is reflected in the overall settlement value for 2012-13.

The Authority settled total compensation awards of £324.6 million to blameless victims of violent crime during 2012-13 (see note 10 to the accounts for additional detail). This can be allocated as follows:

- £318.5 million of the total settled relates to amounts that had been previously provided for, and recognised in the Statement Of Comprehensive Net Expenditure (SOCNE) in previous financial years. Therefore, these settlements are all routed through the provision and there is no in-year impact on the SOCNE. In note 10, these settled awards are shown in the provision statement as utilised during the year.
- £6.1 million is recognised in the SOCNE, within tariff scheme compensation, as settlements relating to claims not previously provided for. These claims relate to incidents in 2012-13 where applications were received and settled during 2012-13. Therefore these claims were not recognised in the provision.

New liabilities, for all compensation Schemes, recognised during 2012-13 totalled £234.8 million. Based upon tariff claims received, during 2012-13, and still outstanding at year-end, £203.3 million has been recognised as new provision. Pre-tariff cases settling at a higher value than that previously provided totalled £31.3 million.

A new liability of £0.2 million has been recognised, based upon claims received, for the Victims of Overseas Terrorism Scheme.

Previous liabilities for pre-tariff reversed unutilised totalled £23.4 million. This liability had been recognised, in earlier accounting periods within the SOCNE, and is therefore required to be reversed through the same Statement in 2012-13. This reversal was required for pre-tariff cases that settled below the estimate previously provided.

As a direct result of the introduction of the 2012 tariff Scheme a downward adjustment of £55.6 million was made to the tariff provision.

The SOCNE can, for compensation recognised during 2012-13, be summarised to its constituent parts, as below noting that comparative information is disclosed in Note 10 to the Accounts:

<b>New Tariff liabilities arising</b>	<b>£203.3m</b>
Tariff settlements not recognised in provision	£6.1m
Write-back of provision no longer required	£(55.6)m
<b>Sub total Tariff</b>	<b>£153.8m</b>
Pre-tariff settlements higher than previous provision	£31.3m
Pre-tariff settlements lower than previous provision	£(23.4)m
<b>Sub total Pre-tariff</b>	<b>£7.9m</b>
<b>New VOTS liabilities arising</b>	<b>£0.2m</b>

During 2012-13, 47 pre-tariff cases became ready for settlement. CICA was provided with the funds necessary to settle these cases as they were decided. This meant the total pre-tariff liability was reduced to £42.4 million.

Casehandling costs, classified as programme expenditure, have remained constant over the two year period. These are medical, legal and other fees related to settling all compensation cases.

### ***Administration Expenditure***

The cost associated with managing and administering the compensation Schemes has decreased from £16.856 million to £16.515 million, an overall reduction of 2.0 per cent. This is predominantly due to a decrease in staff costs of £0.731 million. The saving in staff costs has allowed us to absorb an increase in other costs (£0.166 million) and a further net increase to amortisation and depreciation of £0.224 million. The other costs increase is due to implementing the 2012 Criminal Injuries Compensation Scheme and to provide on-going support to a larger number of IT systems deployed by the Authority. The increase to amortisation is mainly due to the impact of capitalisation of IT systems, previously disclosed as assets under construction.

The numbers of staff employed within the Authority has been reducing year on year. The Authority's workforce management strategy takes account of actions to improve the use of technology and introduce more efficient processes thereby keeping administration costs to a minimum.

### **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 2012-13 indicated that 99 per cent (97 per cent 2011-12) 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 2013-14**

The Authority's business plan update for 2013-17, available on the [justice.gov.uk](http://justice.gov.uk) website, sets out a strategy to deliver its aim and objectives in support of the Ministry of Justice objective 'to provide a more effective, transparent and responsive criminal justice system for victims and the public.'

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

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

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

Process – optimising business processes and capitalising on technology.

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

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

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

## Policy

In 2013-14, the Authority will:

- explore how we communicate with customers and stakeholders at key stages of the compensation claims process and where we can extend the use of technology in our dealings with applicants and their representatives, based on the Government digital-by-default approach;
- utilise the Customer Service Excellence model to take a critical look at what we do, and provide innovative solutions to ensure our customers receive the best possible service, at every stage of the claim process;
- assess the effectiveness of our complaints process; and
- analyse the rulings of the First-tier Tribunal-Criminal Injuries Compensation to ensure our staff have robust guidance on which to make decisions.

## Operations

This coming year will see continued focus on improving the service provided to applicants. Further developments planned for 2013-14 include:

- continuing the work begun in 2011-12 to clear the outstanding pre-tariff caseload for hearings and completion, with a reduction of up to £30 million in liability;
- reinforcing the need for quality-driven claims processing to resolve cases at first decision stage and keep reviews and appeals to a minimum;
- reviewing all existing operational processes and procedures to improve efficiency and value for money; and
- encouraging more people to use our on-line application process by providing enhanced customer support and guidance.

## IT

This year CICA's IT team will focus on:

- supporting delivery of the Government's Digital by Default Strategy;
- making the best use of our Tempus Case Management system by extending it to deal specifically with fatal cases and appeals; and
- establishing new reporting and Management Information requirements under revised processes and team structures.

## Sustainable development

### Overview

The Authority has reduced emissions from travel from the previous years. However, greenhouse gas (GHG) emissions and waste have increased overall. Moving towards fully electronic caseworking should reduce waste, from paper and case files, in coming years.

### Greenhouse gas emissions

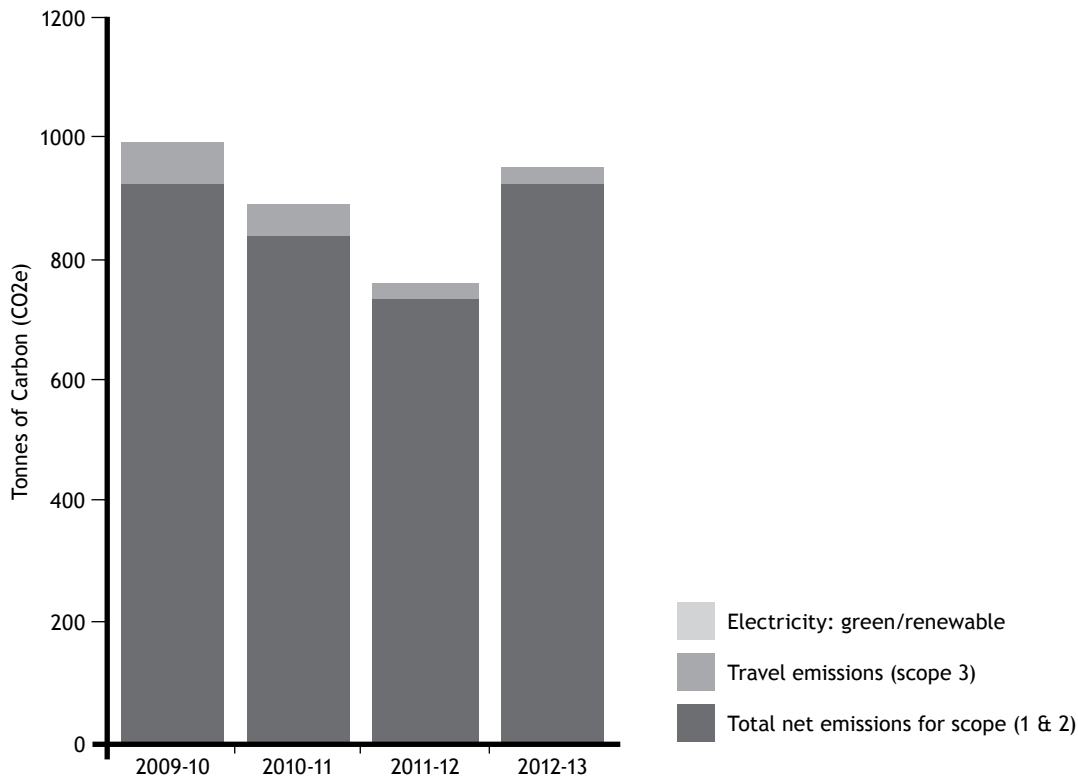
#### Performance

Table 11 shows CICA's GHG emissions, as defined by the GHG protocol (available at [www.ghgprotocol.org](http://www.ghgprotocol.org) including information about the different scopes), over the past four years. The last two years figures have been restated as more information became available. Emissions from travel has reduced year on year. CICA's direct consumption reduced this year. However, as tenants of a shared building CICA are allocated a share of the building's usage for common areas based on the buildings occupancy. This year the building's total consumption increased, increasing CICA's emissions for scopes 1 and 2. The building is not fully occupied therefore CICA have a higher share of the consumption than it should have in coming years. The organisation is still confident it can meet the Greening Government Commitment to reduce greenhouse gas emissions by 25 per cent from the 2009-10 baseline of 1001 tCO<sub>2</sub>e to 751 tCO<sub>2</sub>e before 2015.

