



Criminal Injuries  
Compensation  
Authority

Criminal Injuries Compensation Authority

# Annual Report

## and Accounts

### 2013-14



Eighteenth Report

# **Criminal Injuries Compensation Authority**

## **Annual report and accounts 2013-14**

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

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## Chief Executive's Foreword

I am pleased to be able to introduce the eighteenth annual report for the Criminal Injuries Compensation Authority (CICA).

During 2013-14 the Ministry of Justice conducted a Triennial Review of CICA, a process to ensure individual Non-Departmental Public Bodies are fit for purpose in terms of both function and form. The Triennial Review concluded that the functions of CICA were still needed and recommended that the organisation be reclassified as an Executive Agency. The impact of this change was minimal as CICA already operated along the lines of an Executive Agency. We completed the necessary preparations and successfully transitioned to Agency status on 1 April 2014.

Improved productivity, coupled with a continued effort to finalise even the most complex cases, has allowed us to reduce the size of our live caseload again this year. The total number of outstanding cases is now less than 37,000. This represents a reduction of over 8,500 cases in year and reduction of more than 57 per cent from a peak of over 87,000 cases in 2007. The introduction of the 2012 Compensation Scheme has also contributed by significantly reducing the number of claims being made. The Government revised the Scheme to focus payments on those with more serious and long lasting injuries and to put the Scheme on a more sustainable financial footing. The changes are on target to deliver the anticipated reduction in the annual cost of the Scheme.

We started 2013-14 with a budget of £171.9 million but in the last quarter of the year the Ministry of Justice made an additional £69.6 million available which allowed us to continue to settle more claims at an optimum pace. We always aim to spend as much of our budget as possible making payments to victims of violent crime and continually seek to reduce our administration costs. Since 2007 we have reduced administration costs by 27.5 per cent. We have achieved this mainly through improved use of technology and consequent reductions in staff costs. During the past year we have also secured an office lease at a new location which, once we have covered the cost of moving, will lead to a saving of around £800,000 each year.

Thanks to ongoing improvements in the Online Application System, more than 85 per cent of our customers now apply online. We aim to extend our online services to give customers more self-service options as we believe this will lead to a better customer experience. We have begun work to develop a customer portal which will initially allow customers to provide evidence to help us decide their claim more efficiently. In the longer term this will also enable them to track the progress of their case online.

This year we have taken significant steps to improve the service we offer. Working with key stakeholders, including victims' organisations, we took a critical look at what we do and where we could do things better. As a result we have revised our customer charter to make clear the service standards our customers can expect. We also reviewed our complaints procedure, which includes measures to get a better insight into our customers' view of our service. Overall we achieved a 10 percentage point increase in our customer satisfaction level in 2013-14, from 84 per cent to 94 per cent. Although, I am pleased with progress we will continue to build on this to improve the way we handle claims in the future.

**Carole Oatway**  
Chief Executive  
Criminal Injuries Compensation Authority  
11 June 2014

# Strategic Report

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

## About CICA

### History and activities

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

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

### Types of compensation

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

The compensation components for personal injury awards are:

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

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

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

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

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

Applicants unhappy with CICA's decision can request a review by CICA and, if still unhappy with CICA's review decision, can appeal to the First-tier Tribunal. More information on the provisions of the Scheme are available at [www.gov.uk](http://www.gov.uk) or by contacting CICA on 0300 003 3601.

### **Going concern**

At 31 March 2014, CICA's Statement of Financial Position records net liabilities of £319 million (31 March 2013 re-stated, £391 million). Of this total £273 million (31 March 2013 re-stated, £361 million) relates to compensation payable in the future.

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

Grant-in-aid for 2014-15, taking into account the amounts required to meet CICA's liabilities falling due that year, has already been included in the Ministry of Justice and Scottish Government estimates for that year, that have been approved by Parliament.

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

## Business commentary

### Key achievements and events 2013-14

- Finalised 42,844 tariff cases and reduced the live case load to 36,695.
- Achieved a 94 per cent customer satisfaction rating, an increase of 10 percentage points from last year.
- Finalised 800 older tariff cases with complex prognoses, totalling over £44.1 million.
- Resolved 15 pre-tariff cases, leaving only 7 of these cases remaining and CICA expect that most of these will be suitable for final resolution in 2014-15.
- Reduced administration costs.
- Launched a revised Customer Charter making it clearer to customers the standards they can expect.
- Introduced a streamlined complaints procedure which includes improved means of identifying trends and performance issues.
- Introduced a new internal communications strategy to inform and engage staff and enable better customer service and decision-making through sharing knowledge and best practice.
- Continued to improve our Online Application System, resulting in 86 per cent of claimants now using our digital on-line application service, an increase of 55 per cent from 2012-13.
- Reviewed commercial contracts and secured cheaper premises which CICA will move to in 2014-15 to reduce accommodation costs and offer greater value for money to taxpayers.
- Made a successful transition from NDPB to Agency status, as recommended in MoJ's Triennial Review of CICA.
- Obtained Secretary of State approval for a new framework document which sets out the arrangements for the governance, accountability and financing of CICA.
- Migrated online content to the new home of government service GOV.UK.
- Achieved the Investors In People Accreditation in recognition of a continuous commitment to developing staff.

## **Management Commentary**

The previous page captures some of the key achievements and events during 2013-14. The commentary below provides more information on some of the most significant events during 2013-14.

### *Triennial Review of CICA*

The Ministry of Justice announced the start of the Triennial Review of CICA in November 2012. This is a process which applies to all Non-Departmental Public Bodies (NDPBs). It is aimed at ensuring the functions of individual NDPBs are still required and that the NDPB model is fit for purpose and offers taxpayers the best value for money. The results of the review were published in July 2013. The review found the functions of CICA were still needed. It also concluded CICA should be reclassified as an Executive Agency managed as an Arm's Length Body (ALB), to better reflect its nature and operating model. CICA completed the necessary preparations to make a smooth transition from NDPB to an Executive Agency of the Ministry of Justice on 1 April 2014. A framework document detailing the new governance and accountability arrangements is available on GOV.UK.

### *Code of Practice for Victims of Crime*

The new Code of Practice for Victims of Crime came into force on 10 December 2013. The Victims' Code, which was laid before Parliament in October, was revised following a public consultation held in March 2013. The Code is a key part of the wider Government strategy to transform the criminal justice system by putting victims first, making the system more responsive and easier to navigate. The revised Code places a new duty on criminal justice organisations in England and Wales to ensure victims of crime know what information and support is available to them. The Code lists CICA as one of the service providers and sets the minimum standard of service victims can expect when applying for compensation under the Criminal Injuries Compensation Scheme.

### *Investors In People Accreditation*

Following an assessment CICA was once again given an accreditation by industry body Investors in People for developing, supporting and motivating their staff. The assessors specifically highlighted the learning and development tools available and increased opportunities for staff to express their views to the Executive Management Board. Gaining accreditation helps CICA focus on work objectives and engaging staff to achieve ongoing improvements.

### *GOV.UK*

In March, CICA moved its online content from Justice.gov.uk to GOV.UK. This is the new online home of government services and information, which replaces the Directgov and individual department sites. The content on GOV.UK is in plain English

and driven by user needs so that people can find the information they want and complete tasks easily. CICA's content was refreshed in line with this, making it simpler to find out about the services provided.

## Transparency

CICA's 2013-17 Business Plan set out nine key areas on which it will publish data. This data appears in the following table. The 2014-18 Business Plan update sets out further transparency measures, which will be included in annual reports from next year.

CICA have improved the service it provides to victims of crime by making further reductions in the number of outstanding cases and increasing customer satisfaction. Improved processes and technology have been introduced to ensure the service provided continues to improve long-term.

TABLE 1: Transparency measures

Measure	Definition	2013-14	2012-13
1. Size of live tariff caseload	The number of live tariff cases that CICA has registered but are not resolved	36,695	45,210
2. Active case load (tariff) cycle time to first decision <sup>1</sup>	The average time taken to reach first decision	10.4 months	8.8 months
3a. Active case load (tariff) cycle time to review decision <sup>1</sup>	The average time taken to complete a review	6.7 months	5.3 months
3b. Appeal stage response times	The average time between Her Majesty's Courts and Tribunals Service (HMCTS) telling CICA that an appeal has been received and CICA telling HMCTS the case is ready to list	4.2 weeks	3.7 weeks
4. Decisions overturned at appeal	The percentage of total CICA decisions overturned at appeal	2.97%	2.59%
5. Pre-tariff cases listed	The number of pre-tariff cases listed in the year	15	47
6. Customer satisfaction <sup>2</sup>	The percentage of applicants, as measured by a customer survey, that consider they received good customer service from CICA; and their perceived effort in the process	94%	84%
		Low-Moderate	
7. Budgetary control	Accrued expenditure against budget allocated	100%	100%
8. Staff engagement	The Engagement Index, as measured in the annual Civil Service People Survey as an indicator of how CICA staff feel committed to their work and valued in their role	52%	60%
9. Fraud and error <sup>2</sup>	Amount lost to fraud and error, measured by identified fraud and the value of exgratia payments made due to error or maladministration	0.01%	
		£19,393	

1. The average time to reach decisions increased in 2013-14 as CICA focused on resolving some of its oldest and most complex tariff cases. A detailed explanation for this increase can be found on page 9.

2. This is a new performance measure so there is no direct comparison available for 2012-13.

## Claim activity

### *Volume of applications*

CICA received 33,688 new applications in 2013-14. This is a reduction of over 29.6 per cent on the number of applications received in 2012-13 (47,889). Most of this reduction can be attributed to the impact of the 2012 Scheme, which tightened the eligibility criteria. Demand can vary from year to year depending on the level of violent crime which results in a compensatable injury. The current estimate for next year is 34,500 applications.

### *Resolutions*

Table 2: Applications resolved

	2013-14	2012-13
Tariff and pre-tariff schemes	42,859	53,821

### *Time taken to reach decisions*

CICA focussed on resolving some of its oldest and most complex tariff cases in 2013-14 to resolve cases for those who have waited longest. These cases relate mainly to applicants who were seriously injured as young children and could not be finalised until the long-term prognosis became clear. Awards have now been made based on reliable prognoses of their long term care needs. Deciding a greater volume of older cases has meant a greater proportion of cases settled are over 12 months old, increasing the average time taken to reach a decision. CICA are committed to making the correct decision and level of award which means that CICA will continue to wait until the long term impact of injuries are known before finalising cases.

