

CRIMINAL INJURIES COMPENSATION AUTHORITY

ANNUAL  
REPORT  
AND  
ACCOUNTS  
2008-09



Thirteenth Report

Criminal Injuries  
Compensation Authority

**Annual report and accounts  
2008-09**

Presented to Parliament by the Lord  
Chancellor and Secretary of State  
for Justice, and by the Comptroller and  
Auditor General 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 thirteenth annual report for the Criminal Injuries Compensation Authority.

This report covers my first full year in post as Chief Executive. It has been a busy year which saw the roll out of a huge change programme in the Authority. Although we still have a long way to go, we are already seeing the fruits of our efforts.

Our most notable success was that we delivered on the key commitment, made in January last year to the Public Accounts Committee, to reduce our live caseload by 20,000 cases. Indeed, we were able to exceed this target. This achievement was all the more remarkable given that we also had to cope with a significantly increased level of applications (around 6,000 more than the previous year). Our success can be attributed to more efficient working practices; a very able group of staff who have remained committed to the task throughout the ups and downs of the change process; as well as the support of Ministers and our sponsor team in the Ministry of Justice, who helped us secure the funding needed to match the increase in productivity.

We have also been able to bring the average waiting time for a first decision down from around 14 months, in October 2007, to just under 10 months in March 2009. Although we believe this can be further improved, we expect that achieving these improvements will now be more gradual, as we seek to enhance the quality of our service as well as the speed with which we process claims.

This has been a record year in terms of the amount of funding available for distribution through the tariff-based Criminal Injuries Compensation Scheme. During 2008-09 the Authority was able to secure over £46.6 million of additional funding which in turn allowed us to pay a record number of awards. We decided 79,049

cases and paid out £234.6 million on tariff compensation to blameless victims of crime.

We have also managed a significant reduction in our administration costs (from £24.1m to £21.4m). As well as having all our staff based in one location (Glasgow) we have also reduced spend on consultancy and temporary staff, instead using our internal resource.

Given our success in reducing the total number of outstanding cases, the Authority now intends to focus its attention on finalising some of its oldest and most complex cases. While we understand that it is often in the best interests of the applicant not to finalise a case before the long-term effects of their injuries can be established, we want to be sure that where possible we continue to make interim payments as appropriate and that, as soon as we are able to obtain the information that we need, we settle these older cases without delay. This extra staff time needed to target complex cases means that in the coming year we will not be able to match the volume of resolutions that we achieved in 2008-09, but we do believe that this will represent a fair and proper prioritisation of our workload.

We have prepared our Business Plan for the coming year setting targets aimed at continuing to improve the service we provide. We know we still have much to do but we believe we have a clear vision of where we want to be, and we have robust strategies in place to ensure we get there.

**Carole Oatway**

Chief Executive  
Criminal Injuries Compensation Authority  
23 June 2009

## 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 2008-09 were £76,000 (2007-08, £72,700). Additional audit fees of £5,400 were paid during 2008-09 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 2008-09, as was also the case in 2007-08.

### 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 Chief Executive, Carole Oatway, was appointed at the end of September 2007 and is supported in managing the day-to-day running of the Authority by five Directors: Carole Lyons, Director of

Finance and Deputy Chief Executive; Prakash Bachoo, Director of Policy and Legal Services; George Connor, Director of Operations; Tilly Loughborough, Director of Corporate Services; and Anthony Murphy, Director of Information Technology. The post of Director of Information Technology is a new fixed-term appointment which was created on 13 January 2009 to oversee a significant upgrade and overhaul of the Authority's IT systems.

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 Authority'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 Management 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 external stakeholders are invited to attend meetings.

### **History and activities**

The Scheme was set up in 1964. 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 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](http://www.cica.gov.uk), or by dialling freephone number 0800 358 3601.

### **2008 Scheme**

Since November 2008 a victim who applies for compensation will be considered according to the 2008 Scheme.

There were no changes to the basic structure or parameters of the Scheme. However, a number of minor changes were needed since the introduction of the 2001 Scheme. These were:

- to clarify meaning in areas of doubt;
- to streamline some administrative procedures;
- to make minor changes on matters taken into account in assessing compensation;
- to add to or amend some injury descriptions in the tariff of injuries;
- to adjust the levels of some awards that reflect current views on the seriousness of certain injuries; and
- to remove information about the appeals procedures from the Scheme, the functions transferring to the First-tier Tribunal in accordance with the Tribunals, Courts and Enforcement Act 2007.

### **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. New ideas implemented in 2008-09 include the installation of piped drinking water to replace bottled water, and the installation of recycling bins to ensure that the majority of waste materials are recycled.

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.

### **Charitable donations**

In 2008-09 the Management Board agreed to provide a laptop computer for Victim Support Scotland at a cost of £1,217. The Authority was approached by Victim Support Scotland for assistance with setting up a new Criminal Injuries Compensation Scheme Coordinator post. Although the Authority did not feel able to contribute to the cost of providing the post, it was agreed that

provision of a laptop would bring benefits to both Victim Support and to the Authority in their respective roles in helping victims of crime.

### **Going concern**

At 31 March 2009, the Authority's balance sheet records net liabilities of £921 million (31 March 2008 £1,288 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 2009-10, 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 making further reductions in the number of outstanding cases despite an increase in the number of applications over the previous year. This was achieved due to changes to the way in which the Authority operates and its organisation.

### Key achievements 2008-09

During a continuing period of change in 2008-09, the Authority has:

- established a new caseworking model to enable a more efficient case-handling process;
- reduced the live caseload to 54,360;
- reorganised caseworking teams on a geographical basis to enhance working relationships with key information providers;
- achieved its highest ever tariff compensation spend at £234.6 million;
- reduced the time taken to register an application from 15 days to 2 days;
- reduced the average timescale for reaching a first decision from 14 months to 9.7 months, and for reaching a review decision to under 8 months;
- reduced the average unit cost of processing an application from £400 to £341;
- produced new staff guidance on both the 2001 and 2008 Schemes;
- established a new policy to retain awards made to children;
- revised the application form to make it easier for applicants to use;
- revised and improved information guidance to stakeholders on the operation of the Scheme;
- improved third party relationships by engaging with stakeholders and seeking views on policy issues;
- commenced negotiations with the Association of Chief Police Officers and the Association of Chief Police Officers in Scotland to improve the process for transfer of information;
- implemented a full review and update of all corporate documentation;

- introduced a new telephone support system to improve communication with applicants;
- established a major incident team to deal quickly and consistently with multiple claims;
- completed the refurbishment of its offices; and
- carried out extensive improvements to internal systems, including introducing an electronic flexi system, upgrading PCs for all staff, and creating a new IT service desk.

