

SCRA Annual Accounts 2009/10



SCOTTISH
CHILDREN'S REPORTER
ADMINISTRATION

Changing for Children



MANAGEMENT COMMENTARY

1. Background

The Scottish Children's Reporter Administration (SCRA) is a Non-Departmental Public Body, which was established under the Local Government Etc. (Scotland) Act 1994. It came into existence on 1 April 1995 and on 1 April 1996 assumed full responsibility for three main statutory functions, which are:

- Facilitating the performance by the Principal Reporter/Chief Executive of Reporters' statutory functions (*1994 Act, Section 128(3)*),
- Managing the staff of the Reporter Service throughout Scotland (*1994 Act, Section 128(7)*),
- Providing suitable accommodation and facilities for Children's Hearings throughout Scotland (*1994 Act, Section 132(1)*).

SCRA is accountable to the Scottish Ministers and to the Scottish Parliament through the Scottish Government Education Department (SGED). Sponsorship responsibility rests with the Children and Young People's Group of SGED.

SCRA is subject to a Management Statement and Financial Memorandum agreed with its sponsor department. SCRA is financed by grant-in-aid, other than a contribution from some local authorities towards the funding of specialist Reporter and support posts.

2. Financial results

In the year ended 31 March 2010, SCRA reported an excess of expenditure over income of £30,134,000 (2009: £25,701,000) against revenue grant-in-aid of £24,519,000 (2009: £23,305,000). The General Fund has a surplus of £10,077,000 as at 31 March 2010 (2009: £10,542,000).

In accordance with IAS 19 'Employee Benefits' the financial statements reflect at fair value the assets and liabilities arising from SCRA's retirement benefit obligations. As a result SCRA has a deficit of £29,052,000 (2009: £9,317,000) on its pension reserve.

3. Fixed assets

SCRA owns property in the form of office and hearing accommodation throughout Scotland. The full estate of Land and Buildings was valued on an open market basis as at 31 March 2010.



4. Review of principal activities

The main activities carried out during the year were the fulfilment of the Principal Reporter/Chief Executive's statutory functions in respect of children referred to the Reporter. Statistical information on children referred and the statutory functions in respect of them are contained within SCRA's Annual Report for 2009/10 and are available online at scra.gov.uk.

The other principal activities carried out in relation to SCRA's statutory functions were prioritised in the context of changing operational pressures and influenced significantly by the impact of the economic crisis, the need to modernise and continuously improve our service and the announcement of the new arrangements for the Children's Hearings System (CHS).

All SCRA's activity works towards achieving SCRA's vision – transforming the life chances of vulnerable children and young people in Scotland – and the Scottish Government's overall purpose for government. SCRA contributes directly to seven of the Scottish Government's national outcomes by delivering on its Corporate Plan for 2008/11 which contains three broad objectives:

- **Service delivery:** driving improvements in practice quality and the management of our casework for children,
- **Modernisation:** transforming the way we deliver our services for children and families,
- **Transition:** transitioning SCRA to the new arrangements for the CHS.

In achieving these three objectives and priority areas for progress identified by the SCRA Board in 2009/10, SCRA concentrated on:

- Continuously improving the quality of decision making and consistency of practice across all frontline teams,
- Improving engagement with children and young people,
- Implementing non-legislative changes to Hearings management and practice,
- Supporting victims of children referred on offence grounds by providing a Victim Information Service across Scotland,
- Supporting the Scottish Government and working with partners to influence the Children's Hearings Bill and new arrangements for the CHS,
- Creating greater stability in the workforce and building strong employee relations,
- Improving our internal and external communications,
- Establishing a sustainable financial strategy for SCRA,
- Reviewing and strengthening SCRA's risk management arrangements,
- Enhancing local and national partnership working arrangements,
- Implementing a systematic approach to continuous improvement,
- Making greater use of technology to drive modernisation and improve services for children and families,
- Developing our information management arrangements, including full compliance with data protection requirements and effective information sharing.



5. Future developments in activities

For the financial year 2010/11 SCRA has been allocated grant-in-aid of £23,212,000 (including £672,000 ScotsConnect funding deducted at source and £95,000 Victim Information funding) running costs (2009: £24,519,000) and £3,109,000 for capital expenditure (2009: £5,150,000). The major activity for which this grant will be applied is the continuing provision of staff to fulfil the Principal Reporter/Chief Executive's statutory functions for children throughout Scotland.

All SCRA's activities during 2010/11 will, either directly or indirectly, work towards achieving its outcomes:

- The quality of our decision making has the best possible effect on the safety and protection of children and young people,
- Outcomes for children and young people are improved by working collaboratively with our partners involved in the Children's Hearings System,
- Our service to children and young people, their families, and the communities in which they live is efficient, responsive, inclusive and continually improving.

Priority areas of focus for 2010/11

- **The Children's Hearings (Scotland) Bill** – providing evidence and advice, continuously monitoring legislation throughout the parliamentary process and delivering changes to practice,
- **Learning and Development** – focusing on Reporter accreditation, the introduction of a qualification for support staff, and Management and Leadership development,
- **Further Improve Practice Quality and Consistency** - improving accessibility of Practice information, knowledge and skills,
- **Information Management** - increasing information sharing, improving our records management and manage our compliance with the Data Protection Act and the Security Policy Framework,
- **Engagement and Collaboration with Partners** - engaging with the Scottish Government and contributing to the development of policies for children and young people, working with partners to drive continuous improvement across the Children's Hearings System and increasing awareness of the Children's Hearings System,
- **Organisational Change** - working with staff to deliver significant improvements in the organisation and management of resources leading to organisational redesign,
- **Systems and Processes** - building a new case management system and reviewing and implementing improvements to support systems and processes,
- **Scrutiny and Improvement** - creating an appropriate and integrated programme of self-assessment and audit, implementing equality legislation, preparing a 3-year financial strategy for the 2010 Comprehensive Spending Review and working to achieve quality accreditation,
- **Engagement with Children and Young People** - improving the way we communicate and engage with children and young people in our service.



6. Board members

Board members in 2009/10	Date of original appointment
Douglas Bulloch (Chair)	1 April 2002 (Retired 31 March 2010)
Henrietta Maciver (Principal Reporter / Chief Executive)	21 July 2008
Anne McNeill (Deputy Chair)	1 October 2001 (Retired 31 May 2010)
Sheriff Pamela Bowman	18 August 2003 (Retired 7 May 2010)
Malcolm Dickson	22 July 2008
Andrew Miller	26 May 2008
Dr. Joe Morrow	1 April 2002 (Retired 31 March 2010)
Margaret Wells	2 July 2004

The Principal Reporter/Chief Executive has specific responsibility for the discharge of Reporters' statutory functions.