Table 3: Time taken to reach decisions 2013-14

Period of Time	Number of decisions	%	Cumulative %	2012-13 Cumulative %
within 2 months	4,673	11.55	11.55	12.40
2-4 months	3,941	9.74	21.29	29.01
4-6 months	4,980	12.31	33.60	46.34
6-8 months	5,028	12.43	46.03	59.30
8-10 months	4,618	11.42	57.45	68.99
10-12 months	3,880	9.59	67.04	76.83
Over 12 months	13,335	32.96	100.00	100.00
	<b>40,455</b>	<b>100.00</b>		

### *Rates of review and appeal*

The rate of review requests and appeals lodged has increased slightly, but not significantly. The overall appeal rate, shown in the following table, reflects the number of appeals lodged when compared to the number of first decisions made. The proportion of cases decided without the need for an external appeal remains high at almost 96 per cent.

Table 4: Tariff scheme review and appeal rates

	2013-14	2012-13
% of claims assessments cases going to internal review	19.7	18.8
% overall appeal rate	4.5	4.5

### *Appeals*

The number of outstanding appeals reduced in 2013-14. This resulted from a combination of improved quality checking measures, greater support for claims officers and a reduction in the volume of applications received.

Table 5: Outstanding Appeals

	2013-14	2012-13
Awaiting appeal	2,044	2,302

### *Outstanding applications*

CICA has focussed on reducing the live caseload over the last three years. The live caseload is now at the lowest since 1986.

Table 6: Outstanding applications at 31 March 2014

	2013-14	2012-13
Awaiting a first decision	29,906	36,748
Awaiting a reviewed decision	3,592	4,770
Awaiting an applicant's response to a first or reviewed decision	1,153	1,390
Awaiting appeal	2,044	2,302
<b>Total</b>	<b>36,695</b>	<b>45,210</b>

### *Disallowed claims*

The following table shows the number of applications refused, listed by the reason for refusal. Any reason for which there has been fewer than 100 cases refused has been grouped under 'Other'. 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.

During 2013-14 an exercise was carried out to re-establish contact with applicants who had failed to respond to previous communications. It is the responsibility of applicants to give all reasonable assistance to CICA in connection with their claim. Claims are refused if an applicant repeatedly and without good reason fails to respond to communications. As a result of this exercise a higher number of applications were refused for failure to assist CICA this year than in others.

Table 7: Disallowed claims 2013-14

Criterion	2013-14
Application did not meet criteria in paragraph 9 (2008 Scheme)	228
Motor vehicle cases: mainly, vehicle not used as a weapon to injure	109
Accidental injury sustained in law enforcement: risk not justifiable	174
Claim not submitted within time limit	1,048
Injury not serious enough to qualify for compensation	8,444
Pre-existing medical condition	288
Failure to report without delay	1,429
Failure to cooperate with police in bringing assailant to justice	2,846
Failure to assist CICA in relation to their application, such as repeated failure to respond to communications sent to address given	2,408
Conduct before, during or after the incident	2,564
Applicant's criminal record/character	4,635
Assailant would have benefited from award	117
Previous claim for same injury	632
Injury did not result from crime of violence	2,907
Applicant withdrew application	206
Other	272

## Financial Overview

### *Programme Expenditure*

The Schemes provide compensation to victims of crime. CICA receives tariff Scheme claims on a daily basis that require to be verified and assessed. This will determine whether an award can be made within the Scheme rules, as approved by Parliament. This determination is made after gathering evidence from police authorities and medical experts. As a result CICA will always have cases outstanding at year-end. These applications will be at various stages of completion, based upon both date received and complexity of case.

CICA also manages the remaining cases for the pre-tariff Scheme, which was in operation prior to the tariff Scheme. These complex cases mainly involve applicants who were very seriously injured as young children. As these children reach adulthood, CICA are able to make final payments based on reliable prognoses of their long term care needs by taking account of the impact of their education and rehabilitation. During 2013-14 we were able to settle 15 pre-tariff cases.

CICA settled total compensation awards of £242.9 million to victims of violent crime during 2013-14 (see note 10 to the accounts for additional detail). This can be allocated as follows:

- £241.7 million of the total settled relates to amounts that had been previously provided for, and recognised in the Statement of Comprehensive Net Expenditure (SoCNE) in previous financial years. Therefore, these settlements are all routed through the provision and there is no in-year impact on the SoCNE. The SoCNE only includes amounts at point of recognition in addition to resources consumed during the relevant period. In note 10, these settled awards are shown in the provision statement as utilised during the year and reduced the provision accordingly.
- £1.2 million is recognised in the SoCNE, within tariff scheme compensation, as settlements relating to claims not previously provided for. These claims relate to incidents in 2013-14 where applications were received and settled during 2013-14. Therefore these claims were not recognised in the provision.

New liabilities, for all compensation Schemes, recognised during 2013-14 totalled £167.7 million. Based upon tariff claims received, during 2013-14, and still outstanding at year-end, £155.2 million has been recognised as new provision.

Pre-tariff cases settling at a higher value than that previously provided totalled £3.8 million. Previous liabilities for pre-tariff reversed unutilised totalled £14.3 million. This liability had been recognised, in earlier accounting periods within the SoCNE, and is therefore required to be reversed through the same Statement in 2013-14. This reversal was required for pre-tariff cases that settled below the estimate

previously provided. One case that was medically re-opened required a £5.8 million liability to be recognised as a new provision and further upward movements on live cases totalled £2.9 million.

An additional new liability of less than £0.1 million has been recognised, based upon claims received, for the Victims of Overseas Terrorism Scheme.

The SoCNE can, for compensation recognised during 2013-14, be summarised to its constituent parts, as below noting that comparative information is disclosed in Note 10 to the Accounts:

Table 8

<b>New liabilities arising</b>	<b>£155.2m</b>
Settlements not recognised in provision	£1.2m
<b>Sub total Tariff</b>	<b>£156.4m</b>
Settlements higher than previous provision	£3.8m
Settlements lower than previous provision	£(14.3)m
Medically re-opened case	£5.8m
Revaluation of aged cases	£2.9m
<b>Sub total Pre-tariff</b>	<b>£(1.8)m</b>
<b>Net impact of VOTS</b>	<b>£(0.04)m</b>

During 2013-14, 15 pre-tariff cases were settled from funds set-aside from within the Authority's budget. The remaining seven cases have an estimated liability of £12.4 million.

Casehandling costs, classified as programme expenditure, have reduced over the two-year period. These are for medical, legal and other fees related to settling compensation cases. The main reasons for the downward movement are a reduction in fees (both medical and legal) payable for pre-tariff cases and the 2012 Compensation Scheme places the onus on applicant to supply their own medical evidence.

#### *Administration Expenditure*

The cost associated with managing and administering the compensation schemes has decreased from £16.515 million to £16.225 million, an overall reduction of 1.8 per cent. This is predominantly due to a decrease in staff costs of £0.517 million.

The saving in staff costs has allowed us to absorb an increase in other costs (£0.266 million), mainly due to fees accruing in advance of the 2014 office relocation and to provide on-going support to a larger number of IT systems deployed by CICA.

Overall amortisation and depreciation has reduced by £0.039 million, with an increase of £0.226 million in the former due to recognising additional charges associated with deploying upgraded case-management systems as part of the on-going change programme. The decrease in depreciation (£0.265 million) is mainly due to computer equipment coming to the end of its useful economic life during 2013-14.

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

CICA has also taken action to reduce its paper consumption which has realised savings of £0.01 million in line with the Government's impetus in regard to deployment by digital means. The Authority will look to further exploit digital opportunities in 2014-15 and beyond.

### **Supplier payment policy and performance**

CICA 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 2013-14 indicated that 99 per cent (99 per cent 2012-13) of those reviewed were paid within 28 days. CICA 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 2014-15**

CICA's business plan update for 2014-18, available on the GOV.UK website, sets out a strategy to deliver its aim and objectives in support of the Ministry of Justice objective to 'Promote UK Growth implementing an ambitious programme to transform the justice system, leaving it more effective, less costly and more responsive to the public, making it easier for businesses to operate by actively promoting the UK as a global centre for legal expertise'.

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

**Customer** – continue to use the Cabinet Office's Customer Service Excellence model to plan and measure service standards and customer service improvements, aimed at putting victims at the heart of all CICA do.

**People** – support CICA staff to become more skilled in the use of technology by involving them in the development of new digital channels and providing the training they need to use these channels to optimal effect.

**Process** – use technology and digital channels to optimise business processes.

**Partner** – work with partners to get better access to information through shared system access and use digital channels to ensure quicker and more secure channels of communication.

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

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

### **Policy and decision support**

In 2014-15, CICA will:

- use the customer insight to identify where process improvements are required;
- use feedback from our stakeholders to identify and deliver service improvements across the customer journey;
- complete a corporate literature review to provide revised forms, letters and other documentation which supports our customer facing approach and longer term aim to make the information available through digital channels;
- work with our partners to explore where CICA can better communicate through digital means in the future to improve the security, speed and responsiveness of our services; and

- support our customers by simplifying our guidance to allow those who choose to do so, to make a claim without the need to appoint a paid representative.

### **Operations**

This coming year will see continued focus on improving the service provided to applicants. Further developments planned for 2014-15 include:

- continuing the work begun in 2011-12 to clear the outstanding pre-tariff caseload for hearings and completion, with a target to clear the remaining cases during 2014-15;
- introducing a new evidence gathering process utilising a customer portal in line with our digital strategy; and
- finalising the remaining 1996 and 2001 Scheme cases.

### **IT**

This year CICA's IT team will focus on:

- supporting delivery of our Digital by Default Strategy;
- making best use of our systems to support improved evidence gathering; and
- improving customer service by supporting applicants through the claims process via our on-line portal.

## **Focusing on people**

### **Equality and diversity**

In line with the new Public Sector Equality Duty which came into force on 5 April 2011, CICA have published its Scheme policy equality objectives on the GOV.UK website ([www.gov.uk](http://www.gov.uk)).

There are currently 160 male staff and 168 female staff. There are two individuals classified as senior civil servants, Chief Executive and Deputy Chief Executive. Both are females.

### **Employment policies**

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

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

### **Employment of disabled persons**

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

### **Learning and development**

During the year 2013-14, CICA continued to promote learning opportunities for all staff. The 2013 Civil Service People Survey results show that CICA continue to make improvements in this area with an increase in staffs' positivity for the theme of Learning and Development.

This year CICA embedded a new performance appraisal process delivering awareness sessions to staff. The effective application of our appraisal system is a key priority to ensure that CICA delivers the right learning, at the right time, to the right people. CICA also delivered workshops to staff to improve understanding of our change programme and to support our people through this process.

CICA have continued to develop our management capability delivering a front line manager development programme and launched a Leadership programme for our senior managers which will be completed during 2014-15.

### **Customer feedback**

CICA conducted a series of customer journey mapping exercises in collaboration with front-line staff and external stakeholders. As part of this work CICA launched a revised Customer Charter making clear the service standards that customers can expect. CICA redesigned the customer survey suite to capture all measurable areas

of the Charter and have continued to seek the customer's view at the point of application, after any contact during the process and at the finalisation stage. CICA continues to measure overall Customer Satisfaction and the Customer Effort Score - a measure of how much time and effort CICA's customers have to expend. CICA aim to keep the Customer Effort Score as low as possible. The resulting measurement is encouraging with the Customer Effort Score averaging a measurement of 'Low-Moderate'. 94 per cent of customers who received a decision on their case expressed overall satisfaction with CICA's service, an increase of 10 percentage points from last year's figure.