### Claim activity

#### Volume of applications

In 2008-09, 57,753 new applications were received by the Authority. This is an increase of 8.4% on the number of applications received in 2007-08.

#### Resolutions

Following a change in accounting policy a case resolution is now recognised when an offer has been issued to an applicant or representative. Previously this was at the point of acceptance by the claimant.

This meant that the Authority was able to maximise the number of cases resolved during the year. In order to show a direct comparison with the previous year the table below includes a figure (in brackets) which illustrates the number of resolutions which would have been recorded had we not been able to secure the funding necessary to make this policy change.

	2007-08	2008-09
Tariff and pre-tariff Schemes	65,248	79,081 (63,685)

The combination of the change in policy plus the availability of additional funding has allowed the Authority to count the largest number of cases resolved in a single year since the tariff Scheme

was introduced. It has also allowed us to reduce our live caseload to 54,360, well below the target which we set for ourselves at the start of the year.

#### 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.

Level	Tariff Sum	Decision	Review	Appeals	Total
1	£1,000	14.66%	18.79%	14.37%	15.27%
2	£1,250	6.20%	5.09%	2.92%	5.91%
3	£1,500	18.54%	14.25%	8.24%	17.50%
4	£1,750	2.02%	1.77%	1.90%	1.98%
5	£2,000	10.75%	7.75%	6.56%	10.14%
6	£2,500	6.79%	8.11%	8.17%	7.05%
7	£3,000	0.01%	0.09%	0.22%	0.03%
7	£3,300	10.48%	9.25%	8.17%	10.21%
8	£3,500	0.00%	0.02%	0.00%	0.01%
8	£3,800	6.21%	4.92%	4.45%	5.95%
9	£4,000	0.00%	0.02%	0.00%	0.01%
9	£4,400	7.74%	10.57%	10.80%	8.29%
10	£5,000	0.03%	0.07%	0.58%	0.06%
10	£5,500	4.43%	3.29%	4.38%	4.26%
11	£6,000	0.00%	0.02%	0.15%	0.01%
11	£6,600	1.12%	1.16%	1.39%	1.13%
12	£7,500	0.06%	0.29%	1.60%	0.15%
12	£8,200	2.45%	6.43%	9.48%	3.31%
13	£10,000	0.01%	0.07%	0.22%	0.03%
13	£11,000	4.34%	2.75%	3.94%	4.09%
14	£12,500	0.00%	0.00%	0.07%	0.00%
14	£13,500	0.53%	1.27%	3.28%	0.74%

Level	Tariff Sum	Decision	Review	Appeals	Total
15	£15,000	0.02%	0.02%	0.29%	0.03%
15	£16,500	1.70%	1.36%	2.41%	1.68%
16	£17,500	0.01%	0.02%	0.00%	0.01%
16	£19,000	0.17%	0.60%	1.31%	0.28%
17	£20,000	0.05%	0.29%	1.09%	0.13%
17	£22,000	1.18%	0.94%	2.04%	1.17%
18	£25,000	0.00%	0.00%	0.00%	0.00%
18	£27,000	0.15%	0.18%	0.73%	0.17%
19	£30,000	0.00%	0.00%	0.00%	0.00%
19	£33,000	0.01%	0.13%	0.15%	0.03%
20	£40,000	0.03%	0.13%	0.22%	0.05%
20	£44,000	0.10%	0.11%	0.44%	0.12%
21	£50,000	0.02%	0.09%	0.07%	0.04%
21	£55,000	0.01%	0.02%	0.15%	0.02%
22	£75,000	0.00%	0.00%	0.00%	0.00%
22	£82,000	0.00%	0.00%	0.00%	0.00%
23	£110,000	0.05%	0.04%	0.15%	0.05%
24	£175,000	0.01%	0.02%	0.00%	0.01%
25	£250,000	0.09%	0.09%	0.07%	0.09%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

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

	2007-08	2008-09
% of first decision cases going to review	19.2	19.4
% of review cases going to appeal	19.3	19.5
% overall appeal rate	3.7	3.8

### Disallowed claims

The table below 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.

<b>Table 4: Disallowed claims 2008-09</b>		
<b>Scheme paragraph</b>	<b>Criterion</b>	<b>Number of disallowed claims</b>
6	Injury sustained before 1 August 1964	17
7(a)	Previous claim for same injury	775
7(b)	Injury sustained in family setting before October 1979	145
8(a)	Mainly, injury did not result from crime of violence	3,648
9	Application did not meet restrictions in the paragraph	221
11	Motor vehicle cases, mainly, vehicle not used as a weapon with the intention to injure	318
12	Accidental injury sustained in law enforcement: risk not justifiable or not exceptional	64
13(a)	Failure to report without delay to police	1,661
13(b)	Failure to co-operate with police in bringing assailant to justice	4,180
13(c)	Failure to co-operate with the Authority	1,531
13(d)	Conduct before, during or after the incident	3,106
13(e)	Applicant's criminal record/character	4,003
16(a)	Assailant would have benefited from award	63
16(b)	Award would have been against a minor's interests	1
17(a)	Assailant in family violence/abuse claim not prosecuted	7
17(b)	Violence between adults in same family - assailant and victim still living in same household	33
18	Claim not submitted within two years of incident	535
25	Injury not serious enough to qualify for minimum award of £1,000	8,059
26	Pre-existing medical condition	433
	<b>Total</b>	<b>28,800</b>

#### Time taken to reach decisions

In comparison to 2007-08 there has been a sustained improvement in the time taken to make first decisions. This reflects changes in approach particularly around identifying applications which are clearly ineligible much earlier in the process but has also been influenced by improvements in information gathering to allow us to award compensation more quickly.