<b>Table 11: Greenhouse gas (GHG) emissions</b>		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions for scopes 1 and 2	921.4	835.3	730.5	921.5
	Electricity: green/renewable	0.0	0.0	0.0	0.0
	Total net emissions for scopes 1 and 2	921.4	835.3	730.5	921.5
	Gross emissions for scope 3 - travel	69.9	55.3	30.1	28.2
	<b>Total gross GHG emissions (all scopes)</b>	<b>991.3</b>	<b>890.6</b>	<b>760.6</b>	<b>949.7</b>
Non-financial indicators (mWh)	Electricity: Grid, CHP and non-renewable	1,384,101	1,275,687	1,118,288	1,443,728
	Electricity: renewable	0	0	0	0
	Gas	1,085,972	925,918	802,301	919,031
	Other energy sources	0	0	0	0
	<b>Total energy</b>	<b>2,470,073</b>	<b>2,201,605</b>	<b>1,920,589</b>	<b>2,362,759</b>
Financial indicators	Expenditure on energy	£189,907	£181,129	£202,108	£185,190
	Expenditure on official business travel	£72,793	£55,397	£37,772	£45,450



## GHG emissions by scope



## Controllable impacts

The main impacts are estate energy consumption. CICA's direct Tay House consumption declined from 574mWh in 2011-12 to 514mWh in 2012-13. The remainder of energy consumed is attributed to CICA on a space-occupied basis and is therefore uncontrollable. CICA may see an increase in direct consumption in 2013-14 as scanning and other electronic additions and enhancements are implemented.

## Influenced impacts

CICA influence employee commuting by actively encouraging car sharing through automatic parking space allocation for car sharers.

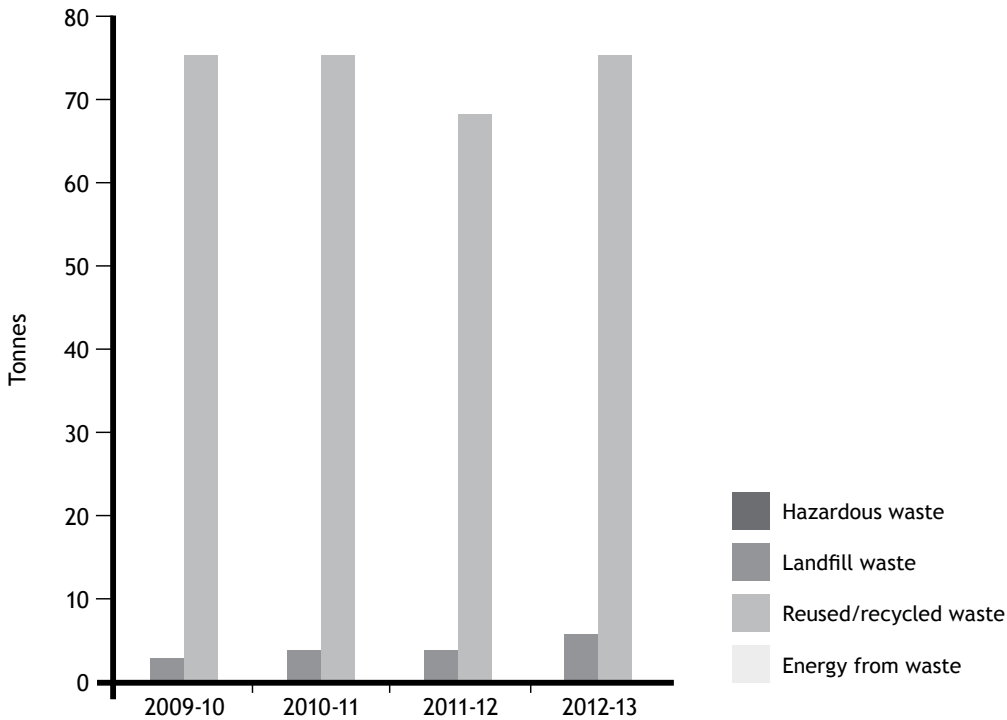
## Waste

### Performance

As tenants of a shared building CICA does not control all of its waste. The Authority does not dispose of its own non-recyclable waste and therefore cannot measure it. Figures are a mixture of direct costs, generated, disposed of and invoiced to CICA, and apportioned costs, waste generated by the building and recharged to CICA through service charges. CICA expects to meet or exceed the Greening Government Commitment to reduce waste by 25 per cent from the 2009-10 baseline of 56 tonnes to 42 tonnes before 2015.

Table 12: Waste			2009-10	2010-11	2011-12	2012-13
				Re-stated	Re-stated	
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	3	4	4	6
		Re-used/recycled waste	75	75	68	75
		Energy from waste	0	0	0	0
		<b>Total</b>	<b>78</b>	<b>79</b>	<b>72</b>	<b>81</b>
Financial indicators (£'000)	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	3	4	3	5
		Reused/recycled waste	9	9	10	9
		Incinerated waste	0	0	0	0
		<b>Total</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>

## Waste by final disposal



## Controllable impacts

The main impacts are paper and related waste from operating activities. CICA has now launched an electronic case management system that will reduce its need for paper. All the organisation's printers now print double-sided and use minimal toner ink by default. CICA have also drafted a paper reduction strategy to reduce paper usage and emissions from removing, transporting and disposing of waste in the coming years.

## Influenced impacts

CICA's 'green team' encourages staff to reduce, re-use and recycle. They have agreed a discount with the building's coffee vendor when staff use their own cups instead of paper coffee cups.

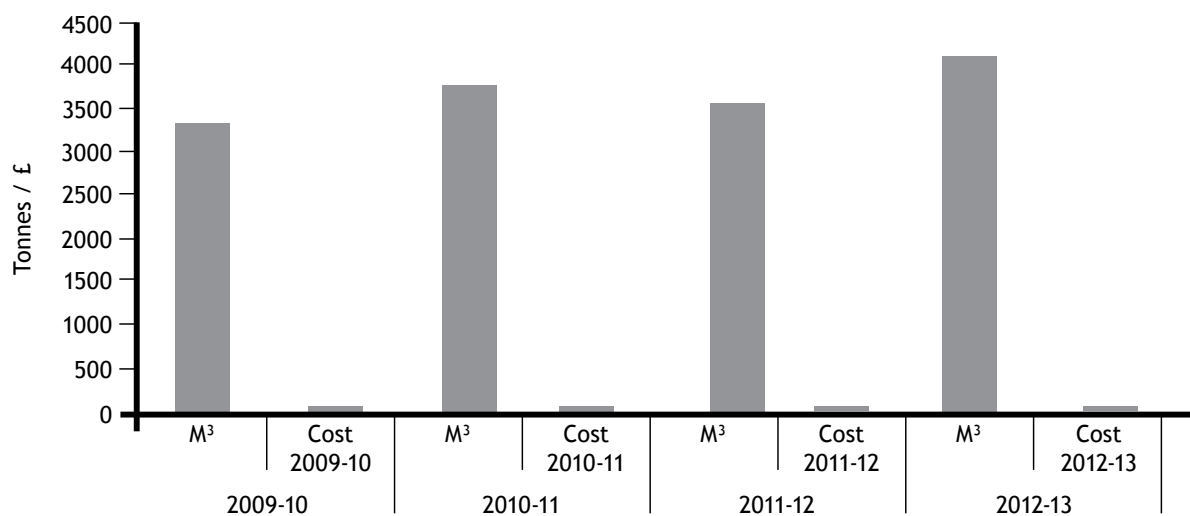
## Finite resource consumption

### Performance

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

Table 13: Finite resource consumption		2009-10	2010-11	2011-12	2012-13
			Re-stated	Re-stated	
Non-financial indicators (m <sup>3</sup> )	Water consumption supplied	3,378	3,735	3,537	4,085
Financial indicators (£'000)	Total water supply costs	4	3	3	4

### Water total consumption and costs



### Controllable impacts

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

### Influenced impacts

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

## 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](http://www.justice.gov.uk)).

### Sickness absence

During 2012-13, CICA staff incurred an average of 7.9 days sick leave. Of this, 3.3 days (42 per cent) were due to long-term sickness and 4.6 days (58 per cent) were due to short-term sickness.