### **Health and safety**

CICA's policy on health and safety is an ongoing partnership between CICA, 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.

### **Social and community issues**

CICA are committed to supporting the local community and wider society. CICA actively encourage staff to volunteer for community projects and fundraise for charitable organisations. This year CICA also provided work experience for fifth year students as part of a programme to promote social mobility and supported a national campaign to raise mental health awareness to tackle stigma and discrimination.

### **Data Protection and Freedom of Information**

During 2013-14 CICA received 41 requests for information under the Freedom of Information Act 2000, and dealt with 257 requests for information under the Data Protection Act 1998.

## Sustainability report

### Overview

CICA remain focused on reducing the greenhouse gas (GHG) emissions, waste and finite resources and their related costs. In 2013-14, CICA reduced greenhouse gas (GHG) emissions, waste and water consumption from the previous year. Moving to smaller premises and fully electronic caseworking should further reduce GHG emissions and waste in coming years.

### Greenhouse gas emissions

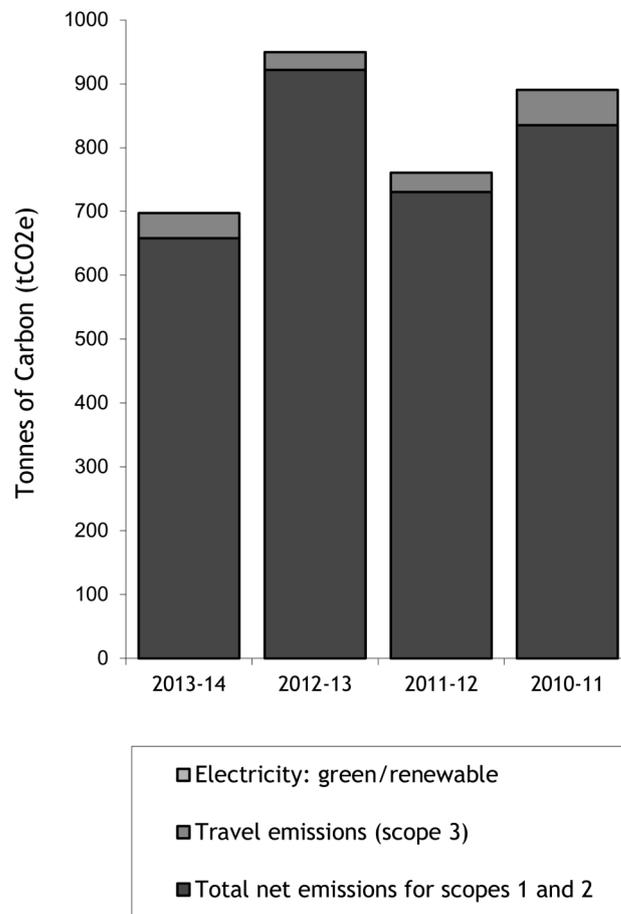
#### Performance

Table 9 shows CICA's GHG emissions, as defined by the GHG protocol (available at [www.ghgprotocol.org](http://www.ghgprotocol.org) including information about the different scopes), over the past four years. Emissions from travel have increased this year as the strategic board attended essential meetings in London to discuss and prepare for CICA's move to Agency status. There was also an increase in the number of claims officers travelling to hearings to finalise appeal cases. Overall the total gross GHG emissions and expenditure on energy reduced significantly in 2013-14. CICA will move to new smaller premises in 2014-15, this will further reduce emissions in the coming years. CICA are on course to exceed the Greening Government Commitment to reduce greenhouse gas emissions by 25 per cent from the 2009-10 baseline of 1001 tCO<sub>2</sub>e to 751 tCO<sub>2</sub>e before 2015.

Table 9: Greenhouse gas (GHG) emissions

		2013-14	2012-13	2011-12	2010-11
<b>Non-financial indicators (tCO<sub>2</sub>e)</b>	Total gross emissions for scopes 1 and 2	658.1	921.5	730.5	835.3
	Electricity: green/renewable	0	0	0	0
	Total net emissions for scopes 1 and 2	658.1	921.5	730.5	835.3
	Gross emissions for scope 3 - travel	39.5	28.2	30.1	55.3
	<b>Total gross GHG emissions (all scopes)</b>	<b>697.6</b>	<b>949.7</b>	<b>760.6</b>	<b>890.6</b>
<b>Non-financial indicators (kWh)</b>	Electricity: Grid, CHP and non-renewable	1,052,296	1,443,728	1,118,288	1,275,687
	Electricity: renewable	0	0	0	0
	Gas	810,895	919,031	802,301	925,918
	Other energy sources	0	0	0	0
	<b>Total energy</b>	<b>1,863,191</b>	<b>2,362,759</b>	<b>1,920,589</b>	<b>2,201,605</b>
<b>Financial indicators</b>	Expenditure on energy	£138,909	£185,190	£202,108	£181,129
	Expenditure on official business travel	£57,584	£45,450	£37,772	£55,397

### GHG emissions by scope



#### *Controllable impacts*

The main impacts are estate energy consumption. CICA’s direct Tay House consumption declined from 514mWh in 2012-13 to 457mWh in 2013-14. The remainder of energy consumed is attributed to CICA on a space-occupied basis and is therefore uncontrollable. This should reduce in future years when CICA relocate to smaller premises. CICA may see an increase in direct consumption in 2014-15 as scanning and other electronic additions and enhancements are implemented. To offset this CICA have ceased air-chilling server rooms to reduce energy consumption.

#### *Influenced impacts*

CICA influence employee commuting by actively encouraging car sharing through automatic parking space allocation for car sharers. Additionally, staff are reminded to switch off equipment before periods of staff leave. CICA also encourage staff to participate in the annual Earth Hour, a worldwide campaign to combat climate change by turning off all lights for just one hour.

## Waste

### Performance

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

Table 10: Waste

			2013-14	2012-13	2011-12	2010-11
<b>Non-financial indicators (tonnes)</b>	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	26	6	4	4
		Reused/recycled waste	37	75	68	75
		Energy from waste	0	0	0	0
	<b>Total waste arising</b>			<b>63</b>	<b>81</b>	<b>72</b>
<b>Financial indicators (£'000)</b>	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	5	5	3	4
		Reused/recycled waste	12	9	10	9
		Incinerated waste	0	0	0	0
	<b>Total waste costs</b>			<b>17</b>	<b>14</b>	<b>13</b>

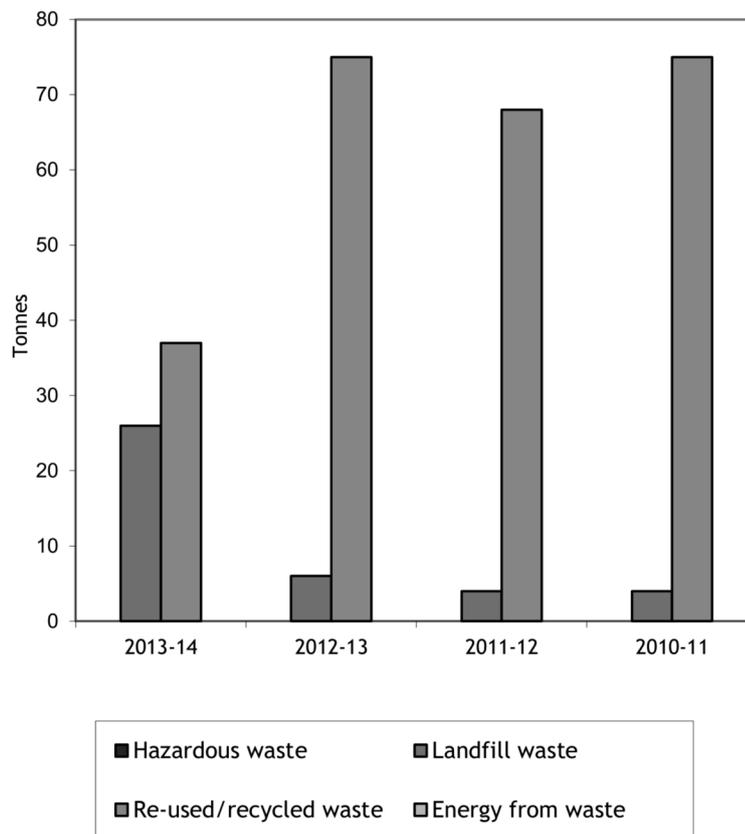
### Controllable impacts

The main impacts are paper and related waste from operating activities. CICA have now launched an electronic case management system that will reduce its need for paper. All the organisation's printers now print double-sided and use minimal toner ink by default. CICA have also implemented a paper reduction strategy to reduce paper usage and emissions from removing, transporting and disposing of waste in the coming years. CICA have reduced paper consumption by approximately 1.5 million sheets in 2013-14.

### Influenced impacts

CICA encourage customers to apply online where possible, to reduce their paper consumption and waste. CICA have also developed a strategy to make better use of digital technology and in future years reduce the need for customers to send and receive information by post.

### Waste by final disposal



### Finite resource consumption

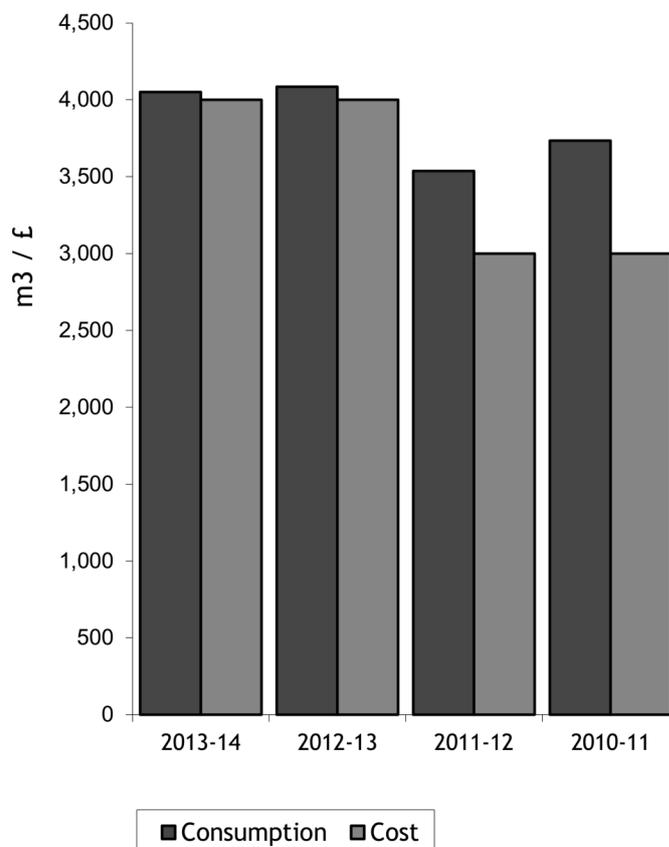
#### Performance

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

Table 11: Finite resource consumption

		2013-14	2012-13	2011-12	2010-11
Non-financial indicators (m <sup>3</sup> )	Total water consumption	4,051	4,085	3,537	3,735
Financial indicators (£'000)	Total water supply costs	4	4	3	3

## Water total consumption and costs



### *Controllable impacts*

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

### *Influenced impacts*

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

**Carole Oatway**  
Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2014

# Directors' Report

## Audit

The Comptroller and Auditor General is the external auditor of CICA, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The agreed fees for the statutory audit in 2013-14 are £70,000 (2012-13, £70,000). No additional audit fees or remuneration for non-audit work were paid in 2013-14, as was also the case in 2012-13.