In 2007-08 less than 41% of decisions were made within eight months of receipt. In 2008-09 this stands at nearer 60%, with almost 75% of all decisions being within one year of submission.

<b>Period of time from receipt</b>	<b>Number of decisions</b>	<b>%</b>	<b>Cumulative %</b>
Within 2 months	5,801	9.62	9.62
2-4 months	11,374	18.86	28.48
4-6 months	9,507	15.76	44.24
6-8 months	7,752	12.85	57.09
8-10 months	6,107	10.13	67.22
10-12 months	4,162	6.90	74.12
Over 12 months	15,608	25.88	100.00
<b>Total</b>	<b>60,311</b>	<b>100.00</b>	

Around a quarter of cases are still taking more than a year to resolve. One of the main reasons for a case taking longer than average is to ensure that we do 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 table below shows the current position on the number of outstanding appeals. The Authority has also improved the speed with which cases are passed to the First-tier Tribunal (formerly the Appeals Panel) while ensuring that our responses comply with the Tribunals, Courts and Enforcement Act 2007. Over the last year we have achieved a 16% reduction in the number of cases awaiting appeal.

	2007-08	2008-09
Awaiting appeal	2,683	2,254

## Outstanding applications

The Authority resolved more cases than it received despite a large increase in the number of applications received. This was partly due to new case-handling approaches designed to speed up the provision of information leading to quicker decisions.

	2007-08	2008-09
Awaiting a first decision	46,419	43,836
Awaiting a reviewed decision	9,488	6,013
Offers made awaiting applicant response with funding available in following year	17,066	2,257
Awaiting appeal	2,683	2,254
<b>Total</b>	<b>75,656</b>	<b>54,360</b>

The Authority was successful in securing additional funding to allow over 15,000 applications which were out on offer to be counted as resolved in 2008-09.

## Financial overview

### Compensation

Over the period net expenditure, as disclosed in the Operating Cost Statement (OCS), had a downward movement from 2007-08 re-stated £302 million to 2008-09 £(122) million, the main reason being the Authority's treatment of the tariff Scheme provision.

There are two key elements of the provision which impact upon the OCS. These are new provisions arising in-year and the reversal of provisions unutilised during the year. The latter being a combination of the difference between the actual and estimated liability of cases in the year and the revaluation of extant cases.

The Authority has valued its provision in accordance with the 2008 Scheme. As per page 6, the 2008 Scheme has clarified certain areas of doubt enabling a more appropriate valuation with less contingency. Therefore there has been a reversal of provision no longer required as recognised in the OCS during the year. As a result of the scheme change there has been a downward movement in respect of the total outstanding liability.

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 £92m.

#### **Running costs**

The costs associated with managing and administering the compensation schemes have reduced. This is mainly due to two interrelated factors:

- economies of scale are being realised following a decision to concentrate the Authority on a single site in Glasgow. Previously the Authority had operated out of two sites, the London office being officially closed on 31 March 2008; and
- there has been a reduction in discretionary costs underpinned by a senior management initiative to drive down costs of this nature. Notably there have been large reductions in respect of employing consultants, use of overtime and the services of non-payroll employees (saving £1.7m, £0.5m and £0.5m respectively). This has been achieved alongside re-engineering

working practices and improvements across all areas of the business culminating in an overall 11% reduction in operating costs.

### **Creditor 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 2008-09 indicated that 99% (99% 2007-08) 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)).

In October 2008, the Government made a commitment to speed up the payments process. As a consequence, the Authority aims to pay suppliers, wherever possible, within 10 days of receipt of a valid invoice.

### **Business focus 2009-10**

The Authority has undergone a significant period of change throughout the last two years and plans are under way to establish further improvements to procedures and processes over the coming year. Details of key projects and operational targets for the coming financial year are included in the Authority's Business Plan.

### **Policy**

In 2009-10, the Policy Section will continue to make improvements to the quality of the guidance provided to staff and stakeholders.

Major projects planned include:

- the introduction of shared protocols with key stakeholders;
- continuation of the review of the Authority's corporate documentation; and
- production and implementation of the CICA Equalities Scheme.

## Operations

The new case-working model has already become firmly embedded in the Authority's operational processes. This coming year will see continued improvement in the service provided to applicants.

Further developments planned for 2009-10 are:

- an option to complete applications by phone for appropriate applicants;
- an enhanced internet application process;
- better relationships with key medical authorities;
- an enhanced common business process with the Tribunals Service;
- further developed working processes with Victim Support; and
- continued working with police forces to further improve the support that they provide.

## IT

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

- replacing and updating the email system;
- outsourcing server hosting and management to attain an IT business continuity solution;
- selecting and implementing a Business Process Management system with integrated document management capabilities to support operational case-working improvements;
- virtualising the server estate and migrating to centralised SAN (Storage Area Network) storage; and
- implementing a telephone voice recording solution to record all calls with applicants.

## **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 as recommended by the RNIB, 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 2009-10, the Authority will launch its own Equalities Scheme, covering race, disability and gender, which will help the Authority to progress its diversity strategy. Mandatory diversity training for all the Authority's managers and staff will be rolled out in the coming year.

### **Sickness absence**

During 2008-09, the Authority's employees incurred an average of 8.2 days sick leave. The Authority is committed to the health and well being of its staff and as such has a comprehensive sickness absence policy.

### **Employment policies**

The Authority is 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.

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 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's Learning and Development team has implemented a new strategy to split the Learning and Development programme into Role Specific; Career Development; Personal Development; and Additional Development programmes. Four new development areas have been identified, which are: Coaching; Management Development; Equalities and Diversity; and E-Learning.

### **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**

During the year a number of initiatives to enable the Authority to understand and address customer concerns were undertaken. These include: implementation of a system for logging, monitoring and reporting all enquiries, feedback and complaints about services, and introduction of a continuous customer survey where a questionnaire is sent to all claimants after a first decision has been made about the claim. Plans for 2009-10 include working closely with colleagues across the organisation to further improve the quality of the Authority's responses.

