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a government funded scheme - putting victims first

**Criminal Injuries Compensation Authority**  
**Annual Report and accounts 2007-08**

**Criminal Injuries**  
**Compensation Authority**



Twelfth Report

## **Criminal Injuries Compensation Authority Annual report and accounts 2007-08**

Presented to Parliament by the Lord Chancellor and Secretary of State for Justice,  
and by the Comptroller and Auditor General pursuant to section 6 of the Criminal  
Injuries Compensation Act 1995

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## **Introduction**

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

The Comptroller and Auditor General is the external auditor of the Authority, and is appointed under statute, reporting to Parliament and to the Scottish Parliament. The agreed fees for the statutory audit in 2007-08 were £72,700 (2006-07, £84,000). No remuneration was paid for non-audit work in 2007-08 (2006-07, Nil)

## **Nature of the Authority's business and its aims and objectives**

The Authority administers the criminal injuries compensation scheme throughout England, Scotland and Wales. It is a Non-Departmental Public Body sponsored by the Ministry of Justice (MoJ), which pays compensation to eligible applicants who have been the victim of a violent crime. Awards are determined by a tariff, with fixed compensation for each type of injury. Since the first scheme began in 1964, the Authority has paid out nearly £4 billion to well over one million successful claimants.

The Authority's aim is to provide an efficient and fair service to innocent victims of violent crime. To achieve this, the Authority will:

- process applications as quickly as possible whilst investigating claims fairly;
- treat applicants with sensitivity and courtesy at all times;
- help people understand the service the Authority provides and keep applicants informed;
- support staff to perform to their full potential; and
- be accountable for the service the Authority provides and the public funds it spends.

At year-end, the Authority employed 475 full-time equivalent staff. Almost all the Authority's staff are employed on the terms and conditions of the Scottish Government; the remainder on Ministry of Justice terms and conditions.

## **Key achievements: 2007- 2008**

Despite a significant period of change in 2007-08 the Authority:

- made 39,146 tariff scheme awards, paying out £206 million and 37 pre tariff scheme awards, paying out £29 million and spending the allocated budget made available;
- resolved more tariff and pre tariff cases (65,248) than we received (53,317), exceeding our target by 2,838 cases;
- continued to reduce the overall appeal rate from 4% to 3.7%;
- initiated a programme to improve staff awareness of scheme policy through new guidance;
- announced a new case working model to enable a more efficient case handling process resulting in faster decisions;
- continued improvements to technology to allow immediate progression towards new case working model;
- improved our internal communications network to enhance staff communications and to establish a formal network between the Authority and its key stakeholders; and
- introduced a new freephone helpline for applicants which is already resulting in earlier sifting and consequently, faster decisions being made.

## **Machinery of Government change**

On 9 May 2007, responsibility for the sponsorship of the Authority transferred from the Home Office to the Ministry of Justice under Machinery of Government mechanisms. Formal transfer of this change was recognised through the publication of the Winter Supplementary Estimate. Since 9 May 2007 day-to-day management responsibility of the Authority has rested with the Ministry of Justice.

## **Governance arrangements**

The Chief Executive, Carole Oatway, was appointed at the end of September 2007 and is supported in managing the day-to-day running of the Authority by four new Directors: Carole Lyons, Finance Director and Deputy Chief Executive; Prakash Bachoo, Director of Legal Services and Policy; George Connor, Director of Operations; and Tilly Loughborough, Director of Corporate Services. The new directors were appointed between August and December 2007. Prior to this date, the day-to-day running of the Authority was enhanced by an interim management team, as follows: Joanne Drear, Chief Executive; Carl Moynehan, Director of Finance and Graham Johnston, Director of Casework Operations.

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

Under new governance structures, the Chief Executive has created a new Policy and Performance Board (PPB), for which she was elected as chair. The role of the PPB is to offer constructive challenge across the Authority's operations with a view to ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. The PPB has three independent non-executive members and all directors attend. Representatives from the Authority's sponsor department and external stakeholders are invited to attend meetings of the PPB.

A new Risk Committee has been created and will meet monthly to ensure the Authority's risks are appropriately discussed and considered. The Head of Risk and Assurance will report the findings and conclusions of the Committee to the Management Board and the Audit Committee. The Committee comprises key managers and staff from all Directorates, enabling coverage of all operational activity.

## History and activities

The scheme was set up in 1964. Up to 1996, awards were set according to what the victim would have received in a successful civil action against the offender. Since April 1996, the level of compensation has been determined according to a tariff set by Parliament. The maximum payment for the tariff injury element is £250,000. In some situations, for example if the claim involves multiple injuries, there may be the possibility of additional compensation. However, under the tariff scheme the maximum award the Authority can pay in any single case is £500,000.

## Types of compensation

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

The compensation components for **personal injury awards** are:

- an award based on the tariff for single injuries (with a maximum of £250,000, although multiple injuries may result in compensation being awarded in excess of the maximum, to an upper limit of £500,000); and
- loss of earnings or earning capacity, beyond the first 28 weeks of loss as a direct result of the injury.

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 potential applicant;
- compensation for financial loss;
- in the case of a child under 18, compensation for the loss of a parent; and
- funeral expenses.

Where the victim has died since sustaining the injury, compensation may be payable, subject to qualifying criteria, to a qualifying claimant.

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

## Special Expenses

Where the applicant has lost earnings or has been incapacitated for more than 28 weeks, as a direct consequence of the injury, other than an injury leading to their death, additional expenses may be payable in respect of any special expenses incurred by the applicant from the date of the injury for:

- Loss of or damage to a property or equipment belonging to the applicant on which he relied on as a physical aid, where the loss or damage was as a direct consequence of the injury.
- Costs [other than by way of loss of earnings or earning capacity] associated with National Health Service treatment for injury.
- The cost of private health treatment, but only where a claims officer considers that, in all the circumstances, both the private treatment and its costs are reasonable.

Applicants unhappy with the Authority's decision can request a review and, if still unhappy with the review decision, can request an appeal hearing at the independent Criminal Injuries Compensation Appeals Panel. More information on the provisions of the scheme can be found in the 'Guide to the 2001 Compensation Scheme', available from the Authority, and on the website at [www.cica.gov.uk](http://www.cica.gov.uk).

## Going concern

At 31 March 2008, the Authority's balance sheet records net liabilities of £1,288 million (31 March 2007 £1,187 million). This reflects the inclusion of compensation liabilities falling due in future years, which, to the extent that they are not to be met from the Authority's other sources of income, can only be met by future grants-in-aid from the Ministry of Justice. This is because, under the normal conventions applying to Ministry of Justice control over income and expenditure, such grants may not be paid in advance of need.

Grant-in-aid for 2008-09, taking into account the amounts required to meet the Authority's liabilities falling due that year, has already been included in the Ministry of Justice's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Ministry of Justice's future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

## **Disclosure of information to auditors**

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

## **Register of interests**

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

## **Business focus for the future**

In December 2007, the National Audit Office (NAO) published a report on the performance of the Authority based on their findings during a detailed on-site audit in the summer of that year. The House of Commons Public Accounts Committee (PAC) subsequently held an evidence-gathering meeting on the NAO report, during the process of producing its own report. Subsequent to this meeting, a number of recommendations and actions will be offered to which the Government will formally reply in the Treasury minute.

