

# SCRA ANNUAL ACCOUNTS 2014/15

Changing for children and young people



The Accountable Officer has authorised these financial statements for issue on 24 September 2015

## **MANAGEMENT COMMENTARY**

### **Strategic Report**

#### **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:

- To ensure that, so far as practicable, a children's hearing takes place in the area of the relevant local authority for the child to whom the hearing relates (Children's Hearings [Scotland] Act 2011, Section 17),
- Facilitating the performance by the Principal Reporter/Chief Executive of Reporters' statutory functions (2011 Act, Section 20)
- Providing suitable accommodation and facilities for Children's Hearings throughout Scotland (2011 Act, Section 21)

SCRA is accountable to the Scottish Ministers and to the Scottish Parliament through the Scottish Government Children and Families Directorate. Sponsorship responsibility rests with the Children's Hearings Team in the Care and Justice Division.

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

SCRA's Head Office is situated within Ochil House, Springkerse Business Park, Stirling FK7 7XE.

#### **2. Financial Results**

In the year ended 31 March 2015, SCRA reported an excess of expenditure over income of £26,400k (31 March 2014: £26,257k) against revenue grant-in-aid of £21,158k (31 March 2014: £21,940k)). The General Fund has a surplus of £6,435k as at 31 March 2015 (31 March 2014: £11,177k).

In accordance with IAS 19 (revised) '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 £35,756k on its pension reserve at 31 March 2015 (31 March 2014: £31,828k). Further details of pension liabilities are provided in the Remuneration Report and Note 12 to the Financial Statements.

To the extent that the pension deficit is not met from SCRA's other sources of income it may only be met by the future grants of GIA from SCRA's sponsoring 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. 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 in relation to which SCRA received a letter of reassurance from Scottish Government in June 2013.

#### **3. Non-current 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 2015.

#### **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 2014-15 and are available online at [www.scra.gov.uk](http://www.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 ongoing SCRA change programme.

All SCRA's activity works towards achieving SCRA's newly refreshed vision which is "that SCRA contributes to ensuring that vulnerable children and young people in Scotland are safe, protected and offered positive futures, which allows them to fulfil their potential" – and the Scottish Government's overall purpose for government. SCRA has recently published its 2014-17 Corporate Plan which explains our vision and strategic direction over the next three years, based on achieving five outcomes:

- The views of children and young people influence both their individual cases and how to better deliver services that meet their needs now and in the future;
- Our decisions are proportionate, timely and make a positive impact on the welfare, safety and protection of children, young people and communities;
- We improve the lives of the most vulnerable children and young people in Scotland through the earliest and most effective interventions;
- Together with our partners we will get it right for every child in the Hearings System; and
- Our staff and partners recognise SCRA's quality of service and overall performance as continually improving

In working to deliver these five outcomes, SCRA set out four core strategies with twenty four underpinning objectives to be achieved in 2014-15. The core strategies are

- Sustainability
- Improved Quality and Performance
- Customer Focus
- Engagement

SCRA met four of its eight Key Performance Indicators in 2014-15. The targets are in three groupings: Outcomes for Children and Families, Outcomes for Panel Members, Partners and Staff and Organisational Efficiency Outcomes. The targets that were not met in the year were: the percentage of Hearings scheduled to take place within 20 working days; the percentage of decisions on referrals made within 50 working days of receipt; the percentage of SCRA core properties which comply with SCRA property standards; and forecast revenue savings achieved in year.

A more substantial review of our progress against these priorities can be found in the published SCRA Annual Report 2014-15.

#### **5. Future developments in activities**

For the financial year 2015-16 SCRA has been allocated revenue grant-in-aid of £20,800k (2014-15: £21,158k) and £500k for capital expenditure (2014-15: £500k). Both capital figures exclude retained capital receipts. 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 activity works towards achieving SCRA's newly refreshed vision which is "that SCRA contributes to ensuring that vulnerable children and young people in Scotland are safe, protected and offered positive futures, which allows them to fulfil their potential" – and the Scottish Government's overall purpose for government. SCRA has recently published its 2014-17 Corporate plan which explains our vision and strategic direction over the next three years, based on achieving five outcomes:

- The views of children and young people influence both their individual cases and how to better deliver services that meet their needs now and in the future;
- Our decisions are proportionate, timely and make a positive impact on the welfare, safety and protection of children, young people and communities;
- We improve the lives of the most vulnerable children and young people in Scotland through the earliest and most effective interventions;
- Together with our partners we will get it right for every child in the Hearings System; and
- Our staff and partners recognise SCRA's quality of service and overall performance as continually improving

All SCRA's activities for 2015-16 are set out in the Business Plan. These activities continue to support the achievement of the outcomes set out in the Corporate Plan 2014-17 but will focus upon four core strategies.

Core strategies for 2015-16

- Sustainability
- Improved Quality and Performance
- Customer Focus
- Engagement

## **6. Principal risks and uncertainties**

The principal risks on SCRA's strategic risk register are:

- The existing service plan and service model (e.g. processes and procedures) may be insufficient to provide a safe and effective service
- Medium term ability of case management system to support effective operations
- No reduction in number of information breaches
- Efficiency plans do not deliver additional capacity or reduce costs.