Sickness levels have been closely monitored throughout 2012-13 and this year an Attendance Improvement Action Plan was introduced, resulting in an improvement from last year's average figure of 9.5 days. This year we will continue to focus our efforts in improving attendance levels and reducing sick absence levels.

### 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

During the year 2012-13, CICA continued to promote learning opportunities for all staff. The success of the People Learning and Development Plan was evident in the positive survey results in the 2012 Civil Service Staff Survey. There was a 20 percentage point increase in how positively the staff of CICA felt about the organisation's commitment to Learning and Development.

CICA has also benefitted from increased engagement with managers. This engagement has helped ensure the appraisal process continues to be pivotal in developing staff. The effective application of our appraisal system has ensured that CICA delivers the right learning, at the right time, to the right people.

Coaching and business skills training have been the primary driving forces in helping CICA build capability throughout its workforce.

The year ahead promises to build on the current successes, with the introduction of managerial development programmes for front line, middle and senior managers.

### Customer feedback

The Authority expanded its customer feedback survey to capture the customer's view at three stages: the point of application, after any contact during the process and at the finalisation stage. In addition to measuring the overall Customer Satisfaction with the Authority's service, the Authority also measures the Customer Effort Score - a measure of how much time and effort the Authority's customers have to expend. The Authority aims to keep the Customer Effort Score as low as possible. The resulting measurement is encouraging, with the Customer Effort Score averaging a measurement of 'Low-Moderate'. 84 per

cent of customers who received a decision on their case were satisfied overall with the Authority's service, a 2 per cent increase in last year's figure.

## **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 2012-13 the Authority received 53 requests for information under the Freedom of Information Act 2000, and dealt with 269 requests for information under the Data Protection Act 1998.

### **Carole Oatway**

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2013

## Remuneration Report

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

### Remuneration policy—senior civil servants

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. For 2012-13 there were two individuals classified as senior civil servants, Chief Executive and Deputy Chief Executive. The remainder of the senior managers disclosed on tables 14 and 15 are classified as non-senior civil servants. Performance based pay awards for senior civil servants are determined by an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded.

### Remuneration policy—non-senior civil servants

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

## Service contracts

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

## Civil Service Pensions

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.

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, and the Ministry of Justice is 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.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2012-13, employer's contributions of £1.365 million (2011-12, £1.398 million) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent (2011-12, 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. Employer contributions are usually reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for

the Authority had taken this option during the financial year 2012-13, this was also the case for 2011-12.

## Senior staff disclosures

The Chief Executive fulfils the role of Accounting Officer of the Authority. The Strategic Board of the Authority is composed of the Deputy Chief Executive, Chief Operating Officer and Chief Business Officer. The Chief Executive and the Strategic Board, for the purposes of disclosure, are classified as the senior management of the Authority. Their emoluments disclosed represent the total amount paid. Non-executive advisors are not included as they have no decision making power.

## Remuneration comparison

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

The banded remuneration of the highest paid executive in CICA during 2012-13 was £90k - £95k (2011-12, £90k - £95k). This was 4.64 times (2011-12 re-stated, 4.40 times) the median remuneration of the workforce which was £19,523 (2011-12 re-stated, £20,607). In 2012-13 and 2011-12 no employee received remuneration in excess of the highest paid executive.

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

## Salary

'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 information in the following table is audited.

**Table 14: Remunerations and pensions for senior management for 2012-13**

Name	Salary	Bonus	Total	Accrued pension at pension age as at 31/03/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/13	CETV at 31/03/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
							Re-stated	
C Oatway - Chief Executive	80-85	5-10	90-95	Pension	Pension	803	756	4
				45-50	0-2.5			
				Lump sum	Lump sum			
				0	0-2.5			
G Connor - Director of Operations <sup>1</sup>	35-40	0	35-40	Pension	Pension	541	516	-3
				25-30	(0-2.5)			
				Lump sum	Lump sum			
				80-85	(0-2.5)			
J Lockhart - Chief Business Officer	50-55	0	50-55	Pension	Pension	53	37	11
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0-2.5			
C Binning - Deputy Chief Executive <sup>2</sup>	35-40	0	35-40	Pension	Pension	609	584	1
				30-35	0-2.5			
				Lump sum	Lump sum			
				90-95	0-2.5			
R Kinloch - Deputy Chief Executive <sup>3</sup>	30-35	0	30-35	Pension	Pension	658	640	-9
				30-35	(0-2.5)			
				Lump sum	Lump sum			
				90-95	(0-2.5)			

1. Employment in the Authority ceased as of 30/11/2012.
2. Secondment from Scottish Court Services ceased as of 28/09/2012.
3. Employment commenced 15/10/2012. The full year equivalent is between £65-70k.

#### General notes

- The 2012-13 disclosure now solely reflects the Strategic Board of the Authority.
- Bonus Payments are reported against the financial year in which they are paid.
- Nil return, for all disclosures, in respect of benefits in kind.
- Employer contribution to partnership account is nil for all disclosed.

The information in the following table is audited.

**Table 15: Remunerations and pensions for senior management for 2011-12**

Name	Salary	Bonus	Total	Accrued pension at pension age as at 31/03/12 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/12	CETV at 31/03/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	80-85	5-10	90-95	Pension	Pension	697	654	-15
				40-45	(0-2.5)			
				Lump sum	Lump sum			
				0	0			
G Connor - Director of Operations	55-60	0	55-60	Pension	Pension	515	473	2
				25-30	0-2.5			
				Lump sum	Lump sum			
				75-80	0-2.5			
J Lockhart - Deputy Director of Operations	50-55	0	50-55	Pension	Pension	36	20	13
				0-5	0-2.5			
				Lump sum	Lump sum			
				0	0			
C Binning - Deputy Chief Executive	70-75	0	70-75	Pension	Pension	584	528	10
				31-35	0-2.5			
				Lump sum	Lump sum			
				90-95	0-2.5			
L Day - Deputy Director of Corporate Support	55-60	0	55-60	Pension	Pension	326	305	-6
				20-25	(0-2.5)			
				Lump sum	Lump sum			
				60-65	(0-2.5)			

**General notes**

- Bonus payments are reported against the financial year in which they are paid.
- Nil return, for all disclosures, in respect of benefits in kind.
- Employer contribution to partnership account is nil for all disclosed.

**Carole Oatway**

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2013

## 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 responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is

answerable, for keeping proper records and for safeguarding the Criminal Injuries Compensation Authority's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

## Governance statement

### Introduction

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

### Role of CICA and Scope of Responsibility

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

The lack of separate legal status means there is no additional requirement for CICA to comply with separate statutory and administrative requirements.

There are no statutory requirements governing appointments to the board. Nevertheless, CICA has embraced the spirit of the Code of Practice issued by the

Commissioner for Public Appointments by recruiting non-executive advisors to its Policy & Performance Board (PPB) through fair and open competition. As the PPB is not based on any statutory requirements, the non-executives are not subject to Ministerial appointment or approval. CICA's non-executives act in an advisory capacity only; they do not have decision making powers. As an executive management team, chaired by the Chief Executive, manages the organisation there is no need for the appointment of a separate Chairperson.

CICA's Chief Executive does not meet regularly with the minister responsible for criminal injuries compensation. The Chief Executive is a civil servant subject to the usual line management arrangements within the Ministry of Justice.

Although the CICA business plan is subject to ministerial approval there is no separate requirement for CICA to consult with ministers on key financial or operational decisions. This is compatible with the requirements of the primary and secondary legislation from which CICA takes its powers.

CICA does not have, or require, a separate remuneration committee as CICA staff are all Ministry of Justice employees employed on standard terms and conditions.

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

## **Accounting Officer**

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

## **The Executive Management Team**

In 2012-13 the Chief Executive was supported in fulfilling the duties outlined above by an Executive Management Team (EMT) - consisting of a strategic team including Deputy Chief Executive, Chief Operating Officer and Chief Business Officer. This was further supported by a wider Executive Management Team including Head of Operational Delivery, Head of Operational Policy, Head of Finance, Head of Business Support, Head of ICT and Head of Legal and Executive Office.