Although the PAC recommendations have not yet been published, it is anticipated that they will reflect the focus of the NAO report.

The Authority has in place an action plan, which addresses the concerns raised in this report, including;

- introduced a new case-working model;
- improved speed and efficiency of processing applications;
- improved awareness of the scheme;
- introduced a single well-advertised in-house helpline;
- simplified the application form and revision of scheme documentation;
- introduced earlier sifting out of ineligible applications; and
- improved working relationships with GPs and hospitals in relation to provision of medical reports and with the police in relation to the provision of crime reports.

## **Change programme**

Building on the reform programme that started in 2006, the Chief Executive initiated a major project in January 2008 to restructure the divisions within the Authority in order to support the delivery of the Authority's objectives and strengthen the management

function. A number of new permanent jobs will be created throughout the Authority in 2008, many of these in operational support. This will allow the Authority to place less reliance on temporary staff and consultants and will deliver improved value for money.

Additional divisional frameworks and processes have been introduced to enable speedier decisions on applications. These include:

- a new in-house Human Resources section;
- a new career structure for the Authority's staff; and
- a new performance management framework.

In continuation of the casehandling improvement project initiated in 2006, the following key operational changes will also be implemented in 2008 to improve delivery and enable the Authority to process applications quickly and fairly:

- casework teams will be organised by geographical area to improve relationships with stakeholders;
- each team will incorporate functions from a wider area of the business;
- team targets will be introduced; and
- a Major Incident Team will be created.

Refurbishment of the Authority's offices was commenced in 2007, with building works due to be completed by July 2008.

During the course of the year, the closure of the Authority's offices in London was completed.

## **Employment policies**

The Authority will be reviewing staff policies to ensure these meet with the Authority's aims, values and objectives. As the Authority does not employ its own staff, however, it must ensure that certain practices are kept consistent with the ultimate employer – that is the Scottish Government or Ministry of Justice.

The Authority will measure staff satisfaction through an annual staff survey providing across the organisation information on job satisfaction, performance of senior managers, and training.

The commitment remains to working in a collaborative way with the relevant Trade Union, and improving industrial relations with its people. The Authority takes its health & safety responsibilities seriously and works positively with its people to keep them safe in the work place.

## **Policy on the employment of disabled persons**

Although not technically employing staff, the Authority has control over recruitment and is actively aware of the responsibilities in terms of the employment of disabled persons. The Ministry of Justice and the Scottish Government have set out their policies and action plans concerning their duties as employers, in their own Disability Equality Schemes. The Authority will play its full part in implementing these policies and plans and will aim for the experience of disabled employees of its sponsors who work in the Authority to be at least as positive as if they were working in one of their employer's core units.

## **Learning and development**

The Authority's Learning and Development team work with staff and line managers to ensure that their people are fully equipped to carry out their role within the organisation. The Authority provides support to key stakeholders, such as Victim Support, and it is the intention that this will be enhanced in the forthcoming year through the facilitation and creation of a tailored User Conference to which all key stakeholders will be invited.

Induction programmes are one of the key priorities, to ensure staff are given the necessary skills prior to actually starting their new job. For those in existing positions other job-related and personal development learning opportunities, including management events focusing on performance management, workshops on risk management and project management training have been provided.

The Authority's ongoing commitment to staff personal development has seen the introduction of further career enhancement activities including several temporary vacancies made available to staff, as developmental opportunities.

The Authority also encourages staff to take advantage of learning outside the work place. Individuals have benefited from specialist training in specific work areas such as law, accountancy, audit and communications, provided by external providers. This, in turn has benefited the Authority, as staff acquire and demonstrate additional skills. Staff may be entitled to funding towards their own personal studies, where the skills gained will benefit the Authority.

## **Information Technology**

During 2007-2008 the Authority continued to develop and upgrade the Authority's IT systems. The main projects were:

### **Secure email with the police**

A total of 13 English and Welsh police forces now participate in this project. After the successful roll-out of the QuickAddress software project, three London Metropolitan Police boroughs have also joined. The Authority plans to involve other forces as well as inviting Scottish forces to join in 2008-09.

### **Tay House expansion**

Increased staffing levels have come about as a result of the closure of the London office of the Authority in September 2007 and the recruitment of permanent posts to replace temporary staff. As a result, additional temporary accommodation in Glasgow was secured to facilitate the increased staffing level and to house staff temporarily while the existing office was being refurbished. This involved setting up a wireless link, creating the IT infrastructure as well as physically moving the IT hardware to the temporary accommodation. Over 150 staff had to be relocated from the 1<sup>st</sup> floor of Tay House during this period. The 2<sup>nd</sup> floor refurbishment of Tay House is due to be completed by summer 2008.

### **Casehandling improvement project**

In an aim to improve productivity and service, IT Support were required to work closely with external consultants and an Authority internal working party to provide statistical information to assist with their analysis and then to amend the system to enable a pilot of the proposed new model. The caseworking model will continue to be developed in 2008-09.

### **Hardware replacement procurement**

Tenders to replace the main servers and desktop computers were issued in February 2007. Both these contracts were awarded in March 2008 and this new equipment is in the process of being rolled out.

## Management Commentary

This year has seen significant change in the Authority both in terms of personnel and processes. There has been a marked up-turn in performance, which is a testimony to the resilience of the Authority's staff and their willingness to embrace change.

### Volume of applications

53,290 new tariff applications were received in 2007-08. This was a 12.4% reduction on the total for 2006-07 (60,861) and reflects the general decrease in the level of violent crimes reported during this period.

### Resolutions

In 2007/08 the Authority was able to resolve more cases than it has done for the previous 2 years. Its outturn figures show an increase in resolutions of more than 10%.

<b>Table 1: Applications resolved [Tariff and Pre Tariff]</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>Tariff and pre tariff schemes</b>	62,073	59,096	65,248

### Awards by Tariff Level

The following table shows the number of awards and gross value of awards under each tariff band. The sums set out are those paid for the most serious injury only. Second and third injury awards and any additional amounts for loss of earnings or special expenses are not included in this total. Where there are two figures under a particular tariff, this reflects the fact that the tariff was increased in 2001. The first, lower figure is that under the 1996 scheme; the second, higher figure is that under the 2001 scheme.