The Board members have been appointed by the Scottish Ministers. They are appointed on the basis of having knowledge or experience relevant to the general purpose of SCRA or to the functions of the Principal Reporter/Chief Executive.

7. Equalities

SCRA is committed to the equalities agenda and will take the necessary proactive steps which will address the need and right of all employees to be treated with respect and dignity. It is our aim to ensure that no-one is unjustifiably discriminated against and this includes, but not exclusively, on the basis of gender, race, ethnic or national origin, religious or political beliefs, disability, sexual orientation or age.

8. Audit

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each central government body in Scotland. For the financial years 2006/07 to 2010/11 the Auditor General appointed Audit Scotland to undertake the audit of SCRA. The general duties of the auditors of central government bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

9. Consultation with employees

SCRA has confirmed in its Corporate Plan a commitment to involve staff throughout the organisation in its decision-making process.

SCRA has an established Recognition and Procedure Agreement with UNISON, which governs the negotiations of pay and national conditions of service for all staff. It formally



acknowledges the importance of establishing and maintaining confidence in the negotiating arrangements voluntarily established under the Agreement and recognises the need to negotiate in good faith.

In 2009/10 we established a Partnership Forum as part of our staff engagement and involvement, and that model will develop as we go forward.

10. Payment performance

In line with Scottish Government guidance SCRA's policy is to pay all invoices, not in dispute, within the lesser of 10 days and the agreed contractual terms.

During the year ended 31 March 2010 SCRA paid 85% (2009: 81%) of all invoices within the terms of its payment policy.

11. Staff absence

In the year to 31 March 2010 average staff absence was 10.3 days (2009: 11.4 days).

12. Report of personal data incidents

In 2009/10, SCRA reported a number of data breaches to the Information Commissioner's Office (ICO) in connection with non-disclosure orders attached to a number of children's cases. A non-disclosure order seeks to protect the address and whereabouts of a child in particular cases where a child is deemed to be at risk from an adult in their life.

There are approximately 1,500 non-disclosure orders in place at any one time and in 2009/10, 64 orders were breached with information relating to the whereabouts of a child released erroneously to the subject of the non-disclosure order. The breaches took place in a number of settings and documents including background reports and papers relating to Children's Hearings proceedings. In a number of instances, the breaches occurred as a consequence of the child or a family member disclosing their whereabouts to other family members.

Of the 64 breaches reported, SCRA was responsible for four. The responsibility for the remaining breaches was as follows: child/family member (21); social work (25); health service (5); children's panel (2); school (2); Sheriff Clerk's Office (2); solicitor (1); member of public (1); unascrbed (1).

SCRA continues to implement new operating procedures introduced in 2008/09 to manage non-disclosure orders more securely and an audit of team practice has also been completed to confirm compliance with new guidance and procedures. A fortnightly data report, which identifies local cases with non-disclosure orders in place, is shared with local authority partners and SCRA continues to discuss with partners the circumstances and learning arising from each reported data breach.



13. Register of interests

A Register of Interests for Board members and senior staff is maintained by SCRA and may be accessed by contacting the Director of Corporate Development at Ochil House, Springkerse Business Park, Stirling, FK7 7XE.

Henrietta Maciver
Principal Reporter/Chief Executive

Date:



Remuneration Report

1. Unaudited remuneration report

Remuneration Committee

The Remuneration Committee, a sub-committee of the full SCRA Board, oversees the remuneration and performance management arrangements of all staff.

Membership of Remuneration Committee

For the financial year under review, the Remuneration Committee consisted of:

Anne McNeill (Chair of committee, Deputy Chair of Board, Non-Executive Member)
Margaret Wells (Non-Executive Member)
Douglas Bulloch (Chair of Board, Non-Executive Member)

Policy on remuneration of senior managers

Proposals on the remuneration of the Principal Reporter/Chief Executive are made by the Remuneration Committee and form the basis of recommendations to the Scottish Government. Proposals in relation to remuneration of other senior managers and staff remuneration are included in a pay and grading remit, which is submitted to the Scottish Government for approval following approval by the Remuneration Committee.

SCRA's overall remuneration policy aims to:

- Attract, retain and motivate competent and skilled staff at all levels of the organisation,
- Ensure that salaries are as competitive as possible,
- Reward staff for their contribution to SCRA by arrangements which are simple, fair and transparent.

Performance assessment methods

Performance is measured in accordance with a performance appraisal scheme that includes annual objective setting and performance review. For senior managers these objectives relate to both individual performance and corporate performance.

Proportion of remuneration covered by performance conditions

SCRA operates a performance related pay scheme which is applied to all members of staff. Annual increases are subject to meeting the predefined performance criteria determined under performance appraisal arrangements.



Policy on duration of contracts, notice periods and termination payments

It is SCRA's policy normally to offer open-ended appointments, subject to operational and resource considerations. The notice period for senior managers is 3 months. Any payment in relation to termination of employment through retirement or redundancy is governed by SCRA's relevant policies and procedures. Any discretionary payment made to any member of staff on termination is subject to approval by the Board and/or Scottish Government.

2. Audited remuneration report

Senior managers' service contracts

	Date of contract	Unexpired term	Notice period
Henrietta Maciver <i>Principal Reporter/Chief Executive</i>	21 July 2008	Fixed term contract to 31 March 2011	
Edward McConnell <i>Director of Corporate Development</i>	15 September 2000	Open ended contract	All senior managers are required to give 12 weeks' notice of resignation
Edward Morrison <i>Director of Finance</i>	31 January 2000	Open ended contract	
Marion Riddell <i>Director of HR</i>	23 November 2006	Open ended contract	
Margaret McManus <i>Director of HR</i>	10 March 2008	Temporary contract to 31 July 2011	
Malcolm Schaffer <i>Head of Practice and Policy</i>	5 October 2009	Open ended contract	
Evelyn Grant <i>Reporter Manager, North Region</i>	3 July 2000	Open ended contract	
Brian Lister <i>Reporter Manager, Central West Region</i>	1 April 1996	Open ended contract	
Jacqueline Robeson <i>Reporter Manager, West Region</i>	1 February 2006	Open ended contract	
Tom Philliben <i>Reporter Manager, East Region</i>	5 October 2009	Open ended contract	



Margaret McManus was appointed as Director of HR on a temporary contract from 10 March 2008 to 31 July 2011 to cover for Marion Riddell who is on a career break.

In the event of early termination of a senior manager service contract, a payment in lieu of notice up to a maximum of 12 weeks or 3 months salary may be made.

Significant awards made to former senior managers

There were no significant awards made to former senior managers in 2009/10 (2008/09: nil).