## **7. Equalities**

SCRA is committed to the Scottish Government's aim of Building a Fairer and more Equal Scotland. We will continue to mainstream equalities into our work to meet both the General and Specific Duties for public authorities. In 2014/15 SCRA published Revised Equality Outcomes, a Mainstreaming and Progress on Equality Outcomes Report, Employee Statistics, an Equal Pay Audit Statement and Children and Young People Statistics. Our strategic plans are outlined in our Revised Equality Outcomes, Mainstreaming and Progress on Equality Outcomes Report and Equal Pay Audit Statement. All published equality documents can be found on our website:

[http://www.scra.gov.uk/children\\_s\\_hearings\\_system/about\\_scra/equality\\_and\\_diversity.cfm](http://www.scra.gov.uk/children_s_hearings_system/about_scra/equality_and_diversity.cfm)

## **8. Consultation with employees**

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

National and Local Partnership arrangements are the established mechanism for staff engagement and involvement across SCRA. The Partnership model has brought significant benefits to SCRA in how we listen to and work with our staff. Partnership continues to develop and embed within SCRA.

As part of the Partnership Agreement with UNISON, SCRA has an established Recognition and Procedure Agreement, 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.

## **9. Payment performance**

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

During the year ended 31 March 2015 SCRA paid 74% (31 March 2014: 70%) of all invoices within the terms of its payment policy.

## **10. Sustainability**

SCRA's Environmental Policy sets out the organisation's commitment to the environment and SCRA's contribution to the Scottish Government's 'Greener Scotland' strategic objective. During the year SCRA published its third Sustainability Report in line with duties set out in part 4 of the Climate Change (Scotland) Act 2009. In addition, a project team is now in place to develop and implement an action plan which will ensure SCRA meets its duties under the Act and to develop a sustainable reporting mechanism which will allow SCRA to report on progress and meet the needs of Government. Throughout the year the Procurement Team continued to promote procurement sustainability by reflecting sustainability requirements in tender exercises where appropriate.

## **11. Report of personal data incidents**

### **Non-Disclosure Orders**

A Non-Disclosure Order is a special provision attached to a child's case in instances when it is considered necessary to protect the whereabouts of a child, or relevant person with whom the child is residing, due to significant concerns about their safety.

There were 44 incidents in 2014-15 where Non-Disclosure Orders were breached. These 44 incidents involved 55 Non-Disclosure Orders. This is an increase from 2013-14 where there were 30 incidents involving 42 Non-Disclosure Orders.

In 2014-15, the main sources of breaches were the SCRA with 28 breaches of Non-Disclosure Orders (in 2013-14 there were 16 SCRA breaches). The next most common sources were Social Work with 13 and Health with six breaches of Non-Disclosure Orders, then Court and Panel Members with two breaches each, and a carer and solicitor with one each. Two breaches of Non-Disclosure Orders were by unknown sources.

**Case information**

SCRA holds information on children, and their families, who are involved in the Children's Hearings System. Much of this information is sensitive personal data as defined by the Data Protection Act 1998.

SCRA continues to monitor breaches of case information and Non-Disclosure Orders as part of its activities to improve information security and DPA compliance. Each Locality has an Information Governance Lead and the Information Governance Leads Group meets regularly to monitor the Information Governance Action Plan and take forward its implementation.

SCRA and Children's Hearings Scotland established a Joint Information Governance Group in October 2014. Its aim is to improve information governance across both organisations, ensure best practice and effective information governance in the operation of Children's Hearings and identify opportunities for partnership working.

In 2014-15, the Information Commissioner's Office carried out an audit of SCRA's data protection compliance. The ICO gave its final assessment in February 2015: 'you have made significant progress in respect of our recommendations'. Of the 29 recommendations from the ICO, SCRA had completed 18, partially completed 10, and had not started one.

**Neil Hunter**  
**Accountable Officer**

**Date: 24 September 2015**

## Directors' Report

### 12. Board and Executive Management Team (EMT) members

Board members in 2014-15	Date of original appointment
Carole Wilkinson (Chair)	01 May 2010
Malcolm Dickson (Deputy Chair)	22 July 2008
Andrew Miller	26 May 2008
Bernadette Docherty	13 September 2010
Louise Macdonald	13 September 2010 (resigned 31 August 2014)
Andrew Menzies	11 March 2013
Douglas Yates	01 July 2013
Catherine Robertson	01 November 2013
Anela Anwar	01 December 2014

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.

EMT members in 2014-15	Date of original appointment
Neil Hunter (Principal Reporter / Chief Executive)	04 April 2011
Margaret McManus (Director of Support Services)	10 March 2008
Edward Morrison (Head of Finance and Resources)	01 December 2010
Malcolm Schaffer (Head of Practice and Policy)	05 October 2009
Thomas Philliben (Senior Operational Manager)	05 October 2009
Alistair Hogg (Senior Operational Manager)	05 November 2012
Elliot Jackson (Head of Planning and Strategy)	16 February 2009
Susan Deery (Human Resources Manager)	01 October 2014

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

### 13. 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 from 2011-12 to 2015-16 the Auditor General has appointed PricewaterhouseCoopers LLP 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.

### 14. Staff absence

In the year to 31 March 2015 average staff absence was 11.1 days (31 March 2014: 9.5 days).