<b>Table 2: Awards made by tariff level 2007-08</b>						
<b>Level</b>	<b>Tariff Sum</b>	<b>Claims Assessment</b>	<b>Review</b>	<b>Appeals</b>	<b>Total</b>	<b>Gross Value</b>
1	£1,000	5,178	952	171	6,301	£6,301,000
2	£1,250	2,555	202	34	2,791	£3,488,750
3	£1,500	8,235	646	79	8,960	£13,440,000
4	£1,750	784	70	10	864	£1,512,000
5	£2,000	3,800	328	67	4,195	£8,390,000
6	£2,500	2,015	343	77	2,435	£6,087,500
7	£3,000	19	6	4	29	£87,000

<b>Table 2: Awards made by tariff level 2007-08</b>						
<b>Level</b>	<b>Tariff Sum</b>	<b>Claims Assessment</b>	<b>Review</b>	<b>Appeals</b>	<b>Total</b>	<b>Gross Value</b>
7	£3,300	2,842	439	76	3,357	£11,078,100
8	£3,500	3	1	0	4	£14,000
8	£3,800	1,739	180	42	1,961	£7,451,800
9	£4,000	4	0	2	6	£24,000
9	£4,400	2,080	451	119	2,650	£11,660,000
10	£5,000	25	6	12	43	£215,000
10	£5,500	1,308	195	49	1,552	£8,536,000
11	£6,000	1	1	0	2	£12,000
11	£6,600	292	65	15	372	£2,455,200
12	£7,500	32	23	28	83	£622,500
12	£8,200	704	304	94	1,102	£9,036,400
13	£10,000	5	6	7	18	£180,000
13	£11,000	942	137	39	1,118	£12,298,000
14	£12,500	0	0	0	0	£0
14	£13,500	114	66	50	230	£3,105,000
15	£15,000	4	6	3	13	£195,000
15	£16,500	367	69	29	465	£7,672,500
16	£17,500	5	2	1	8	£140,000
16	£19,000	33	13	17	63	£1,197,000
17	£20,000	8	11	18	37	£740,000
17	£22,000	276	45	18	339	£7,458,000
18	£25,000	0	0	0	0	£0
18	£27,000	28	10	7	45	£1,215,000
19	£30,000	0	0	0	0	£0
19	£33,000	9	2	1	12	£396,000
20	£40,000	6	5	5	16	£640,000
20	£44,000	15	2	5	22	£968,000
21	£50,000	6	1	0	7	£350,000
21	£55,000	4	0	1	5	£275,000
22	£75,000	1	1	0	2	£150,000
22	£82,000	0	0	0	0	£0
23	£110,000	9	0	2	11	£1,210,000
24	£175,000	9	0	1	10	£1,750,000
25	£250,000	16	1	1	18	£4,500,000
	<b>Total</b>	33,473	4,589	1,084	39,146	£134,850,750

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

As the table below shows, the Authority's continuing efforts to get first decisions right, and to better communicate the Authority's decisions have led to reduced requests for reviews, and fewer appeals.

<b>Table 3: Tariff scheme review and appeal rates</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
% of claims assessment cases going to review	20.6	19.8	19.2
% of review cases going to appeal	21.2	20.0	19.3
% Overall appeal rate	4.4	4.0	3.7

### **Disallowed Claims**

The table below shows the number of applications turned down by the scheme paragraph under which the refusal was based. For some applications there may have been more than one reason for refusal meaning the total as per the table is higher than the number disallowed.

<b>Table 4: Disallowed claims 2007-08</b>		
<b>Scheme Paragraph</b>	<b>Criterion</b>	<b>No of Disallowed Claims</b>
6	Injury sustained before 1 August 1964	24
7(a)	Previous claim for same injury	515
7(b)	Injury sustained in family setting before October 1979	274
8(a)	Mainly, injury did not result from crime of violence	4,262
9	Application did not meet restrictions in the paragraph	205
11	Motor vehicle cases, mainly, vehicle not used as a weapon with the intention to injure	321
12	Accidental injury sustained in law enforcement: risk not justifiable or not exceptional	64
13(a)	Failure to report without delay to police	1,596
13(b)	Failure to co-operate with police in bringing assailant to justice	4,776
13(c)	Failure to co-operate with the Authority	1,451
13(d)	Conduct before, during or after the incident	3,157
13(e)	Applicant's criminal record/character	4,472
16(a)	Assailant would have benefited from award	91
16(b)	Award would have been against a minor's interests	0
17(a)	Assailant in family violence/abuse claim not prosecuted	2
17(b)	Violence between adults in same family-assailant and victim still living in same household	33
18	Claim not submitted within 2 years of incident	469
25	Injury not serious enough to qualify for minimum award of	8,106

<b>Table 4: Disallowed claims 2007-08</b>		
<b>Scheme Paragraph</b>	<b>Criterion</b>	<b>No of Disallowed Claims</b>
	£1,000	
26	Pre-existing medical condition	524
	<b>Total</b>	<b>30,342</b>

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

Whilst it is vital that the Authority make the right decisions on the applications received, the Authority recognises the importance of minimising the time applicants have to wait for a fair decision. The table below shows the time taken to reach decisions at claims assessment stage. Delays in reaching a decision can be for a variety of reasons, but the most common reason is the time taken to receive information requested from third parties i.e. police, medical practitioners, or applicants' representatives.

The Authority is actively working with these and other third parties and stakeholders to improve processes and build relationships to minimise turn around times.

<b>Table 5: Time taken to reach claims assessment decisions 2007-08</b>			
<b>Period of time from receipt</b>	<b>Number of decisions</b>	<b>%</b>	<b>Cumulative %</b>
within 2 months	3,388	4.74	4.74
2-4 months	8,038	11.25	15.99
4-6 months	8,973	12.56	28.55
6-8 months	8,785	12.29	40.84
8-10 months	8,540	11.95	52.79
10-12 months	7,988	11.18	63.97
over 12 months	25,747	36.03	100.00
<b>Total</b>	<b>71,459</b>	<b>100.00</b>	

### **Outstanding appeals**

The table below shows the current position on the number of outstanding appeals. The Authority is working to improve the process of passing cases to the Appeals Panel with the intention of faster delivery of the end to end process.

<b>Table 6: Outstanding appeals</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Cases awaiting appeal	3,601	2,575	2,683

### **Outstanding applications**

The Authority resolved more cases than received, whilst continuing to make improvements across the organisation and reducing review and appeal rates. The new case handling process, as well as enhanced automation, staff learning and development and governance framework improvements, will enable the Authority to continue this trend.

<b>Table 7: Outstanding applications [Tariff]</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Cases awaiting a first decision	60,739	63,785	46,419
Cases awaiting a review decision	8,969	9,730	9,488
Cases awaiting an applicant's response to a first or reviewed decision	12,380	11,453	17,066
Cases awaiting appeal decision	3,601	2,575	2,683
<b>Total</b>	<b>85,689</b>	<b>87,543</b>	<b>75,656</b>

### **Operating Cost Statement**

During 2007-08 net expenditure increased from £113.340 million to £301.617 million, an increase of £188.277 million. This change is due to the increase in the movement of the tariff schemes provision and the pre-tariff schemes provision. Note 10 in the Notes to the Accounts provide full details of the Authority's provisions.

### **Creditor payment policy and performance**

The Authority follows the Better Payment Practice Code, and undertakes to pay all invoices within 28 days of receipt or within stated credit terms. A sample review of invoices paid during 2007-08 indicated that 99% (99% 2006-07) of those reviewed were paid within 28 days. The Authority was not required to pay any interest relating to late payment under the terms of the Late Payment of Commercial Debts (Interest) Act 1998.