Senior managers' remuneration

	Salary and allowances 2010 £000	Salary and allowances 2009 £000
<i>Non-Executive Board Members</i>		
Douglas Bulloch	20-25	20-25
Anne McNeill	5-10	5-10
Sheriff Pamela Bowman	-	-
Malcolm Dickson	0-5	0-5
Andrew Miller	0-5	0-5
Dr. Joe Morrow	0-5	0-5
Margaret Wells	0-5	0-5
<i>Executive Management Team Members</i>		
Henrietta Maciver		
<i>Principal Reporter/Chief Executive</i>	105-110	70-75
Edward McConnell		
<i>Director of Corporate Development</i>	75-80	70-75
Edward Morrison		
<i>Director of Finance</i>	65-70	65-70
Margaret McManus		
<i>Director of HR</i>	60-65	60-65
Malcolm Schaffer*		
<i>Head of Practice and Policy</i>	35-40	-
Evelyn Grant*		
<i>Reporter Manager, North Region</i>	30-35	-
Brian Lister*		
<i>Reporter Manager, Central West Region</i>	35-40	-
Jacqueline Robeson*		
<i>Reporter Manager, West Region</i>	30-35	-
Tom Philliben		
<i>Reporter Manager, East Region</i>	80-85	80-85



* Malcolm Schaffer, Evelyn Grant, Brian Lister and Jacqueline Robeson became members of the Executive Management Team on 1st October 2009 and their salary and allowances are given from that date.

No benefits in kind were received in 2009/10 (2008/09: nil).

Sheriff Pamela Bowman did not receive any salary or allowances from SCRA in 2009/10 (2008/09: nil).

Compensation on early retirement

No payments in lieu of notice were made in 2009/10 (2008/09: nil).

A payment of £73,172 was made in respect of additional pension fund contributions in 2009/10 as a result of early retirement due in 2010/11 (2008/09: nil).

Senior managers' non-cash remuneration

Senior managers did not receive any non-cash remuneration in 2009/10 (2008/09: nil).

Senior managers' pension entitlements

	Real increase in pension in year to 31 Mar 2010 £000	Real increase in lump sum in year to 31 Mar 2010 £000	Total accrued pension at 31 Mar 2010 £000	Total accrued lump sum at 31 Mar 2010 £000	Cash equivalent transfer value at 31 Mar 2009 £000	Cash equivalent transfer value at 31 Mar 2010 £000	Real increase in cash equivalent transfer value during year £000
Executive Management Team Members							
Henrietta Maciver <i>Principal Reporter/Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	14	40	25
Edward McConnell <i>Director of Corporate Development</i>	0-2.5	(2.5)-0	5-10	20-25	108	130	17
Edward Morrison <i>Director of Finance</i>	0-2.5	(2.5)-0	15-20	50-55	270	299	17
Margaret McManus <i>Director of HR</i>	0-2.5	0-2.5	0-5	0-5	10	22	12
Malcolm Schaffer <i>Head of Practice and Policy</i>	(2.5)-0	(5.0)-(2.5)	25-30	80-85	576	628	27
Evelyn Grant <i>Reporter Manager, North Region</i>	0-2.5	(5.0)-(2.5)	20-25	60-65	416	460	25
Brian Lister <i>Reporter Manager, Central West Region</i>	(2.5)-0	(5.0)-(2.5)	25-30	75-80	559	610	26
Jacqueline Robeson <i>Reporter Manager, West Region</i>	0-2.5	(5.0)-(2.5)	20-25	55-60	340	375	19
Tom Philliben <i>Reporter Manager, East Region</i>	(2.5)-0	(5.0)-(2.5)	25-30	75-80	479	515	15



Prior year comparatives

	Real increase in pension in year to 31 Mar 2009 £000	Real increase in lump sum in year to 31 Mar 2009 £000	Total accrued pension at 31 Mar 2009 £000	Total accrued lump sum at 31 Mar 2009 £000	Cash equivalent transfer value at 31 Mar 2008 £000	Cash equivalent transfer value at 31 Mar 2009 £000	Real increase in cash equivalent transfer value during year £000
Executive Management Team Members							
Henrietta Maciver Principal Reporter/Chief Executive	0-2.5	0-2.5	0-5	0-5	N/A	14	14
Edward McConnell Director of Corporate Development	0-2.5	2.5-5	5-10	20-25	69	108	40
Edward Morrison Director of Finance	0-2.5	5-7.5	15-20	50-55	190	270	81
Margaret McManus Director of HR	0-2.5	0-2.5	0-5	0-5	0	10	9
Malcolm Schaffer Head of Practice and Policy							
Evelyn Grant Reporter Manager, North Region							
Brian Lister Reporter Manager, Central West Region							
Jacqueline Robeson Reporter Manager, West Region							
Tom Philliben Reporter Manager, East Region	2.5-5	7.5-10	20-25	75-80	332	479	147

SCRA does not make any contribution to the Local Government Pension Scheme, nor provide any other form of pension benefit, in respect of any Non-Executive Board Member.

Compensation payable to former senior managers

There was no compensation payable to former senior managers in 2009/10 (2008/09: nil).

Amounts payable to third parties for the services of a senior manager

There were no amounts payable to third parties for the services of a senior manager in 2009/10 (2008/09: nil).

Henrietta Maciver Principal Reporter/Chief Executive

Date:



Statement of Board's and Principal Reporter/Chief Executive's responsibilities

Section 136(3) of the Local Government Etc. (Scotland) Act 1994 requires SCRA to prepare a statement of accounts for each financial year in the form and on the basis determined by the Scottish Ministers. The accounts are prepared on an accruals basis and must show a true and fair view of SCRA's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses, and cash flows for the financial year.

In preparing the accounts SCRA is required to:

- observe the accounts direction issued by the Scottish Ministers, 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that SCRA will continue in operation.

Under section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer of the Scottish Government Education Department designated the Principal Reporter/Chief Executive of SCRA as the Accountable Officer for the Administration. Her relevant responsibilities as Accountable Officer, including her responsibility for the propriety and regularity of financial transactions under her control and for the economical, efficient and effective use of resources placed at her disposal, are set out in the memorandum to Accountable Officers of other Public Bodies issued by the Scottish Government.

Henrietta Maciver
Principal Reporter/Chief Executive

Date:



Statement on Internal Control

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of SCRA's policies, aims and objectives, as set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve SCRA's 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 the principal risks to the achievement of SCRA's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within SCRA accords with guidance from Scottish Ministers in the Scottish Public Finance Manual and has been in place for the year ended 31 March 2010 and up to the date of the approval of the annual report and accounts:

Risk and control framework

A framework for measuring, controlling and monitoring strategic risks has been in place throughout the financial year. A regular review of the Strategic Risk Register is undertaken by the Executive Management Team and the Strategic Risk Register is reported to the Board annually. Strategic risk management is fully established in the corporate planning and decision making processes of SCRA and operational risk registers were developed by the Regional Management Teams during 2009/10.

