

CRIMINAL INJURIES COMPENSATION AUTHORITY

ANNUAL
REPORT
AND
ACCOUNTS
2009-10

Fourteenth Report

Criminal Injuries
Compensation Authority

**Annual report and accounts
2009-10**

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

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Foreword

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

It has been another busy year for the Authority, and one that has seen us take important strides in improving our service. We made a number of service commitments to the Public Accounts Committee (PAC) in January 2008, and when the National Audit Office (NAO) returned in September 2009 to review our progress against these they told us they were impressed – we have worked with third parties to improve the speed of their responses to us and reduced our live caseload from a peak of over 84,000 to under 52,500. We can attribute this success to our commitment to continuous improvement and to the dedication of our staff.

I predicted in last year's annual report that our advancements were likely to be more gradual after that year's record-breaking performance. One of the chief reasons for this slower improvement is that we want to concentrate more effort on our oldest and most complicated cases. We started this process last year, and have made good progress on reducing the proportion of older cases in our caseload, but there are still some people waiting longer for their compensation than we would like. For that reason, I expect the trend towards more gradual progress to remain, as we continue to focus effort on our older cases.

We have nonetheless made crucial improvements this year that show real benefits for the blameless victims of violent crime we serve. The average waiting time for a first decision is now under nine months, after last year being cut to 10 months from around 14 months in 2007. There has also been an increase in quality to accompany the increased speed, with customer satisfaction ahead of our target for the year.

We decided over 70,000 cases and paid out over £209 million in tariff compensation to blameless victims of violent crime in 2009-10, and I am proud, as all of our staff can be, of the service improvements we continue to make.

While we are all extremely pleased that the PAC and NAO have recognised the hard work we have put into improving our performance over the past two years, we won't let these successes make us complacent. That is why we have set our own challenging agenda for the future. The coming year will see us move towards a new target operating model, which will make us more efficient, more focussed on our key activities, and will further improve our customer service.

This plan for how we want to do business in the future will build on the hard work of the last two years, and will help make the Criminal Injuries Compensation Authority a centre of excellence within the justice system.

Carole Oatway

Chief Executive
Criminal Injuries Compensation Authority
23 June 2010

Annual Report

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

The Comptroller and Auditor General is the external auditor of the Authority, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The agreed fees for the statutory audit in 2009-10 were £76,000 (2008-09, £76,000). Additional audit fees of £5,500 were paid during 2009-10 (2008-09, £5,400) for work undertaken in respect of the transition to producing financial statements based upon International Financial Reporting Standards (IFRSs). No remuneration was paid for non-audit work in 2009-10, as was also the case in 2008-09.

Disclosure of information to auditors

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

About CICA

Governance arrangements

The CICA is a Non-Departmental Public Body (NDPB) sponsored by the Ministry of Justice (MoJ). The Scottish Government is responsible for its proportion of the costs of administering the Scheme and for the full cost of all tariff compensation payments where the injury was sustained in Scotland.

The Chief Executive, Carole Oatway, was appointed at the end of September 2007 and was supported in managing the day-to-day running of the Authority by six Directors: Carole Lyons, Director of Finance and Deputy Chief Executive; Prakash Bachoo, Director of Policy and Legal Services; George Connor, Director of Operations; Jackie Lockhart, Director of Regional Casework; Natalie Loughborough, Director of Corporate Services; and Anthony Murphy, Director of Information Technology. The Directors of Corporate Services and Policy and Legal Services left the Authority on 31 March and 6 April 2010 respectively. In the interest of providing a leaner, more cost-effective management structure, these posts are being removed. The Authority's target operating model envisages an Executive Board consisting of the Chief Executive, two Directors and two Deputy Directors.

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

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

The Authority also has a Policy and Performance Board (PPB) which is chaired by the Chief Executive. The role of the PPB is to offer constructive challenge across the Authority's operations with a view to ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. The PPB has three independent non-executive members and all Directors attend. Representatives from the Authority's sponsor department and the Scottish Government are invited to attend meetings.

History and activities

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

Types of compensation

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

The compensation components for personal injury awards are:

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

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

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

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

Applicants unhappy with the Authority's decision can request a review and, if still unhappy with the review decision, can appeal to the First-tier Tribunal. More information on the provisions of the Scheme are available from the Authority's website at www.cica.gov.uk, or by dialling freephone number 0800 358 3601.

Register of interests

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

Sustainable development

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

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

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

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

Going concern

At 31 March 2010, the Authority's Statement of Financial Position records net liabilities of £737 million (31 March 2009, £921 million).

This reflects the inclusion of compensation liabilities falling due in future years, which can only be met by future grants-in-aid from the Ministry of Justice and the Scottish Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

Grant-in-aid for 2010-11, taking into account the amounts required to meet the Authority's liabilities falling due that year, has already been included in the Ministry of Justice's and Scottish Government's estimates for that year, which have been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Business commentary

Management commentary

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

Key achievements 2009-10

During 2009-10, the Authority has:

- reduced the live caseload from 54,360 in 2008-09 to 52,223;
- reduced the average timescale for reaching a first decision from 9.7 months in 2008-09 to 8.5 months, and for reaching a review decision from just under 8 months in 2008-09 to under 5.6 months;
- reduced the average unit cost of processing an application from £341 in 2008-09 to £310;
- launched online and telephone application services;
- agreed the terms of a service level agreement with Association of Chief Police Officers (Scotland);

- introduced a streamlined process for dealing with Trust requirements; and
- reviewed all of its standard letters, reducing the number of different letters and simplifying the content to make them easier to read.

Performance against Key Performance Indicators (KPIs)

The Authority's 2009-10 Business Plan set out eight KPIs against which its performance would be measured. The table below shows how it performed against these.