## **Remuneration Report**

All permanent members of staff are currently on assignment to the Authority and remain employees of either the Ministry of Justice or the Scottish Government.

### **Remuneration policy**

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

### **Pensions**

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

The PCSPS is an unfunded multi-employer Defined Benefit Scheme, but the Ministry of Justice and the Scottish Government are unable to identify their share of its underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2007-08, employer's contributions of £1.730million (2006-07, £1.629million) were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% (2006-07, 19.3% to 23%) of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining the Civil Service after 1st October 2002 can, or may opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. No staff members working for the Authority had taken this option during the financial year 2007-08 and therefore no contributions were made.

### **Senior staff disclosures**

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

## **Salary**

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

## **Benefits in kind**

No senior staff received any benefits in kind.

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

A Cash Equivalent Transfer Value (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 CETV figures include the value of any pension benefit in another scheme or arrangement, which the individual has transferred to the PCSPS arrangements and for which the PCSPS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

They also include any additional pension benefits accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase effectively funded by the employer. It takes account of 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 period. Due to certain factors being incorrect in last year's CETV calculator, there may be a slight difference between the final period CETV for 2006-07 and the start of period CETV for 2007-08.

The information in the following tables has been subject to audit.

Remunerations and pensions for senior staff 2007-08								
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Name	Age	Salary and Pension	Real Increase in pension and related lump sum at age 60	Total accrued pension and related lump sum at age 60 at 31 March 2008	CETV 31 March 2007	CETV 31 March 2008	Real increase in CETV	Employer Contribution to partnership pension account
J Drean Chief Executive End date* 28/09/2007	38	45-50	Pension 0-2.5 Lump sum 0-2.5	Pension 5-10 Lump sum 20-25	73	79	9	0
C Oatway Chief Executive Start date* 28/09/2007	50	45-50	Pension 0-2.5 Lump sum 0	Pension 30-35 Lump sum 0	448	547	40	0
A Johnstone Director of Legal and Policy End date** 31/01/2008	48	70-75	Pension 0-2.5 Lump sum 0-2.5	Pension 15-20 Lump sum 45-50	230	269	9	0
P Bachoo Director of Legal and Policy Start date* 03/09/2007	43	40-45	Pension 0-2.5 Lump sum 0-2.5	Pension 5-10 Lump sum 20-25	106	134	7	0
C Lyons Director of Finance Start date* 06/11/2007	39	30-35	Pension 0-2.5 Lump sum 0	Pension 0-5 Lump sum 0	0	6	5	0
G Johnston Director of Casework Operations End date* 28/09/2007	28	30-35	Pension 0-2.5  Lump sum 0	Pension 0-5  Lump sum 0	31	33	2	0
G Connor Director of Operations Start date* 03/09/2007	50	25-30	Pension 0-2.5 Lump sum 0-2.5	Pension 15-20 Lump sum 50-55	281	302	0	0
N Loughborough Director of Corporate Services Start date* 10/12/2007	35	20-25	Pension 0-2.5 Lump sum 0	Pension 0-5 Lump sum 0	0	4	3	0
C Moynehan Director of Finance End Date*** 06/11/2007								

\* Amounts pro-rata  
\*\*A Johnstone retired on the 31st January 2008 and received a lump sum compensation payment of £195,000.  
\*\*\* The remuneration and pension for C Moynehan is accounted for and borne by the Home Office.

Remunerations and pensions for senior staff 2006-07								
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Name	Age	Salary and Pension	Real Increase in pension and related lump sum at age 60	Total accrued pension and related lump sum at age 60 at 31 March 2007	CETV 31 March 2006	CETV 31 March 2007	Real increase in CETV	Employer Contribution to partnership pension account
J Drean Chief Executive Start date 20/08/2006	37	40-45	Pension 0-2.5 Lump sum 0-2.5	Pension 20-25 Lump sum 0-2.5	59	73	9	0
H. Webber Chief Executive End date 24/10/2006	52	40-45	Pension 0-2.5 Lump sum 0-2.5	Pension 30-35 Lump sum 0-2.5	506	513	11	0
A Johnstone Director of Legal and Policy	47	60-65	Pension 0-2.5 Lump sum 0-2.5	Pension 10-15 Lump sum 45-50	214	230	14	0
E. McKeown Deputy Chief Executive End date 09/03/2007	53	55-60	Pension 0-2.5 Lump sum 0-2.5	Pension 25-30 Lump sum 65-70	432	451	19	0
G Johnston Director of Casework Operations Start date 17/10/2006	27	20-25	Pension 0-2.5 Lump sum 0-2.5	Pension 0-5 Lump sum 0-2.5	34	37	2	0
C Moynehan * Director of Finance Start date 17/10/2006								

• The remuneration and pension for C Moynehan is accounted for and borne by the Home Office.

**Carole Oatway**  
 Chief Executive and Accounting Officer  
 Criminal Injuries Compensation Authority  
 02/07/2008

## **Statement of Accounting Officer's responsibilities**

Under Section 6(3) of the Criminal Injuries Compensation Act 1995 and paragraph 4 of the Criminal Injuries Compensation Scheme, the Secretary of State (with the consent 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 give a true and fair view of the state of affairs of the Authority and of its Operating Cost Statement, recognised gains and losses and cash flows for the financial year.

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

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

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

## **Statement on internal control**

### **Scope of responsibility**

As Accounting Officer I am responsible for ensuring that the Authority operates and maintains a system of internal control which supports the achievement of its policies, aims and objectives, as agreed with Ministry of Justice and the Scottish Government, and which safeguards the public funds and assets for which I am responsible personally in accordance with the responsibilities assigned to me in Managing Public Money.

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

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Authority for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

Although classified as a Non Departmental Public Body by the Cabinet Office, the Authority does not have a formal Board or non-executive Chair. Its structure is similar to that of a departmental agency, and is headed by the Chief Executive who is supported by functional directors (Finance, Operations, Legal Services and Policy and Corporate Services). The responsibility for managing risk within the Authority rests with Chief Executive who, with the Directors, reviews regularly the key existing and emerging risks facing the Authority. The Chief Executive is also advised by the Authority's Audit Committee, which oversees the organisation's management of risk.

Through an extensive process of consultation with staff and consideration by the Directors an organisation-wide risk register is produced in which the main risks are rated according to their likelihood and their impact on the ability to achieve the aims and objectives. The register also specifies the mitigating actions for managing and monitoring each risk and the risk owner.