### 15. Register of interests

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

**Neil Hunter**  
**Accountable Officer**

**Date: 24 September 2015**



## **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:

Andrew Miller (Chair of committee)  
Douglas Yates  
Catherine Robertson

#### **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

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 and 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 three 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

	<b>Date of contract</b>	<b>Unexpired term</b>	<b>Notice period</b>
Neil Hunter <b>Principal Reporter/Chief Executive</b>	04 April 2011	Open ended contract	All senior managers are required to give 12 weeks' notice of resignation
Edward Morrison <b>Head of Finance and Resources</b>	01 December 2010	Open ended contract	
Margaret McManus <b>Director of Support Services</b>	10 March 2008	Open ended contract	
Malcolm Schaffer <b>Head of Practice and Policy</b>	05 October 2009	Open ended contract	
Thomas Philliben <b>Senior Operational Manager</b>	05 October 2009	Open ended contract	
Alistair Hogg <b>Senior Operational Manager</b>	05 November 2012	Open ended contract	
Elliot Jackson <b>Head of Planning and Strategy</b>	16 February 2009	Open ended contract	
Susan Deery <b>Human Resources Manager</b>	19 February 1996	Open ended contract	

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

No significant awards were made to senior managers in 2014-15 (2013-14: £nil).

<b>Senior managers' remuneration</b>	<b>Salary and allowances</b>	<b>Salary and allowances</b>
	<b>2014-2015</b>	<b>2013-2014</b>
	<b>£000</b>	<b>£000</b>
<b>Non-Executive Board Members</b>		
Carole Wilkinson	20-25	20-25
Malcolm Dickson	5-10	5-10
Andrew Miller	0-5	0-5
Louise MacDonald (resigned 31 August 2014)	0-5	0-5
Bernadette Docherty	0-5	0-5
Joseph Hughes (Until 4 September 2013)	n/a	0-5
Andrew Menzies	0-5	0-5
Douglas Yates (Since 1 July 2013)	0-5	0-5
Catherine Robertson (Since 1 November 2013)	0-5	0-5
Anela Anwar (Since 1 October 2014)	0-5	n/a

	Salary and allowances 2014-2015 £000	Pension benefits 2014-2015 £000	Single total figure of remuneration 2014-2015 £000	Salary and allowances 2013-2014 £000	Pension benefits 2013-2014 £000	Single total figure of remuneration 2013-2014 £000
<b>Executive Management Team Members</b>						
Neil Hunter <b>Principal Reporter/Chief Executive</b>	105-110	21	125-130	100-105	18	120-125
Margaret McManus <b>Director of Support Services</b>	70-75	20	85-90	65-70	27	95-100
Malcolm Schaffer <b>Head of Practice and Policy</b>	70-75	(4)	70-75	70-75	7	80-85
Thomas Philliben <b>Senior Operational Manager</b>	75-80	(1)	70-75	75-80	8	80-85
Alistair Hogg <b>Senior Operational Manager</b>	65-70	20	85-90	60-65	20	80-85
Edward Morrison <b>Head of Finance and Resources</b>	70-75	1	75-80	70-75	9	80-85
Elliot Jackson <b>Head of Planning and Strategy</b>	65-70	22	90-95	65-70	26	80-85
Susan Deery <b>Human Resources Manager</b>	55-60	(5)	50-55	n/a	n/a	n/a

Susan Deery joined the Executive Management Team on 1 October 2014

	2014-2015	2013-2014
<b>Mid-point of Highest Paid Executive Management Team Member's Total Remuneration</b>	£89,557	£87,500
<b>Median Total Remuneration*</b>	£27,599	£26,771
<b>Ratio</b>	3.2	3.3

\* Remuneration calculations exclude employer pension contributions and cash equivalent transfer values.

No benefits in kind were received in 2014-15 (2013-14: £nil).

#### **Senior managers' non-cash remuneration**

Senior managers did not receive any non-cash remuneration in 2014-15 (2013-14: £nil).

## Senior managers' pension entitlements

	Real increase in pension in year to 31 March 2015	Real increase in Lump sum in year to 31 March 2015	Total accrued pension at 31 March 2015	Total accrued Lump sum at 31 March 2015	Cash equivalent transfer value at 31 March 2014	Cash equivalent transfer value at 31 March 2015	Real increase in cash equivalent transfer value during year
	£000	£000	£000	£000	£000	£000	£000
<b>Executive Management Team Members</b>							
Neil Hunter	0-2.5	0	5-10	0	72	92	10
<b>Principal Reporter/Chief Executive</b>							
Margaret McManus	0-2.5	0-2.5	20-25	40-45	297	331	20
<b>Director of Support Services</b>							
Malcolm Schaffer	0-2.5	(2.5)-0	30-35	80-85	744	751	(18)
<b>Head of Practice and Policy</b>							
Thomas Philliben	0-2.5	(2.5)-0	25-30	65-70	553	588	14
<b>Senior Operational Manager</b>							
Alistair Hogg	0-2.5	0-2.5	10-15	20-25	149	171	14
<b>Senior Operational Manager</b>							
Edward Morrison	0-2.5	(2.5)-0	20-25	55-60	385	408	7
<b>Head of Finance and Resources</b>							
Elliot Jackson	0-2.5	0-2.5	20-25	50-55	318	351	20
<b>Head of Planning and Strategy</b>							
Susan Deery	(2.5)-0	0-2.5	15-20	40-45	293	298	(1)
<b>Human Resources Manager</b>							