KPI	Target	Actual	Met
Time to register an application	2 days	2 days	✓
Size of live caseload (excluding cases on offer to applicants)	60,000	52,223	✓
Active caseload cycle time to first decision	10 months	8.5 months	✓
Active caseload cycle time to complete review	6 months	5.5 months	✓
Appeal stage response times – from appeal to notification to list	1.5 months	1.5 months	✓
Decisions overturned	48 %	43 %	✓
Applicants responding that CICA provided them with good customer service overall	66 %	75 %	✓
Programme spend	100.0% YTD actual to budget	100.0 %	✓

While the target for decisions overturned at appeal may seem high at 48 per cent, this is because only a very small proportion of cases – fewer than 5 per cent – actually reach this stage so the number of decisions being overturned is comparatively small.

Claim activity

Volume of applications

The Authority received 65,445 new applications in 2009-10. This is an increase of 13.3 per cent on the number of applications received in 2008-09 (57,753).

Resolutions

In 2008-09 CICA changed the accounting convention regarding resolutions accrued. For the first time those cases completed and on offer to the applicant were included in the overall resolution count. This allowed CICA to register a record number of completions (79,081) in 2008-09. In accordance with accounting convention the Authority has adjusted this spike by making prior year adjustments. This, in effect, assumes that the accounting change was always in place and spreads the accrual over previous accounting periods by deducting the number of accruals at the start of the accounting period. This allows the organisation to reflect more accurately the impact of the change. The adjusted figure for 2008-09 is shown below, as are the accrued resolutions for 2009-10.

Table 2: Applications resolved		
	2008-09	2009-10
Tariff and pre-tariff schemes	64,506	67,597

Awards by tariff level

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

Table 3: Awards made by tariff level 2009 - 10

Level	Tariff sum	Decision	Review	Appeals	Total	2008-09 Total
1	£1,000	14.80%	14.91%	15.96%	14.86%	15.27%
2	£1,250	5.41%	5.16%	1.93%	5.25%	5.91%
3	£1,500	17.21%	14.15%	9.28%	16.41%	17.50%
4	£1,750	1.43%	1.83%	1.34%	1.49%	1.98%
5	£2,000	12.29%	7.90%	6.98%	11.36%	10.14%
6	£2,500	6.94%	8.47%	7.80%	7.23%	7.05%
7	£3,000	0.06%	0.08%	0.07%	0.07%	0.03%
7	£3,300	10.52%	9.77%	7.28%	10.28%	10.21%
8	£3,500	0.02%	0.09%	0.07%	0.03%	0.01%
8	£3,800	5.97%	5.79%	6.09%	5.94%	5.95%
9	£4,000	0.02%	0.05%	0.00%	0.02%	0.01%
9	£4,400	8.96%	11.47%	9.06%	9.39%	8.29%
10	£5,000	0.02%	0.06%	0.00%	0.02%	0.06%
10	£5,500	4.28%	4.63%	5.79%	4.39%	4.26%
11	£6,000	0.01%	0.00%	0.07%	0.01%	0.01%
11	£6,600	0.95%	1.11%	1.56%	1.00%	1.13%
12	£7,500	0.10%	0.20%	0.37%	0.12%	0.15%
12	£8,200	2.65%	6.07%	9.43%	3.47%	3.31%
13	£10,000	0.03%	0.02%	0.15%	0.03%	0.03%
13	£11,000	3.99%	3.08%	4.01%	3.84%	4.09%
14	£12,500	0.00%	0.00%	0.00%	0.00%	0.00%
14	£13,500	0.62%	1.53%	4.31%	0.90%	0.74%
15	£15,000	0.00%	0.03%	0.22%	0.02%	0.03%
15	£16,500	1.91%	1.27%	2.60%	1.83%	1.68%
16	£17,500	0.01%	0.02%	0.00%	0.01%	0.01%
16	£19,000	0.19%	0.45%	0.97%	0.26%	0.28%
17	£20,000	0.03%	0.11%	0.37%	0.06%	0.13%
17	£22,000	1.18%	1.19%	1.56%	1.20%	1.17%
18	£25,000	0.00%	0.03%	0.00%	0.01%	0.00%
18	£27,000	0.11%	0.20%	1.04%	0.16%	0.17%
19	£30,000	0.00%	0.00%	0.00%	0.00%	0.00%
19	£33,000	0.02%	0.05%	0.22%	0.03%	0.03%
20	£40,000	0.03%	0.06%	0.15%	0.04%	0.05%
20	£44,000	0.08%	0.11%	0.74%	0.11%	0.12%
21	£50,000	0.01%	0.00%	0.00%	0.01%	0.04%
21	£55,000	0.01%	0.03%	0.00%	0.02%	0.02%
22	£75,000	0.00%	0.00%	0.00%	0.00%	0.00%
22	£82,000	0.00%	0.00%	0.00%	0.00%	0.00%
23	£110,000	0.06%	0.03%	0.45%	0.07%	0.05%
24	£175,000	0.02%	0.03%	0.07%	0.02%	0.01%
25	£250,000	0.07%	0.00%	0.07%	0.06%	0.09%
	Total	100%	100%	100%	100%	100%

Rates of review and appeal

The ratio of review requests and appeals lodged has increased slightly. 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. This figure is the product of the review and appeal rates, which, the Authority believes, presents a truer picture. These figures remain at around 20 per cent. The Authority's intention is to continue pushing to reduce these rates and in 2010-11 extra quality-checking will be introduced to support this.

	2008-09	2009-10
% of claims assessments cases going to internal review	19.4	20.1
% of review cases going to external appeal	19.5	22.9
% overall appeal rate	3.8	4.6

Disallowed claims

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

Scheme paragraph	Criterion	Disallowed claims
6	Injury sustained before 1 August 1964	15
7(a)	Previous claim for same injury	447
7(b)	Injury sustained in family setting before October 1979	136
8(a)	Mainly, injury did not result from crime of violence	4,183
9	Application did not meet restrictions in the paragraph	322
11	Motor vehicle cases, mainly, vehicle not used as a weapon with the intention to injure	346
12	Accidental injury sustained in law enforcement: risk not justifiable or not exceptional	123
13(a)	Failure to report without delay to police	2,147
13(b)	Failure to co-operate with police in bringing assailant to justice	5,290
13(c)	Failure to co-operate with the Authority	3,685
13(d)	Conduct before, during or after the incident	3,898
13(e)	Applicant's criminal record/character	4,929
16(a)	Assailant would have benefited from award	108
16(b)	Award would have been against a minor's interests	9
17(a)	Assailant in family violence/abuse claim not prosecuted	3
17(b)	Violence between adults in same family - assailant and victim still living in same household	79
18	Claim not submitted with 2 years of incident	1,371
25	Injury not serious enough to qualify for minimum award of £1000	10,879
26	Pre-existing medical condition	576
	Total	38,546

Time taken to reach decisions

The Authority improved the time it takes to make decisions significantly in 2008-09, and the trend of improvement continued this year.