A strategic Programme Board meets regularly to consider reports on the progress of key business projects and Business Plan priorities. The progress reports on key projects incorporate the steps managers are taking to manage project risks.

Regular reports on organisational performance, including key performance indicators, are presented to the Planning and Performance Committee, a sub-committee of the SCRA Board. An Executive Summary of organisation performance is presented to the main Board quarterly accompanied by the minute of the Planning and Performance Committee.

SCRA submitted a signed Certificate of Assurance for 2009/10 to the Sponsor Division as part of the Scottish Government's Certificates of Assurance process.

Review of effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:



- the executive managers within SCRA who have responsibility for the development and maintenance of the internal control framework, including the organisation's Senior Information Risk Officer (SIRO).
- the work of the internal auditors and the Practice Audit and Development Team who submit to the Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of SCRA's system of internal control together with any recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

In addition to the above the following review and assurance mechanisms are in place:

- A Board which meets regularly to consider the plans and strategic direction of the organisation.
- Regular reports to the Board on progress in relation to achievement of corporate objectives, performance targets and implementation of key strategic projects.
- The Audit Committee reviews the adequacy of the arrangements for ensuring sound internal control and in particular scrutinises all audit reports and the actions taken by managers in response to audit recommendations.
- The Planning and Performance Committee scrutinises the quarterly Organisational Performance Reports including actions taken by management to address performance and workload issues across SCRA and within each of the four operating regions;
- A significant programme of work undertaken by the Practice Audit Team which is responsible for providing assurance on the effectiveness of the arrangements within SCRA for discharging the Principal Reporter/Chief Executive's statutory responsibilities towards children referred to the Reporter. The Team provides regular reports to the Audit Committee which monitors the actions taken by managers in response to recommendations made;
- In addition to the Practice Audit Team, SCRA has an internal audit service provided under contract, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports to the Audit Committee which include an independent opinion on the adequacy and effectiveness of SCRA's system of internal control together with recommendations for improvement.

A number of data breaches, including breaches of non-disclosure orders, have been reported to me by SCRA's Senior Information Risk Officer (SIRO) who, in turn, has reported these breaches to the Information Commissioner's Office (ICO). A number of internal controls are in place to mitigate the risk of information loss arising from non-disclosure order breaches and SCRA also continues to share information proactively with partners to assist them in managing this information more securely in their own locations/settings.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Henrietta Maciver
Principal Reporter/Chief Executive

Date:



Independent auditor's report to the members of Scottish Children's Reporter Administration, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Children's Reporter Administration for the year ended 31 March 2010 under the Local Government Etc (Scotland) Act 1994. These comprise the Net Expenditure Statement, Statement of Financial Position, Statement of Cash Flows, Statement of changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board, Accountable Officer and auditor

The Board and Accountable Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Local Government Etc (Scotland) Act 1994 and directions made thereunder by the Scottish Ministers. The Accountable Officer is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of the Accountable 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) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

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 Local Government Etc (Scotland) Act 1994 and directions made thereunder by the Scottish Ministers. I report to you whether, in my opinion, the information which comprises the Management Commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, I report to you if, in my opinion, the body 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 relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the body's compliance with the Scottish Government guidance, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body'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. This other information comprises only that part of the Remuneration Report that has not been audited. 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 opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts 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 Board and the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the body'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 receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. 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

Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with the Local Government Etc (Scotland) Act 1994 and directions made thereunder by the Scottish Ministers, of the state of affairs of Scottish Children's Reporter Administration as at 31 March 2010 and of the excess of expenditure over income, changes in taxpayers' equity and cash flows for the year then ended
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Etc (Scotland) Act 1994 and directions made thereunder by the Scottish Ministers
- information which comprises the Management Commentary included in the Annual Report is consistent with the financial statements.

Regularity

In my opinion in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Signature:

David Jamieson CPFA
Senior Audit Manager
Audit Scotland
7th floor, Plaza Tower
EAST KILBRIDE
G74 1LW

Date:



Net Expenditure Statement
For the year ended 31 March 2010

	Note	2009/10 £000	2008/09 £000
Expenditure			
Staff costs	4	17,407	15,942
Other expenditure	5	8,383	8,807
Depreciation	6,7,8	2,498	1,448
		<hr/> 28,288	<hr/> 26,197
Income	3	<hr/> 315	<hr/> 389
Net expenditure		27,973	25,808
Interest payable		58	11
Notional cost of capital		246	(233)
Interest receivable		0	(47)
Other finance cost/(income)	12	1,857	162
Net expenditure before Scottish Government funding		<hr/> 30,134	<hr/> 25,701



Statement of Financial Position
As at 31 March 2010

	Note	2010 £000	2009 £000	2008 £000
Non-current assets				
Property, plant and equipment	6	13,720	12,673	12,889
Investment properties	7	175	-	-
Intangible assets	8	1,182	1,288	-
Financial assets		-	33	-
<i>Total non-current assets</i>		15,077	13,994	12,889
Current assets				
Trade and other receivables	9	651	833	1,044
Cash and cash equivalents	10	430	257	1,801
Assets held for sale		262	-	-
<i>Total current assets</i>		1,343	1,090	2,845
Total assets		16,420	15,084	15,734
Current liabilities				
Trade and other payables	11(i)	1,299	2,007	2,442
Finance lease	14(ii)	26	-	-
<i>Total current liabilities</i>		1,325	2,007	2,442
Non-current assets less/plus net current liabilities/assets		15,095	13,077	13,292
Non-current liabilities				
Payables	11(ii)	100	193	200
Pension liability	12	28,558	8,153	3,716
Unfunded pension liability	13	2,012	493	481
Finance lease	14	1,485	-	-
<i>Total non-current liabilities</i>		32,155	8,839	4,397
Assets less liabilities		(17,060)	4,238	8,895
Taxpayers' equity				
General fund	2	10,077	10,542	9,174
Pension reserve	2	(29,052)	(9,317)	(4,146)
Revaluation reserve	2	1,915	3,013	3,867
Total taxpayers' equity		(17,060)	4,238	8,895

The Financial Statements set out on pages 17 to 39 were approved by the Board on 23 September 2010 and signed on its behalf by