## **The risk and control framework**

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

- maintaining core guidance documentation for all staff and standardising procedures in best practice guidance specific to each casework stage;
- regular reviews of casework policy and procedure by internal policy and standardisation committees;
- providing a high level of job-specific training and coaching, which is reviewed by the Training Liaison Committee;
- setting budgets and targets, separating duties and specifying authority levels;
- reviews at formal meetings of the Directors (generally 12 meetings every year) of performance against plan and budget and of financial, operational, staffing and training risks, using where possible quantitative indicators;
- developing and integrating casework support and finance IT systems which incorporate controls and can produce exception and other reports for monitoring risk;
- close involvement of internal customers in the development of IT systems and thorough pre-release testing;
- regular meetings of the Authority's independent Audit Committee;
- regular formal meetings with the Authority's Ministry of Justice and Scottish Government sponsors;
- as appropriate, formal project management disciplines;
- standard compliance test checks and a programme of special risk based investigations by the Authority's Risk and Assurance Section;
- risk-based reviews by the Ministry of Justice Internal Audit.

### **Audit Committee**

The Audit Committee oversees the strategic process for risk management, internal control and corporate governance and finance. The Audit Committee consists of three non-executives. The Chief Executive, Finance Director, National Audit Office, and Internal Auditors, attend by invitation.

### **Internal audit**

The Ministry of Justice Internal Audit team operate to Government standards, and provide the Authority's internal audit service. This was formerly the responsibility of the Home Office Audit and Assurance Unit. They submit regular reports and, at least annually, provide an independent opinion on the adequacy and effectiveness of the Authority's system of internal control together with recommendations for

improvement. The Chief Executive also receives reports from the Authority's Risk and Assurance Section with the results of their programme of compliance visits and about particular risks, which they have been asked to investigate.

### **Risk and Assurance section**

The Risk and Assurance section undertakes standard compliance testing reviews and a programme of special risk-based investigations.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system on internal control by the Audit Committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

### **Information Security**

The Authority treats information security with utmost priority and is currently reviewing all information controls. The responsibility for information security and the security of personal data lies within the Corporate Services directorate.

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

The Authority has no personal data related incidents to report

### **Carole Oatway**

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority

02/07/2008

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

I certify that I have audited the financial statements of the Criminal Injuries Compensation Authority for the year ended 31 March 2008 under the Criminal Injuries Compensation Act 1995. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Authority, Chief Executive as Accounting Officer and auditor**

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the information, which comprises the management commentary, Operating Cost Statement and Creditor Payment Policy and Performance, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

### **Basis of audit opinions**

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

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

### **Opinions**

#### **In my opinion:**

- the financial statements give a true and fair view, in accordance with the Criminal Injuries Compensation Act 1995, and directions made thereunder by HM Treasury, of the state of the Criminal Injuries Compensation Authority's affairs as at 31 March 2008 and of its net charges for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Injuries

Compensation Act 1995 and HM Treasury directions made thereunder; and

- information, which comprises the management commentary, Operating Cost Statement and Creditor Payment Policy and Performance included within the Annual Report, is consistent with the financial statements.

### **Opinion on Regularity**

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

### **Report**

I have no observations to make on these financial statements.

**T J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
Date: July 2008**

# ACCOUNTS

## Operating Cost Statement for the year ended 31 March 2008

	Notes	2007-2008		2006-2007	
		£'000	£'000	£'000	£'000
<b>Programme Expenditure</b>					
Tariff and pre-tariff compensation charges					
Tariff schemes	10	217,487		137,697	
Pre-tariff schemes	10	<u>104,079</u>		<u>(4,784)</u>	
			321,566		132,913
<b>Administration Expenditure</b>					
Staff costs	3	12,917		12,983	
Administration costs	4	11,150		10,650	
Dilapidations on leases	10	<u>(195)</u>		<u>-</u>	
			23,872		23,633
Total Expenditure			<u>345,438</u>		<u>156,546</u>
Other income	2	1,134		1,208	
Notional capital credit	1.6	43,722		43,240	
Amount repaid to consolidated fund		<u>(1,035)</u>		<u>(1,242)</u>	
			43,821		43,206
Net Charges	11		<u>301,617</u>		<u>113,340</u>
All income and expenditure is derived from continuing operations					

## Statement of Recognised Gains and Losses for the year ended 31 March 2008

	Notes	2007-2008		2006-2007	
		£'000	£'000	£'000	£'000
Net gain/(loss) on revaluation of fixed assets	13		<u>34</u>		<u>(32)</u>
Recognised gains and losses for the financial year			<u>34</u>		<u>(32)</u>

## Balance sheet as at 31 March 2008

	Notes	31 March 2008		31 March 2007	
		£'000	£'000	£'000	£'000
<b>Fixed assets:</b>					
Intangible assets	5	15		21	
Tangible assets	5	<u>2,791</u>		<u>1,480</u>	
			2,806		1,501
<b>Current assets:</b>					
Debtors	6	1,101		1,505	
Prepayments	7	583		934	
Cash at bank and in hand	15	<u>3,963</u>		<u>20,480</u>	
		5,647		22,919	
Creditors (amounts falling due within one year)	8	<u>(6,080)</u>		<u>(8,661)</u>	
<b>Net current (liabilities)/assets</b>			(433)		14,258
<b>Total assets less current liabilities</b>			<u>2,373</u>		<u>15,759</u>
Creditors (amounts falling due after more than one year)	9		(1,892)		(1,281)
<b>Provisions for liabilities and charges</b>					
Pre-tariff schemes	10	(249,908)		(174,405)	
Tariff schemes	10	(1,037,000)		(1,026,000)	
Lease dilapidation	10	<u>(1,170)</u>		<u>(1,365)</u>	
			(1,288,078)		(1,201,770)
<b>Net liabilities</b>			<u>(1,287,597)</u>		<u>(1,187,292)</u>
<b>Taxpayers' equity</b>					
General fund	11		(1,288,863)		(1,188,468)
Revaluation reserve	12		408		374
Capital reserve	13		<u>858</u>		<u>802</u>
	25		<u>(1,287,597)</u>		<u>(1,187,292)</u>

### Carole Oatway

Chief Executive and Accounting Officer  
Criminal Injuries Compensation Authority  
02/07/2008

The notes on pages 30 to 42 form part of these Accounts

## Cashflow Statement for the year ended 31 March 2008

	Notes	2007-08		2006-07
		£'000	£'000	£'000
<b>Operating activities</b>				
Net cash outflow from operating activities	16		(259,867)	(210,880)
<b>Other non-operating Income</b>				
Other income		1,090	1,155	
Amount repaid to consolidated fund		<u>(1,035)</u>	<u>(1,242)</u>	
			55	(87)
<b>Returns on investments and servicing of finance</b>				
Interest received			44	53
<b>Capital expenditure and financial investment</b>				
Payment to acquire tangible fixed assets	5		<u>(1,749)</u>	<u>(977)</u>
<b>Net cash outflow</b>			(261,517)	(211,891)
<b>Financing</b>				
Funding	14		<u>245,000</u>	<u>221,000</u>
(Decrease)/Increase in cash	15		<u>(16,517)</u>	<u>9,109</u>

### Analysis of changes in net cash

	At 1 April 2007 £'000	Cashflows £'000	Other Changes £'000	At 31 March 2008 £'000
Cash in hand, at bank	20,480	(16,517)	-	3,963

The notes on pages 31 to 43 form part of these accounts

Accounts continued.