## Prior year comparatives

	Real increase in pension in year to 31 March 2014	Real increase in Lump sum in year to 31 March 2014	Total accrued pension at 31 March 2014	Total accrued Lump sum at 31 March 2014	Cash equivalent transfer value at 31 March 2013	Cash equivalent transfer value at 31 March 2014	Real increase in cash equivalent transfer value during year
	£000	£000	£000	£000	£000	£000	£000
<b>Executive Management Team Members</b>							
Neil Hunter <b>Principal Reporter/Chief Executive</b>	0-2.5	0	5-10	0	55	72	8
Margaret McManus <b>Director of Support Services</b>	0-2.5	0-2.5	20-25	40-45	263	297	23
Malcolm Schaffer <b>Head of Practice and Policy</b>	0-2.5	(2.5)-0	30-35	80-85	695	744	29
Thomas Philliben <b>Senior Operational Manager</b>	0-2.5	(2.5)-0	25-30	67-70	515	553	22
Alistair Hogg <b>Senior Operational Manager</b>	0-2.5	0-2.5	10-15	20-25	129	149	14
Edward Morrison <b>Head of Finance and Resources</b>	0-2.5	(2.5)-0	20-25	55-60	358	385	13
Elliot Jackson <b>Head of Planning and Strategy</b>	0-2.5	0-2.5	20-25	50-55	285	318	22

Prior year comparatives have not been provided for Susan Deery as she was not a member of Executive Management Team during the year.

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 2014-15 (2013-14: £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 2014-15 (2013-14: £nil).

**Neil Hunter**  
**Accountable Officer**

**Date: 24 September 2015**

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

Paragraphs 19 and 20 of Schedule 3 of the Children's Hearing (Scotland) Act 2011 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 Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Deficit 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 Accountable Officer of the Scottish Government Directorate with responsibility for sponsorship of SCRA designated the Principal Reporter/Chief Executive of SCRA as the Accountable Officer for the Administration. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of financial transactions under his control and for the economical, efficient and effective use of resources placed at his disposal, are set out in the memorandum to Accountable Officers of other Public Bodies issued by the Scottish Government.

**Neil Hunter**  
**Accountable Officer**

**Date: 24 September 2015**

## **Statement of Governance**

### **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 the Memorandum to Accountable Officers for Other Public Bodies.

### **Governance framework**

SCRA's governance framework accords with generally accepted best practice principles and guidance from Scottish Ministers in the Scottish Public Finance Manual and has been in place for the year ended 31 March 2015 and up to the date of the approval of the financial statements.

The SPFM provides guidance to the Scottish Government, and other relevant bodies, on the proper handling of public funds. It is designed to ensure compliance with statutory and parliamentary requirements, promote value for money, high standards of propriety, effective accountability and robust systems of internal control.

The Board which comprises the Chair and seven further non-executive members, meets five times per year to consider the plans and strategic direction of the organisation and has two Development Days. The Board focuses on achievement of corporate objectives, performance targets, implementation of strategic projects, effective use of resources and management of strategic risks. In scrutinising performance the Board will review a quarterly Organisational Performance Report including actions taken by management to address performance and workload issues across SCRA and within each of the two operating areas.

The Board Committee structure encompasses an Audit Committee, a Remuneration Committee and a Nominations Committee. The Audit Committee, which comprises the Chair of the Audit Committee and three non-executive members, meets quarterly and 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 Audit Committee carries out an annual self-assessment and reports annually on its activities to the Board.

The Remuneration Committee meets at least twice per year and is responsible for governance of pay and remuneration policy for the organisation and the approval of Principal Reporter/Chief Executive appraisal and pay.

The Nominations Committee meets at least annually and the role of the Committee is to:

- (i) Lead the process for Board appointments and make recommendations to the Board;
- (ii) Offer advice to the Board on future appointments.
- (iii) Review and evaluation of skills, knowledge, expertise of current Board Members on an annual basis

During 2011-12 an Information Governance Working Group was established which is chaired by a Board Member and which reports to the Audit Committee. The Working Group ceased to operate from February 2015 as all duties are now carried out by Information Governance (IG) Leads who meet frequently as a Group. A Board Member has been nominated to link with the IG Leads Group.

SCRA's Quality Assurance and Performance Team 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 and meeting agreed quality standards. A Quality Assurance work programme is approved by the Audit Committee at the start of each business year and the team provides regular reports on case sampling, Inspection and self-assessment to the Audit Committee which monitors the actions taken by managers in response to recommendations made.

In addition to the Quality Assurance and Performance 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. No business critical recommendations were identified by the auditors in 2014/15.

SCRA aims to ensure that the work it carries out is to a high quality and meets the needs of service users. The mechanisms in place to support this aim include staff training, staff supervision and appraisal frameworks and documented recruitment and retention policies and procedures.

In response to an Internal Audit recommendation the regular Procurement report presented to the Executive Management Team will now include monitoring of compliance with procurement legislation, regulation and guidance.