In 2008-09 the Authority organised two stakeholder events followed up by the launch of a new regular stakeholder e-zine “In Touch”. Service quality is fundamental to the Authority and a key aim is to continue to work closely with stakeholders to improve service.

#### **Data protection and Freedom of Information**

The Authority’s Publication Scheme was reviewed to ensure compliance with the Information Commissioner’s new framework, and a copy is available on the Authority’s website, or in hard copy if requested.

During 2008-09 the Authority received and responded to 55 requests for information under the Freedom of Information Act 2000, and dealt with 282 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](http://www.civilservice-pensions.gov.uk)).

For 2008-09, employer's contributions of £1.569 million (2007-08, £1.730 million) were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% (2007-08, 17.1% to 25.5%) 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 2008-09 (2007-08, 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 subject to audit.

<b>Remunerations and pensions for senior management for 2008-09</b>						
<b>Name</b>	<b>Salary</b>	<b>Accrued pension at pension age as at 31 March 2009 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2009</b>	<b>CETV at 31 March 2008</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
C. Oatway Chief Executive	85-90	Pension 35-40 Lump sum 0	Pension 2.5-5.0 Lump sum 0	572	496	38
P. Bachoo Director of Policy and Legal Services	55-60	Pension 5-10 Lump sum 25-30	Pension 0-2.5 Lump sum 0-2.5	140	121	10
C. Lyons Director of Finance	55-60	Pension 0-5 Lump sum 0	Pension 0-2.5 Lump sum 0	17	5	8
A. Murphy Director of IT <sup>1</sup>	10-15	Pension 0-5 Lump sum 0	Pension 0-2.5 Lump sum 0	1	0	1
G. Connor Director of Operations	45-50	Pension 15-20 Lump sum 50-55	Pension 0-2.5 Lump sum 2.5-5.0	313	278	14
N. Loughborough Director of Corporate Services	60-65	Pension 0-2.5 Lump sum 0	Pension 0-2.5 Lump sum 0	13	3	7
<p>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.</p> <ul style="list-style-type: none"> <li>• nil return, for all disclosures, in respect of benefits in kind</li> <li>• employer contribution to partnership account is nil for all disclosed</li> </ul>						

The information in the following table is subject to audit.

<b>Remunerations and pensions for senior management for 2007-08</b>						
<b>Name</b>	<b>Salary</b>	<b>Accrued pension at pension age as at 31 March 2008 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2008</b>	<b>CETV at 31 March 2007</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
J. Drean Chief Executive <sup>1</sup>	35-40	Pension 5-10 Lump sum 20-25	Pension 0-2.5 Lump sum 0-2.5	79	73	9
C. Oatway Chief Executive <sup>2</sup>	40-45	Pension 30-35 Lump sum 0	Pension 0-2.5 Lump sum 0	547	448	40
A. Johnstone Director of Legal and Policy <sup>3</sup>	55-60	Pension 15-20 Lump sum 45-50	Pension 0-2.5 Lump sum 0-2.5	269	230	9
P. Bachoo Director of Policy and Legal Services <sup>4</sup>	30-35	Pension 5-10 Lump sum 20-25	Pension 0-2.5 Lump sum 0-2.5	134	106	7
C. Lyons Director of Finance <sup>5</sup>	25-30	Pension 0-5 Lump sum 0	Pension 0-2.5 Lump sum 0	6	0	5
G. Johnston Director of Operations <sup>6</sup>	25-30	Pension 0-5 Lump sum 0	Pension 0-2.5 Lump sum 0	33	31	2
G. Connor Director of Operations <sup>7</sup>	20-25	Pension 15-20 Lump sum 50-55	Pension 0-2.5 Lump sum 0-2.5	302	281	0

Remunerations and pensions for senior management for 2007-08						
Name	Salary	Accrued pension at pension age as at 31 March 2008 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2008	CETV at 31 March 2007	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000
N. Loughborough Director of Corporate Services <sup>8</sup>	15-20	Pension 0-5 Lump sum 0	Pension 0-2.5 Lump sum 0	4	0	3
C. Moynehan Director of Finance <sup>9</sup>						

1. Figure quoted is for the period 01/04/07 to 28/09/07. The full year equivalent is £72k.  
2. Figure quoted is for the period 28/09/07 to 31/03/08. The full year equivalent is £80k.  
3. Figure quoted is for the period 01/04/07 to 31/01/08. The full year equivalent is £66k. Disclosed retired 31/01/2008 and received a lump sum compensation payment of £195k.  
4. Figure quoted is for the period 03/09/07 to 31/03/08. The full year equivalent is £56k.  
5. Figure quoted is for the period 06/11/07 to 31/03/08. The full year equivalent is £61k.  
6. Figure quoted is for the period 01/04/07 to 28/09/07. The full year equivalent is £51k.  
7. Figure quoted is for the period 03/09/07 to 31/03/08. The full year equivalent is £46k.  
8. Figure quoted is for the period 10/12/07 to 31/03/08. The full year equivalent is £60k.  
9. The remuneration and pension for disclosed is accounted for and borne by the Home Office. Was seconded during the period 01/04/07 to 06/11/07.

- 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  
23 June 2009

### **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 Operating Cost Statement, recognised gains and losses 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 a Management 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 2009 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 a Management Board headed by the Chief Executive who is supported by functional Directors (Finance, Operations, Policy and Legal Services, Corporate Services and Information Technology). 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 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 the main 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 level. 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 Directors (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 Ministry of Justice and Scottish Government sponsors;
- 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 Authority has appointed an Information Officer who 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 and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and 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 Management 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 a report is provided to the Management 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. 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.