The EMT is chaired by the Chief Executive and has a balance of skills and experience, including operational delivery, finance and policy. In a risk analysis prepared by the sponsoring department, the "management capacity and capability" risk is rated low - "an organisation well managed by Chief Executive and suitably qualified management team".

The EMT is responsible for CICA's day-to-day management and operation. The EMT meets formally once a month, with additional meetings to accommodate business need. The strategic officers meet informally every two weeks.

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

The EMT ensures it has the information necessary to the proper discharge of its duties including performance and financial information, and reports on key projects. EMT ensures that effective internal controls are in place for assurance of the quality and completeness of data which supports decisions. For example MI trends are monitored and cross-referenced ensuring consistency; customer surveys and complaints are monitored to identify performance issues; outturn reports confirm the accuracy of budget management; and risk registers are maintained to assess and control key risks.

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

### **ALB Governance Division**

The corporate sponsor team oversees the working relationship between the MoJ and CICA and working with other MoJ teams, secures the necessary financial, management and operational information required to monitor and challenge CICA's performance. Accountability meetings take place quarterly between the sponsor and CICA to discuss financial and risk management and progress against the Authority's performance measures as well as the strategic aims and objectives.

### **Non-executive advisors**

Non-executive advisors input to policy considerations and oversee the organisation's performance against key indicators. The non-executives are part of the Policy and Performance Board and also form the Authority's audit committee (see below). Each of the non-executive advisors has a broad range of relevant skills including board level and audit committee experience.

### **Policy and Performance Board**

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

Additionally, the PPB provides constructive challenge across CICA's operations to ensure all aspects of strategy and policy delivery are scrutinised for effectiveness and efficiency. This year their input included guidance on measuring customer satisfaction, contributions to business planning for 2013-17, and input to the user guidance developed for the new 2012 Criminal Injuries Compensation Scheme.

### **Board effectiveness**

Both the Executive Management Team and Policy and Performance Board have arrangements to review and evaluate their performance. The EMT reviews its effectiveness as part of its annual planning and review round. This includes a review of how effectively it engages with staff and stakeholders. The non-executive advisors assess the PPB's performance and effectiveness and agree what actions should be taken forward as a result of their

feedback. In 2012/13, examples of changes introduced were changes to the presentation of the Annual Accounts to make them more user friendly while still complying with FReM requirements, active involvement in the recruitment of key positions (Deputy Chief Executive) and early involvement in business planning sessions and discussions on future strategy.

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

## **Audit Committee**

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

The Audit Committee consists of CICA's non-executive advisors, one of whom acts as chair, and operates in accordance with the Audit Committee Terms of Reference. Internal Auditors and a National Audit Office representative attend each meeting.

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

## **Review of effectiveness of the Audit Committee**

No concerns were raised with the Chief Executive Officer and no issues were escalated. Minutes of committee meetings reflect the effectiveness of working arrangements and that the requirements of the chair are met.

The non-executive advisors carried out an assessment of CICA's form and function where they acknowledged that "with a close insight into the work of the CICA we can confirm that the CICA delivers its functions very well" in their submission to the Call for Evidence at Stage 1 of the Triennial Review.

## **Risk Committee**

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

The risk committee reviews and updates the CICA risk register. The risk plan is submitted to the Executive Management Team for ratification and confirmation that all key risks have been identified and are being monitored and managed appropriately. The updated plan is also submitted to the PPB.

## **Audit programme**

The internal audit programme for the year included reviews of tariff Scheme decision-making (amber/green rating), external partnerships (amber/green rating), financial controls (green rating) and staff appraisal process (amber/green rating). The final report on Information Assurance (red/amber rating) conducted the previous year was issued in May 2012 and recommendations were closed in 2012-2013.

Processes are in place to clear recommendations from this year by the agreed due dates.

A good working relationship has been established with MoJ Internal Audit and the National Audit Office. The former has stated that CICA's overall risk, control and governance framework provides reasonable assurance that the key risks to CICA are being effectively managed.

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

The overall objectives of the Business Support Assurance Plan are: -

- To deliver a programme of annual compliance reviews which align to and support the achievement of CICA's corporate business plan.
- To ensure that quarterly risk assessments are conducted against the maturity framework with results reported to the MoJ and the EMT.
- To handle cases of suspected fraud and ensure all staff undertake Fraud Awareness and Training activities and are aware of arrangements for whistle blowing.
- To ensure audit and assurance actions are monitored with the aim of providing accurate progress on outstanding recommendations to the EMT and Audit Committee.
- To provide ongoing progress updates on the Business Support Assurance Plan to

the Strategic Officers; EMT; PPB and the Audit Committee.

- To provide other reports including the Information Assurance Maturity Model (IAMM) self assessment, Security Risk Management Overview and Occupational Health and Safety / Fire Safety Overview, all of which were submitted to MoJ within the required timescales.

### **Audit and risk key considerations in 2012-13**

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

- The revision of Criminal Injuries Compensation Scheme introduced a risk that CICA were unable to implement the finalised scheme on time or cope with the forecast increase in demand under the old scheme both of which may have led to service failure and adverse media attention. Our response was to form a project team to consider all aspects of the change including IT systems, telephony, online application system, case management processes and guidance, supported by a comprehensive workforce plan and training programme. Additional resource was allocated to the Customer Service Centre in order to manage increased demand. The new Scheme (including the Hardship Fund) was introduced on time with no major issues.
- CICA's financial commitment to payment of pre-tariff cases might impact on prompt payment of tariff cases. We secured additional funding from MoJ and worked collaboratively with HMCTS to ensure the majority of pre-tariff cases were settled in 2012-13. Securing additional funds, combined with effective budget and case management,



allowed us to meet our commitment to pre-tariff cases without there being a detrimental effect on our tariff programme.

- As a key driver in our process efficiency and paper reduction plans, we piloted a new electronic case management system (Tempus) in one geographic region including the migration of existing case files. We rolled out the Tempus system across all regions in June 2012 for new applications only taking account of the lessons learned. Recognising the need to reduce the number of tariff based schemes in operation, we set up a Tariff Rundown Project in November 2012, using a small task force focussing on 1996 / 2001 scheme cases. We will reduce the volume of 2008 scheme cases before completing the migration of existing cases to Tempus by the end of 2013/14. ICT reliability and contract management issues following the wider rollout confirmed that our ICT platforms must be properly maintained and provide a stable and secure environment to support case working. CICA is currently completing a programme of work to optimise and upgrade our software components to ensure a solid platform for future developments.
- We set up a small dedicated team to support Operation Yewtree, dealing with the highly sensitive and very public claims of historical sexual abuse by media personalities. This approach ensures good links with the police and the identification and handling of relevant applications on a need to know basis with cases dealt with quickly, in a consistent manner and in the strictest confidence.
- CICA recognises that, given the volume of sensitive information handled and the number of people involved including