Statement of Cash Flows for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activity			
Net expenditure before Scottish Government funding		(27,973)	(25,808)
<i>Adjustments for non-cash items</i>			
Increase/(decrease) in pension fund liability		20,405	4,437
(Decrease)/increase in pension reserve	2	(19,735)	(5,171)
Notional cost of capital		(246)	233
Depreciation charges	6,8	2,498	1,448
Permanent diminution	6	1,441	-
(Gain)/loss on disposal of tangible fixed asset		9	(20)
<i>Movements in working capital</i>			
Decrease in trade and other receivables	9(i)	182	194
(Decrease)/increase in trade and other payables	11, 14(ii)	710	(457)
<i>Movements in provisions</i>			
Provision for unfunded pension contribution	13	1,519	12
Net cash (outflow) from operating activities		(21,190)	(25,132)
Cash flow from investing activities			
Purchase of property, plant and equipment	6	(3,522)	(1,719)
Purchase of intangible assets	8	(275)	(1,371)
(Increase)/decrease in assets under construction	6	(2,627)	(304)
(Increase)/decrease in financial assets		33	-
Proceeds of disposal of property, plant and equipment		-	39
Proceeds of disposal of intangibles		-	-
Interest received		-	47
Cash flows from financing activities			
Scottish Government funding for year		29,669	27,069
Interest paid		(58)	(11)
Net interest (expense)/return on pension asset	12	(1,857)	(162)
Loan repayment		-	-
Net cash used in financing activities			
Net (decrease) in cash and cash equivalents		173	(1,544)



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

	Note	General Fund	Pension Reserve	Revaluation Reserve	Total Reserves
		£000	£000	£000	£000
Balance at 31 March 2008		9,174	(4,146)	3,867	8,895
Changes in taxpayers' equity for 2008/09					
Net (loss) on revaluation of property	6			(834)	(834)
Release of reserves to the Net Expenditure Statement				(20)	(20)
Actuarial (loss) on pension reserve			(5,174)		(5,174)
Actuarial gain on group assurance			3		3
Non-cash charges – cost of capital		(233)			(233)
Net expenditure		(25,468)			(25,468)
Total recognised income and expense		(25,701)	(5,171)	(854)	(31,726)
Funding from Scottish Government		27,069			27,069
Balance at 31 March 2009		10,542	(9,317)	3,013	4,238
Changes in taxpayers' equity for 2009/10					
Net (loss) on revaluation of property	6			(1,098)	(1,098)
Release of reserves to the Net Expenditure Statement				-	-
Actuarial (loss) on pension reserve			(19,737)		(19,737)
Actuarial gain on group assurance			2		2
Non-cash charges – cost of capital		246			246
Net expenditure for the year		(30,380)			(30,380)
Total recognised income and expense for 2009/10		(30,134)	(19,735)	(1,098)	(50,967)
Funding from the Scottish Government		29,669			29,669
Balance at 31 March 2010		10,077	(29,052)	1,915	(17,060)



1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2009/10 *Government Financial Reporting Manual* (FRoM) issued by HM Treasury.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of SCRA for the purposes of giving a true and fair view has been selected. The particular policies adopted by SCRA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

a. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard.

The accounts have been prepared incorporating the requirements of IAS 19 and include an actuarial valuation of the pension scheme liability as explained in note 12 to the accounts. This reflects the inclusion of liabilities falling due in future years in respect of pension liabilities arising from the application of IAS 19 to SCRA. Hymans Robertson, the actuary to the pension scheme who has collated the information from the various Local Government Pension Scheme (LGPS) funds in which SCRA participate, has calculated the liability arising under IAS 19. The actuary to each of the LGPS funds in which SCRA participate conducts a triennial review of the funding basis of the pension scheme, along with yearly reviews when appropriate. The last formal valuation of the funds was conducted as at 31 March 2008 and the next formal valuation is due at 31 March 2011. In preparing the projected pension expense for the year to 31 March 2010, the actuary has assumed employees continue to earn new benefits in line with the regulations as they currently stand and that the pensionable payroll remains stable with new entrants replacing leavers. The other main financial assumptions are set out in note 12.

To the extent that the pension deficit is not met from SCRA's sources of income it may only be met by future grant in aid from SCRA's sponsoring department, the Scottish Government Education Department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

b. Going concern

The Board of SCRA has no reason to believe that the department's future sponsorship and future Ministerial approval will not be forthcoming or will only provide a reduced support to SCRA. Given the above it has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.



c. Capital charge

A charge, reflecting the cost of capital utilised by SCRA, is included in the net expenditure account. The charge is calculated at the real rate set by HM Treasury of 3.5 per cent (3.5 per cent for 2008/09) on the average carrying amount of all assets less liabilities, except for:

- property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year additions at cost;
- disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal);
- impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure);
- depreciation of property, plant and equipment and amortisation of intangible assets.

d. Employee benefits (IAS 19)

SCRA has an agreement with Falkirk Council under which all staff are eligible to enter the Local Government Pension Scheme managed by the Council in accordance with the rules thereof. It is a defined benefit scheme providing pension benefits and life assurance for all staff members.

The defined benefits pension scheme's assets are included at market value and this is compared to the present value of the scheme liabilities using a projected unit method and discounted at a rate in accordance with the FReM and consistent with International Accounting Standard 19 – Employee Benefits. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves and are recognised in the Statement of Recognised Income and Expense.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected accrued benefit method. The valuation used was at 31 March 2008. Details of this valuation were included in a report published by Falkirk Council.

The contribution rates for 2009/10 were an average of 6.85% by employee and 14.9% by employer.



e. Property, plant and equipment

SCRA's policy is to carry out a full external valuation of property and buildings every five years supplemented by annual indexation.

Other tangible assets are stated at depreciated historical cost as a proxy for fair value as the assets in this category have a low value and short useful life. It is SCRA's policy to capitalise assets which have an expected useful life in excess of one year and cost more than £1,000 including VAT. Purchases as part of a project are considered together when applying the £1,000 minimum limit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to SCRA, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the net expenditure account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve. Decreases that offset previous increases of the same asset are charged against revaluation reserve; all other decreases are charged to the net expenditure account.

f. Depreciation

Depreciation is provided on property, plant and equipment on a straight-line basis at rates sufficient to write down their cost or revalued amounts to their residual values over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

▪ Land	Not depreciated
▪ Buildings	10 - 50 years;
▪ Furniture and equipment	4 years;
▪ Plant, machinery and fittings	10 years;
▪ Information Technology	4 years;
▪ Leasehold improvements	over lesser of 10 years or the remaining term of the lease.

g. Impairment

Assets which are subject to amortisations are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised by the amount by which the carrying amount exceeds its recoverable amount.



h. Assets held for sale

A property is derecognised and held for sale under IFRS 5 when all the following requirements are met:

- A management decision has been made to dispose of the property;
- The property is being actively marketed for sale;
- The sale is highly probable within 12 months of classification as held for sale.

i. Government grants

It is SCRA's policy to credit all government grants and grant-in-aid to the General Reserve in line with the FReM.

j. Liabilities

All material amounts outstanding as at 31 March 2010 have been included in the net expenditure statement irrespective of when actual payment was made.

k. Provisions

Provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

SCRA is required to meet the additional costs of benefits beyond the normal pension scheme benefits in respect of employees who retire early. SCRA provides in full for these costs when the early retirement has been agreed. SCRA, rather than the pension scheme, is liable for that portion of pensions relating to early retirement.