In 2008-09 around 57 per cent of decisions were made within eight months of receipt. This figure is now just over 65 per cent, with more than 75 per cent of decisions being made within a year.

Period of Time	Number of decisions	%	Cumulative %
within 2 months	11,631	18.36	18.36
2 - 4 months	14,208	22.43	40.78
4 - 6 months	9,309	14.69	55.48
6 - 8 months	6,243	9.85	65.33
8 -10 months	4,556	7.19	72.52
10 -12 months	3,398	5.36	77.88
Over 12 months	14,012	22.12	100.00
	63,357	100.00	

Just under a quarter of cases are still taking more than a year to resolve. One of the main reasons for a case taking longer is that the Authority does not finalise an award prematurely. It is not always possible to make an early prognosis on the long-term effects of the injuries received, so it is often in the best interests of the applicant to make an interim payment and keep the case open until the full extent of the injuries and their impact on a person's future loss of earnings can be assessed as accurately as possible.

Appeals

The following table shows the current position on the number of outstanding appeals. These have increased and in 2010-11 extra quality-checking will be introduced in the decision-making process to support reducing the number of appeals.

	2008-09	2009-10
Awaiting appeal	2,254	2,983

Outstanding applications

The Authority resolved more applications than it received, despite a large increase in the number of new applications from 57,753 (2008-09) to 65,445 (2009-10).

	2008-09	2009-10
Awaiting a first decision	43,836	40,773
Awaiting a reviewed decision	6,013	5,683
Awaiting an applicant's response to a first or reviewed decision	2,257	2,784
Awaiting appeal	2,254	2,983
Total	54,360	52,223

Financial Overview

Compensation

Over the period net expenditure, as disclosed in the Net Expenditure Account (NEA), increased from 2008-09 re-stated £(122) million to 2009-10 £70 million. The main reason for this change is due to movement in respect of the provision balances.

The major components of the provision (highlighted at note 10 to the accounts) that impact upon the NEA are new provisions arising during the year and old provisions, recognised in previous periods, reversed unutilised during the year.

During this year the Authority has re-assessed its tariff provision against the outstanding caseload. As a result there has been a reduction in the provision of £215 million. Consequentially there has been a downward movement in respect of the total outstanding liability as reflected in the Statement of Financial Position. However, it must be noted that the 2009-10 reduction was some £210 million less than that required for 2008-09. This is the major reason behind the movement disclosed in the NEA.

In addition the Authority has re-assessed its pre-tariff scheme provision in respect of all outstanding cases which remain to be settled prior to 1996. The liability reflects the likely settlement values at the year-end based on the circumstances of each

application at that time. As a result of a comprehensive review the provision has been increased by a net figure of £65 million. The increase was mainly due to a Court of Appeal case that has impacted upon the majority of our outstanding caseload as previously advised, by note, in the 2008-09 Annual Report and Accounts.

Running costs

The costs associated with managing and administering the compensation schemes have, on face-value presentation, increased. This is predominantly due to two factors. The Authority has recognised a total of £0.868m for 14 individuals who left the Authority on Departmental Early Release Schemes and recognised an increase to provision of £0.229m for dilapidations in respect of Tay House. Excluding the two aforementioned items the overall running costs have decreased, without adjusting for inflation, by £0.077m (0.4 per cent).

Additionally there is still an on-going senior management impetus to drive down overhead costs of a discretionary nature. Notably there have been large managed reductions in respect of IT maintenance, postage, telecommunications, stationery, travel and recruitment costs. This has been achieved alongside re-engineering working practices and improvements across all areas of the business culminating in an overall 25 per cent real-terms reduction in respect of these costs.

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 2009-10 indicated that 99 per cent (99 per cent 2008-09) 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 2010-11

The Authority built on the significant changes of recent years in 2009-10 to deliver better performance. The coming year will see the Authority move towards its target operating model – the vision of how it wants to do business in the future.

CICA's Executive Board has been working with staff and trade unions to focus the organisation on its key activities. Phase one of this project streamlined internal support functions, making them more efficient and better able to support the Authority's purpose of compensating blameless victims of violent crime. Phase two will focus on case processing functions.

The Executive Board established a Change Management Board (CMB) from within the Authority to lead this change. The CMB is fully empowered to prioritise projects and appoint project teams, accountable to the Executive Board, to carry changes forward.

Fuller details of the CMB, the target operating model, the projects that will make it possible, and the targets it aims to meet will be included in the Authority's business plan.

Policy

In 2010-11, the Authority will:

- work with colleagues to consider ways of improving efficiency and fairness;
- consult on the content of a Welsh language scheme; and
- progress service level agreements with key third parties.

Operations

This coming year will see continued improvement in the service provided to applicants. Further developments planned for 2010-11 are:

- extending the number of applications taken over the phone and through the online process;
- helping Victim Support in their role as representatives, including making more use of the online application process;

- extending the use of technology in our dealings with applicants and their representatives, building on the Government Customer Channel Strategy;
- making more use of the telephone for case updates and for collecting additional case information; and
- continue working with Police Forces to help them improve the support they provide.

IT

The Authority's IT team continues to work on major improvements to the Authority's internal systems. Plans for next year include:

- upgrading the telephone systems used to manage the contact centre;
- implementing virtual case files, replacing paper folders and reducing the need for paper;
- improving management information reporting and workflow to better support casework operations;
- completing server outsourcing work; and
- implementing an email archiving solution.