## **Notes to the Accounts**

### **Note 1 STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the 2007-08 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

#### **1.1 Accounting Convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

The statement of accounts set out on pages 28 to 30 together with the notes on pages 31 to 43 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 1996 and 2001.

At 31 March 2008, the Criminal Injuries Compensation Authority balance sheet records net liabilities of £1,288 million (2006-07 £1,187 million). This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Authority's other sources of income, may only be met by future funding or funds from the Ministry of Justice. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, the funding may not be paid in advance of need.

Funding for 2007-08, taking into account the amounts required to meet the Authority's liabilities falling due that year, has already been included in the Ministry of Justice's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Ministry of Justice's future sponsorship and future parliamentary approval will not be forthcoming. It has been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

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

The operating cost statement is analysed between administration and programme expenditure. The classification of expenditure as administration or programme follows the definition of administration costs set out in financial memorandum issued to the Authority by the Secretary of State for Justice.

#### **1.3 Funding**

Most of the expenditure of the Authority is met from funds advanced by the Ministry of Justice within an approved allocation. Funds received for revenue expenditure are credited to the general fund in the year to which it relates. Funds used for capital purchases are credited to a capital reserve. Each year, an amount equal to the depreciation charge on the fixed assets acquired through funding, and any deficit on their revaluation in excess of the balance on the revaluation reserve, will be released from the capital reserve to the general fund.

## 1.4 Fixed assets

### Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £500 or more is incurred. Intangible assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office of National Statistics, from the month of acquisition.

### Tangible assets

Assets are capitalised as fixed assets if they are intended for use on a continuous basis and their original purchase cost, on an individual basis, is £500 or more, or, on a grouped basis if £25,000 or more. Fixed assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics, from the month of acquisition. All refurbishment costs are valued on an historic cost basis. The residual value of all assets and the depreciation method applied to them is reviewed at the end of each financial year.

Any surplus on revaluation is credited to the revaluation reserve. A deficit on revaluation is debited to the operating cost statement if the deficit exceeds the balance on the revaluation reserve.

The Authority has received no donated assets in the current financial year.

## 1.5 Depreciation

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

Refurbishment costs	Remaining term of the lease (2014)
Furniture and office equipment	Ten Years
Computer equipment	Three to five years
Software licences	Three Years

Software and systems development expenditure on IT systems is written off in the period in which it is incurred.

## 1.6 Capital Credit

A credit, reflecting the cost of capital utilised by the Authority, is included in the operating costs. The credit is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for:

a) Tangible and intangible assets where the cost of capital credit is based on opening values adjusted pro-rata for in-year plus or minus:

- plus additions at cost;
- disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal);
- impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure);
- depreciation of tangible and amortisation of intangible assets.

b) Donated assets, where the credit is nil.

## Notes to the Accounts continued

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

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

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

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

### **1.9 Operating leases**

Rentals paid on operating leases for buildings are charged to expenditure as incurred.

### **1.10 Provisions**

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

#### **Pre-tariff schemes**

The pre-tariff schemes provision reflects the estimate of all pre-tariff schemes cases at the balance sheet date. It is compiled following an annual case-by-case assessment by lawyers employed by the Authority to arrive at the liability, which is then subject to a sampling review by members of the independent Criminal Injuries Compensation Appeals Panel. All interim payments already made are then deducted to arrive at the net liability.

A provision was first set aside in the 2001-02 accounts on the basis of an assessment of all cases remaining to be settled under the pre-tariff schemes. For the cases remaining, including cases with expected long term settlement dates, the Authority's management consider that the provision at year end is adequate.

#### **Tariff schemes**

The Authority's accounting policy recognises as liabilities not only the likely total net value of all applications that are currently under consideration, but also the value of applications that the Authority is likely to receive in the future from incidents which occurred before the year end.

The estimates for these have been obtained from independent actuaries.

The actuarial projection methodology, used to estimate the provision for the tariff schemes, involved an examination of the historical claims data together with information on issues that may affect the future claim developments. From this work, claim patterns were derived that might be expected to apply in the future. Analysis based on these patterns was then used to project the likely ultimate value of applications already received and of those yet to be received in respect of incidents that have already occurred. All interim payments already made are then deducted to arrive at the net liability.

#### **Dilapidations**

Provisions for dilapidations are recognised in the year in which the Authority recognises it has a future obligation to transfer economic benefits based on a past event.

### **1.11 Value Added Tax**

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

Notes to the Accounts continued

**1.12 Third party assets**

The retention of compensation awards to certain minors is provided for under paragraph 3 of the scheme. The purpose of this action is to ensure that the victim will be the sole beneficiary of the sum 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.

**Note 2 INCOME**

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£000
Civil actions - retainable	-	49
Civil actions - non-retainable	672	583
Court compensation orders - non-retainable	375	476
Bank interest	44	53
Other administrative income	43	47
	<u>1,134</u>	<u>1,208</u>

**Note 3 EMPLOYMENT COSTS**

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

a) Staff costs

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£000
Salaries and emoluments	8,350	8,980
Social security costs	622	687
Other pension costs	1,730	1,629
Agency staff	1,395	1,067
Overtime payments	820	620
	<u>12,917</u>	<u>12,983</u>

b) Staff numbers

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

	<b>2007-08</b>	<b>2006-07</b>
Casework	356	355
Administration	60	69
Agency staff	59	47
	<u>475</u>	<u>471</u>

	<b>2007-08</b>	<b>2006-07</b>
Scottish Government	379	312
Ministry of Justice	37	112
Agency	59	47
	<u>475</u>	<u>471</u>



## Notes to the Accounts continued

### Note 4 ADMINISTRATION COSTS

	2007-08	2006-07
	£'000	£'000
Accommodation costs	3,111	3,882
Audit fees - external	73	105*
Audit fees - internal	34	26
Furniture and fittings	25	39
Information and publications	14	34
IT development and maintenance	711	702
Medical/dental fees	2,870	3,003
Miscellaneous fees	2,283	866
Postage and telephone	630	608
Stationery	307	239
Training and recruitment	280	102
Travel and subsistence - staff	250	221
Travel and subsistence - witnesses	2	-
Ex-gratia payments	22	134
Depreciation	452	402
Loss on disposal of fixed assets	26	15
Bad debts written-off	117	203
(Decrease)/increase in provision for bad debt	(57)	69
Total administration costs	<u>11,150</u>	<u>10,650</u>

\* The external audit fee for 2006-07 was £84,000. The difference of £21,000 relates to additional audit charges relating to prior years.