**Carole Oatway**

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
23 June 2009

## **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 2009 under the Criminal Injuries Compensation Act 1995. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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 Authority, Chief Executive as Accounting Officer and Auditor**

The Criminal Injuries Compensation Authority and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Criminal Injuries Compensation Act 1995 and directions made thereunder by the Secretary of State with the approval of the Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and directions made thereunder by the Secretary of State with the approval of the Treasury. I report to you whether, in my opinion, the information, which comprises the

Business Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Criminal Injuries Compensation Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Criminal Injuries Compensation Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Criminal Injuries Compensation Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Criminal Injuries Compensation Authority and Accounting Officer in the

preparation of the financial statements, and of whether the accounting policies are most appropriate to the Criminal Injuries Compensation Authority's circumstances, consistently applied and adequately disclosed.

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

### Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Criminal Injuries Compensation Act 1995, and directions made thereunder by the Secretary of State with the approval of the Treasury, of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2009 and of its net expenditure, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and directions made thereunder by the Secretary of State with the approval of the Treasury; and

- information, which comprises the Business Commentary included within the Annual Report, is consistent with the financial statements.

### **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.

### **Report**

I have no observations to make on these financial statements.

**Amyas C.E. Morse**

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
25 June 2009

## Accounts

### Operating Cost Statement for the year ended 31 March 2009

	Note	2008-2009		2007-2008	
		£'000	£'000	£'000 Re-stated	£'000 Re-stated
<b>Programme Expenditure</b>					
Tariff scheme compensation	10	(195,974)		217,487	
Pre-tariff scheme compensation	10	<u>91,679</u>		<u>104,079</u>	
			(104,295)		321,566
<b>Administration Expenditure</b>					
Staff costs	3	12,075		12,917	
Administration costs	4	9,353		11,150	
Dilapidations on leases	10	<u>(417)</u>		<u>(195)</u>	
			21,011		23,872
<b>Total Expenditure</b>			<u>(83,284)</u>		<u>345,438</u>
Income	2	(1,154)		(1,134)	
Income repaid to consolidated fund		1,108		1,035	
Notional capital credit	1.6	<u>(38,646)</u>		<u>(43,311)</u>	
			(38,692)		(43,410)
<b>Net Expenditure</b>	11		<u><u>(121,976)</u></u>		<u><u>302,028</u></u>

All income and expenditure is derived from continuing operations.

### Statement of Recognised Gains and Losses for the year ended 31 March 2009

	Note	2008-2009 £'000	2007-2008 £'000
Net gain on revaluation of fixed assets	13	<u>11</u>	<u>34</u>
Total recognised gains for the financial year		<u><u>11</u></u>	<u><u>34</u></u>

The notes on pages 41 to 55 form part of these accounts.

**Balance sheet as at 31 March 2009**

	Note	31 March 2009		31 March 2008	
		£'000	£'000	£'000 Re-stated	£'000 Re-stated
<b>Fixed assets</b>					
Intangible assets	5	5		15	
Tangible assets	5	<u>4,873</u>		<u>2,791</u>	
			4,878		2,806
<b>Current assets</b>					
Debtors	6	402		1,101	
Prepayments	7	465		583	
Cash at bank and in hand	15	<u>2,056</u>		<u>3,963</u>	
		2,923		5,647	
Creditors (amounts falling due within one year)	8	<u>(37,871)</u>		<u>(35,710)</u>	
<b>Net current assets / (liabilities)</b>			<u>(34,948)</u>		<u>(30,063)</u>
<b>Total assets less current liabilities</b>			<u>(30,070)</u>		<u>(27,257)</u>
Creditors (amounts falling due after more than one year)	9		(3,153)		(1,892)
<b>Provisions for liabilities and charges</b>					
Pre-tariff scheme	10	(307,156)		(246,757)	
Tariff scheme	10	(579,916)		(1,010,521)	
Lease dilapidation	10	<u>(461)</u>		<u>(1,170)</u>	
			(887,533)		(1,258,448)
<b>Net liabilities</b>			<u>(920,756)</u>		<u>(1,287,597)</u>
<b>Taxpayers' equity</b>					
General fund	11		(925,634)		(1,290,403)
Revaluation reserve	12		419		408
Capital reserve	13		4,459		2,398
	26		<u>(920,756)</u>		<u>(1,287,597)</u>

**Carole Oatway**

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
23 June 2009

The notes on pages 41 to 55 form part of these accounts.

**Cashflow statement for the year ended 31 March 2009**

	Note	2008-2009		2007-2008	
		£'000	£'000	£'000	£'000
<b>Operating activities</b>					
Net cash outflow from operating activities	16		(282,571)		(259,867)
<b>Other non-operating Income</b>					
Income		1,141		1,090	
Income repaid to consolidated fund		<u>(1,108)</u>		<u>(1,035)</u>	
			33		55
<b>Returns on investments and servicing of finance</b>					
Interest received			13		44
<b>Capital expenditure and financial investment</b>					
Payment to acquire fixed assets	5		(2,882)		(1,749)
<b>Net cash outflow</b>			<u>(285,407)</u>		<u>(261,517)</u>
<b>Financing</b>					
Funding	14		283,500		245,000
(Decrease) in cash	15		<u><u>(1,907)</u></u>		<u><u>(16,517)</u></u>

**Analysis of changes in net cash**

		At 1 April	Cashflows	Other changes	At 31
		2008			March
		£'000	£'000	£'000	2009
		£'000	£'000	£'000	£'000
Cash in hand and at bank	15	<u>3,963</u>	<u>(1,907)</u>	-	<u>2,056</u>

The notes on pages 41 to 55 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 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK Generally Accepted Accounting Practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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 the revaluation (indexation) of fixed assets.

The Financial Statements together with the Notes on pages 41 to 55 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 2009, the Authority's balance sheet records net liabilities of £921 million (31st March 2008, £1,288 million). This reflects the inclusion of liabilities falling due in future years which may only be met by future funding or funds from the Ministry of Justice and the Scottish Government. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, the funding is not provided in advance of need.

Funding for 2008-2009, allowing for the amounts required to meet the Authority's liabilities, had already been included in the Ministry of Justice's estimates for this period, which had been approved by Parliament, and there is no reason to believe that the Ministry of Justice's 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 operating cost statement 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 are credited to the general fund. Funds used for capital purchases are credited to a capital reserve.