Focusing on people

Equality and diversity

The Authority recognises and values diversity and strives to serve the interests of people from all sections of society.

The information provided to the Authority's customers is produced in an accessible type size, and the Authority's website is compatible with software that reads web pages aloud to blind and partially-sighted users. The telephones in the Applicant Support section all have volume control to help staff speak with customers. In 2010-11, the Authority will roll out its single equalities scheme, which makes clear how CICA provides fair and just service to all its staff and customers.

Sickness absence

During 2009-10, the Authority's employees incurred an average of 13.8 days sick leave. Of this, 6.1 days (44 per cent) were due to long term sickness – defined as an absence of 20 working days or more – and 7.7 days (56 per cent) were due to short term sickness. This 13.8 average days per annum is over the Civil Service target of 7.5 working days lost.

Sickness levels have been closely monitored throughout 2009-10 and significant effort made to apply the relevant policies where staff breach the set “trigger points”. Despite this, levels have not dropped as anticipated. Levels will continue to be monitored and action taken where staff breach attendance policies.

CICA is committed to improving arrangements for attendance management and will be developing an action plan working towards the wider Civil Service targets.

Employment policies

The Authority is currently staffed by both Ministry of Justice and Scottish Government employees. As the Authority doesn't employ its own staff, it must ensure that its practices are kept consistent with the Ministry of Justice and the Scottish Government. During 2010-11 the Authority will move all of its staff to Ministry of Justice contracts.

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

Employment of disabled persons

Although the Authority is currently staffed by employees of the Ministry of Justice and Scottish Government, the Authority has control over recruitment of staff and is actively aware of its responsibilities in terms of employing disabled staff. Both the Ministry of Justice and Scottish Government have their own disability equality schemes and the Authority plays its part in full in implementing these policies.

Learning and development

Over the last 12 months, the Authority has improved its provision of e-learning and is now offering staff facilitated e-learning sessions. The Authority has also introduced a Managing Performance programme that covers the key aspects of a manager's role and helps identify techniques for dealing with difficult situations. Every member of staff has taken the mandatory diversity training programme, with line managers also taking a diversity course specifically aimed at them. The Authority will run a programme on equalities impact training in the coming year.

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.

Customer feedback

This was the first full year of the Authority's customer feedback survey and results were very encouraging. Seventy-five per cent of customers who had received a first decision on their case were satisfied overall with CICA's service.

The Authority has focused on the quality of responses to customers, and embarked on plain English writing training for managers. Over the year, the average response time for a first-stage complaint was 8.1 days, well below the target of 21.

CICA has continued to build on relationships with key stakeholders. The relationship with Victim Support in particular has developed and the Authority is exploring how Victim Support might make more use of CICA's on-line application process to benefit all parties.

The Authority agreed the terms of its first-ever service level agreement with the Association of Chief Police Officers in Scotland

(ACPOS) in 2009-10. This has given clarity about the roles of CICA and ACPOS and how they work together. It also signals an agreement that Scottish police forces will return key reports to the Authority within 30 days of them being requested.

Data protection and Freedom of Information

During 2009-10 the Authority received and responded to 85 requests for information under the Freedom of Information Act 2000, and dealt with 346 requests for information under the Data Protection Act 1998.

Annual Accounts

Remuneration Report

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

Remuneration policy — senior civil servants

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

Remuneration policy — non-senior civil servants

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

Service contracts

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

Pensions

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

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, but the Ministry of Justice and the Scottish Government are unable to identify their share of its underlying assets and liabilities. A full

actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employer's contributions of £1.698 million (2008-09, £1.569 million) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent (2008-09, 17.1 per cent to 25.5 per cent) of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for the Authority had taken this option during the financial year 2009-10 (2008-09, nil) and therefore no contributions were made.

Senior staff disclosures

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

Salary

'Salary' includes gross salary; performance pay; bonuses; 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.

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

1. Fixed Term contract for 2 years commencing 07/09/09. The full year equivalent is £41k.
2. Fixed Term contract ending 12/01/11 (extended for one year beyond initial contract period).
3. Employment in the Authority ceased as of 31/03/10. The above figure includes £24k for loss of office.
4. Employment in the Authority ceased as of 06/04/10.
5. Nil return, for all disclosures, in respect of benefits in kind.
6. Employer contribution to partnership account is nil for all disclosed.

The information in the following table is audited.

Remunerations and pensions for senior management for 2008-09						
Name	Salary	Accrued pension at pension age as at 31/03/09 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/09	CETV at 31/03/08	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	85-90	Pension	Pension	572	496	38
		35-40	2.5-5.0			
		Lump sum	Lump sum			
		0	0			
P Bachoo - Director of Policy and Legal Services	55-60	Pension	Pension	140	121	10
		5-10	0-2.5			
		Lump sum	Lump sum			
		25-30	0-2.5			
C Lyons - Director of Finance	55-60	Pension	Pension	17	5	8
		0-5	0-2.5			
		Lump sum	Lump sum			
		0	0			
A Murphy - Director of IT ¹	10-15	Pension	Pension	1	0	1
		0-5	0-2.5			
		Lump sum	Lump sum			
		0	0			
G Connor - Director of Operations	45-50	Pension	Pension	313	278	14
		15-20	0-2.5			
		Lump sum	Lump sum			
		50-55	2.5-5.0			
N Loughborough - Director of Corporate Services	60-65	Pension	Pension	13	3	7
		0-2.5	0-2.5			
		Lump sum	Lump sum			
		0	0			
1. On 12-month fixed-term contract. Figure quoted is for the period 13/01/2009 to 31/03/2009. The full year equivalent is £55k.						
2. Nil return, for all disclosures, in respect of benefits in kind.						
3. Employer contribution to partnership account is nil for all disclosed.						

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
23 June 2010

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 have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

Statement on internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

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

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

The risk and control framework

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

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

and of financial, operational, staffing and training risks, using where possible quantitative indicators;

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

Information security

The Authority treats information security with utmost importance and completed an assessment of information risk management during the year. The Authority has identified its information assets and asset owners, and risk assessments have been completed in all business areas. The Senior Risk Officer within the Risk and Assurance team is responsible for the coordination of information assurance activities.