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

## Register of interests

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

## Sickness absence

During 2013-14, CICA staff incurred an average of 7 days sick absence compared to the UK Government target of 7.5 days. Of this, 2.5 days (36 per cent) were due to long-term sickness and 4.5 days (64 per cent) were due to short-term sickness.

Absence levels continue to be monitored resulting in an improvement from the 2012-13 average figure of 7.9 days.

## Pension liabilities

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

## Personal data related incidents

There were no reportable data security incidents this year.

**Carole Oatway**  
Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2014

# Remuneration Report

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

## **Remuneration policy – senior civil servants**

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. For 2013-14 there were two individuals classified as senior civil servants, Chief Executive and Deputy Chief Executive. The remainder of the senior managers disclosed on tables 14 and 15 are classified as non-senior civil servants. Performance based pay awards for senior civil servants are determined by an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded.

## **Remuneration policy – non-senior civil servants**

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

## **Service contracts**

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

## **Pensions**

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

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, and the Ministry of Justice is unable to identify their share of its underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2013-14, employer's contributions of £1.329 million (2012-13, £1.365 million) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent (2012-13, 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. Employer contributions are usually reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1 October 2002 can, or may opt to, open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for CICA had taken this option during the financial year 2013-14, this was also the case for 2012-13.

### **Senior staff disclosures**

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

### **Remuneration comparison**

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

The banded remuneration of the highest paid executive in CICA during 2013-14 was £85k - £90k (2012-13, £90k - £95k). This was 4.42 times (2012-13, 4.64 times) the median remuneration of the workforce which was £19,550 (2012-13, £19,523). In 2013-14 and 2012-13 no employee received remuneration in excess of the highest paid executive.

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

### **Salary**

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

### **Benefits in kind**

No senior staff received any benefits in kind.

### **Senior management travel and subsistence**

In 2013-14, the Chief Executive claimed £5,025.59 and the Deputy Chief Executive claimed £2,342.53 in expenses. There were no claims for expenses other than for standard travel.

### **Compensation for loss of office**

No senior managers received compensatory payments in 2013-14 (2012-13, nil).

### **Cash Equivalent Transfer Values (CETV)**

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

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

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

The information in the following table is audited.

**Table 14: Remunerations and pensions for senior management for 2013-14**

Name	Salary	Bonus	Value of pension benefits for single total figure of remuneration	Total	Accrued pension at pension age as at 31/03/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/14	CETV at 31/03/13	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	85-90	0	4	90-95	Pension	Pension	859	803	3
					45-50	0-2.5			
					Lump sum	Lump sum			
					0	0			
J Lockhart - Chief Business Officer	50-55	0	21	70-75	Pension	Pension	71	53	12
					5-10	0.2.5			
					Lump sum	Lump sum			
					0	0			
R Kinloch - Deputy Chief Executive <sup>1</sup>	65-70	0	4	70-75	Pension	Pension	705	658	4
					30-35	0-2.5			
					Lump sum	Lump sum			
					95-100	0-2.5			

1. A full year contribution in 2013-14

General notes:

The 2013-14 CETV return reflects the Strategic Board of CICA.

An additional column has been included "Value of pension benefits for single total figure of remuneration" with 2012-13 restated to include this calculation.

2012-13 comparison only includes the 2013-14 Strategic Board. Senior executives who left the organisation in 2012-13 have been excluded from the year on year comparison.

No Bonus Payments were paid in 2013-14.

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

Employer contribution to partnership account is nil for all disclosed.

The information in the following table is audited.

**Table 15: Remunerations and pensions for senior management for 2012-13 re-stated**

Name	Salary	Bonus	Value of pension benefits for single total figure of remuneration	Total	Accrued pension at pension age as at 31/03/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/13	CETV at 31/03/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
C Oatway - Chief Executive	80-85	5-10	5	95-100	Pension	Pension	803	756	4
					45-50	0-2.5			
					Lump sum	Lump sum			
					0	0-2.5			
J Lockhart - Chief Business Officer	50-55	0	20	70-75	Pension	Pension	53	37	11
					0-5	0-2.5			
					Lump sum	Lump sum			
					0	0-2.5			
R Kinloch - Deputy Chief Executive <sup>1</sup>	30-35	0	-10	20-25	Pension	Pension	658	640	-9
					30-35	(0-2.5)			
					Lump sum	Lump sum			
					90-95	(0-2.5)			

1. Employment commenced 15/10/2012. The full year equivalent is between 65-70k

General notes:

The 2012-13 disclosure now solely reflects the 2013-14 Strategic Board of CICA.

Bonus Payments are reported against the financial year in which they are paid.

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

Employer contribution to partnership account is nil for all disclosed.

**Carole Oatway**  
Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2014

## Statement of Accounting Officer's Responsibilities

Under Section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 139 of the Criminal Injuries Compensation Scheme (2012), 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 CICA 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 (FRM) 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*.

# Governance statement

## *Introduction*

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

## *Governance arrangements*

During the year financial 2013-14, CICA did not hold Crown status nor did it have any separate legal identity. For policy and administrative purposes CICA was classified as a Non-Departmental Public Body (NDPB) although it did not have this status in statute. Its structure was similar to that of an executive agency, with an Executive Management Team, headed by the Chief Executive. There was a Policy and Performance Board (PPB) including places for three non-executive advisors.

The Triennial Review, completed in 2013, recommended that CICA becomes an Executive Agency. This occurred on 1 April 2014.

There were no statutory requirements governing CICA non-executive appointments. Nevertheless, CICA embraced the spirit of the Code of Practice issued by the Commissioner for Public Appointments by recruiting non-executive advisors to its Policy and Performance Board (PPB) through fair and open competition. As the PPB was not based on any statutory requirements, the non-executives were not subject to Ministerial appointment or approval. CICA's non-executives acted in an advisory capacity only; they did not have decision making powers. As an Executive Management Team, chaired by the Chief Executive, managed the organisation there was no need for the appointment of a separate Chairperson.

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

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

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

CICA was sponsored by the Ministry of Justice and also provided a service on behalf of the Scottish Government. A Memorandum of Understanding (MoU) set out the

working arrangements on liaison between the Scottish Government and the Ministry of Justice on matters relating to the Criminal Injuries Compensation Scheme, including arrangements for the Scottish Government to make an appropriate contribution towards the funding of the scheme.

### *Accounting Officer*

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

### *The Executive Management Team*

In 2013-14 the Chief Executive was supported in fulfilling the duties outlined above by an Executive Management Team (EMT) consisting of the Deputy Chief Executive, Chief Business Officer, Head of Operational Delivery, Head of Operational Policy and Decision Support, Head of Finance, Head of Information Technology, and Head of Legal and Executive Office.

The EMT was chaired by the Chief Executive and had a balance of skills and experience, including operational delivery, finance, and policy. An impact analysis prepared by our sponsors commented that ‘well established and effective sponsorship arrangements are in place that provides support, accountability and challenge’.

The EMT was responsible for CICA’s day-to-day management and operation. The EMT met formally once a month, with additional meetings to accommodate business need.

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

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

Minutes of the EMT’s meetings were available electronically within CICA and could be made available to external parties on request. All matters were reported openly. There was nothing that required a confidential addendum to the minute because it

was considered commercially or personally sensitive.

#### *ALB Governance Division*

The ALB Governance Division was the corporate sponsor team which oversaw the working relationship between the MoJ and CICA. It secured the necessary financial, management and operational information required to monitor and challenge CICA's performance. Accountability meetings took place quarterly between the sponsor and CICA to discuss financial and risk management and progress against CICA's performance measures as well as the strategic aims and objectives.

#### *Non-executive advisors*

Non-executive advisors input to policy considerations and reviewed the organisation's performance against key indicators. The non-executives were part of the Policy and Performance Board and also formed CICA's audit and risk committee (see below). Each of the non-executive advisors had a broad range of relevant skills including board level and audit committee experience. Although three were in place for part of the year, one of the non-executives resigned during the first quarter of the year. No action was taken to fill the vacancy as CICA had plans in place to recruit three non-executive board members in preparation for its change to Agency status on 1 April 2014. That exercise was completed in March 2014.

#### *Policy and Performance Board*

The Chief Executive, along with the Deputy Chief Executive, Chief Business Officer, Heads of Policy and Operational Delivery and Non-executive Advisors attended the PPB, which also included representatives from the ALB Governance Division and the Scottish Government. The PPB met quarterly to consider any proposed operational policy changes and to receive reports on CICA's performance.

Additionally, the PPB provided constructive challenge across CICA's operations to ensure all aspects of strategy and policy delivery were scrutinised for effectiveness and efficiency. This year their input included supporting the transition to Agency status, input to the digital strategy and roadmap, contribution to the Customer and Stakeholder strategies, including the revised Customer Charter, and guidance on process efficiency.

#### *Board effectiveness*

Both the Executive Management Team and Policy and Performance Board had arrangements to review and evaluate their performance. The EMT reviewed its own effectiveness as part of its annual planning and reviews round. It identified the need to strengthen capability at EMT level to be able to deliver CICA's strategic objectives. Following the departure of one EMT member, roles and responsibilities were reviewed. A new role, Head of Operational Excellence, was introduced, effective from 31 March 2014, to lead on compliance, change and improvement at

corporate level, enabling a culture of continuous improvement aligned to our customer and digital strategies.

The non-executive advisors assessed the PPB's performance and effectiveness and agreed what actions should be taken forward as a result of their feedback. In 2013-14, examples of areas addressed included discussions on future strategy and how CICA engage with staff as they develop and explore the digital strategy, staff involvement in continuous improvement activities and testing Disaster Recovery procedures.

At the year-end the Chief Executive met with each non-executive advisor to informally discuss and evaluate their contribution to the work of CICA. As this was the last meeting with the non-executives before CICA's conversion to Agency status, the non-executives were also asked for any observations on the best way to support them in the future. Non-executives were free to raise any matter with the Chief Executive individually or collectively throughout the course of the year.