The provision is based on an actuarial valuation of the unfunded liability discounted at the net discount rate of 3.7% and on the basis of PA92 Birth Mortality tables. The provision is expected to be utilised over a twenty year period in line with the expected life expectancy of the beneficiaries; however due to the nature of the provision there can be no certainty around the timing of the outflow.

l. Other income

SCRA recognises other income in the year to which it relates.

m. Leases

Where substantially all the risks and rewards of a leased property are borne by SCRA it is recorded as a non-current asset and a corresponding creditor recorded in respect of debt due to the lessor, with the interest element of the finance lease payment charged to the net expenditure statement. Payments made under operating leases are charged to the net expenditure statement on a straight-line basis over the term of the lease.



n. Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives.

o. Service concession arrangements

SCRA has a PFI contract with Logica plc for the provision of IT services. The PFI contract does not meet the characteristics of a service concession arrangement within the meaning of *International Financial Reporting Interpretations Committee (IFRIC) 12 'Service Concession Arrangements'* and therefore no non-current asset is created. All payments to Logica plc are treated as service elements and are therefore charged to the net expenditure statement in the period to which they relate.

2. First time adoption of IFRS

	General fund	Pension reserve	Revaluation reserve
	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP	10,925	(9,317)	3,013
Adjustments for:			
IAS 19: Employee Benefits	(383)		
Taxpayers' equity at 1 April 2009 under IFRS	10,542	(9,317)	3,013
Taxpayers' equity at 31 March 2010 under UK GAAP	10,506	(29,052)	1,915
Adjustments for:			
IAS 19: Employee Benefits	(429)		
Taxpayers' equity at 31 March 2010 under IFRS	10,077	(29,052)	1,915

3. Income

Income of £315,000 (2008/09: £389,000) is comprised mainly of contributions from local authorities towards the funding of specialist Reporter and support posts.



4. Staff numbers and related costs

(i) Staff costs

	2009/10 £000	2008/9 £000
Salaries and wages	13,428	13,356
Social security costs	977	967
Contributions to pension scheme	1,803	1,897
One off contribution to pension scheme	-	500
Cost of early retirement	2,080	-
IAS 19 adjustment to pension scheme contributions	(1,093)	(832)
Provision for unfunded pension liability	212	54
	17,407	15,942

(ii) Average number of employees

The average number of whole-time persons employed during the year was as follows:

	2009/10	2008/9
Category of staff	Total	Total
Staff with permanent contract	464	460
Staff with short-term contract	16	24
Total	480	484

Average numbers are calculated using actual whole time person equivalents at 1 April 2009, 30 June 2009, 30 September 2009, 31 December 2009 and 31 March 2010.



5. Other expenditure

	2009/10 £000	2008/09 £000
PFI service charges	1,062	2,343
Other property costs	1,951	2,070
Running costs	1,962	1,841
Rentals under operating leases	1,235	1,152
Hearing and legal costs	515	626
Training, recruitment and other staff costs	323	404
Board Fees and Expenses	56	57
Auditor remuneration	36	42
Internal auditors' remuneration	39	59
Non-cash items		
Permanent diminution	1,441	-
Loss/(gain) on disposal of fixed asset	9	(20)
Cost of Capital	(246)	233
	8,383	8,807



6. Property, plant and equipment

	Land	Buildings	Assets Under Construction	Leasehold Improvements	Fixtures and Fittings	Computer equipment	Other Equipment	Plant and Machinery	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation									
At 1 April 2009	1,666	6,471	304	3,980	903	500	2,904	137	16,865
Additions	100	2,292	2,627	453	268	181	228	-	6,149
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4)	-	(53)	-	(57)
Transferred to asset group classified as Held for Sale.	(75)	(187)	-	-	-	-	-	-	(262)
Transferred to asset group classified as Investment Assets	(75)	(100)	-	-	-	-	-	-	(175)
Indexation/ revaluation	(424)	(1,909)	(1,441)	-	-	-	-	-	(3,774)
At 31 March 2010	1,192	6,567	1,490	4,433	1,167	681	3,079	137	18,746
Depreciation									
At 1 April 2009	-	439	-	1,568	652	248	1,202	83	4,192
Provided in year	-	813	-	363	135	134	658	14	2,117
Permanent diminution	-	-	-	-	-	-	-	-	-
Withdrawn on disposal	-	-	-	-	(5)	-	(43)	-	(48)
Withdrawn on transfer to asset group classified as Held for Sale.	-	(39)	-	-	-	-	-	-	(39)
Withdrawn on transfer to asset group classified as Investment Assets	-	(29)	-	-	-	-	-	-	(29)
Withdrawn on revaluation	-	(1,167)	-	-	-	-	-	-	(1,167)
At 31 March 2010	-	17	-	1,931	782	382	1,817	97	5,026
Net Book Value									
At 31 March 2010	1,192	6,550	1,490	2,502	385	299	1,262	40	13,720
Net Book Value									
At 31 March 2009	1,666	6,032	304	2,412	251	252	1,702	54	12,673



	Land	Buildings	Assets Under Construction	Leasehold Improvements	Fixtures and Fittings	Computers	Other Equipment	Plant and Machinery	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation									
At 1 April 2008	1,680	6,861	77	3,748	793	392	2,200	137	15,888
Additions	-	448	304	229	119	108	814	-	2,022
Transfers	-	21	(77)	3	-	-	(11)	-	(64)
Disposals	(14)	(25)	-	-	(9)	-	(99)	-	(147)
Indexation/ revaluation	-	(834)	-	-	-	-	-	-	(834)
At 31 March 2009	1,666	6,471	304	3,980	903	500	2,904	137	16,865
Depreciation									
1 April 2008	-	237	-	1,207	559	135	792	69	2,999
Provided in year	-	225	-	361	102	113	508	14	1,323
Permanent diminution	-	-	-	-	-	-	-	-	-
Withdrawn on disposal	-	(1)	-	-	(9)	-	(98)	-	(108)
Withdrawn on revaluation	-	(22)	-	-	-	-	-	-	(22)
At 31 March 2009	-	439	-	1,568	652	248	1,202	83	4,192
Net book value									
At 31 March 2009	1,666	6,032	304	2,412	251	252	1,702	54	12,673
Net book value									
At 31 March 2008	1,680	6,624	77	2,541	234	257	1,408	68	12,889

The net book amount of property, plant and equipment includes £869k (31 March 2009: nil) in respect of property held under finance leases. Property, plant and equipment transferred to the disposal group classified as held for sale amounts to £262k.