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

The Authority has no personal data related incidents to report.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Risk and Assurance team, and the

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

Audit Committee

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

Risk Committee

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

Internal audit

The Ministry of Justice Internal Audit team operate to Government standards, and provide the Authority's internal audit service. They submit regular reports and, at least annually, provide an independent opinion on the adequacy and effectiveness of the Authority's system of internal control together with recommendations for improvement. Audit work carried out during 2009-10 indicates that governance, risk management and control arrangements are now largely established, but there remain some areas for improvement and strengthening. I also receive reports

from the Authority's Risk and Assurance section with the results of their programme of compliance visits and about particular risks which they have been asked to investigate.

Risk and Assurance section

The Risk and Assurance section undertakes compliance testing reviews and a programme of special risk-based reviews. There were no significant internal control issues during the year.

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
23 June 2010

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

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2010 under the Criminal Injuries Compensation Act 1995. These comprise the net expenditure account, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive / Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive/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 the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in

the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows 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 issued under the Criminal Injuries Compensation Act 1995; and
- the information given in the Foreword and Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or

- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
30 June 2010

Accounts

Net Expenditure Account for the year ended 31 March 2010

	Note	2009-2010		2008-2009	
		£'000	£'000	£'000	£'000
				Re-stated	Re-stated
Programme Expenditure					
Tariff scheme compensation	10	(1,464)		(195,974)	
Pre-tariff scheme compensation	10	<u>65,248</u>		<u>91,679</u>	
			63,784		(104,295)
Administration Expenditure					
Staff costs	3	13,528		12,053	
Administration costs	4	8,669		9,353	
Dilapidations on leases	10	<u>229</u>		<u>(417)</u>	
			<u>22,426</u>		<u>20,989</u>
Total Expenditure			86,210		(83,306)
Income	2	(1,547)		(1,154)	
Income repaid to Consolidated Fund		1,161		1,108	
Finance charge	10	12,746		0	
Notional capital credit	1.6	<u>(29,018)</u>		<u>(38,652)</u>	
			(16,658)		(38,698)
Net Expenditure			<u>69,552</u>		<u>(122,004)</u>

All income and expenditure is derived from continuing operations.

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

Statement of Financial Position as at 31 March 2010

	Note	31 March 2010		31 March 2009		01 April 2008	
		£'000	£'000	£'000	£'000	£'000	£'000
					Re-stated		Re-stated
Non-current assets	5						
Property, plant and equipment	5	4,351		4,362		2,791	
Intangible assets	5	260		5		15	
Assets under construction	5	<u>1,081</u>		<u>511</u>		<u>0</u>	
Total non-current assets			5,692		4,878		2,806
Current assets							
Trade and other receivables	6	362		402		1,101	
Other current assets	7	664		465		583	
Cash and cash equivalents	12	<u>31,967</u>		<u>2,056</u>		<u>3,963</u>	
Total current assets			<u>32,993</u>		<u>2,923</u>		<u>5,647</u>
Total assets			38,685		7,801		8,453
Current liabilities							
Trade and other payables	8		<u>(37,797)</u>		<u>(38,020)</u>		<u>(35,881)</u>
Non-current assets plus/less net current assets/liabilities			888		(30,219)		(27,428)
Non-current liabilities							
Provisions	10	(720,388)		(887,533)		(1,258,448)	
Other payables	9	<u>(17,738)</u>		<u>(3,153)</u>		<u>(1,892)</u>	
Total non-current liabilities			(738,126)		(890,686)		(1,260,340)
Liabilities less assets			<u>(737,238)</u>		<u>(920,905)</u>		<u>(1,287,768)</u>
Taxpayers' equity							
General reserve			(737,576)		(921,324)		(1,288,176)
Revaluation reserve			338		419		408
			<u>(737,238)</u>		<u>(920,905)</u>		<u>(1,287,768)</u>

Carole Oatway

Chief Executive and Accounting Officer
Criminal Injuries Compensation Authority
23 June 2010

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

Statement of Cash Flows for the year ended 31 March 2010

	Note	2009-2010		2008-2009	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash outflow from operating activities	13		(250,999)		(282,571)
Other non-operating Income					
Income	2	1,547		1,141	
Income repaid to Consolidated Fund		<u>(1,161)</u>		<u>(1,108)</u>	
			386		33
Cash flows from investing activities					
Purchase of non-current assets	5		(1,713)		(2,882)
Interest received	2		0		13
Net cash outflow			<u>(252,326)</u>		<u>(285,407)</u>
Cash flows from financing activities					
Grants from sponsor departments	11		282,237		283,500
Net increase / (decrease) in cash and cash equivalents in the period	12		<u>29,911</u>		<u>(1,907)</u>
Cash and cash equivalents at the beginning of the period			<u>2,056</u>		<u>3,963</u>
Cash and cash equivalents at the end of the period	12		<u>31,967</u>		<u>2,056</u>

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

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010

	General Reserve	Revaluation Reserve	Total Reserves
	Re-stated		Re-stated
	£'000	£'000	£'000
Balance at 1 April 2008	(1,288,176)	408	(1,287,768)
Net Parliamentary funding	283,500	0	283,500
Net transfer from operating activities:			
Net expenditure	122,004	0	122,004
Net gain on revaluation during the year	0	11	11
Non-cash credit			
Notional Capital Credit	(38,652)	0	(38,652)
Balance at 31 March 2009	(921,324)	419	(920,905)
	General Reserve	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2009	(921,324)	419	(920,905)
Net Parliamentary funding	282,237	0	282,237
Net transfer from operating activities:			
Net expenditure	(69,552)	0	(69,552)
Realised element of Revaluation Reserve	81	(81)	0
Non-cash credit			
Notional Capital Credit	(29,018)	0	(29,018)
Balance at 31 March 2010	(737,576)	338	(737,238)

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

Notes to the Accounts

Note 1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting convention

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

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

At 31 March 2010, the Authority's Statement of Financial Position records net liabilities of £737 million (31 March 2009 £921 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 2010-2011, 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 Net Expenditure Account is analysed between programme and administration expenditure. The classification of expenditure follows the definition of costs set out in the Financial Memorandum issued to the Authority by the Secretary of State for Justice.