**1.4 Fixed assets**

**Intangible assets**

Purchased computer software licences are capitalised as intangible assets where expenditure of £500 or more is incurred. Intangible assets are valued at current replacement cost by using the relevant Price Indices (MM17) published by the Office for National Statistics, from the month of acquisition.

**Tangible assets**

Assets are capitalised if they are intended to be used on a continuous basis for greater than one year. Assets costing more than £500, inclusive of delivery and installation, are treated as capital 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 capital asset. Fixed assets are valued at current replacement cost by using the relevant Price Indices (MM17) by the Office for National Statistics, from the month of acquisition. All leasehold improvement costs are valued on an historic cost basis and are not subject to indexation. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

Any unrealised surplus on revaluation is credited to the revaluation reserve. Any deficit on revaluation is debited to the Operating Cost Statement if the deficit exceeds the balance on the revaluation reserve. Any permanent downward indexation relating to IT equipment is directly written-off to the Operating Cost Statement.

Software and systems development expenditure on IT systems are capitalised as tangibles. 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 Authority holds no assets classified as donated.

**1.5 Depreciation**

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

Leasehold improvements	Remaining term of the lease
Furniture and office equipment	Ten years
Computer equipment	Three to five years
Software licences	Three years

**1.6 Cost of capital charge**

As required by the Treasury a charge is made to the Operating Cost Statement for the notional cost of capital. The notional capital charge, which reflects the cost of financing capital employed, is calculated at 3.5% (2007-08, 3.5%) of average net assets employed during the year. As the Authority has net liabilities a negative charge applies.

### **1.7 Income from court awards**

Apart from those relating to applications made before 1 April 1996, which are retained by the Authority, all recoveries from assailants through civil actions and the criminal courts are paid into the consolidated fund via the Ministry of Justice and the Scottish Government.

### **1.8 Accounting for retirement benefits**

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

### **1.9 Operating leases**

Rentals paid for operating leases with regard to leasehold properties are charged direct to Operating Cost Statement.

### **1.10 Provisions**

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

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

The pre-tariff Scheme provision reflects the estimate of all pre-tariff Schemes cases at the balance sheet date. It is compiled following an annual case-by-case assessment. 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 balance sheet date, 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%.

#### **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.

### 1.11 Recognition of compensation liability

The Authority recognises a liability when an offer is made to an applicant. The liability is based upon 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. Previously the liability was recognised when the Authority had received a signed acceptance from the applicant. The financial impact of this change is highlighted below:

Adjusted Balances	At 31 March 2008 (as previously stated)	Impact of adopting new policy	At 31 March 2008 (re-stated)
	£'000	£'000	£'000
Provisions for liabilities and charges	(1,288,078)	29,630	(1,258,448)
Creditors (amounts falling due within one year)	(6,080)	(29,630)	(35,710)

Adjusted Balances	At 31 March 2009 (without applying the new policy)	Impact of adopting new policy	At 31 March 2009 (applying the new policy)
	£'000	£'000	£'000
Provisions for liabilities and charges	(923,144)	35,611	(887,533)
Creditors (amounts falling due within one year)	(2,260)	(35,611)	(37,871)

### 1.12 Value Added Tax (VAT)

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 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 2 INCOME**

	2008-09	2007-08
	£'000	£'000
Civil actions - non-retainable	803	672
Court compensation orders - non-retainable	315	375
Bank interest	13	44
Other administrative income	23	43
	<u>1,154</u>	<u>1,134</u>

**Note 3 EMPLOYMENT COSTS**

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

## a) Staff costs

	2008-09	2007-08
	£'000	£'000
Salaries and emoluments	8,680	8,350
Social security costs	590	622
Other pension costs	1,569	1,730
Agency staff	939	1,395
Overtime payments	297	820
	<u>12,075</u>	<u>12,917</u>

See financial overview for additional details in respect of agency staff and overtime payments.

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 £64,806 (2007-08, nil).

## b) Staff numbers

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

	2008-09	2007-08
Casework	363	356
Administration	65	60
Agency staff	45	59
	<u>473</u>	<u>475</u>
	2008-09	2007-08
Scottish Government	418	379
Ministry of Justice	10	37
Agency	45	59
	<u>473</u>	<u>475</u>

**Note 4 ADMINISTRATION COSTS**

	2008-09	2007-08
	£'000	£'000
Accommodation costs	2,381	3,111
Audit fees - external	81	73
Audit fees - internal	22	34
Furniture and fittings	32	25
Information and publications	28	14
IT maintenance	717	711
Medical and dental fees	3,190	2,870
Miscellaneous fees	613	2,283
Postage and telecommunications	486	630
Stationery	273	307
Training and recruitment	173	280
Travel and subsistence - staff	216	250
Travel and subsistence - witnesses	0	2
Ex-gratia payments	35	22
Depreciation	734	452
Permanent diminution in value - IT equipment	67	0
Loss on disposal of fixed assets	20	26
Bad debts written-off	0	117
Bad debts written-back	(14)	0
Increase / (decrease) bad debt provision	299	(57)
Total administration costs	<u>9,353</u>	<u>11,150</u>

See financial overview for additional details in respect of accommodation costs and miscellaneous fees.