#### *Audit and Risk Committee*

The Audit and Risk Committee functioned in accordance with the principles set out in the Audit Committee Handbook 2013. The Audit and Risk Committee's role was to support the EMT, and in particular the Chief Executive as the accounting officer, in their responsibilities for issues of risk management, control and governance.

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

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

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

#### *Risk Committee*

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

The risk committee reviewed and maintained the CICA corporate risk register. Each updated risk plan was submitted to the Executive Management Team for ratification and confirmation that all key risks had been identified and were being monitored and managed appropriately. The plans were also submitted to the PPB and the Audit and Risk Committee.

### *Audit programme*

The internal audit programme for the year included reviews of Reward and Recognition (amber/green rating), the Customer Service Centre's workload and resource planning (amber/green rating), Delivery of Business Support (amber/green rating), Decision Making under the 2012 Scheme (green rating) and Information Assurance (amber/green rating). The final reports on Key Financial Controls (green rating) and Staff Appraisals (amber/green rating) conducted during the previous year were closed in 2013-2014.

A good working relationship has been established with MoJ Internal Audit and the National Audit Office. The former has stated that CICA's overall risk, control and governance framework provides reasonable assurance that the key risks to CICA are being effectively managed. CICA had an in-house business assurance team who supplemented the work of internal auditors and in 2013-14 provided additional assurances, to the EMT and the Audit Committee, on the quality and consistency of application of CICA's processes, procedures, and controls. The Chief Business Officer was responsible for coordinating the work of internal audit and quality assurance.

The overall objectives of the Business Support Assurance Plan were to:

- deliver a programme of annual compliance reviews which were aligned to and supported the achievement of CICA's corporate business plan;
- ensure that quarterly risk assessments were conducted against the maturity framework with results reported to the MoJ and the EMT;
- handle cases of suspected fraud and ensure all staff undertook Fraud Awareness and Training activities and were aware of arrangements for whistle blowing;
- ensure audit and assurance actions were monitored with the aim of providing accurate progress on outstanding recommendations to the EMT and Audit Committee;
- provide on-going progress updates on the Business Support Assurance Plan to the Strategic Officers, EMT, PPB, and the Audit Committee; and
- provide other reports including the Information Assurance Maturity Model (IAMM) self-assessment, Security Risk Management Overview and Occupational Health and Safety/Fire Safety Overview, all of which were submitted to MoJ within the required timescales.

### *Audit and risk key considerations in 2013-2014*

The Executive Management Team, the Policy and Performance Board and the supporting committees' key areas for attention during the year are summarised overleaf.

CICA's financial commitment to payment of pre-tariff cases could have impacted on prompt payment of tariff cases. As no additional funding was provided for pre-tariff cases, a risk based financial strategy was developed to provide a financial context for making decisions, to support the delivery of the priorities identified in our Business Plan, and to ensure funds were available to settle appeals and priority cases throughout the year. CICA supported staff with written guidance and training around how to manage customer expectations and how to prioritise settlement of cases, revising the customer charter to align with this. Securing additional funds, combined with effective budget and case management, allowed CICA to meet its commitment to pre-tariff cases without any detrimental effect on the tariff programme or customer service.

CICA recognised that, given the volume of sensitive information handled it had to make strenuous efforts to adhere to best practice around Information Assurance. Significant efforts were made throughout the year to achieve and sustain improvements in compliance and awareness levels amongst staff. This included the delivery of training to all staff and the implementation of the new Government Classification System which went live on 2 April 2014. CICA's Asset Register has been revised and new procedures and guidance were introduced for Blackberry usage and the despatch of mail, based on lessons learned from incidents of potential data losses. There were no reportable data security incidents this year.

CICA recognised that the behaviour and conduct of staff working for CICA are fundamental to its success and that it must maintain the momentum of its staff engagement programme. CICA had a Challenge team who analysed staff survey results and developed an engagement strategy for the organisation. Based on the recommendations of this group, a key product for 2013-14 was a revised communications strategy.

CICA had a well-developed governance structure for change management, including a programme board and project teams who observed best practice in project management to ensure change was managed effectively and that CICA ensured continuous improvement in relation to efficiencies in process and technology. CICA have delivered Change workshops to all staff and kept them regularly updated with the progress of key projects. Improved arrangements were put in place for the handover of projects into the business as usual environment, including well-received roadshows to explain what change means and looks like for staff in different job roles.

The Civil Service Reform Plan included the Government Digital Strategy to improve the way the Government makes policy and communicates with people. CICA have developed a Digital Road Map as a basis for the future transformation programme. Key principles have been agreed to support the vision, including the need to design

process change for digital self-service, which is focussed on the user's needs. Work has begun on a digital solution as an enabler for a revised evidence gathering strategy. CICA now receives over 86 per cent of all new applications online. Customer Service staff provided telephone support for other applicants.

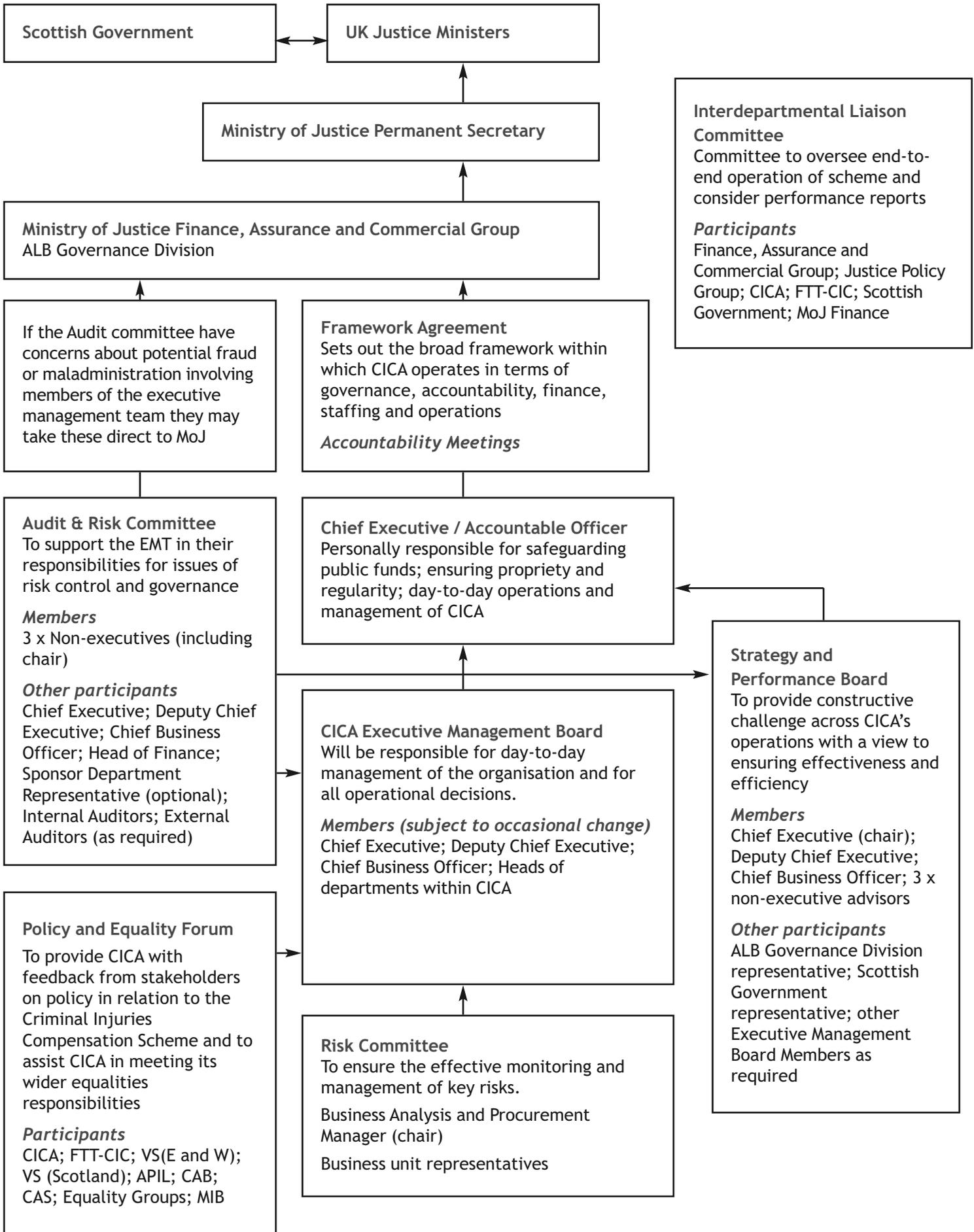
CICA recognised that its IT infrastructure must be optimum for business need and be fully supported to ensure high performance and availability, including the need to be protected from cyber-attack. Commercial support and maintenance contracts were put in place to support the case management and online application systems. A new antivirus server was deployed together with an increased range of products that protect from attack. Hardware and software upgrades have been deployed across the estate, including Finance systems. A staff suggestion has led to plans to improve the detection of duplicate/fraudulent claims. CICA gained Public Service Network accreditation in September 2013.

CICA recognised the importance of maintaining the continuity of operations and service delivery to maintain customer confidence. Testing plans is vital to be assured that they will work when needed. Tests have been successfully carried out on Business Continuity, ICT Incident Plans and Disaster Recovery Plans but plans now need to be updated to reflect developments in IT Infrastructure and digital continuity.

CICA needed to ensure it could operate from a location that offered continued access to experienced staff, supports the Business Continuity Plan and provides good value for money. The lease on the existing office accommodation is due for renewal in September 2014 and CICA have supported its sponsor department to negotiate a new lease in a new location on very favourable terms. A move is planned late August/early September 2014 to a new location in Glasgow City Centre.

Following the outcome of the Triennial Review, CICA needed to prepare for a change in status from an Executive Non-departmental Public Body (NDPB) to an Executive Agency. Working with the ALB Governance Division, CICA have agreed a Framework Document that includes roles, responsibilities, delegated authorities and future governance arrangements. This document has been given Ministerial approval. It has also recruited three Non-executive Board Members who will be part of the new governance structure. One of the three previously served in a non-executive advisor capacity with CICA and will provide a level of continuity as it moves to Agency status. Other than the changes in governance arrangements there was no impact on the way the CICA previously operated. All the arrangements needed for a smooth transition were completed prior to the vesting date for the new Agency.