Land and buildings were valued as at 31 March 2010 by independent valuers, GVA Grimley in accordance with RICS Valuation Standards on the basis of Existing Use Value.

7. Investment properties

2009/10
£000

Investment property at market value as determined by the valuers

As at 1 April 2009	0
Transfers from property, plant and equipment	175
As at 31 March 2010	<u>175</u>

Investment properties were valued as at 31 March 2010 by independent valuers, GVA Grimley in accordance with RICS Valuation Standards on the basis of Existing Use Value.



8. Intangible assets

	2009/10 Software licences £000	2009/10 Developed software £000	2009/10 Total £000
Cost at 1 April 2009	64	1,371	1,435
Additions	16	259	275
Disposals	-	-	-
At 31 March 2010	80	1,630	1,710

Amortisation

At 1 April 2009	12	135	147
Provided in year	17	364	381
Withdrawn on disposal	-	-	-
At 31 March 2010	29	499	528

Net book value

31 March 2010	51	1,131	1,182
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Net book value

31 March 2009	52	1,236	1,288
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	2008/9 Software licences £000	2008/9 Developed software £000	2008/9 Total £000
Cost at 1 April 2008	-	-	-
Additions	-	1,371	1,371
Net Transfers	64	-	64
Disposals	-	-	-
At 31 March 2009	64	1,371	1,435

Amortisation

At 1 April 2008	-	-	-
Provided in year	12	135	147
Withdrawn on disposal	-	-	-
At 31 March 2009	12	135	147

Net book value

31 March 2009	52	1,236	1,288
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Net book value

31 March 2008	-	-	-
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9. Trade receivables and other current assets

(i) Amounts falling due within one year:

	2009/10 £000	2008/9 £000
Other receivables	43	124
Prepayments	349	323
PFI prepayment	259	386
	651	833

(ii) Amounts falling due after one year:

	2009/10 £000	2008/9 £000
Other receivables	-	4
PFI prepayment	-	29
	-	33

(iii) Intra governmental balances

	Receivables: amounts due within one year 2009/10 £000	Receivables: amounts due after more than one year 2009/10 £000	Receivables: amounts due within one year 2008/9 £000	Receivables: amounts due after more than one year 2008/9 £000
Balances with other central government bodies	-	-	15	-
Balances with local authorities	43	-	97	4
Balances with bodies external to government	608	-	721	29
At 31 March 2010	651	-	833	33



10. Cash and cash equivalents

	2009/10 £000	2008/9 £000
Balance at 1 April	257	1,801
Net change in cash and cash equivalents	173	(1,544)
Balance at 31 March	430	257
Bank accounts	426	254
Petty cash balance	4	3
	430	257

11. Trade payables and other current liabilities

(i) Amounts falling due within one year

	2009/10 £000	2008/9 £000
Trade payables	135	173
Loan repayable	87	-
Loan interest	3	3
Tax and social security	-	309
Other creditors	300	278
Accruals	774	1,244
	1,299	2,007

(ii) Amounts falling due after more than one year

	2009/10 £000	2008/9 £000
PWLB loans	37	124
Other payables, accruals and deferred income	63	69
	100	193



(iii) Intra governmental balances

	Payables: amounts due within one year 2009/10 £000	Payables: amounts due after more than one year 2009/10 £000	Payables: amounts due within one year 2008/9 £000	Payables: amounts due after more than one year 2008/9 £000
Balances with other central government bodies	327	37	374	124
Balances with local authorities	34	-	245	-
Balances with bodies external to government	938	63	1,388	69
At 31 March 2009	1,299	100	2,007	193

12. Pensions

Information about the assumptions underlying the figures in this note can be found in Note 1(d) Employee benefits

Retirement benefits

Statement of Financial Position

Year ended:

	31 Mar 2010 £000	31 Mar 2009 £000
Fair value of employer assets	48,963	34,652
Present value of funded obligations	(75,778)	(41,652)
Net underfunding in funded plans	(27,403)	(7,000)
Present value of unfunded obligations	(1,743)	(1,153)
Unrecognised actuarial (gain)/loss	-	-
Unrecognised past service cost	-	-
Unrecognised transition (asset)/liability	-	-
Net liability	(28,558)	(8,153)
Amount in the Statement of Financial Position		
Liabilities	28,558	8,153
Assets		
Net liability	(28,558)	(8,153)



Notes to the income statement

Year ended:	31 Mar 2010		31 Mar 2009	
	£000		£000	
Current service cost	1,315	10.6%	1,585	13.8%
Interest on obligation	3,024	24.3%	3,036	26.4%
Expected return on employer assets	(2,233)	(18.0%)	(2,874)	(25.0%)
Net actuarial losses/(gains) recognised	-	-	-	-
Past service cost/(gain)				
Losses/(gains) on curtailments and settlements	545	4.4%	-	-
	521	4.2%	-	-
Recognition of transition (asset)/liability				
	-	-	-	-
Total included in member costs	3,172	25.5%	1,747	15.2%
Actual return on plan assets	12,126		(8,319)	

Notes to the statement of recognised income and expense

Year ended:	31 Mar 2010	31 Mar 2009
	£000	£000
Actuarial gains/(losses) on plan assets	9,884	(9,989)
Actuarial gains/(losses) on obligation	(29,621)	4,815
Actuarial gain/(loss) recognised in SRIE	(19,737)	(5,174)
Cumulative actuarial gain/(loss) recognised in SRIE	(20,488)	(751)

Reconciliation of defined benefit obligation

Year ended:	31 Mar 2010	31 Mar 2009
	£000	£000
Opening defined benefit obligation	42,805	43,496
Current service cost	1,315	1,585
Interest on obligation	3,024	3,036
Contributions by members	839	734
Actuarial losses/(gains)	29,621	(4,815)
Past service costs	545	-
Losses/(gains) on curtailments	521	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences	-	-
Estimated unfunded benefits paid	(96)	(67)
Estimated benefits paid	(1,053)	(1,164)
Deficit at end of year	77,521	42,805