### **Operation of the Board**

The Board met five times during 2014-15 (June 2014, September 2014, December 2014, January 2015, March 2015) on regular business as well as holding two Board Development days. The Board also held a joint meeting with the Board of Children's Hearings Scotland in August 2014. Key issues for the Board in 2014-15 were:

- Organisational Change
- Case Management System (CMS)
- Legislative Change
- Locality Development
- Organisational Performance
- Strategic Risks
- Business Plan and Budget
- Financial Plan and Workforce Planning
- Information Governance
- Equalities.

### **Assessment of corporate governance arrangements**

As Accountable Officer, I have reviewed the effectiveness of corporate governance arrangements. 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 Owner;
- the work of the internal auditors and the Quality Assurance and Performance 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.
- assurances from senior staff in SCRA's 2014-15 Internal Control Checklist which was submitted to the Sponsor Division as part of the Scottish Government's Certificates of Assurance process.
- A range of other accountability mechanisms including quarterly organisational performance reviews, end to end process reviews, regular assessment of management of key risks, regular review of organisational policies and potentially, information from whistleblowers in line with the Whistleblowing Policy.



## **Risk Management arrangements**

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 Audit Committee and Board every six months. Strategic risk management is fully established in the corporate planning and decision making processes of SCRA. The Operational Risk Register is maintained by the Operational Group and the Change Programme Board monitors all significant programme and project risks.

The key strategic risks tracked during 2014-15 included ability of CMS to support effective operations, existing plans and service model are insufficient to provide a safe and effective service, failure to deliver three year sustainable financial plan and achieve acceptable pay outcome (closed in 2014-15), no reduction in numbers of information breaches, recording/systems to ensure no lapsed orders (closed in 2014-15) and efficiency plans do not deliver additional capacity or reduce costs.

The Internal Auditor reviewed risk management arrangements in 2014-15 and improvements to current arrangements will be implemented, including establishment of a Risk Reference Group to oversee development of Locality risk management.

## **Significant Issues**

### **Case Management System**

The Case Management System (CMS) was fully implemented by early 2013-14. A Performance Improvement Plan was implemented in 2013-14 to deliver greater speed and reliability. In 2014-15 the focus has been on improving the users experience of working with the system. A detailed three month analysis of the system took place in the first quarter of 2014-15 leading to a User Interface Improvement Programme which will be implemented by May 2015.

### **Data security**

A number of data breaches, including breaches of non-disclosure orders, have been reported to me by SCRA's Senior Information Risk Owner who also ensures appropriate reporting to the Information Commissioner's Office. Controls are in place to mitigate the risk of information loss. SCRA works proactively with partners to highlight information security and assist them in managing their information more securely in their own locations/settings.

Information Governance is a standing item on the Audit Committee agenda and SCRA continues to monitor breaches of case information and Non-Disclosure Orders as part of its activities to improve information security and DPA compliance. All staff have been trained in Data Protection. Each Locality has an Information Governance Lead, and the Information Governance Leads Group (IGLG) was established in 2012-2013 and meets regularly. The Information Governance Action Plan is monitored by the IGLG. In 2014-2015, SCRA progressed the recommendations contained in the report of the Information Commissioner's Office audit of SCRA's data protection compliance which was carried out in March 2014.

**Neil Hunter**  
**Accountable Officer**

**Date: 24 September 2015**

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

We have audited the financial statements of the Scottish Children's Reporter Administration for the year ended 31 March 2015 under the Children's Hearing (Scotland) Act 2011. The financial statements comprise Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the Children's Hearing (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2015 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and
- have been prepared in accordance with the requirements of the Children's Hearing (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers.

### **Opinion on regularity**

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

**Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Children's Hearing (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers; and
- the information given in the Strategic Report and Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement of Governance does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.

**Lindsey Paterson (for and on behalf of PricewaterhouseCoopers)**  
**141 Bothwell Street**  
**Glasgow**

**Statement of Comprehensive Net Expenditure  
For the year ended 31 March 2015**

	Note	2014- 2015	2013- 2014
		£000	£000
<b>Expenditure</b>			
Staff costs	3	17,418	17,015
Other expenditure	4	5,588	5,968
Depreciation and amortisation	5,8	<u>2,529</u>	<u>2,706</u>
		25,535	25,689
<b>Income</b>			
	2	<u>425</u>	<u>636</u>
<b>Net expenditure</b>			
		25,110	25,053
Interest payable		4	2
Interest receivable		(5)	(3)
Pension scheme finance cost	12	<u>1,291</u>	<u>1,205</u>
<b>Net expenditure before Scottish Government funding</b>		<u>26,400</u>	<u>26,257</u>