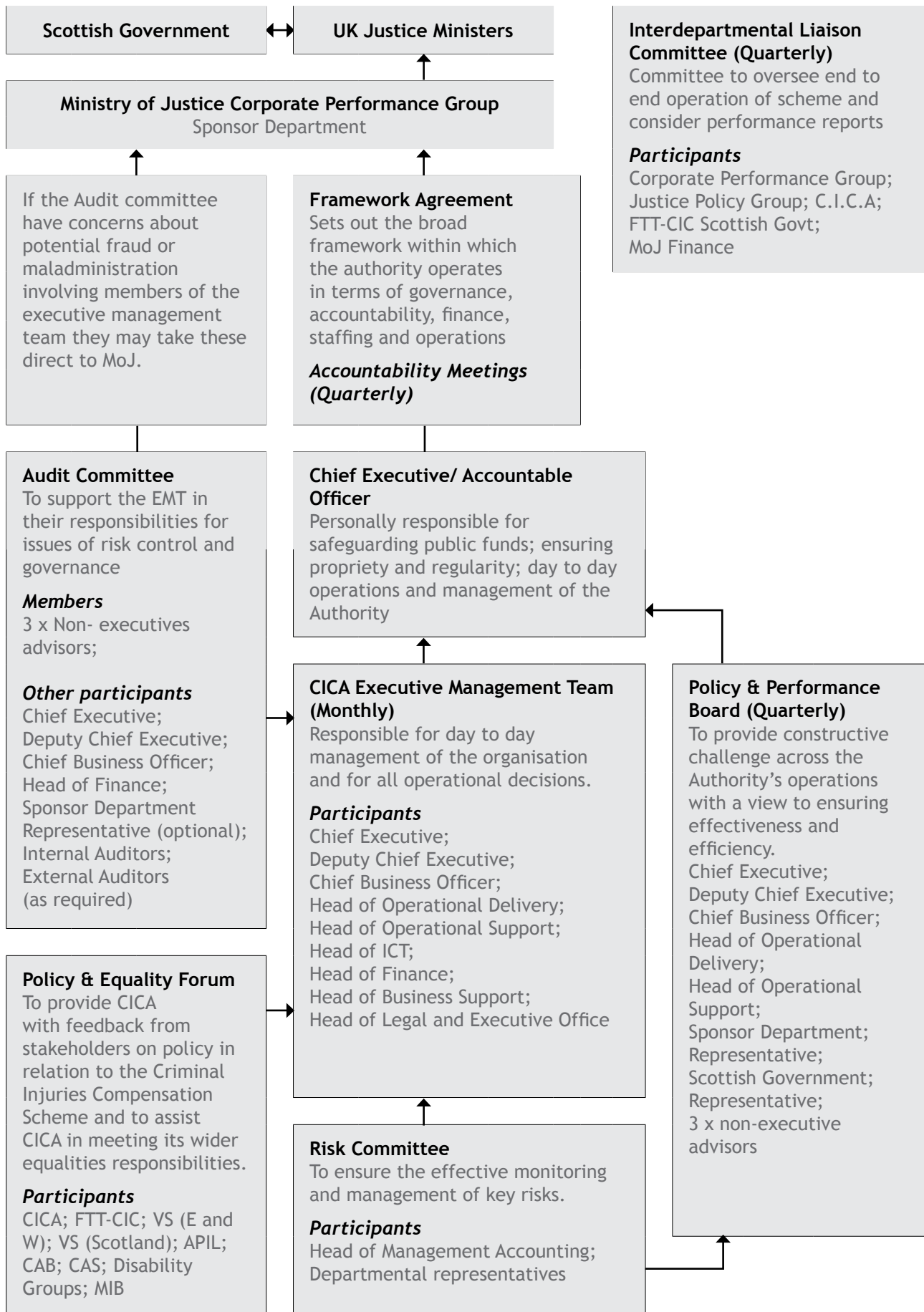
service providers, it must make strenuous efforts to adhere to best practice around Information Assurance. Significant efforts have been made to improve compliance and raise awareness levels amongst staff including face to face briefings to all staff by Senior Information Risk Owner and Information Asset Owner and workshops delivered to all levels of line management. We will continue to keep awareness levels high on Information Assurance which will include the roll out of training materials and the implementation of the new Government Protective Marking System. There were no reportable data security incidents this year.

- We recognise that the behaviour and conduct of staff working for CICA are fundamental to its success and that we must maintain the momentum of our staff engagement programme. CICA has a Challenge team who analyse staff survey results and develop an engagement strategy for the organisation.
- CICA has a well developed governance structure for change management, including a programme board and project teams who observe best practice in project management to ensure change is managed effectively and that we ensure continuous improvement in relation to efficiencies in process and technology. We introduced Business Impact Assessments to increase visibility of potential projects and to involve the wider EMT in the decision making process prior to the Programme Board committing resources.
- We need to ensure CICA can operate from a location that offers continued access to experienced staff, supports our Business Continuity Plan and provides good value for money. The lease is due for renewal in 2014 and

CICA is working with its sponsor department to negotiate a new lease.

- Preparing for future change - The Civil Service Reform Plan includes the Government Digital Strategy to improve the way the government makes policy and communicates with people. CICA's vision for digital by default is to increase the automation of key processes and to have services, including both transactions and information, delivered where possible through digital channels. We aim to make these services simple and convenient so that people prefer to use them, while those who can't are not excluded and would be supported by our Customer Service Team. This will involve changing the way we work and transforming our processes and practices.

## Governance structure



## Meeting attendance 2012-13

	Executive Management Team				Audit Committee				PPB			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Executives</b>												
Carole Oatway	3/3	3/3	3/3	3/3	✓	✓	✓	✓	✓	✓	✓	✓
Rena Kinloch*	n/a	n/a	3/3	3/3	n/a	n/a	✓	✓	n/a	n/a	✓	✓
Jackie Lockhart*	3/3	3/3	3/3	2/3	n/a	n/a	✓	✓	✓	✓	✓	✓
Michael Hanlon	2/3	3/3	3/3	3/3	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a
Alan Eastwood	3/3	2/3	3/3	2/3	✓	✓	✓	✓	✓	n/a	✓	n/a
Graeme Welsh	3/3	3/3	3/3	3/3	✓	✓	n/a	n/a	✓	n/a	n/a	n/a
James Cosgrove	n/a	1/1	2/3	3/3	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Trish Wilson	n/a	n/a	3/3	3/3	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Louise Day	3/3	2/3	3/3	3/3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
George Connor*	3/3	2/3	1/1	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	n/a
Cliff Binning	3/3	3/3	n/a	n/a	✓	x	n/a	n/a	✓	✓	n/a	n/a
<b>Non-executives</b>												
Hamish Guthrie*	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	n/a
David Page	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓
Colin Peebles	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	x

\* Rena Kinloch replaced Cliff Binning as Deputy Chief Executive in quarter three

\* Jackie Lockhart took up the post of Chief Business Officer in quarter three and was only then required to attend the Audit Committee meetings; Graeme Welsh is no longer required to attend

\* George Connor transferred to another Government department in quarter three

\* Hamish Guthrie resigned in quarter four

### Carole Oatway

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2013



# 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 2013 under the Criminal Injuries Compensation Act 1995. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

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

## **Scope of the audit of the financial statements**

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

### Amyas C E Morse

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
12 June 2013

# Annual Accounts

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

		2012-2013		2011-2012	
	Note	£'000	£'000	£'000	£'000
<b>Programme Expenditure</b>					
Tariff Scheme compensation	10	153,850		200,562	
Pre-tariff Scheme compensation	10	7,951		(7,306)	
VOTS compensation	10	192		0	
Casehandling costs	4	4,306		4,293	
			<b>166,299</b>		<b>197,549</b>
<b>Administration Expenditure</b>					
Staff costs	3	10,575		11,306	
Other expenditure	4	4,336		4,170	
Depreciation	5	1,117		1,126	
Amortisation	5	487		254	
			16,515		16,856
<b>Total Expenditure</b>			<b>182,814</b>		<b>214,405</b>
Income	2	(918)		(1,218)	
Income repaid to Consolidated Fund		976		1,272	
			58		54
<b>Net Expenditure</b>			<b>182,872</b>		<b>214,459</b>
Finance charge (unwinding of discount) - Programme	10	8,440		8,258	
Finance charge (unwinding of discount) - Administration	10	13		26	
			8,453		8,284
<b>Net Expenditure after finance charge</b>			<b>191,325</b>		<b>222,743</b>

There was no other comprehensive expenditure incurred during the year.

The notes on pages 44 to 66 form part of these accounts



## Statement of Financial Position as at 31 March 2013

	Note	31 March 2013		31 March 2012	
		£'000	£'000	£'000	£'000
				Re-stated	
<b>Non-current assets</b>					
Property, plant and equipment	5	1,715		2,630	
Intangible assets	5	2,450		487	
Assets under construction	5	194		2,238	
<b>Total non-current assets</b>			<b>4,359</b>		<b>5,355</b>
<b>Current assets</b>					
Trade and other receivables	6	1,042		1,079	
Cash and cash equivalents	7	89,182		150,144	
<b>Total current assets</b>			<b>90,224</b>		<b>151,223</b>
<b>Total assets</b>			<b>94,583</b>		<b>156,578</b>
<b>Current liabilities</b>					
Trade and other payables	8		(36,087)		(126,370)
<b>Non-current assets plus/less net current assets/liabilities</b>			<b>58,496</b>		<b>30,208</b>
<b>Non-current liabilities</b>					
Provision - Programme	10	(377,229)		(531,437)	
Provision - Administration	10	(951)		(1,069)	
Other payables	9	(87,997)		(44,219)	
<b>Total non-current liabilities</b>			<b>(466,177)</b>		<b>(576,725)</b>
<b>Liabilities less assets</b>			<b>(407,681)</b>		<b>(546,517)</b>
<b>Taxpayers' Equity</b>					
General reserve			(407,681)		(546,517)
			<b>(407,681)</b>		<b>(546,517)</b>

The financial statements on pages 40 to 43 were approved by the Executive Management Team on 11 June 2013 and were signed on its behalf by:

### Carole Oatway

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2013

## Statement of Cash Flows for the year ended 31 March 2013

		2012-2013		2011-2012	
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash outflow from operating activities	12		(390,457)		(365,363)
<b>Other non-operating income</b>					
Income	2	918		1,218	
Income repaid to Consolidated Fund		(976)		(1,272)	
			(58)		(54)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	5	(47)		(98)	
Purchase of intangibles	5	(12)		(29)	
Assets under construction	5	(549)		(563)	
			(608)		(690)
<b>Net cash outflow</b>			<b>(391,123)</b>		<b>(366,107)</b>
<b>Cash flows from financing activities</b>					
Grants from sponsor departments	11		330,161		455,500
<b>Net (decrease) / increase in cash and cash equivalents in the period</b>			<b>(60,962)</b>		<b>89,393</b>
<b>Cash and cash equivalents at the beginning of the period</b>			<b>150,144</b>		<b>60,751</b>
<b>Cash and cash equivalents at the end of the period</b>	7		<b>89,182</b>		<b>150,144</b>

The notes on pages 44 to 66 form part of these accounts.