### Note 5 FIXED ASSETS

#### Intangible assets

	Software Licences	Total
	£'000	£'000
<u>Cost</u>		
at 1 April	453	453
Additions	-	-
Revaluations	(16)	(16)
At 31 March	<u>437</u>	<u>437</u>
<u>Amortisation</u>		
at 1 April	(432)	(432)
Charged in year	(5)	(5)
Revaluations	15	15
At 31 March	<u>(422)</u>	<u>(422)</u>
Net book value at 31 March 2008	<u>15</u>	<u>15</u>
Net book value at 31 March 2007	<u>21</u>	<u>21</u>

## Notes to the Accounts continued

### Tangible assets

	Land & buildings* £'000	IT £'000	Furniture & fittings £'000	Total £'000
<b>Cost</b>				
at 1 April	942	1,431	761	3,134
Additions	606	774	369	1,749
Disposals	(58)	(80)	(63)	(201)
Revaluations	-	(50)	70	20
At 31 March	<u>1,490</u>	<u>2,075</u>	<u>1,137</u>	<u>4,702</u>
<b>Depreciation</b>				
at 1 April	(446)	(990)	(218)	(1,654)
Charged in year	(86)	(286)	(75)	(447)
Disposals	58	79	38	175
Revaluations	-	36	(21)	15
At 31 March	<u>(474)</u>	<u>(1,161)</u>	<u>(276)</u>	<u>(1,911)</u>
Net book value at 31 March 2008	<u>1,016</u>	<u>914</u>	<u>861</u>	<u>2,791</u>
Net book value at 31 March 2007	<u>496</u>	<u>441</u>	<u>543</u>	<u>1,480</u>
<b>Total assets</b>				
Net book value at 31 March 2008				<u>2,806</u>
Net book value at 31 March 2007				<u>1,501</u>

\*Land and Buildings include Refurbishment Costs

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

	31 March 2008 £'000	31 March 2007 £'000
Trade debtors	636	971
Court compensation	795	792
Civil claims	87	171
Other debtors	8	53
	<u>1,526</u>	<u>1,987</u>
Provision for bad debts	(425)	(482)
	<u>1,101</u>	<u>1,505</u>
<b>Provision for bad debts</b>		
Opening balance	482	494
Decrease in provision	(57)	(12)
Closing balance	<u>425</u>	<u>482</u>

Trade debtors include balances with other government bodies of £603,793, (2006-07 £961,775)

**Note 7 PREPAYMENTS**

	<b>31 March 2008</b>	<b>31 March 2007</b>
	£'000	£'000
Accommodation	369	712
IT maintenance	197	199
Other	17	23
	<u>583</u>	<u>934</u>

**Note 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 March 2008</b>	<b>31 March 2007</b>
	£'000	£'000
Trade creditors	1,482	4,768
Consolidated fund creditors	47	58
Other creditors	8	3
Other creditors - pre-tariff schemes	2,577	110
Other creditors - tariff schemes	926	2646
Accruals	1,040	1,076
	<u>6,080</u>	<u>8,661</u>

Trade Creditors include balances with other government bodies of £389,711, (2006-07 £3,834,290)

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

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

	Number of accounts	<b>2007-08</b>		Number of accounts	<b>2006-07</b>	
		£'000	£000		£'000	£'000
<u>Holding accounts</u>						
Opening balance	12		1,281	18		2,808
Deposits in year	4	1,524		1	17	
Additional deposits to existing accounts	-			1	5	
Interest received		<u>23</u>			<u>60</u>	
			1,547			82
Closures	4	931		6	1,574	
Withdrawals		-			-	
Repaid to CICA		-		1	20	
Interest paid to victims		<u>5</u>			<u>15</u>	
			(936)			(1,609)
Closing balance	12		<u>1,892</u>	12		<u>1,281</u>

Notes to the Accounts continued

**Note 10 PROVISIONS FOR LIABILITIES AND CHARGES**

	Pre Tariff Schemes	Tariff Schemes	Lease Dilapidatio n	Total
	£'000	£'000	£'000	£'000
Balance at 1 April	174,405	1,026,000	1,365	1,201,770
Arising during the year	122,924	289,000	-	411,924
Reversed unutilised during the year	(18,845)	(71,513)	(195)	(90,553)
Utilised during the year	(28,576)	(206,487)	-	(235,063)
Balance at 31 March	<u>249,908</u>	<u>1,037,000</u>	<u>1,170</u>	<u>1,288,078</u>

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

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£'000
Awards relating to victims of crimes of violence occurring in:		
England and Wales	212,707	174,209
Scotland	22,356	17,955
	<u>235,063</u>	<u>192,164</u>

The pre-tariff scheme's provision reflects the Authority's liabilities in respect of all outstanding cases which remain to be settled from the schemes which existed prior to 1996. In accordance with the Authority's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year end based on the circumstances of each application at that time. Many of the cases are complex and will take some years before the final assessment of compensation can be made. The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid made available by the Ministry of Justice.

The tariff schemes' provision reflects the Authority's liabilities under the 1996 and 2001 tariff schemes, in respect of applications received, or likely to be received, from incidents which occurred before the year end. In accordance with the Authority's accounting policies, the provision has been derived from historical claims data, together with information on issues that may affect future claim developments. More than two thirds of applications are assessed and, for qualifying applications, an offer is made within one year of receiving the application. The Authority does not hold any assets in respect of these liabilities; compensation will be paid from grant-in-aid made available by the Ministry of Justice.

A long term liability of £1,170,000 has been established in the accounts for dilapidation commitments on all leases. This is based on a prudent estimate provided by the Home Office Estates department.

Notes to the Accounts continued

**Note 11 GENERAL FUND**

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£'000
Balance at 1 April	(1,188,468)	(1,252,337)
Net Parliamentary funding	244,500	220,000
Net transfer from operating activities		
Net charges	(301,617)	(113,640)
Non-cash credit		
Notional Capital Credit	(43,722)	(43,240)
Transfers from Capital Reserve	444	449
Balance as at 31 March	<u>(1,288,863)</u>	<u>(1,188,468)</u>

**Note 12 REVALUATION RESERVE**

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£'000
Balance at 1 April	374	406
Net gain/(loss) on revaluation during the year	34	(32)
Balance at 31 March	<u>408</u>	<u>374</u>

**Note 13 CAPITAL RESERVE**

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£'000
Balance at 1 April	802	251
Parliamentary funding	500	1,000
Net gain/(loss) on revaluation of fixed assets to General Fund	34	(32)
Depreciation charge for year transferred to General Fund	(452)	(402)
Net book value of fixed asset disposals transferred to General Fund	(26)	(15)
Balance at 31 March	<u>858</u>	<u>802</u>

**Note 14 FUNDING**

	<b>2007-08</b>	<b>2006-07</b>
	£'000	£'000
HMG Funding received		
Compensation payments - funding received from the Ministry of Justice	218,000	199,000
Administration - funding from the Ministry of Justice for revenue expenditure	26,500	21,000
	<u>244,500</u>	<u>220,000</u>
Administration - funding from the Ministry of Justice used for capital purchases	500	1,000
	<u>245,000</u>	<u>221,000</u>

## Notes to the Accounts continued

The HMG Funding received included a contribution by the Scottish Government as follows:

	2007-08	2006-07
	£'000	£'000
<b>Compensation</b>	17,520	19,337
<b>Administration</b>	2,975	2,541
	<u>20,495</u>	<u>21,878</u>