**Statement of Financial Position  
As at 31 March 2015**

	Note	31 March 2015	31 March 2014
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	5	7,626	8,681
Investment properties	7	35	25
Intangible assets	8	<u>2,229</u>	<u>3,151</u>
<i>Total non-current assets</i>		9,890	11,857
<b>Current assets</b>			
Trade and other receivables	9	524	438
Cash and cash equivalents	10	77	333
Assets held for sale	6	<u>480</u>	<u>0</u>
<i>Total current assets</i>		<u>1,081</u>	<u>771</u>
<b>Total assets</b>		10,971	12,628
<b>Current liabilities</b>			
Trade and other payables	11(i)	2,234	1,944
Finance lease	14(ii)	<u>37</u>	<u>36</u>
<i>Total current liabilities</i>		<u>2,271</u>	<u>1,980</u>
<b>Non-current assets less net current liabilities</b>		8,700	10,648
<b>Non-current liabilities</b>			
Payables	11(ii)	328	92
Pension liability	12	34,739	28,499
Provision for unfunded pensions	13	511	537
Finance lease	14	<u>1,403</u>	<u>1,440</u>
<i>Total non-current liabilities</i>		<u>36,981</u>	<u>30,568</u>
<b>Assets less liabilities</b>		<u>(28,281)</u>	<u>(19,920)</u>
<b>Taxpayers' deficit</b>			
General fund		6,435	11,177
Pension reserve		(35,756)	(31,828)
Revaluation reserve		1,040	731
<b>Total taxpayers' deficit</b>		<u>(28,281)</u>	<u>(19,920)</u>

The Financial Statements set out on pages 18 to 38 were approved by the Board on 24 September 2015 and signed on its behalf by

**Neil Hunter**  
Accountable Officer

## Statement of Cash Flows for the year ended 31 March 2015

	Note	2014- 2015	2013- 2014
		£000	£000
<b>Cash flows from operating activity</b>			
Net expenditure before Scottish Government funding		(25,110)	(25,053)
Adjustments for non-cash items			
Increase in pension fund liability		6,240	4,353
Decrease in pension reserve		(3,928)	(2,605)
Depreciation and amortisation charges	5,8	2,529	2,706
Permanent diminution	4	0	36
Loss on disposal of tangible non-current assets	4	2	10
<i>Movements in working capital</i>			
(Increase)/Decrease in trade and other receivables	9(i)	(86)	225
Increase/(Decrease) in trade and other payables	11, 14(ii)	490	(587)
<i>Movements in provisions</i>			
Provision for unfunded pension contribution	13	(26)	(84)
<b>Net cash outflow from operating activities</b>		<b>(19,889)</b>	<b>(20,999)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	5	(348)	(460)
Purchase of intangible assets	8	(210)	(330)
Increase in assets under construction	5	(177)	(11)
Proceeds of disposals of property, plant and equipment		0	140
Interest received		5	3
<b>Cash flow from financing activities</b>			
Scottish Government funding for year		21,658	22,940
Interest paid		(4)	(2)
Net interest expense on pension asset	12	(1,291)	(1,205)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(256)</b>	<b>76</b>

### Statement of Changes in Taxpayers' Deficit for the year ended 31 March 2015

	General Fund	Pension Reserve	Revaluation Reserve	Total Reserves
	£000	£000	£000	£000
Balance at 31 March 2013	14,494	(29,223)	687	(14,042)
Changes in taxpayers' deficit for 2013-14				
Net gain on revaluation of property	0	0	44	44
Actuarial loss on pension reserve	0	(2,606)	0	(2,606)
Actuarial gain on group assurance	0	1	0	1
Net expenditure for the year	(26,257)	0	0	(26,257)
Total recognised income and expense for 2013-14	(26,257)	(2,605)	44	(28,818)
Funding from Scottish Government	22,940	0	0	22,940
Balance at 31 March 2014	11,177	(31,828)	731	(19,920)
Changes in taxpayers' deficit for 2014-15				
Net gain on revaluation of property	0	0	309	309
Actuarial loss on pension reserve	0	(3,929)	0	(3,929)
Actuarial gain on group assurance	0	1	0	1
Net expenditure for the year	(26,400)	0	0	(26,400)
Total recognised income and expense for 2014-15	(26,400)	(3,928)	309	(30,019)
Funding from Scottish Government	21,658	0	0	21,658
Balance at 31 March 2015	6,435	(35,756)	1,040	(28,281)

## Notes to the financial statements

### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual* (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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 financial statements.

#### a. Accounting convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of land, buildings and investment properties to fair value as determined by the relevant accounting standard. The financial statements have been prepared on a going concern basis.

#### b. Employee benefits

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 IAS 19. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to net expenditure. 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 pension scheme finance cost. 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 Comprehensive Net Expenditure.

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 2014. Details of this valuation are included in a report published by Falkirk Council.

The contribution rates for 2014-15 were an average of 6% by employee and 17% by employer.

#### c. Property, plant and equipment

SCRA's policy is to carry out a full external valuation of land and buildings every five years supplemented by annual desktop valuations. The full estate of Land and Buildings was valued on an open market basis as at 31 March 2015.

Other property, plant and equipment 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 Statement of Comprehensive Net Expenditure during the financial year 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 Statement of Comprehensive Net Expenditure.

**d. 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
- Assets under construction Not depreciated
- Buildings 5 - 50 years;
- Fixtures & Fittings 4 years;
- Plant & Machinery 10 years;
- Computer Equipment 4 years;
- Other Equipment 4 years;
- Leasehold improvements over lesser of 10 years or the remaining term of the lease

**e. Impairment**

Assets which are subject to amortisation or depreciation 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.