## Statement of Changes in Taxpayers Equity for the year ended 31 March 2013

	General Reserve	Total Reserves
	£'000	£'000
Balance at 1 April 2011	(779,274)	(779,274)
Net Parliamentary funding	455,500	455,500
Net transfer from operating activities:		
Net expenditure	(222,743)	(222,743)
<b>Balance at 31 March 2012</b>	<b>(546,517)</b>	<b>(546,517)</b>

	General Reserve	Total Reserves
	£'000	£'000
Balance at 1 April 2012	(546,517)	(546,517)
Net Parliamentary funding	330,161	330,161
Net transfer from operating activities:		
Net expenditure	(191,325)	(191,325)
<b>Balance at 31 March 2013</b>	<b>(407,681)</b>	<b>(407,681)</b>

The notes on pages 44 to 66 form part of these accounts.

# Notes to Accounts

## Note 1 - Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2012-13 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 44 to 46, have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Justice, with approval of HM Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001, 2008 and 2012.

At 31 March 2013, the Authority's Statement of Financial Position records net liabilities of £408 million (31st March 2012, £547 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 2013-2014, 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 has been agreed with the MoJ.

### 1.3 Funding

Expenditure is met from funds received 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 Intangibles are split between information technology and software licences and are capitalised where expenditure of £500 or more is incurred. Both set of assets are disclosed at amortised 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. The residual value of all assets and the amortisation method applied to them is reviewed at the end of each financial year.

### *Property, Plant and Equipment*

Items are capitalised if they are intended to be used on a continuous basis for greater than one year. Items costing more than £500, inclusive of delivery and installation, are treated as non-current assets. Where an item costs less than the capitalisation level but forms part of an asset or grouped asset, whose total value is greater than the capitalisation level, the item is treated as a non-current asset. Tangible non-current assets are disclosed at depreciated historical cost, which approximates to fair value. 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 2012-13, are disclosed in note 5.

## 1.5 Depreciation and Amortisation

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

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

## 1.6 Income

All recoveries from assailants through civil actions and the criminal courts are paid into the consolidated fund, on receipt, via the Ministry of Justice and the Scottish Government. However, income is recognised, when the debt is created. The effect of this is short-term timing differences being recognised in the Statement of Comprehensive Net Expenditure. The majority of the Authority's income is received via the courts and therefore the collection-rate is predominantly outside the control of the Authority. The collection rate is currently less than 25 per cent of all monies due.

Therefore the Authority creates bad debt provisions to reflect the uncertainty of future collection.

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

### **1.7 Accounting for Employee Benefits**

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

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

### **1.8 Leases**

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

### **1.9 Provisions**

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

### ***Pre-tariff Scheme***

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

### ***Tariff Scheme***

The tariff scheme provision is made up of two components. Primarily, the Authority recognises liabilities that are based upon an evaluation of total applications that are currently known to the Authority. The additional element relates to those events, occurring on or before reporting period end, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability. This provision has been discounted by using the prevailing Treasury Discount Rates, highlighted at note 10. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

### ***Victims of Overseas Terrorism Scheme (VOTS)***

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

### ***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 2.35 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, including all thresholds where disclosed within the notes to the accounts.

### **1.12 Holding Accounts**

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

### **1.13 Third Party Assets**

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

Our authority to retain the compensation awards of minors derives from paragraphs 3 and 50 of the 2008 Scheme and paragraph 106 of the 2012 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.

### **1.14 Segmental Reporting**

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

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

### **1.15 Impending application of newly issued Accounting Standards not yet effective**

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

## Note 2 - Income

	2012-13	2011-12
	£'000	£'000
Civil actions - non-retainable	567	571
Court compensation orders - non-retainable	348	280
Other income	3	367
	918	1,218

During 2011-12 the authority received funds under a reversionary trust arrangement relating to a pre-tariff case of £364k. This was credited to Consolidated Fund via the MoJ.

## Note 3 - Staff Numbers and Related Costs

### a) Staff costs

	2012-13	2011-12
	£'000	£'000
Salaries and emoluments	7,875	7,941
Early departure costs	0	492
Social security costs	548	578
Pension costs	1,365	1,398
Agency staff	598	562
Overtime payments	189	335
	10,575	11,306

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



## b) Staff numbers

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

	2012-13	2011-12		2012-13	2011-12
Casework	289	303	Scottish Government	1	1
Administration	62	62	Ministry of Justice	350	364
Agency staff	27	34	Agency	27	34
	378	399		378	399

The number of full time equivalent persons employed in the Authority as at 31 March 2013 was 354 (including 1 Agency).

## c) Civil Service - Exit Packages

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

	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
<£10,000	0	0	0	3	0	3
£10,000 - £25,000	0	0	0	7	0	7
£25,000 - £50,000	0	0	0	7	0	7
£50,000 - £100,000	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	0	0
£200,000 - £250,000	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	17	0	17
Total resource cost (£)	0	0	0	491,971	0	491,971

## Note 4 - Other Expenditure

	Note	2012-13	2011-12
		£'000	£'000
Casehandling costs		4,306	4,293
Rentals under operating leases		1,241	1,238
Other accommodation costs		1,027	1,007
Information technology		1,334	953
Miscellaneous fees		25	41
Postage and telecommunications		269	320
Stationery		79	135
Storage and handling		124	63
Travel and subsistence		91	92
Losses and special payments	20	32	44
External audit fees		70	70
Training and recruitment		53	62
Dilapidations on leases		0	35
Internal audit fees		26	29
Asset disposal costs		1	2
Furniture and fittings		5	8
Information and publications		2	6
Non Cash Items:			
Bad debts written-off	20	4	118
(Decrease) to bad debt provision	6	(47)	(110)
Loss on disposal of non-current assets	5	0	57
		<b>8,642</b>	<b>8,463</b>

The additional costs of implementing the 2012 Criminal Injuries Compensation Scheme, and the on-going support directly related to capital expenditure has resulted in an increase to Information Technology.

## Note 5 - Non-Current Assets

Property, Plant and Equipment (PPE)	Fixtures & Fittings	Leasehold Improvements	Computer Equipment	Office Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2012	676	3,602	1,752	668	6,698
Additions	2	5	40	0	47
Disposals	0	0	(86)	0	(86)
Transfers	0	0	155	0	155
<b>At 31 March 2013</b>	<b>678</b>	<b>3,607</b>	<b>1,861</b>	<b>668</b>	<b>6,814</b>
<b>Depreciation</b>					
At 1 April 2012	(277)	(2,043)	(1,339)	(409)	(4,068)
Charged in year	(67)	(625)	(375)	(50)	(1,117)
Disposals	0	0	86	0	86
<b>At 31 March 2013</b>	<b>(344)</b>	<b>(2,668)</b>	<b>(1,628)</b>	<b>(459)</b>	<b>(5,099)</b>
<b>Net book value at 31 March 2013</b>	<b>334</b>	<b>939</b>	<b>233</b>	<b>209</b>	<b>1,715</b>
<b>Net book value at 31 March 2012</b>	<b>399</b>	<b>1,559</b>	<b>413</b>	<b>259</b>	<b>2,630</b>

<b>Intangible Assets</b>	<b>Information Technology</b>	<b>Software Licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 April 2012	583	298	881
Additions	0	12	12
Disposals	0	0	0
Transfers	2,343	95	2,438
<b>At 31 March 2013</b>	<b>2,926</b>	<b>405</b>	<b>3,331</b>
<b>Amortisation</b>			
At 1 April 2012	(200)	(194)	(394)
Charged in year	(389)	(98)	(487)
Disposals	0	0	0
<b>At 31 March 2013</b>	<b>(589)</b>	<b>(292)</b>	<b>(881)</b>
<b>Net book value at 31 March 2013</b>	<b>2,337</b>	<b>113</b>	<b>2,450</b>
<b>Net book value at 31 March 2012</b>	<b>383</b>	<b>104</b>	<b>487</b>

<b>Assets under Construction</b>	<b>Intangibles</b>	<b>PPE</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 April 2012	2,238	0	2,238
Additions	394	155	549
Transfers	(2,438)	(155)	(2,593)
<b>At 31 March 2013</b>	<b>194</b>	<b>0</b>	<b>194</b>

All non-current assets are owned by the Authority.  
No non-current assets have been subject to revaluation in current period.