**Note 5 FIXED ASSETS**

<b>Intangible assets - software licences</b>	<b>Total</b>
	£'000
<u>Cost</u>	
at 1 April	437
Additions	4
Revaluations	(31)
At 31 March	<u>410</u>
<u>Depreciation</u>	
at 1 April	(422)
Charged in year	(7)
Revaluations	24
At 31 March	<u>(405)</u>
Net book value at 31 March 2009	<u>5</u>
Net book value at 31 March 2008	<u>15</u>

**Tangible assets**

	Assets under construction	Leasehold improvements	IT	Furniture & fittings	Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000
at 1 April	0	1,490	2,075	1,137	4,702
Additions	511	1,752	303	312	2,878
Disposals	0	0	(1)	(44)	(45)
Revaluations	0	0	(160)	16	(144)
<b>At 31 March</b>	<b>511</b>	<b>3,242</b>	<b>2,217</b>	<b>1,421</b>	<b>7,391</b>
<u>Depreciation</u>					
at 1 April	0	(474)	(1,161)	(276)	(1,911)
Charged in year	0	(342)	(260)	(125)	(727)
Disposals	0	0	0	25	25
Revaluations	0	0	93	2	95
<b>At 31 March</b>	<b>0</b>	<b>(816)</b>	<b>(1,328)</b>	<b>(374)</b>	<b>(2,518)</b>
Net book value at 31 March 2009	511	2,426	889	1,047	4,873
Net book value at 31 March 2008	0	1,016	914	861	2,791
<b>Total fixed assets</b>					
Net book value at 31 March 2009					<u>4,878</u>
Net book value at 31 March 2008					<u>2,806</u>

**Note 6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 March 2009	31 March 2008
	£'000	£'000
Trade debtors	208	636
Court compensation	824	795
Civil claims	84	87
Other debtors	10	8
	1,126	1,526
Provision for bad debts	(724)	(425)
	<u>402</u>	<u>1,101</u>
<u>Provision for bad debts</u>	£'000	£'000
Opening balance	425	482
Increase / (decrease) in provision	299	(57)
Closing balance	<u>724</u>	<u>425</u>

During the period a comprehensive review of aged court compensation debtors was carried out. This has resulted in an increase to those debts assessed as being doubtful and is predicated on the fact that the actual inflow of cash expected, against the overall balance, is now less than 40%. All income received is via the courts and therefore collection-rate is outwith the control of the Authority (see Note 1.7).

Note 7	PREPAYMENTS	31 March 2009	31 March 2008
		£'000	£'000
	Accommodation	252	369
	IT maintenance	185	197
	Other	28	17
		<u>465</u>	<u>583</u>

  

Note 8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31 March 2009	31 March 2008
		£'000	£'000
	Trade creditors	791	1,482
	Consolidated fund creditors	61	47
	Other creditors	0	8
	Accruals - pre-tariff Scheme	4,948	5,728
	Accruals - tariff Scheme	31,046	27,405
	Other accruals	1,025	1,040
		<u>37,871</u>	<u>35,710</u>

There has been an accounting policy change in the way in which the Authority accrues its compensation due to reassessing its trigger-point for recognising when the liability arises. The Authority now recognises a liability when an offer is made to an applicant. The liability is based upon 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 the applicant is binding. Previously the Authority recognised the liability when the offer had been accepted by the applicant. The impact of this change is shown at Note 1.11.

#### Note 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

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

<u>Holding accounts</u>	No. of accounts	2008-09		No. of accounts	2007-08	
		£'000	£'000		£'000	£'000
Opening balance	12		1,892	12		1,281
In-year deposits	5	9,307		4	1,524	
Interest received in-year		<u>96</u>			<u>23</u>	
			9,403			1,547
Closures		8,085			931	
Withdrawal prior to closure	6	4		4		
Accumulated interest paid to victims		<u>53</u>			<u>5</u>	
			(8,142)			(936)
Closing balance	11		<u>3,153</u>	12		<u>1,892</u>

**Note 10 PROVISIONS FOR LIABILITIES AND CHARGES**

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

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

	2008-09	2007-08
	£'000	Re-stated £'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	237,352	222,391
Scotland	28,559	23,372
	265,911	245,763

**Impact upon Operating Cost Statement (OCS)**

The two components of the above that impact upon the OCS 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 OCS, 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.

**Pre-tariff Scheme**

The pre-tariff Scheme provision reflects the Authority's liabilities in respect of all outstanding cases received prior to 1996 which remain to be settled. 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 Balance Sheet date, required to settle these cases. Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision.

**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 £463.359m). The additional element relates to those events, occurring on or before balance sheet date, that the Authority deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £116.557m).

During the year the Authority has been analysing previous assumptions which underpinned the total liability for the

tariff Scheme against the eligibility criteria, as revised by the 2008 Scheme. This has resulted in a significant reversal of provision which is no longer required.

Due to the fixed nature of the tariff Scheme the liability has been discounted at the prevailing Treasury Discount Rate (2.2%) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision. The discount, which has been included, for the first time, due to a change in estimation technique, disclosed within the reversal figure, is £27.636m.

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

#### Prior year re-statement - recognition of liability

This accounting policy change affects both pre-tariff and tariff provision. As highlighted at Note 8, a change in the way in which the Authority recognises its liability in respect of compensation has been disclosed. As a consequence both opening provision and utilised during the year has been amended to reflect this change. The impact of this change is shown at Note 1.11.

#### Dilapidations

The balance at 31 March reflects the likely liability of the Authority on exit of Tay House, Glasgow. The assessment is based upon advice provided by Home Office Estates department.

#### Note 11 GENERAL FUND

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	(1,290,403)	(1,188,468) Re-stated
Net Parliamentary funding	280,500	242,500
Net transfer from operating activities		
Net expenditure	121,976	(302,028)
Non-cash credit		
Notional Capital Credit	(38,646)	(43,311)
Transfers from Capital Reserve	939	904
Balance at 31 March	<u>(925,634)</u>	<u>(1,290,403)</u>

#### Note 12 REVALUATION RESERVE

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	408	374
Net gain on revaluation during the year	11	34
Balance at 31 March	<u>419</u>	<u>408</u>

**Note 13 CAPITAL RESERVE**

	2008-09	2007-08
	£'000	£'000
		Re-stated
Balance at 1 April	2,398	802
Net Parliamentary funding	3,000	2,500
Funding transferred to General Fund	(196)	(460)
Net gain on revaluation of fixed assets to General Fund	11	34
Depreciation charge for year transferred to General Fund	(734)	(452)
Net book value of fixed asset disposals transferred to General Fund	(20)	(26)
Balance at 31 March	<u>4,459</u>	<u>2,398</u>

**Note 14 FUNDING**

	2008-09	2007-08
	£'000	£'000
		Re-stated
HMG Funding, received as grant-in-aid:		
Compensation payments	259,000	218,000
Administration	21,500	24,500
	<u>280,500</u>	<u>242,500</u>
Capital expenditure	3,000	2,500
	<u>283,500</u>	<u>245,000</u>