1.3 Funding

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

1.4 Non-current assets

Intangibles

Purchased computer software licences are capitalised as intangible assets where expenditure of £500 or more is incurred. Intangible assets are disclosed at depreciated historical cost which approximates to fair value.

Software and systems development expenditure on IT systems are capitalised as intangibles where specific criteria are met in accordance with International Accounting Standard (IAS) 38. Expenditure

on IT systems which maintains expected output requirements, without evidence of enhancement, is written off in the period in which it is incurred.

Property, Plant & Equipment

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

Revaluation of non-current assets

Where any non-current assets have been subjected to in-year revaluation any unrealised surplus on revaluation is credited to the revaluation reserve. Any deficit on revaluation is debited to the Net Expenditure Account if the deficit exceeds the balance on the revaluation reserve. Where applicable any permanent downward revaluation relating to specific IT equipment is directly written-off to the Net Expenditure Account. Post-revaluation non-current assets are thereafter accounted for at depreciated replacement cost which reflects fair value.

Donated assets

The Authority holds no assets classified as donated.

Assets under construction

Costs associated with discrete capital projects are pooled until the Authority 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 brought into use during 2009-10, are disclosed in note 5.

1.5 Depreciation

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

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

1.6 Cost of Capital charge

As required by the Treasury a charge is made to the Net Expenditure Account for the notional cost of capital. The notional capital charge, which reflects the cost of financing capital employed, is calculated at 3.5 per cent (2008-09, 3.5 per cent) of average net assets employed during the year. As the Authority has net liabilities a negative charge applies.

1.7 Income for court awards and civil actions

All recoveries from assailants through civil actions and the criminal courts are paid into the Consolidated Fund via the Ministry of Justice and the Scottish Government.

1.8 Accounting for employee benefits

Under IAS19 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.

1.9 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 Net Expenditure Account as incurred.

1.10 Provisions

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period end on the basis of the best estimate of the expenditure required to settle the obligation. These obligations are set out below.

Pre-tariff scheme

The pre-tariff scheme provision reflects the expected settlement value of all outstanding cases at the reporting period end. The total liability is derived by an in-depth valuation assessment, of a sample of cases, 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. The additional element relates to those events, occurring on or before reporting period end, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability. This provision has been discounted by using the prevailing Treasury Discount Rate, currently 2.2 per cent. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Net Expenditure Account.

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 early retirement programme becomes binding by establishing a provision for the estimated payments discounted at the Treasury rate of 1.8 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 Net Expenditure Account.

1.11 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 offer is recognised at full liability as the offer made to an applicant is binding.

1.12 Value Added Tax

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

1.13 Third party assets

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

Note 1.14 First-time adoption of IFRS

	General Fund	Revaluation Reserve	Total
	£'000	£'000	£'000
Taxpayers' equity at 31 March 2008 under UK GAAP	(1,288,005)	408	(1,287,597)
Adjustments for:			
Employee benefits	(171)	0	(171)
Taxpayers' equity at 1 April 2008 under IFRS	(1,288,176)	408	(1,287,768)

	£'000	Net Expenditure £'000
Net Expenditure for 2008-09 under UK GAAP		(121,976)
Adjustments for:		
Employee benefits - original recognition (07/08)	(171)	
Employee benefits - 08/09 recognition	149	
Employee benefits - movement recognised in 08/09		(22)
Notional capital credit		(6)
Net Expenditure for 2008-09 under IFRS		(122,004)

Note 2 INCOME

	2009-10	2008-09
	£'000	£'000
Civil actions – non-retainable	1,016	803
Court compensation orders – non-retainable	396	315
Bank interest	0	13
Other administrative income	135	23
	1,547	1,154

Note 3 STAFF NUMBERS AND RELATED COSTS

The Authority is staffed by employees on assignment from either the Scottish Government or the Ministry of Justice.

a) Staff costs

	2009-10	2008-09
		Re-stated
	£'000	£'000
Salaries and emoluments	9,793	8,659
Early release	624	0
Provision for early release	244	0
Social security costs	638	589
Other pension costs	1,698	1,569
Agency staff	483	939
Overtime payments	48	297
	13,528	12,053

Staff costs relating to individuals of a non-permanent nature (not included in above) have been capitalised as key inputs to delivery against specific IT related projects. The total staff cost subject to capitalisation was £127,384 (2008-09, £62,469).

b) Staff numbers

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

	2009-10	2008-09
Casework	406	363
Administration	72	65
Agency staff	27	45
	505	473

	2009-10	2008-09
Scottish Government	380	418
Ministry of Justice	98	10
Agency	27	45
	505	473

The number of staff employed in the Authority as at 31 March 2010 was 497 (including 13 Agency).

Note 4 ADMINISTRATION COSTS

	Note	2009-10 £'000	2008-09 £'000
Accommodation costs		2,369	2,381
Audit fees - external		82	81
Audit fees - internal		17	22
Furniture and fittings		28	32
Information and publications		13	28
IT maintenance		585	717
Medical and dental fees		3,115	3,190
Miscellaneous fees		584	613
Postage and telecommunications		390	486
Stationery		225	273
Training and recruitment		101	173
Travel and subsistence - staff		142	216
Travel and subsistence - witnesses		1	0
Losses and special payments	21	112	35
Depreciation		899	734
Permanent diminution in value - IT equipment		0	67
Loss on disposal of non-current assets		0	20
Bad debts written-off		23	0
Bad debts written-back		0	(14)
(Decrease) / increase to bad debt provision		(17)	299
Total administration costs		8,669	9,353

See Financial Overview for additional details.