**Governance structure**



### Meeting attendance 2013-14

	Executive Management Team				Audit Committee				PPB			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Executive team</b>												
Carole Oatway	3/3	3/3	3/3	3/3	✓	✓	✓	✓	✓	✓	✓	✓
Rena Kinloch	3/3	3/3	3/3	3/3	✓	✓	✓	✓	✓	✓	✓	✓
Jackie Lockhart	2/3	2/3	3/3	2/3	✓	✓	✓	✓	x	✓	✓	✓
Alan Eastwood	2/3	2/3	2/3	3/3	✓	x	✓	✓	n/a	n/a	n/a	n/a
James Cosgrove	2/3	3/3	3/3	3/3	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Trish Wilson	3/3	2/3	3/3	3/3	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Michael Hanlon	2/3	3/3	3/3	3/3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Louise Day	3/3	3/3	3/3	2/3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Graeme Welsh <sup>1</sup>	0/3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Non-executives</b>												
David Page	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓
Colin Peebles	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓
1. Graeme Welsh transferred to another Government department in quarter one												

**Carole Oatway**  
 Chief Executive and Accounting Officer  
 Criminal Injuries Compensation Authority  
 11 June 2014

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

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2014 under the Criminal Injuries Compensation Act 1995. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

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

### *Opinion on regularity*

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

### *Opinion on financial statements*

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and Secretary of State directions issued thereunder.

### *Opinion on other matters*

In my opinion:

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

### *Matters on which I report by exception*

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

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

*Report*

I have no observations to make on these financial statements.

**Amyas C E Morse**  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
16 June 2014

# Accounts

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

		2013-14		2012-13	
	Note	£'000	£'000	£'000	£'000
				Re-stated	Re-stated
<b>Programme Expenditure</b>					
Tariff scheme compensation	10	156,411		133,955	
Pre-tariff scheme compensation	10	(1,858)		7,951	
VOTS compensation	10	37		192	
Casehandling costs	4	3,086		4,306	
			<b>157,676</b>		<b>146,404</b>
<b>Administration Expenditure</b>					
Staff costs	3	10,058		10,575	
Other expenditure	4	4,602		4,336	
Depreciation	5	852		1,117	
Amortisation	5	713		487	
			16,225		16,515
<b>Total Expenditure</b>			<b>173,901</b>		<b>162,919</b>
Income	2	(1,320)		(918)	
Income repaid to Consolidated Fund		1,320		976	
			0		58
<b>Net Expenditure</b>			<b>173,901</b>		<b>162,977</b>
Finance Charge (Unwinding of discount) Programme	10		1,272		1,576
Finance Charge (Unwinding of discount) Administration	10		5		13
<b>Net Expenditure after finance charge</b>			<b>175,178</b>		<b>164,566</b>

There was no other comprehensive expenditure incurred during the year.

The notes on pages 47 to 65 form part of these accounts.

**Statement of Financial Position as at 31 March 2014**

		31 March 2014		31 March 2013		31 March 2012	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
				Re-stated	Re-stated	Re-stated	Re-stated
<b>Non-current assets</b>							
Property, plant and equipment	5	887		1,715		2,630	
Intangible assets	5	2,024		2,450		487	
Assets under construction	5	719		194		2,238	
<b>Total non-current assets</b>			<b>3,630</b>		<b>4,359</b>		<b>5,355</b>
<b>Current assets</b>							
Trade and other receivables	6	1,211		1,042		1,079	
Cash and cash equivalents	7	62,347		89,182		150,144	
<b>Total current assets</b>			<b>63,558</b>		<b>90,224</b>		<b>151,223</b>
<b>Total assets</b>			<b>67,188</b>		<b>94,583</b>		<b>156,578</b>
<b>Current liabilities</b>							
Trade and other payables	8		(62,225)		(36,087)		(126,370)
<b>Non-current assets plus/less net current assets/liabilities</b>			<b>4,963</b>		<b>58,496</b>		<b>30,208</b>
<b>Non-current liabilities</b>							
Provision - Programme	10	(273,478)		(360,768)		(541,735)	
Provision - Administration	10	(1,310)		(951)		(1,069)	
Other payables	9	(49,482)		(87,997)		(44,219)	
<b>Total non-current liabilities</b>			<b>(324,270)</b>		<b>(449,716)</b>		<b>(587,023)</b>
<b>Liabilities less assets</b>			<b>(319,307)</b>		<b>(391,220)</b>		<b>(556,815)</b>
<b>Taxpayers' Equity</b>							
General reserve			(319,307)		(391,220)		(556,815)
			<b>(319,307)</b>		<b>(391,220)</b>		<b>(556,815)</b>

The notes on pages 47 to 65 form part of these accounts.

The financial statements on pages 43 to 46 were approved by the Executive Management Board on 11 June 2014 and were signed on its behalf by:

**Carole Oatway**  
Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
11 June 2014

**Statement of Cash Flows for the year ended 31 March 2014**

	Note	2013-14		2012-13	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash outflow from operating activities	12		(273,091)		(390,457)
<b>Other non-operating income</b>					
Income	2	1,320		918	
Income repaid to Consolidated Fund		(1,320)		(976)	
			0		(58)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	5	(9)		(47)	
Purchase of intangibles	5	(5)		(12)	
Transfer to Prepayments	5	18		0	
Assets under construction	5	(839)		(549)	
			(835)		(608)
<b>Net cash outflow</b>			<b>(273,926)</b>		<b>(391,123)</b>
<b>Cash flows from financing activities</b>					
Grants from sponsor departments	11		247,091		330,161
<b>Net (decrease) in cash and cash equivalents in the period</b>	7		<b>(26,835)</b>		<b>(60,962)</b>
<b>Cash and cash equivalents at the beginning of the period</b>			<b>89,182</b>		<b>150,144</b>
<b>Cash and cash equivalents at the end of the period</b>	7		<b>62,347</b>		<b>89,182</b>

The notes on pages 47 to 65 form part of these accounts.

## Statement of Changes in Taxpayers Equity for the year ended 31 March 2014

	Note	General Reserve	Total Reserves
		£'000	£'000
		Re-stated	Re-stated
<b>Balance at 31 March 2012</b>		(546,517)	(546,517)
Prior period adjustment	10	(10,298)	(10,298)
<b>Balance at 1 April 2012</b>		(556,815)	(556,815)
Net Parliamentary funding		330,161	330,161
Net transfer from operating activities:			
Net expenditure		(164,566)	(164,566)
<b>Balance at 31 March 2013</b>		<b>(391,220)</b>	<b>(391,220)</b>
		General Reserve	Total Reserves
		£'000	£'000
<b>Balance at 1 April 2013</b>		(391,220)	(391,220)
Net Parliamentary funding		247,091	247,091
Net transfer from operating activities:			
Net expenditure		(175,178)	(175,178)
<b>Balance at 31 March 2014</b>		<b>(319,307)</b>	<b>(319,307)</b>

The notes on pages 47 to 65 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 2013-14 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 CICA for the purpose of giving a true and fair view has been selected. CICA'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 47 to 65, have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Justice, with approval of HM Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001, 2008 and 2012.

At 31 March 2014, CICA's Statement of Financial Position records net liabilities of £319 million (31 March 2013, £391 million re-stated). 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 2014-2015, allowing for the amounts required to meet CICA's liabilities, had already been included in estimates for this period, which had been approved by Parliament, and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

### **1.2 Administration and programme expenditure**

The Statement of Comprehensive Net Expenditure is analysed between programme and administration elements. The classification of expenditure follows the definition of costs set out in the Financial Memorandum issued to CICA 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 Intangibles are split between information technology and software licences and are capitalised where expenditure of £500 or more is incurred. Both set of assets are disclosed at depreciated historical cost which approximates to fair value.

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

#### *Property, Plant and Equipment (PPE)*

Items are capitalised if they are intended to be used on a continuous basis for greater than one year. Items of PPE costing more than £500, inclusive of delivery and installation, are initially recognised at cost. Where

an item costs less than the £500 but forms part of an asset or grouped asset, whose total value is greater than £500, the item is capitalised as part of a grouped asset. Property, Plant and Equipment are carried at depreciated historical cost, which approximates to fair value. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

#### *Donated Assets*

CICA holds no assets classified as donated.

#### *Assets Under Construction*

Costs, inclusive of irrecoverable VAT, associated with discrete projects are pooled until CICA takes the relevant asset on charge (first brings the asset into use). Such items are not depreciated until they are brought into use. The relevant in-year transfers to asset categories, relating to assets which were taken on charge during 2013-14, are disclosed in note 5.

### **1.5 Depreciation and Amortisation**

Depreciation and Amortisation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over the asset's useful economic life as follows.

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

### **1.6 Income**

All recoveries from assailants through civil actions and the criminal courts are non-retainable. They are paid into the consolidated fund, on receipt, via the Ministry of Justice and the Scottish Government. However, income is recognised, when the debt is created. This can give rise to short-term timing differences being recognised in the Statement of Comprehensive Net Expenditure. The majority of CICA's income is received via the courts and therefore the collection-rate is predominantly outwith the control of CICA. The collection rate is currently 25 per cent of all monies due. Therefore CICA creates bad debt provisions to reflect the uncertainty of future collection.

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

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

Under IAS 19 CICA 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 CICA were covered under the arrangements and therefore no disclosure for long-term pension liabilities is charged to these accounts.

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

### **1.8 Leases**

Leases are assessed against the criteria laid down within IAS 17 and are classified as Finance Leases or Operating Leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE on a straight-line basis over the period of the lease. Any upfront payments not yet released to the SoCNE are recognised as a lease prepayment in the SoFP. Operating lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) are treated as an integral part of the net consideration agreed for the use of the leased asset and are spread appropriately over the lease term.

CICA has no finance leases.

## **1.9 Provisions**

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

### *Pre-tariff Scheme*

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

### *Tariff Scheme*

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

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

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

### *Dilapidations*

Provisions for dilapidations are recognised in the year in which CICA 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*

CICA meets the additional costs of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) for employees who retire early. These costs are provided for in full when the relevant early retirement programme becomes binding by establishing a provision for the estimated payments discounted at the Treasury rate of 1.80 per cent in real terms. The discount is unwound over the remaining life of the provision and is shown as a finance charge in the Statement of Comprehensive Net Expenditure.

## **1.10 Recognition of Compensation Accrual**

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

## **1.11 Value Added Tax**

CICA is not eligible to register for VAT and all costs are shown inclusive of irrecoverable VAT, including all thresholds where disclosed within the notes to the accounts. With effect from 1 April 2014 CICA will vest as an Agency of the MoJ. As a result of this change CICA will be eligible to recover VAT on a limited range of services from 2014-15 onwards.

## **1.12 Holding Accounts**

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

## **1.13 Third Party Assets**

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

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

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

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

#### 1.14 Segmental Reporting

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

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

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

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

#### Note 2 INCOME

	2013-14	2012-13
	£'000	£'000
Civil actions - non-retainable	432	567
Court compensation orders - non-retainable	257	348
Compensation re-paid - non-retainable	610	0
Other administrative income - non - retainable	21	3
	<b>1,320</b>	<b>918</b>

#### Note 3 STAFF NUMBERS AND RELATED COSTS

##### a) Staff costs

	Note	2013-14	2012-13
		£'000	£'000
Salaries and emoluments		7,635	7,875
Other		134	0
Early departure adjustment		(104)	0
Early departure costs		23	0
Provision	10	471	0
Social security costs		511	548
Pension costs		1,329	1,365
Agency staff		10	598
Overtime payments		49	189
		<b>10,058</b>	<b>10,575</b>

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

The other and provision both relate to recognition of an annual allowance under the Civil Service Injury Benefit Scheme.