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

	2008-09	2007-08
	£'000	£'000
Compensation	26,264	17,520
Administration	2,736	2,975
	<u>29,000</u>	<u>20,495</u>

**Note 15 ANALYSIS OF CHANGES IN CASH**

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

**Note 16 RECONCILIATION OF NET EXPENDITURE TO THE NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES**

	Note	2008-09 £'000	2007-08 £'000
			Re-stated
Net expenditure	11	121,976	(302,028)
Loss on disposal of fixed assets	5	20	26
Permanent diminution in value - IT equipment	5	67	0
Increase / (decrease) in provision for doubtful debts	6	299	(57)
Depreciation	5	734	452
Decrease in debtors	6	400	461
Decrease in prepayments	7	118	351
Increase / (decrease) in creditors	8	2,161	(2,581)
Increase in awards held on deposit holding accounts	9	1,261	611
Increase in pre-tariff scheme provision	10	60,399	75,503
(Decrease) / increase in tariff scheme provision	10	(430,605)	11,000
(Decrease) in dilapidations provision	10	(709)	(195)
Notional capital charge and other net income		(38,692)	(43,410)
Net cash outflow from operating activities		<u>(282,571)</u>	<u>(259,867)</u>

**Note 17 THIRD PARTY ASSETS**

The retention of compensation awards to minors is provided for under paragraph 3 of the Scheme. The purpose of this action is to ensure that the victim will be the sole beneficiary of the 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 2.77% (2007-08, 5.24%).

<u>Retained awards</u>	No. of accounts	2008-09		No. of accounts	2007-08	
		£'000	£'000		£'000	£'000
Balance at 1 April	1,696		23,288	1,884		22,360
Deposits in year	1,204	9,307		189	3,615	
Additional deposits to existing accounts		422			394	
Interest received		730			1,092	
Withdrawals		(393)			(448)	
			10,066			4,653
Closures	(349)	3,576		(377)	3,112	
Withdrawals from deposits		(305)			(365)	
Interest paid to victims on closure		785			978	
			(4,056)			(3,725)
Balance at 31 March	2,551		<u>29,298</u>	1,696		<u>23,288</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. The number of accounts will continue to rise steadily over the following years.

**Note 18 CAPITAL COMMITMENTS**

At 31 March 2009 the Authority had contracted capital commitments of £17,066 relating to the purchase of computer hardware. The hardware was delivered in April 2009.

**Note 19 COMMITMENTS UNDER OPERATING LEASES**

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

	2008-09 £'000	2007-08 £'000
Operating leases which expire:		
Within one year	85	0
Between two and five years	1,195	134
After five years	0	1,302
	1,280	1,436

The Authority's staff are employed on two sites in Glasgow. The main office is at Tay House (floors 1 and 2), 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 expires within one year relates to a sub-lease at Tay House (part of floor 6 only).

**Note 20 CONTINGENT LIABILITIES**

On occasion, compensation cases at appeal stage, under the jurisdiction of the First-tier Tribunal, 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 21 POST BALANCE SHEET EVENTS**

In a recent Court of Appeal case it was held that the Claimant was entitled to claim full damages for future care costs against the tortfeasor (Defendant) rather than be dependent on local authority care provision that was available (and already in use).

The Authority's pre-1996 Scheme puts the Authority (on behalf of the State) in the place of the tortfeasor. The Authority is not 'criminally responsible' for the crime of violence but has undertaken (via the Scheme) the civil responsibility to pay compensation based on the common law of damages.

There are, at Balance Sheet date, 173 cases that have the potential to be affected by the above decision. Due to the uncertainty surrounding the consequential impact a monetary value, for each and every case, cannot be reliably estimated. As outstanding cases are settled, the Authority will be in a position to determine whether an increase to provision (currently estimated as £307.156m) is appropriate.

**Note 22 RELATED PARTY TRANSACTIONS**

The Authority is an NDPB of the Ministry of Justice. Both the Ministry of Justice and the Scottish Government are related parties to the Authority for their provision of 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 First-tier Tribunal. The Authority received a total of £16,980 (2007-08, £16,260) for providing information technology support services to the Panel.

**Note 23 INTRA-GOVERNMENT BALANCES**

	Debtors: amounts falling due within one year		Creditors: amounts falling due within one year	
	2008-09 £'000	2007-08 £'000	2008-09 £'000	2007-08 £'000
Balances with other central government bodies	203	620	564	390
Sub-total: intra-government balances	203	620	564	390
Balances with bodies external to government	923	906	37,307	35,320

**Note 24 LOSSES AND SPECIAL PAYMENTS**

Losses and special payments up to £10,000 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 either to compensation 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 £34,732 (2007-08, £138,882).

**Note 25 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

FRS 26, Financial Instruments: Measurement, Recognition and Derecognition, requires the establishment of principles for recognising and measuring financial assets and financial liabilities. The Authority has no borrowing and relies on funding its cash requirements on a grant-in-aid basis directly through Ministry of Justice and Scottish Government. It is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk. The fair value of cash is the same as the book value.

The Authority does hold material cash balances on deposit. Allocated holding accounts are included in the cash balance on the balance sheet, while funds retained in the applicant's name are excluded from the Authority's cash balance and are disclosed by note. Details of all funds are set out in Note 17. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with average interest rates each year over the period in which the funds are retained. The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. No administration fee is charged to the applicant. The average rate of interest applied to the investments during the 12 months to 31 March 2009 was 2.77% (2007-08, 5.24%).

FRS 29, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way 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 FRS 29 mainly applies.

**Note 26 MOVEMENT IN TAXPAYERS' EQUITY**

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	(1,287,597)	(1,187,292)
Movement in General Fund	364,769	(101,935)
Movement in Revaluation Reserve	11	34
Movement in Capital Reserve	2,061	1,596
Balance at 31 March	<u>(920,756)</u>	<u>(1,287,597)</u>

## 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 ended 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;
- 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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