Note 5 NON-CURRENT ASSETS

	Intangibles	Assets under Construction	Leasehold Improvements	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>						
At 1 April 2008	437	0	1,490	2,075	1,137	5,139
Additions	4	511	1,752	303	312	2,882
Disposals	0	0	0	(1)	(44)	(45)
Revaluations	(31)	0	0	(160)	16	(175)
At 31 March 2009	410	511	3,242	2,217	1,421	7,801
<u>Depreciation</u>						
At 1 April 2008	(422)	0	(474)	(1,161)	(276)	(2,333)
Charged in year	(7)	0	(342)	(260)	(125)	(734)
Disposals	0	0	0	0	25	25
Revaluations	24	0	0	93	2	119
At 31 March 2009	(405)	0	(816)	(1,328)	(374)	(2,923)
Net book value at 31 March 2009	5	511	2,426	889	1,047	4,878
Net book value at 1 April 2008	15	0	1,016	914	861	2,806

All non-current assets are owned by the Authority.

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

All non-current assets are owned by the Authority.

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

Note 6 TRADE AND OTHER RECEIVABLES

	31 March 2010	31 March 2009	1 April 2008
	£'000	£'000	£'000
Trade receivables	40	208	636
Court compensation	939	824	795
Civil claims	84	84	87
Other receivables	6	10	8
	<u>1,069</u>	<u>1,126</u>	<u>1,526</u>
Provision for bad debts	(707)	(724)	(425)
	<u>362</u>	<u>402</u>	<u>1,101</u>
	£'000	£'000	£'000
<u>Provision for bad debts</u>			
Opening balance	724	425	482
(Decrease) / increase in provision	(17)	299	(57)
Closing balance	<u>707</u>	<u>724</u>	<u>425</u>

The majority of the Authority's income is received via the courts and therefore the collection-rate is outwith the control of the Authority (see note 1.7).

Note 7 OTHER CURRENT ASSETS

	31 March 2010	31 March 2009	1 April 2008
	£'000	£'000	£'000
Accommodation prepayments	438	252	369
IT maintenance prepayments	167	185	197
Other prepayments	59	28	17
	<u>664</u>	<u>465</u>	<u>583</u>

Note 8 TRADE AND OTHER PAYABLES

	31 March 2010	31 March 2009	1 April 2008
	£'000	£'000	£'000
		Re-stated	Re-stated
Trade payables	786	791	1,482
Consolidated Fund payables	33	61	47
Other payables	79	0	8
Accruals – pre-tariff scheme	3,506	4,948	5,728
Accruals – tariff scheme	31,439	31,046	27,405
Other accruals	1,954	1,174	1,211
	<u>37,797</u>	<u>38,020</u>	<u>35,881</u>

Note 9 NON-CURRENT LIABILITIES: OTHER PAYABLES

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

<u>Holding accounts</u>	Number of accounts	2009-10		Number of accounts Re-stated	2008-09	
		£'000	£'000		£'000	£'000
Opening balance	10		3,153	12		1,892
In-year deposits	9	30,373		3	9,307	
Interest received in-year		<u>33</u>			<u>96</u>	
			30,406			9,403
Closures	5	15,801		5	8,138	
Withdrawal prior to closure		<u>20</u>			<u>4</u>	
			(15,821)			(8,142)
Closing balance	14		<u>17,738</u>	10		<u>3,153</u>

Note 10 PROVISIONS

	Pre-tariff scheme	Tariff scheme	Lease dilapidation	Early departure	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2008	246,757	1,010,521	1,170	0	1,258,448
Arising during the year	118,395	229,279	0	0	347,674
Reversed unutilised during the year	(26,716)	(425,253)	(417)	0	(452,386)
Utilised during the year	(31,280)	(234,631)	(292)	0	(266,203)
Balance at 31 March 2009	<u>307,156</u>	<u>579,916</u>	<u>461</u>	<u>0</u>	<u>887,533</u>

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

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

	2009-10	2008-09
	£'000	£'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	218,531	237,352
Scotland	25,617	28,559
	<u>244,148</u>	<u>265,911</u>

Impact upon Net Expenditure Account (NEA)

The two components of the above that impact upon the NEA are arising during the year and reversed unutilised during the year. The former has been recognised in the current period because the Authority has re-assessed its outstanding obligations. The latter had been recognised, in the NEA, in earlier periods and therefore is reversed in the current-year because a present obligation does not exist and therefore a likely settlement value is no longer required.

The tariff scheme compensation, as disclosed on the face of the NEA, includes £6.717m that was not previously included in the opening provision. This is due to the fact that the events which underpin the awards took place after 31 March 2009.

Pre-tariff scheme

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

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 1.10). 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 cashflows.

Tariff scheme

The tariff scheme provision, reflecting the Authority's liabilities under the 1996, 2001 and 2008 schemes, is made up of two components. Primarily, the Authority recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £255.072m). 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 £126.993m).

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

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

Analysis of expected timing of discounted cashflows:

	£'000
2010 - 11	183,562
2011 - 16	181,013
Thereafter	17,490
	<u>382,065</u>

In accordance with IAS 37 the following areas of uncertainty are noted in relation to the Tariff provision. This is particularly pertinent this year because the cases have been assessed under a revised methodology, which is more appropriate to, and reflective of, our business model. The valuation is now based upon a financial analysis of the historical settlement averages and the assessed tariff banding attributed to cases in progress rather than an actuarial projection. These averages are also used to determine the liability for the cases that we currently have not received, but have occurred by year-end.

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

- a) The apportionment of unallocated cases to Tariff bands that are currently known to CICA. An exercise is underway to minimise the number of cases without a banding. However, 73 per cent of all such cases are current year and will be banded in due course. Recent intake is assumed to follow normal historical trends.
- b) The likelihood of known cases, received in current year, that will resolve at nil value based on historical averages. This is only applied to the lower tariff bands within the provision.
- c) For those cases that are not yet reported the value and timing of applications likely to be received is based on the known historical emergence of such cases.

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 six personnel who left the Authority during 09-10 under recognised schemes both in Scottish Government and Ministry of Justice.

The liability has been discounted at the prevailing Treasury Discount Rate (1.8 per cent) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision.