Reconciliation of fair value of employer assets

Year ended:	31 Mar 2010	31 Mar 2009
	£000	£000
Opening fair value of employer assets	34,652	39,780
Expected return on assets	2,233	2,874
Contributions by members	839	734
Contributions by the employer	2,408	2,417
Contributions in respect of unfunded benefits	96	67
Actuarial gains/(losses)	9,884	(9,989)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
Exchange differences	-	-
Unfunded benefits paid	(96)	(67)
Benefits paid	(1,053)	(1,164)
Closing fair value of employer assets	48,963	34,652

Notes to the Net Expenditure Statement

Year ended:	31 Mar 2010	31 Mar 2009
	£000	£000
Interest on obligation	3,024	3,036
Past service costs	545	-
Losses/(gains) on curtailments	521	-
Expected return on assets	(2,233)	(2,874)
Other finance cost/(income)	1,857	162

Amounts for the current and previous accounting periods

Year ended:	31 Mar 2010	31 Mar 2009
	£000	£000
Fair value of employer assets	48,963	34,652
Present value of defined benefit obligation	(75,521)	(42,805)
Surplus/(deficit)	(28,558)	(8,153)
Experience gains/(losses) on assets	9,884	(9,989)
Experience gains/(losses) on liabilities	84	(386)
Actuarial gains/(losses) on employer assets	9,884	(9,989)
Actuarial gains/(losses) on obligation	(29,621)	4,815
Actuarial gains/(losses) recognised in SRIE	(19,737)	(5,174)

Year ended:	31 Mar 2008	31 Mar 2007	31 Mar 2006
	£000	£000	£000
Fair value of employer assets	39,870	38,933	34,942
Present value of defined benefit obligation	(43,946)	(49,277)	(39,066)
Surplus/(deficit)	(3,716)	(10,344)	(4,124)
Experience gains/(losses) on assets	(3,923)	(311)	4,686
Experience gains/(losses) on liabilities	208	(36)	217
Actuarial gains/(losses) on employer assets	(3,923)	(311)	4,686
Actuarial gains/(losses) on obligation	11,043	(6,518)	(4,707)
Actuarial gains/(losses) recognised in SRIE	7,120	(6,829)	(21)



Analysis of projected amount to be charged to operating profit for the year to 31 March 2011

Year ended:	31 Mar 2011 £000	% of pay
Projected current service cost	2,794	23.5%
Interest on obligation	4,325	36.4%
Expected return on plan assets	(3,572)	(30.1%)
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total	3,547	29.8%

Year ended:	31 Mar 2010 %p.a.	31 Mar 2009 %p.a.
Inflation/pension increase rate	3.8%	3.1%
Salary increase rate	5.3%	4.6%
Expected return on assets	7.2%	6.3%
Discount Rate	5.5%	6.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. Mortality assumptions have been based on the PMA92 / PFA92 year of birth tables, the medium cohort and a 1% underpin.

Breakdown of the expected return on assets by category

Year ended:	31 Mar 2010 %p.a.	31 Mar 2009 %p.a.
Equities	7.8%	7.0%
Bonds	5.0%	5.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%

Year ended:	31 Mar 2010 £000	31 Mar 2009 £000
Equities	37,702	23,217
Bonds	6,365	5,544
Property	3,427	3,119
Cash	1,469	2,772
Total	48,963	34,652



13. Provision for unfunded pensions

	£000
Balance at 1 April 2009	493
Provisions arising during the year	1,557
Provisions utilised during the year	(38)
Balance at 31 March 2010	<u>2,012</u>

14. Commitments under leases

(i) Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2009/10 £000	2008/9 £000
Buildings		
Within one year	74	11
Between 2 and 5 years	153	208
After 5 years	943	1,061
	<u>1,170</u>	<u>1,280</u>

(ii) Finance Leases

	2009/10 £000	2008/9 £000
Gross lease liabilities		
Within one year	90	-
Between 2 and 5 years	359	-
After 5 years	2,202	-
	<u>2,651</u>	-
Future interest	(1,140)	-
Net lease liabilities	<u>1,511</u>	-
Net lease liabilities are repayable as follows:		
Within one year	26	-
Between 2 and 5 years	116	-
After 5 years	1,369	-
Total over one year	<u>1,511</u>	-



There is no provision within the lease for early termination. In the event of this finance lease being terminated prior to its expiry, the outstanding gross lease liability would be payable in full. The present value of minimum lease payments amounts to £1,511,000.

15. Commitments under PFI contracts

On 1 July 1998 SCRA transferred responsibility for the provision of all IT systems and hardware to Logica plc. This was originally a 10 year contract which was subsequently extended to 12 years, with an end date of 15 June 2010. In December 2009 the Board approved a further one year extension for the hosting and support of the Referrals Administration Database. The total cost of the contract is £24.52m.

Charge to the Net Expenditure Statement and future commitments

The total amount charged to the Net Expenditure Statement in respect of off-balance sheet PFI transactions was £1,062,037 (2008/09: £2,343,000).

At 31 March 2010 SCRA had annual commitments under the Logica plc contract as follows:

	2010	2009
	£000	£000
Expiring between 2 and 5 years	668	1,132

16. Financial instruments

As the cash requirements of SCRA are met through grant-in-aid financial instruments play a more limited role in creating and managing risk than would apply in a non public sector body of a similar size.

The majority of financial instruments relate to cash or cash equivalents and to contracts for non financial items in line with SCRA's expected purchase and usage requirements. SCRA is therefore exposed to little credit, liquidity or market risk.

17. Related party transactions

SCRA is a Non-Departmental Public Body sponsored by Scottish Government Education Department. SCRA receives funding from SGED which is regarded as a related party. During the year SCRA had a number of transactions with other government departments and agencies. No Board Member, key manager or other related party has undertaken any material transactions with SCRA during the year (2008/9: nil).

18. Capital commitments

SCRA has no capital commitments as at 31 March 2010 (31 March 2009: nil).

19. Special payments

Under the Scottish Public Finance Manual guidelines there are no losses or special payments requiring disclosure (2008/9: nil).

20. Contingent liabilities

SCRA has no contingent liabilities as at 31 March 2010 (31 March 2009: nil).



SCOTTISH CHILDREN'S REPORTER ADMINISTRATION

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Section 136(3) of the Local Government Etc (Scotland) Act 1994, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2007, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 2nd October 2002 is hereby revoked.

Signed by Stella Perrott on 10th January 2006

Signed by the authority of the Scottish Ministers





www.scra.gov.uk

**Scottish Children's Reporter Administration
Ochil House
Springkerse Business Park
Stirling
FK7 7XE**

Tel: 0300 200 1555

Fax: 0300 200 1541

communications@scra.gsi.gov.uk