**b) Staff numbers**

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

	2013-14	2012-13
Casework	263	289
Administration	64	62
Agency staff	0	27
	<b>327</b>	<b>378</b>

	2013-14	2012-13
Scottish Government	1	1
Ministry of Justice	326	350
Agency	0	27
	<b>327</b>	<b>378</b>

The number of full time equivalent persons employed in CICA as at 31 March 2014 was 314.

**c) Civil Service - Exit Packages**

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

	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
<£10,000	0	0	0	0	0	0
£10,000 - £25,000	1	0	0	0	1	0
£25,000 - £50,000	0	0	0	0	0	0
£50,000 - £100,000	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	0	0
£200,000 - £250,000	0	0	0	0	0	0
Total number of exit packages by type	1	0	0	0	1	0
<b>Total resource cost (£)</b>	<b>22,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,700</b>	<b>0</b>

**Note 4 OTHER EXPENDITURE**

	Note	2013-14	2012-13
		£'000	£'000
			Re-stated
Programme Expenditure - casehandling costs		3,086	4,306
Information technology and telecommunications		1,502	1,393
Rentals under operating leases		1,261	1,241
Other accommodation costs		1,011	1,027
Postage		169	210
Miscellaneous fees		148	25
Travel and subsistence		131	91
Storage and handling		119	124
External audit fees		70	70
Training, recruitment and staff welfare		60	53
Stationery		52	79
Internal audit fees		25	26
Losses and special payments	20	20	32
Furniture and fittings		12	5
Information and publications		1	2
Asset disposal costs		0	1
<b>Non Cash Items:</b>			
Increase / (decrease) to bad debt provision	6	21	(47)
Bad debts written-off	20	0	4
		<b>7,688</b>	<b>8,642</b>

See Financial Overview for additional details.

**Note 5 NON-CURRENT ASSETS**

Property, Plant and Equipment	Fixtures & Fittings	Leasehold Improvements	Computer Equipment	Office Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>					
At 1 April 2013	678	3,607	1,861	668	6,814
Additions	0	5	0	4	9
Disposals	0	0	0	(28)	(28)
Transfers	0	0	15	0	15
<b>At 31 March 2014</b>	<b>678</b>	<b>3,612</b>	<b>1,876</b>	<b>644</b>	<b>6,810</b>
<u>Depreciation</u>					
At 1 April 2013	(344)	(2,668)	(1,628)	(459)	(5,099)
Charged in year	(67)	(630)	(105)	(50)	(852)
Disposals	0	0	0	28	28
<b>At 31 March 2014</b>	<b>(411)</b>	<b>(3,298)</b>	<b>(1,733)</b>	<b>(481)</b>	<b>(5,923)</b>
<b>Net book value at 31 March 2014</b>	<b>267</b>	<b>314</b>	<b>143</b>	<b>163</b>	<b>887</b>
<b>Net book value at 31 March 2013</b>	<b>334</b>	<b>939</b>	<b>233</b>	<b>209</b>	<b>1,715</b>
<u>Intangible Assets</u>					
		Information Technology	Software Licences		Total
		£'000	£'000		£'000
<u>Cost</u>					
At 1 April 2013		2,926	405		3,331
Additions		0	5		5
Disposals		0	0		0
Transfers		227	55		282
<b>At 31 March 2014</b>		<b>3,153</b>	<b>465</b>		<b>3,618</b>
<u>Amortisation</u>					
At 1 April 2013		(589)	(292)		(881)
Charged in year		(667)	(46)		(713)
Disposals		0	0		0
<b>At 31 March 2014</b>		<b>(1,256)</b>	<b>(338)</b>		<b>(1,594)</b>
<b>Net book value at 31 March 2014</b>		<b>1,897</b>	<b>127</b>		<b>2,024</b>
<b>Net book value at 31 March 2013</b>		<b>2,337</b>	<b>113</b>		<b>2,450</b>

<b>Assets under Construction</b>	<b>Intangibles</b>	<b>Tangibles</b>	<b>Other</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<u>Cost</u>				
At 1 April 2013	194	0	0	194
Additions	824	15	0	839
Transfers	(281)	(15)	0	(296)
Re-classification	0	0	(18)	(18)
<b>At 31 March 2014</b>	<b>737</b>	<b>0</b>	<b>(18)</b>	<b>719</b>

Other represents costs re-classified as a prepayment.

All non-current assets are owned by CICA.

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

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

<b>Intangible Assets</b>	<b>Information Technology</b>	<b>Software Licences</b>	<b>Total</b>
	£'000	£'000	£'000
<u>Cost</u>			
At 1 April 2012	583	298	881
Additions	0	12	12
Disposals	0	0	0
Transfers	2,343	95	2,438
<b>At 31 March 2013</b>	<b>2,926</b>	<b>405</b>	<b>3,331</b>
<u>Amortisation</u>			
At 1 April 2012	(200)	(194)	(394)
Charged in year	(389)	(98)	(487)
Disposals	0	0	0
<b>At 31 March 2013</b>	<b>(589)</b>	<b>(292)</b>	<b>(881)</b>
<b>Net book value at 31 March 2013</b>	<b>2,337</b>	<b>113</b>	<b>2,450</b>
<b>Net book value at 31 March 2012</b>	<b>383</b>	<b>104</b>	<b>487</b>
<b>Assets under Construction</b>	<b>Intangibles</b>	<b>Tangibles</b>	<b>Total</b>
	£'000	£'000	£'000
<u>Cost</u>			
At 1 April 2012	2,238	0	2,238
Additions	394	155	549
Transfers	(2,438)	(155)	(2,593)
<b>At 31 March 2013</b>	<b>194</b>	<b>0</b>	<b>194</b>

All non-current assets are owned by CICA.

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

**Note 6 TRADE AND OTHER RECEIVABLES**

	31 March 2014	31 March 2013
	£'000	£'000
Trade receivables	7	0
Court compensation	867	864
Civil claims	48	47
Other receivables	3	2
Prepayments	927	749
	<b>1,852</b>	<b>1,662</b>
Provision for bad debts	(641)	(620)
	<b>1,211</b>	<b>1,042</b>

**Note 7 CASH AND CASH EQUIVALENTS**

	Notes	2013-14	2012-13
		£'000	£'000
Opening balance at Government Banking Service Accounts		1,155	105,792
Increase / (decrease) in cash		11,699	(104,637)
Closing balance at Government Banking Service Accounts		12,854	1,155
Opening balance all other bank accounts and cash		30	133
(Decrease) in cash		(19)	(103)
Closing balance at all other bank accounts and cash		11	30
Opening balance of awards held on deposit in holding accounts	9	87,997	44,219
(Decrease) / increase in cash	9	(38,515)	43,778
Closing balance of awards held on deposit in holding accounts	9	49,482	87,997
Total balance of cash and cash equivalents		<b>62,347</b>	<b>89,182</b>
Total (decrease) in cash and cash equivalents		<b>(26,835)</b>	<b>(60,962)</b>

**Note 8 TRADE AND OTHER PAYABLES**

	31 March 2014	31 March 2013
	£'000	£'000
Trade payables	239	138
Consolidated Fund payables	78	95
Other payables	785	845
Accruals - pre-tariff scheme	0	30
Accruals - tariff scheme	59,181	33,132
Other accruals	1,942	1,847
	<b>62,225</b>	<b>36,087</b>

**Note 9 NON-CURRENT LIABILITIES: OTHER PAYABLES**

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

<u>Holding accounts</u>	Number of accounts	2013-14		Number of accounts	2012-13	
		£'000	£'000		£'000	£'000
Opening balance	54	87,997		29	44,219	
In-year deposits	32	25,982		53	115,830	
Interest received in-year		280			270	
			26,262			116,100
Closures	(32)	62,867		(28)	70,340	
Withdrawal prior to closure		1,910			1,982	
			(64,777)			(72,322)
Closing balance	54	49,482		54	87,997	

**Note 10 PROVISIONS**

Provision - Programme 2013-14	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2013	42,444	318,132	192	360,768
Arising during the year	12,470	155,167	38	167,675
Reversed unutilised during the year	(14,328)	0	(1)	(14,329)
Utilised during the year	(28,230)	(213,460)	(218)	(241,908)
Charge for year (unwinding)	0	1,272	0	1,272
<b>Balance at 31 March 2014</b>	<b>12,356</b>	<b>261,111</b>	<b>11</b>	<b>273,478</b>

Provision - Programme 2012-13	Pre-tariff Scheme	Tariff Scheme	VOTS	Total
	£'000	£'000	£'000	£'000
		Re-stated		Re-stated
Balance at 1 April 2012	147,817	393,918	0	541,735
Arising during the year	31,308	183,457	192	214,957
Reversed unutilised during the year	(23,357)	(55,646)	0	(79,003)
Utilised during the year	(113,324)	(205,173)	0	(318,497)
Charge for year (unwinding)	0	1,576	0	1,576
<b>Balance at 31 March 2013</b>	<b>42,444</b>	<b>318,132</b>	<b>192</b>	<b>360,768</b>

**Breakdown of total compensation settled**

	Pre-tariff	Tariff	VOTS	Total	Pre-tariff	Tariff	VOTS	Totals
	2013-14	2013-14	2013-14	2013-14	2012-13	2012-13	2012-13	2012-13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Utilising provisions recognised	28,230	213,460	218	241,908	113,324	205,173	0	318,497
Claims settled in the Financial Year, not provided for	0	1,244	0	1,244	0	6,144	0	6,144
	28,230	214,704	218	243,152	113,324	211,317	0	324,641

**Geographical split for total compensation settled**

	2013-14	2012-13
	£'000	£'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	223,248	288,994
Scotland	19,686	35,647
Awards relating to victims of overseas terrorism	218	0
	243,152	324,641

**Statement of Comprehensive Net Expenditure (SoCNE) balances**

	Pre-tariff	Tariff	VOTS	Totals	Pre-tariff	Tariff	VOTS	Totals
	2013-14	2013-14	2013-14	2013-14	2012-13	2012-13	2012-13	2012-13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
						Re-stated		
New liabilities recognised in period and provided for	12,470	155,167	38	167,675	31,308	183,457	192	214,957
Claims relating to and settled in the Financial Year, not provided for	0	1,244	0	1,244	0	6,144	0	6,144
Provision no longer required	0	0	(1)	(1)	0	(55,646)	0	(55,646)
Provisions reversed unutilised as a result of case settlements being lower than provision	(14,328)	0	0	(14,328)	(23,357)	0	0	(23,357)
	(1,858)	156,411	37	154,590	7,951	133,955	192	142,098

**Pre-tariff Scheme**

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

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases (see note 1.9). Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

**Tariff Scheme**

The tariff scheme provision, reflecting CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes, is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £217.257m). The additional element relates to those events, occurring on or before reporting period end, that CICA deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £43.854m).