Note 11 FUNDING

	2009-10	2008-09
	£'000	£'000
HMG Funding, received as Grant-in-Aid:		Re-stated
Compensation payments	259,611	259,000
Operating costs	20,876	21,500
	<u>280,487</u>	<u>280,500</u>
Capital expenditure	1,750	3,000
	<u>282,237</u>	<u>283,500</u>

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

	2009-10	2008-09
	£'000	£'000
Compensation	25,517	26,264
Operating costs and Capital expenditure	2,483	2,736
	<u>28,000</u>	<u>29,000</u>

Note 12 CASH AND CASH EQUIVALENTS

	Note	2009-10	2008-09	2007-08
		£'000	£'000	£'000
Opening balance at Paymaster General Account		(1,340)	988	18,747
Increase / (decrease) in cash		15,357	(2,328)	(17,759)
Closing balance at Paymaster General Account		<u>14,017</u>	<u>(1,340)</u>	<u>988</u>
Opening balance all other bank accounts and cash		243	1,083	452
(Decrease) in cash		(31)	(840)	631
Closing balance at all other bank accounts and cash		<u>212</u>	<u>243</u>	<u>1,083</u>
Opening balance Awards held on deposit in holding accounts	9	3,153	1,892	1,281
Increase in cash	9	14,585	1,261	611
Closing balance	9	<u>17,738</u>	<u>3,153</u>	<u>1,892</u>
Total cash balance		<u>31,967</u>	<u>2,056</u>	<u>3,963</u>
Total increase / (decrease) in cash		<u>29,911</u>	<u>(1,907)</u>	<u>(16,517)</u>

Note 13 RECONCILIATION OF NET EXPENDITURE TO THE NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	Note	2009-10	2008-09
		£'000	£'000
Net Expenditure		(69,552)	122,004
Loss on disposal of non-current assets	5	0	20
Permanent diminution in value - IT equipment	5	0	67
(Decrease) / increase in provision for doubtful debts	6	(17)	299
Depreciation	5	899	734
Decrease in receivables	6	57	400
(Increase) / decrease in prepayments	7	(199)	118
(Decrease) / increase in payables	8	(223)	2,139
Increase in awards held on deposit holding accounts	9	14,585	1,261
Increase in pre-tariff scheme provision	10	30,233	60,399
(Decrease) in tariff scheme provision	10	(197,851)	(430,605)
Increase / (Decrease) in dilapidations provision	10	229	(709)
Increase in early release provision	10	244	0
Notional capital charge & other net income		(29,404)	(38,698)
Net cash outflow from operating activities		<u>(250,999)</u>	<u>(282,571)</u>

Note 14 THIRD PARTY ASSETS

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

The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. The average rate of interest applied to the investments during the financial year was 0.66 per cent (2008-09, 2.77 per cent).

<u>Retained awards</u>	Number of accounts	2009-10		Number of accounts	2008-09	
		£'000	£'000		£'000	£'000
Balance at 1 April	2,551		29,298	1,696		23,288
Open Accounts						
Deposits	3,573	22,067		1,204	9,307	
Additional deposits to existing accounts		96			422	
Interest received		233			730	
Withdrawals		(714)			(393)	
			21,682			10,066
Closures	(853)		(5,982)	(349)		(4,056)
Balance at 31 March	5,271		<u>44,998</u>	2,551		<u>29,298</u>

The increase in respect of the number of accounts is due to an internal policy decision to retain all awards for minors. This change came into effect early November 2008.

Note 15 CAPITAL COMMITMENTS

At 31 March 2010 the Authority had contracted capital commitments of £89,479 relating to the purchase of printers, personal computers and leasehold improvements.

Note 16 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.

	2009-10	2008-09
	£'000	£'000
Obligations under operating leases comprise:		
Not later than one year	1,214	1,259
Later than one year and not later than five years	2,978	4,487
Later than five years	0	512
	4,192	6,258

The Authority's staff are employed on two sites in Glasgow. The main office (floors 1 and 2) at Tay House, Glasgow with a further file storage facility on a separate site in Kinning Park, Glasgow. The leases on these properties end in financial years 2014 and 2011 respectively for each site. The operating lease which expired during 2009-10 related to a sub-lease at Tay House (part of floor 6 only).

Note 17 CONTINGENT LIABILITIES

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

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

Note 18 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 19 RELATED PARTY TRANSACTIONS

The Authority is a Non-Departmental Public Body (NDPB) of the Ministry of Justice. Both the Ministry of Justice and the Scottish Government are related parties to the Authority in respect of providing staff on assignment to the Authority. During the year the Authority has had various dealings with other government departments and entities.

During the period related party transactions were entered into with the Tribunals Service. The Authority received a total of £19,550 (2008-09, £16,980) for providing information technology support services to the Tribunals Service.

Note 20 INTRA-GOVERNMENT BALANCES

	Receivables and prepayments: amounts falling due within one year		Payables and accruals: amounts falling due within one year	
	2009-10	2008-09	2009-10	2008-09
	£'000	£'000	£'000	£'000
		Re-stated		Re-stated
Balances with other central government bodies	34	203	938	564
Balances with bodies external to government	992	664	36,869	37,456
Total Balances	1,026	867	37,807	38,020

Note 21 LOSSES AND SPECIAL PAYMENTS

Losses and special payments up to £20,000 are authorised by the Accounting Officer. Above this level they are referred to and authorised by the Authority's sponsor, the Ministry of Justice. Most cases are related to compensation paid, to applicants, for lost documents or 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). Losses and special payments totalled £112,174 (2008-09, £34,732).

Note 22 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 14. 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 applicant. The average rate of interest applied to the investments during 2009-10 was 0.66 per cent (2008-09, 2.77 per cent).

Accounts Direction Statement

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

The annual accounts shall give a fair and true view of the income and the expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Criminal Injuries Compensation Authority shall prepare accounts for the year ending 31 March 2009 and subsequent years in accordance with:

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

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

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

Pat Lloyd

Head of Sponsorship and Performance Unit
Access to Justice
1 May 2009

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