## 2011-12 figures for comparison

Property, Plant and Equipment (PPE)	Fixtures & Fittings	Leasehold Improvements	Computer Equipment	Office Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2011	750	3,528	1,727	687	6,692
Additions	17	74	2	5	98
Disposals	(91)	0	0	(25)	(116)
Transfers	0	0	23	1	24
<b>At 31 March 2012</b>	<b>676</b>	<b>3,602</b>	<b>1,752</b>	<b>668</b>	<b>6,698</b>
<b>Depreciation</b>					
At 1 April 2011	(242)	(1,449)	(929)	(381)	(3,001)
Charged in year	(71)	(594)	(410)	(51)	(1,126)
Disposals	36	0	0	23	59
<b>At 31 March 2012</b>	<b>(277)</b>	<b>(2,043)</b>	<b>(1,339)</b>	<b>(409)</b>	<b>(4,068)</b>
<b>Net book value at 31 March 2012</b>	<b>399</b>	<b>1,559</b>	<b>413</b>	<b>259</b>	<b>2,630</b>
<b>Net book value at 31 March 2011</b>	<b>508</b>	<b>2,079</b>	<b>798</b>	<b>306</b>	<b>3,691</b>

<b>Intangible Assets</b>	<b>Information Technology</b>	<b>Software Licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 April 2011	212	290	502
Additions	29	0	29
Disposals	0	0	0
Transfers	342	8	350
<b>At 31 March 2012</b>	<b>583</b>	<b>298</b>	<b>881</b>
<b>Amortisation</b>			
At 1 April 2011	(43)	(97)	(140)
Charged in year	(157)	(97)	(254)
Disposals	0	0	0
<b>At 31 March 2012</b>	<b>(200)</b>	<b>(194)</b>	<b>(394)</b>
<b>Net book value at 31 March 2012</b>	<b>383</b>	<b>104</b>	<b>487</b>
<b>Net book value at 31 March 2011</b>	<b>169</b>	<b>193</b>	<b>362</b>

<b>Assets under Construction</b>	<b>Intangibles</b>	<b>PPE</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 April 2011	2,049	0	2,049
Additions	539	24	563
Transfers	(350)	(24)	(374)
<b>At 31 March 2012</b>	<b>2,238</b>	<b>0</b>	<b>2,238</b>

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 2013	31 March 2012
	£'000	£'000
Trade receivables	0	76
Court compensation	864	863
Civil claims	47	51
Other receivables	2	4
Prepayments	749	708
	<b>1,662</b>	<b>1,702</b>
<b>Provision for bad debts</b>	<b>(620)</b>	<b>(623)</b>
	<b>1,042</b>	<b>1,079</b>

Trade receivables from MoJ at 31-03-13 is £0k (31-03-12, £58k).

## Note 7 - Cash and Cash Equivalents

	Notes	31 March 2013	31 March 2012
		£'000	£'000
Opening balance at Government Banking Service Accounts		105,792	47,154
(Decrease) / increase in cash		(104,637)	58,638
<b>Closing balance at Government Banking Service Accounts</b>		<b>1,155</b>	<b>105,792</b>
Opening balance all other bank accounts and cash		133	12
(Decrease) / increase in cash		(103)	121
<b>Closing balance at all other bank accounts and cash</b>		<b>30</b>	<b>133</b>
Opening balance of awards held on deposit in holding accounts	9	44,219	13,585
Increase in cash	9	43,778	30,634
<b>Closing balance of awards held on deposit in holding accounts</b>	<b>9</b>	<b>87,997</b>	<b>44,219</b>
<b>Total closing balance of cash and cash equivalents</b>		<b>89,182</b>	<b>150,144</b>
<b>Total (decrease) / increase in cash and cash equivalents</b>		<b>(60,962)</b>	<b>89,393</b>

## Note 8 - Trade and other Payables

	31 March 2013	31 March 2012
	£'000	£'000
Trade payables	138	1,601
Consolidated Fund payables	95	272
Other payables	845	0
Accruals - pre-tariff scheme	30	86,947
Accruals - tariff scheme	33,132	35,528
Other accruals	1,847	2,022
	<b>36,087</b>	<b>126,370</b>

## Note 9 - Non-current Liabilities: other Payables

Awards held in a commercial bank (holding accounts) in the name of the applicant prior to appropriate guardianship being determined.

Holding accounts	Number of accounts	2012-13		Number of accounts	2011-12	
		£'000	£'000		£'000	£'000
Opening balance	29		44,219	11		13,585
In-year deposits	53	115,830		31	53,115	
Interest received in-year		270			58	
			116,100			53,173
Closures	(28)	70,340		(13)	21,484	
Withdrawal prior to closure		1,982			1,055	
			(72,322)			(22,539)
<b>Closing balance</b>	<b>54</b>		<b>87,997</b>	<b>29</b>		<b>44,219</b>



## Note 10 - Provisions

Provision - Programme 2012-13	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2012	147,817	383,620	0	531,437
Arising during the year	31,308	203,352	192	234,852
Reversed unutilised during the year	(23,357)	(55,646)	0	(79,003)
Utilised during the year	(113,324)	(205,173)	0	(318,497)
Charge for year (unwinding of discount)	0	8,440	0	8,440
<b>Balance at 31 March 2013</b>	<b>42,444</b>	<b>334,593</b>	<b>192</b>	<b>377,229</b>

Provision - Programme 2011-12	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2011	391,777	387,533	0	779,310
Arising during the year	29,431	190,151	0	219,582
Reversed unutilised during the year	(36,737)	0	0	(36,737)
Utilised during the year	(236,654)	(202,322)	0	(438,976)
Charge for year (unwinding of discount)	0	8,258	0	8,258
<b>Balance at 31 March 2012</b>	<b>147,817</b>	<b>383,620</b>	<b>0</b>	<b>531,437</b>

Breakdown of total Compensation settled	Pre-tariff	Tariff	Totals	Pre-tariff	Tariff	Totals
	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
	£'000	£'000	£'000	£'000	£'000	£'000
Utilising provisions made in prior periods	113,324	205,173	318,497	236,654	202,322	438,976
Claims relating to and settled in the Financial Year, not provided for	0	6,144	6,144	0	10,411	10,411
	<b>113,324</b>	<b>211,317</b>	<b>324,641</b>	<b>236,654</b>	<b>212,733</b>	<b>449,387</b>

<b>Geographical split for total compensation settled</b>	<b>2012-13</b>	<b>2011-12</b>
Awards relating to victims of crimes of violence occurring in:	<b>£'000</b>	<b>£'000</b>
England and Wales	288,994	411,028
Scotland	35,647	38,359
	<b>324,641</b>	<b>449,387</b>

<b>Statement Of Comprehensive Net Expenditure (SOCNE) balances</b>	<b>Pre-tariff</b>	<b>Tariff</b>	<b>VOTS</b>	<b>Totals</b>	<b>Pre-tariff</b>	<b>Tariff</b>	<b>VOTS</b>	<b>Totals</b>
	<b>2012-13</b>				<b>2011-12</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
New liabilities recognised in period and provided for	31,308	203,352	192	234,852	29,431	190,151	0	219,582
Claims relating to and settled in the Financial Year, not provided for	0	6,144	0	6,144	0	10,411	0	10,411
Provision no longer required per 2012 Scheme changes	0	(55,646)	0	(55,646)	0	0	0	0
Provisions reversed unutilised as a result of case settlements being lower than provision	(23,357)	0	0	(23,357)	(36,737)	0	0	(36,737)
	<b>7,951</b>	<b>153,850</b>	<b>192</b>	<b>161,993</b>	<b>(7,306)</b>	<b>200,562</b>	<b>0</b>	<b>193,256</b>

### ***Pre-tariff Scheme***

The pre-tariff scheme provision reflects the Authority's liabilities in respect of all outstanding cases incurred prior to 1996 which remain to be settled in future years. In accordance with the Authority's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year-end based on the circumstances of each application at

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

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases (see note 1.9). Due to uncertainties

surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

### **Tariff Scheme**

The Tariff provision, reflecting the Authority's liabilities under the 1996, 2001, 2008 and 2012 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 £258.550m). 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 £76.043m).