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

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

Treasury Discount Rates utilised:

Years 1-5	0.7%
Years 6-10	2.4%
Years 11+	6.0%

Analysis of expected timing of discounted cash flows:

	£'000
Not later than one year	109,786
Later than one year and not later than five years	146,325
Later than five years	5,000
	<b>261,111</b>

**Prior Period Adjustment - Change in discounting treatment for Tariff Programme**

Following a re-calculation of the Treasury discount factors in March 2013, CICA adopted the Real Rate Discount. These rates included provision for inflation for the 2012-2013 account balances. After discussion with both MoJ and NAO it was determined that these factors do not give a true reflection of the Tariff provision, as the Tariff Scheme is injury-banded and not subject to inflationary increases. For 2013-14 CICA have adopted the Nominal Discount Rates which exclude inflation. Therefore, a prior period adjustment has been calculated and disclosed to show a consistent statement of liabilities. This adjustment also includes a re-calculation of the 2011-12 provision discount at the nominal rate and the opening balance for 2012-2013 is also re-stated to reflect a nominal discount rate. The impact of the change is shown overleaf:

**Statement of Financial Position**

	As reported 31 March 2013	Change to discount rate	Unwinding adjustment	Re-stated 31 March 2013
	£'000	£'000	£'000	£'000
Opening Balance	383,620	10,298	0	393,918
Arising during the year	203,352	(19,895)	0	183,457
Reversed unutilised during the year	(55,646)	0	0	(55,646)
Utilised during the year	(205,173)	0	0	(205,173)
Charge for year (unwinding of discount)	8,440	0	(6,864)	1,576
Closing Balance	334,593			318,132

**Statement of Comprehensive Net Expenditure**

	As reported 31 March 2013	Unwinding adjustment	Change to discount rate	Re-stated 31 March 2013
	£'000	£'000	£'000	£'000
Tariff Scheme compensation	153,850	0	(19,895)	133,955
Finance charge (unwinding of discount)	8,440	(6,864)	0	1,576

**Sensitivity for Tariff Scheme**

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

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

- The apportionment of cases received, but as yet unallocated to Tariff bands. 66 per cent of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends.
- The likelihood of known cases, received in current year, that will resolve at nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where nil value cases are likely to be expected.
- For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends. This has been reduced from prior year estimates as the impact of lower demand following the introduction of the 2012 Tariff Scheme filters through to late reported cases.

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

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

<b>Provision - Administration 2013-14</b>	<b>Lease Dilapidation</b>	<b>Early Departure</b>	<b>Other</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
Balance at 1 April 2013	689	262	0	951
Arising during the year	0	0	471	471
Utilised during the year	0	(117)	0	(117)
Charge for year (unwinding of discount)	0	5	0	5
<b>Balance at 31 March 2014</b>	<b>689</b>	<b>150</b>	<b>471</b>	<b>1,310</b>

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

**Lease dilapidations**

The balance reflects the likely liability of CICA on exit of Tay House, Glasgow. The assessment is based upon advice provided by both Home Office Estates Department and Landlord.

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

**Early departure**

The provision represents the future liability to pay on-going pensions for 26 personnel who left CICA during the years 2009-2012. There was one departure recorded for 2013-2014 (see note 3). All individuals left the employment of CICA under recognised schemes both in the Scottish Government and Ministry of Justice.

**Other**

This relates to recognition of an annual allowance under the Civil Service Injury Benefit Scheme.

**Note 11 FUNDING**

HMG Funding, received as Grant-in-Aid:	<b>2013-14</b>	<b>2012-13</b>
	£'000	£'000
Compensation payments	228,045	310,176
Operating and casehandling costs	18,274	19,385
	<b>246,319</b>	<b>329,561</b>
Capital expenditure	772	600
	<b>247,091</b>	<b>330,161</b>

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

	2013-14	2012-13
	£'000	£'000
		Re-stated
Programme - Tariff Compensation	18,388	22,910
Programme - Casehandling	291	412
Operating costs and capital expenditure	1,512	1,728
	<b>20,191</b>	<b>25,050</b>

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

	Notes	2013-14	2012-13
		£'000	£'000
			Re-stated
Net Expenditure after finance charge		(175,178)	(164,566)
Depreciation	5	852	1,117
Amortisation	5	713	487
Increase / (decrease) in provision for doubtful debts	6	21	(3)
(Increase) / decrease in receivables	6	(190)	40
Increase / (decrease) in payables	8	26,138	(90,283)
(Decrease) / increase in awards held on deposit holding accounts	7	(38,515)	43,778
Net movement in pre-tariff scheme provision	10	(30,088)	(105,373)
Net movement in tariff scheme provision	10	(57,021)	(75,786)
Net movement in VOTS provision	10	(181)	192
Net movement in administration provision	10	359	(118)
Net movement in income		0	58
Rounding adjustment		(1)	0
Net cash outflow from operating activities		<b>(273,091)</b>	<b>(390,457)</b>

**Note 13 THIRD PARTY ASSETS**

Amounts held as Retained Awards	2013-14			2012-13		
	Number of accounts	£'000	£'000	Number of accounts	£'000	£'000
Balance at 1 April	8,170		66,769	7,835		62,319
<b>Open Accounts</b>						
Deposits	1,471	14,402		2,427	21,217	
Additional deposits to existing accounts		264			310	
Interest received		929			1,097	
Withdrawals		(3,407)			(4,004)	
			12,188			18,620
Closures	(2,075)		(14,386)	(2,092)		(14,170)
Balance at 31 March	7,566		64,571	8,170		66,769
<b>Amounts held on behalf of the MoJ</b>						
			2013-14			2012-13
Net balance at 31 March			2			307
Total third-party assets			64,573			67,076

**Note 14 CAPITAL COMMITMENTS**

At 31 March 2014 CICA had contracted capital commitments of £130k relating to Information Technology associated with on-going Change Programme.

**Note 15 COMMITMENTS UNDER LEASES****Operating Leases**

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

	2013-14	2012-13
Obligations under operating leases comprise:	£'000	£'000
Not later than one year	606	1,213
Later than one year and not later than five years	1,221	606
Later than five years	2,984	0
	4,811	1,819

All staff are employed on floors 1 and 2 at Tay House, Glasgow. The Tay House lease expires September 2014, when CICA will relocate to premises within Glasgow City Centre at Alexander Bain House (ABH). The lease agreement at ABH is for 10 years, including a 2.25 year rent-free period which is reflected in the above profile.

**Note 16 CONTINGENT LIABILITIES**

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

**Note 17 EVENTS AFTER THE REPORTING PERIOD**

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

Up to 31 March 2014 CICA was not included within the MoJ VAT boundary for registration purposes. On the 1 April 2014 CICA vested as an Agency and will become part of the MoJ VAT group. The majority of CICA's activity, governed by statutory obligations, will fall outside the scope of VAT regulations. However, CICA will be able to recover VAT on a limited number of services (not goods), under a Contracted-Out Services (COS) VAT direction. A review of all input costs has been undertaken and it is anticipated that CICA may be able to reclaim between £150-200k. The amount recovered will be dependent upon the type / magnitude of costs incurred.

**Note 18 RELATED PARTY TRANSACTIONS**

CICA was, up to 31 March 2014, classified as a Non-Departmental Public Body (NDPB) of the Ministry of Justice. The Ministry of Justice and the Scottish Government are related parties in respect of providing resources and staff on assignment to CICA. In the current financial year, CICA had various dealings with other government departments and entities.

**Note 19 INTRA-GOVERNMENT BALANCES**

	Receivables and prepayments: amounts falling due within one year		Payables and accruals: amounts falling due within one year	
	2013-14 £'000	2012-13 £'000	2013-14 £'000	2012-13 £'000
		Re-stated		
Balances with other central government bodies	0	0	879	984
Balances with bodies external to government	1,211	1,042	61,346	35,103
<b>Total Balances</b>	<b>1,211</b>	<b>1,042</b>	<b>62,225</b>	<b>36,087</b>

**Note 20 LOSSES AND SPECIAL PAYMENTS**

Write-offs and bad debts up to £20,000, abandoned claims up to £10,000 and ex-gratia payments up to £500 are authorised by the Accounting Officer. Amounts greater than these specified thresholds are referred to and authorised by CICA's sponsor, the Ministry of Justice. Cases are related to compensation paid, to applicants, for lost documents, payments made to applicants as a direct result of third-party interception / fraud and for bad debts written-off. The latter relates to non-payment of repayments due from applicants who have received compensation via other means (and are therefore required to reimburse CICA for previous compensation received from CICA). Bad debts written-off totalled £0 (2012-13 £4,287) and losses and special payments totalled £19,862 (2012-13 £31,631).

**Note 21 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

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

CICA 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 CICA's cash balance and are disclosed by note. The movement in retained funds is detailed in note 13. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with agreed interest rates each year over the period in which the funds are retained. The investment policy applied to these investments is to deposit the awards in a low-risk commercial bank account. No administration fee is charged to the applicant. The average rate of interest applied to the investments during 2013-14 was 1.41 per cent (2012-13, 1.70 per cent).

## Accounts Direction Statement

Accounts direction given by the Secretary of State for Justice, with the approval of the Treasury, in accordance with the Criminal Injuries Compensation Schemes 1990, 1996, 2001, 2008 and 2012.

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

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

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

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

**Alison Wedge**  
Head of ALB Governance Division,  
Finance Assurance and Commercial Group  
29 April 2013

## Annex A: Abbreviations

Arm's Length Bodies (ALB)

Accounting Officer (AO)

Cash Equivalent Transfer Values (CETV)

Criminal Injuries Compensation Scheme (CICS)

Criminal Injuries Compensation Authority (CICA)

Executive Management Team (EMT)

Executive Management Board (EMB)

Finance and Commercial Instructions (FCI)

Government Financial Reporting Manual (FReM)

Greenhouse gas (GHG)

Information Assurance Maturity Model (IAMM)

International Accounting Standard (IAS)

International Financial Reporting Standards (IFRS)

Non-Departmental Public Bodies (NDPBs)

Memorandum of Understanding (MoU)

Online Application System (OAS)

Policy and Performance Board (PPB)

Principal Civil Service Pension Scheme (PCSPS)

Statement Of Comprehensive Net Expenditure (SoCNE)

Statement of Financial Position (SoFP)

Victims of Overseas Terrorism Scheme (VOTS)

Victim Support (VS)





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Criminal Injuries  
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