**f. 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.

**g. 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.

**h. Liabilities**

All material amounts outstanding as at 31 March 2015 have been included in the Statement of Comprehensive Net Expenditure irrespective of when actual payment was made.

**i. 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.

**j. Other income**

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

**k. 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 Statement of Comprehensive Net Expenditure. Payments made under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

**l. Intangible assets**

Intangible assets are stated at historic purchase cost less accumulated amortisation. Acquired computer software licences and developed software 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 4 years.

**m. Other administration and programme costs**

The costs reported in the Statement of Comprehensive Net Expenditure include other administration costs but there is no specific expenditure on programme costs.

**n. Pensions**

The financial statements have been prepared incorporating the requirements of *International Accounting Standard 19 - Employee Benefits* (IAS 19) and include an actuarial valuation of the pension scheme liability as explained in note 12 to the financial statements. 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 2014. In preparing the projected pension expense for the year to 31 March 2016, 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.

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 real discount rate of 0.8% and on the basis of SAPs year of 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.

**o. Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Currently SCRA has no trade payables classified as non-current liabilities.

**p. Value Added Tax**

SCRA is not registered for VAT and all costs are shown inclusive of irrecoverable VAT.

#### q. Review of accounting policies and estimation techniques

These financial statements have been prepared under International Financial Reporting Standards (IFRS).

Areas of judgement in how SCRA's accounting policies are applied include:

- the fair values of properties; and
- pension estimation technique.

#### Sensitivity Analysis

The most significant financial impact arising by assumptions are those used to calculate the pension's deficit. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2015	Approximate % increase to SCRA	Approximate monetary amount £000
0.5% decrease in Real discount Rate	12%	14,888
1 year increase in life member expectancy	3%	3,813
0.5% increase in the Salary Increase Rate	5%	6,117
0.5% increase in the Pension Increase Rate	7%	8,375

#### Notes:

In order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities as at 31 March 2015 have been calculated and compared on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in these financial statements.

To quantify the uncertainty around life expectancy, the difference in cost to SCRA of a one year increase in life expectancy has been calculated. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

Please note the above figures have been derived based on the membership profile of SCRA as at the date of the most recent actuarial valuation.

The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

## 2 Income

Income of £425k (2013-14: £636k) is comprised mainly of shared services income (including rents) and funding from local authorities for youth justice posts.

There is no income in respect of programme costs.

### 3 Staff numbers and related costs

#### (i) Staff costs – staff with a permanent (UK) employment contract

	2014-15	2013-14
	£000	£000
Salaries and wages	12,634	12,450
Social security costs	939	933
Contributions to pension scheme	2,180	1,964
Cost of early retirement	123	560
IAS 19 adjustment to pension scheme contributions	1,166	687
Provision for unfunded pension liability	15	(36)
	<b>17,057</b>	<b>16,558</b>

#### (ii) Staff costs – other staff

	2014-15	2013-14
	£000	£000
Salaries and wages	296	398
Social security costs	20	25
Contributions to pension scheme	45	34
	<b>361</b>	<b>457</b>

#### (iii) Staff costs – all staff

	2014-15	2013-14
	£000	£000
Salaries and wages	12,930	12,848
Social security costs	959	958
Contributions to pension scheme	2,225	1,998
Cost of early retirement	123	560
IAS 19 adjustment to pension scheme contributions	1,166	687
Provision for unfunded pension liability	15	(36)
	<b>17,418</b>	<b>17,015</b>

#### (iv) Average number of employees

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

	2014-15	2013-14
	Number	Number
Category of staff		
Staff with permanent contract	399	394
Staff with short-term contract	17	21
<b>Total</b>	<b>416</b>	<b>415</b>

Average numbers are calculated using actual whole-time person equivalents at 1 April 2014, 30 June 2014, 30 September 2014, 31 December 2014 and 31 March 2015.

## (v) Exit Packages

A summary of exit packages agreed during 2014-15 is as follows.

<b>Exit package cost band (including any special payment element)</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band (total cost)</b>	<b>Number of departures where special payments have been made (special payment element totalled)</b>
<£20,001	0	0	0	0
£20,001 - £40,000	0	1	1	0
£40,001 - £60,000	0	1	1	0
£60,001 - £80,000	0	1	1	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	1	1	0
£150,001 - £200,000	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	0	4 (£247k)	4 (£247k)	0

A summary of exit packages agreed during 2013-14 is as follows.

<b>Exit package cost band (including any special payment element)</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band (total cost)</b>	<b>Number of departures where special payments have been made (special payment element totalled)</b>
<£20,001	0	7	7	0
£20,001 - £40,000	0	4	4	0
£40,001 - £60,000	0	4	4	0
£60,001 - £80,000	0	1	1	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	0	16 (£436k)	16 (£436k)	0

#### 4 Other expenditure

	2014-15	2013-14
	£000	£000
IT service charges	0	41
Other property costs	1,669	1,872
Running costs	1,996	2,122
Rentals under operating leases	1,070	1,171
Hearing and legal costs	584	436
Training, recruitment and other staff costs	151	180
Board Fees and Expenses	47	46
Auditor remuneration	30	30
Internal auditors' remuneration	39	24
Non-cash items		
Permanent diminution	0	36
Loss on disposal of non-current assets	2	10
	<b>5,588</b>	<b>5,968</b>