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing Treasury Discount Rates (see table below) 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.

Treasury Discount Rates utilised:

Years 1-5	-1.80%
Years 6-10	-1.00%
Years 11+	+2.20%

Analysis of expected timing of discounted cash flows:

	£'000
Not later than one year	144,576
Later than one year and not later than five years	169,664
Later than five years	20,353
	<b>334,593</b>

### **Sensitivity for Tariff Scheme**

In accordance with the FReM, the tariff provision has been discounted using the HM Treasury rates set in November 2012. Significant market volatility indicates that the discount rates are sensitive to change during the year. If the prevailing rates had been set using March 2013 market data the impact would be an increase to discounted tariff provision of £8.54m.

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:-

- The apportionment of cases received, but as yet unallocated to Tariff bands. 73 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.
- 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. This has been reduced from prior year estimates in accordance with the introduction of the 2012 Tariff Scheme which will apply to all future emergent cases, regardless of date the incident occurred. If assumed demand were to increase by 10 per cent the tariff

provision would increase by £4.2m, and a 10 per cent reduction in assumed demand would decrease the tariff provision by £3.8m.

### ***Victims of Overseas Terrorism Scheme (VOTS)***

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

<b>Provision - Administration - 2012-13</b>	<b>Lease Dilapidation</b>	<b>Early Departure</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2012	689	380	1,069
Arising during the year	0	0	0
Reversed unutilised during the year	0	0	0
Utilised during the year	0	(131)	(131)
Charge for year (unwinding of discount)	0	13	13
<b>Balance at 31 March 2013</b>	<b>689</b>	<b>262</b>	<b>951</b>

<b>Provision - Administration - 2011-12</b>	<b>Lease Dilapidation</b>	<b>Early Departure</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2011	709	927	1,636
Arising during the year	35	0	35
Utilised during the year	(55)	(573)	(628)
Charge for year (unwinding of discount)	0	26	26
<b>Balance at 31 March 2012</b>	<b>689</b>	<b>380</b>	<b>1,069</b>

**Lease dilapidations**

The balance reflects the likely liability of the Authority on exit of Tay House, Glasgow.

The assessment is based upon advice provided by both Home Office Estates Department and Landlord.

The 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 26 personnel who left the Authority during the years 2009-2012. No departures have been recorded during 2012-2013. All individuals left the employment of the Authority under recognised schemes both in the Scottish Government and Ministry of Justice.

**Note 11 - Funding**

Funding, received as Grant-in-Aid:	2012-13	2011-12
	£'000	£'000
Compensation payments	310,176	434,447
Operating costs and casehandling costs	19,385	20,453
	329,561	454,900
Capital expenditure	600	600
	<b>330,161</b>	<b>455,500</b>

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

	2012-13	2011-12
	£'000	£'000
Tariff Compensation	22,910	18,952
Operating costs, casehandling costs and capital expenditure	2,140	2,195
	<b>25,050</b>	<b>21,147</b>

## Note 12 - Reconciliation of Net Expenditure to the Net Cash Outflow from Operating Activities

	Notes	2012-13	2011-12
		£'000	£'000
Net Expenditure after finance charge		(191,325)	(222,743)
Loss on disposal of non-current assets	5	0	57
(Decrease) in provision for doubtful debts	6	(3)	(110)
Depreciation	5	1,117	1,126
Amortisation	5	487	254
Decrease in receivables	6	40	577
(Decrease) / increase in payables	8	(90,283)	73,228
Increase in awards held on deposit holding accounts	9	43,778	30,634
Net movement in pre-tariff scheme provision	10	(105,373)	(243,960)
Net movement in tariff scheme provision	10	(49,027)	(3,913)
Net movement in VOTS Provision	10	192	0
Net movement in dilapidations provision	10	0	(20)
Net movement in early release provision	10	(118)	(547)
Net movement in income		58	54
<b>Net cash outflow from operating activities</b>		<b>(390,457)</b>	<b>(365,363)</b>

## Note 13 - Third Party Assets

Amounts held as Retained Awards	Number of accounts	2012-13		Number of accounts	2011-12	
		£'000	£'000		£'000	£'000
Balance at 1 April	7,835		62,319	7,131		58,465
Open Accounts						
Deposits	2,427	21,217		2,706	21,633	
Additional deposits to existing accounts		310			64	
Interest received		1,097			880	
Withdrawals		(4,004)			(3,351)	
			18,620			19,226
Closures	(2,092)		(14,170)	(2,002)		(15,372)
Balance at 31 March	8,170		66,769	7,835		62,319
Amounts held on behalf of the MoJ			2012-13			2011-12
Net balance at 31 March			307			153
<b>Total third-party assets</b>			<b>67,076</b>			<b>62,472</b>

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

## Note 14 - Capital Commitments

At 31 March 2013 the Authority had contracted capital commitments of £175k relating to Information Technology associated with on-going Change Programme.

## 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.

	2012-13	2011-12
Obligations under operating leases comprise:	£'000	£'000
Not later than one year	1,213	1,213
Later than one year and not later than five years	606	1,819
Later than five years	0	0
	<b>1,819</b>	<b>3,032</b>

All staff are employed on floors 1 and 2 at Tay House, Glasgow. The Tay House lease expires September 2014.

2011-12 balance forms part of the 2012-13 disclosures in note 4. relating to other accommodation costs and the 2012-13 balance relates to future commitments post 31-03-2013.

## Note 16 - Contingent Liabilities

On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service - Criminal Injuries Compensation, may go to judicial review. These could have an impact on the Authority's future liabilities. These cases are not included within the provision due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA. There were 91 active cases as at 31 March 2013.

## Note 17 - Events after the Reporting Period

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

There are no relevant issues that require disclosure.

## Note 18 - Related Party Transactions

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



## Note 19 - Intra-Government Balances

	Receivables and prepayments: amounts falling due within one year		Payables and accruals: amounts falling due within one year	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Balances with other central government bodies	0	58	984	1,746
Balances with bodies external to government	823	1,021	35,103	124,624
<b>Total Balances</b>	<b>823</b>	<b>1,079</b>	<b>36,087</b>	<b>126,370</b>

## 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 £4,287 (2011-12, £118,448) and losses and special payments totalled £31,631 (2011-12, £43,727).

## 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 2012-13 was 1.70 per cent (2011-12, 1.50 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, 2008 and 2012.**

The annual accounts shall give a fair and true view of the income and the expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Criminal Injuries Compensation Authority shall prepare accounts for the year ended 31 March 2013 and subsequent years in accordance with:

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

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

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

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

**Alison Wedge**

Head of Sponsorship and Performance Unit  
Corporate Performance Group

29 April 2013

# Annex A: Abbreviations

Accounting Officer (AO)

Arm's Length Bodies (ALB)

Cash Equivalent Transfer Values (CETV)

Criminal Injuries Compensation Authority (CICA)

Criminal Injuries Compensation Scheme (CICS)

Executive Management Team (EMT)

Finance and Commercial Instructions (FCI)

Government Financial Reporting Manual (FReM)

Greenhouse gas (GHG)

Information Assurance Maturity Model (IAMM)

International Accounting Standard (IAS)

International Financial Reporting Standards (IFRS)

Non-Departmental Public Bodies (NDPBs)

Memorandum of Understanding (MoU)

Online Application System (OAS)

Policy and Performance Board (PPB)

Principal Civil Service Pension Scheme (PCSPS)

Statement Of Comprehensive Net Expenditure (SOCNE)

Victims of Overseas Terrorism Scheme (VOTS)

Victim Support (VS)



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