### Note 15 ANALYSES OF CHANGES IN CASH

	Notes	2007-08	2006-07
		£'000	£'000
Opening balance at Paymaster General Account		18,747	7,676
(Decrease)/increase in cash		<u>(17,759)</u>	<u>11,071</u>
Closing balance at Paymaster General Account		988	18,747
Opening balance all other bank accounts and cash		452	887
Increase/(decrease) in cash		<u>631</u>	<u>(435)</u>
Closing balance at all other bank accounts and cash		<u>1,083</u>	<u>452</u>
Opening balance Awards held on deposit in holding Accounts	9	1,281	2,808
Increase/(decrease) in cash	9	<u>611</u>	<u>(1,527)</u>
Closing balance	9	<u>1,892</u>	<u>1,281</u>
Total cash balance		<u>3,963</u>	<u>20,480</u>
Total (decrease)/ increase in cash		<u>(16,517)</u>	<u>9,109</u>

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

	Notes	2007-08	2006-07
		£'000	£'000
Net Charges	11	(301,617)	(113,340)
Loss on disposal of fixed assets	13	26	15
Decrease in provision for doubtful debts	6	(57)	(12)
Depreciation	5	452	402
Decrease/(increase) in debtors	6	461	(83)
Decrease in prepayments	7	351	156
(Decrease)/increase in creditors	8	(2,581)	5,966
Increase/(decrease) in awards held on deposit holding accounts	9	611	(1,527)
Increase/(decrease) in pre-tariff schemes provision	10	75,503	(24,185)
Increase/(decrease) In tariff schemes provision	10	11,000	(35,066)
Decrease in dilapidations provision	10	(195)	-
Notional Capital Charge & Other Net Income		<u>(43,821)</u>	<u>(43,206)</u>
Net cash outflow from operating activities		<u>(259,867)</u>	<u>(210,880)</u>

## Notes to the Accounts continued

### Note 17 THIRD PARTY ASSETS

The retention of compensation awards to certain minors is provided for under paragraph 3 of the scheme. The purpose of this action is to ensure that the victim will be the sole beneficiary of the sum 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.

The investment policy applied to these investments is to deposit the awards in low risk commercial bank accounts. The average rate of interest applied to the investments during the financial year was 5.24%.

	Number of accounts		2007-08	Number of accounts		2006-07
		£'000	£'000		£'000	£'000
<u>Retained Awards</u>						
Balance at 1 April	1,884		22,360	2,122		23,687
Deposits in year	189	3,615		181	4,636	
Additional deposits to existing accounts		394			128	
Interest received		<u>1,092</u>			<u>975</u>	
			5,101			5,739
Closures	(377)	3,693		(419)	6,500	
Withdrawals		448			475	
Repaid to CICA		-			-	
Interest paid to victims		<u>32</u>			<u>91</u>	
			<u>(4,173)</u>			<u>(7,066)</u>
Clearing account						
Balance at 31 March	<u>1,696</u>		<u>23,288</u>	<u>1,884</u>		<u>22,360</u>

### Note 18 CAPITAL COMMITMENTS

At 31 March 2008 the Authority had contracted capital commitments of £1.1 million relating to the refurbishment of Tay House, 300 Bath Street, Glasgow. The refurbishment work is expected to be completed in summer of 2008.

### Note 19 COMMITMENTS UNDER OPERATING LEASES

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

	2007-08	2006-07
	£'000	£'000
Operating leases which expire:		
Within one year	-	550
Between two and five years	134	108
After five years	<u>1,302</u>	<u>1,328</u>
	<u>1,436</u>	<u>1,986</u>

## Notes to the Accounts continued

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

### **Note 20            CONTINGENT LIABILITIES**

On occasion compensation cases, generally at appeal stage under the jurisdiction of the Criminal Injuries Compensation Appeals Panel, go to judicial review. Others may do so in the future. These could have an impact on the Authority's future liabilities.

The schemes allow for settled cases to be reopened in certain qualifying circumstances and no provision has been made for these cases.

Similarly, on occasion judgments under the Human Rights Act may have an impact on the Authority's award decisions.

All such cases are and will be closely monitored. Because of the uncertainty of the outcome of such cases, the Authority is unable to quantify their effects, and no provision has been made for them.

### **Note 21            POST BALANCE SHEET EVENTS**

There is no post balance sheet event to report.

### **Note 22            RELATED PARTY TRANSACTIONS**

The Ministry of Justice and the Scottish Government are related parties to the Authority for their provision of staff on assignment to the Authority.

During the year ending 31 March 2008, related party transactions were entered into with the Criminal Injuries Compensation Appeals Panel, (Panel), for information technology support services. The Authority received a total of £16,260 (2006-07, £15,000), for information technology support services to the Panel.

### **Note 23            LOSSES AND SPECIAL PAYMENTS**

Losses and special payments up to £1,000 are authorised by the Accounting Officer while above this level they are referred and authorised by the Authority's sponsors, the Ministry of Justice. Most cases related either to compensation for lost documents or to bad debts relating to repayments due from applicants in receipt of court compensation payments. Write offs in 2007-08 totalled £117,000 (2006-07, £203,000).

### **Note 24            DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

FRS13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non trading nature of its activities and the way NDPB's are financed, the Authority is not exposed to the degree of financial risk faced by some business entities. Moreover, financial instruments play a more limited role in creating risk than would be the case with a typical listed company to which FRS13 mainly applies.



## Notes to the Accounts continued

The Authority has no borrowings and relies on funding of its cash requirements on a resource budgeting basis from the Ministry of Justice. It is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk. The fair value of cash is the same as the book value. As permitted by FRS13, debtors and creditors which mature or become payable within twelve months from the balance sheet date are excluded from this note.

The Authority does hold material cash balances on deposit. Allocated holding accounts are included in the cash balance on the balance sheet, while funds retained in the applicant's name are excluded from the Authority's cash balance and are disclosed by way of a note. Details of all of these funds are set out in note 17 to these accounts. The objective of opening these individual deposit accounts is to accrue cumulative interest in line with average interest rates each year over the period in which the funds are retained. The investment policy applied to these investments is to deposit the awards in low risk commercial bank accounts. No administration fee is charged to the applicant. The average rate of interest applied to the investments during the 12 months to 31 March 2008 was 5.24%. (2006-07 4.53%)

### Note 25 MOVEMENT IN TAXPAYERS' EQUITY

	2007-08	2006-07
	£'000	£'000
Balance at 1 April	(1,187,292)	(1,251,680)
Movement in General Fund	(100,395)	63,869
Movement in Revaluation Reserve	34	(32)
Movement in Capital Reserve	56	551
Balance at 31 March	<u>(1,287,597)</u>	<u>(1,187,292)</u>

## **Accounts Direction Statement**

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

The annual accounts shall give a fair and true view of the income and the expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Criminal Injuries Compensations Authority shall prepare accounts for the year ended 31 March 2008 and subsequent years in accordance with:

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

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

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

**Fiona Harrow**  
Victim & Witness Unit  
Date: 02/05/2008



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