#### 5 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
<b>Cost/Valuation</b>									
At 1 April 2014	1,176	5,567	157	5,481	1,302	984	3,874	137	18,678
Additions	0	103	177	152	17	2	74	0	525
Disposals	0	0	0	(1,999)	(172)	(629)	(327)	(75)	(3,202)
Transferred to asset group classified as Held for Sale	(125)	(375)	0	0	0	0	0	0	(500)
Transferred to asset group classified as Investment Assets	(5)	(5)	0	0	0	0	0	0	(10)
Indexation / Revaluation	26	(208)	0	0	0	0	0	0	(182)
At 31 March 2015	<b>1,072</b>	<b>5,082</b>	<b>334</b>	<b>3,634</b>	<b>1,147</b>	<b>357</b>	<b>3,621</b>	<b>62</b>	<b>15,309</b>
<b>Accumulated depreciation</b>									
At 1 April 2014	0	299	0	3,837	1,231	778	3,715	137	9,997
Provided in year	0	378	0	554	50	79	136	0	1,197
Withdrawn on disposal	0	0	0	(1,999)	(172)	(629)	(327)	(75)	(3,202)
Withdrawn on revaluation	0	(309)	0	0	0	0	0	0	(309)
At 31 March 2015	<b>0</b>	<b>368</b>	<b>0</b>	<b>2,392</b>	<b>1,109</b>	<b>228</b>	<b>3,524</b>	<b>62</b>	<b>7,683</b>
<b>Net Book Value</b>									
At 31 March 2015	<b>1,072</b>	<b>4,714</b>	<b>334</b>	<b>1,242</b>	<b>38</b>	<b>129</b>	<b>97</b>	<b>0</b>	<b>7,626</b>
At 31 March 2014	<b>1,176</b>	<b>5,268</b>	<b>157</b>	<b>1,644</b>	<b>71</b>	<b>206</b>	<b>159</b>	<b>0</b>	<b>8,681</b>

	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
<b>Cost/Valuation</b>									
At 1 April 2013	752	6,110	486	5,256	1,409	913	3,964	137	19,027
Additions	0	164	2	220	10	64	2	0	462
Transfers	0	237	(331)	5	0	89	0	0	0
Disposals	0	(150)	0	0	(117)	(82)	(92)	0	(441)
Transferred from asset group classified as Held for Sale	0	150	0	0	0	0	0	0	150
Transferred from asset group classified as Investment Assets	0	5	0	0	0	0	0	0	5
Indexation / Revaluation	424	(949)	0	0	0	0	0	0	(525)
At 31 March 2014	<u>1,176</u>	<u>5,567</u>	<u>157</u>	<u>5,481</u>	<u>1,302</u>	<u>984</u>	<u>3,874</u>	<u>137</u>	<u>18,678</u>
<b>Accumulated depreciation</b>									
At 1 April 2013	0	231	0	3,254	1,242	749	3,573	136	9,185
Provided in year	0	425	0	583	106	111	234	1	1,460
Withdrawn on disposal	0	0	0	0	(117)	(82)	(92)	0	(291)
Withdrawn on revaluation	0	(357)	0	0	0	0	0	0	(357)
At 31 March 2014	<u>0</u>	<u>299</u>	<u>0</u>	<u>3,837</u>	<u>1,231</u>	<u>778</u>	<u>3,715</u>	<u>137</u>	<u>9,997</u>
<b>Net Book Value</b>									
At 31 March 2014	<u>1,176</u>	<u>5,268</u>	<u>157</u>	<u>1,644</u>	<u>71</u>	<u>206</u>	<u>159</u>	<u>0</u>	<u>8,681</u>
At 31 March 2013	<u>752</u>	<u>5,879</u>	<u>486</u>	<u>2,002</u>	<u>167</u>	<u>164</u>	<u>391</u>	<u>1</u>	<u>9,842</u>

The net book amount of property, plant and equipment at 31 March 2015 includes £1,400k (2014: £1,469k) in respect of a building held under a finance lease.

## 6 Assets held for sale

	£000
<b>Assets at market value as determined by the valuers</b>	
As at 1 April 2014	0
Transfers from Property, Plant & Equipment	500
Revaluation	0
As at 31 March 2015	<u>500</u>

Land and buildings were valued as at 31 March 2015 by independent valuers, Ryden, in accordance with Royal Institution of Chartered Surveyors Valuation Standards on the basis of Existing Use Value.

## 7 Investment properties

	£000
<b>Investment property at market value as determined by the valuers</b>	
As at 1 April 2014	25
Transfers	10
As at 31 March 2015	<u>35</u>

Investment properties were valued as at 31 March 2015 by independent valuers, Ryden, in accordance with Royal Institution of Chartered Surveyors Valuation Standards on the basis of Existing Use Value.

## 8 Intangible assets

	Intangible assets under construction	Software licences	Information Technology	Total
	£000	£000	£000	£000
At 31 March 2014	9	287	3,985	4,281
Additions	0	22	188	210
Disposals	0	(68)	0	(68)
At 31 March 2015	<u>9</u>	<u>241</u>	<u>4,173</u>	<u>4,423</u>
<b>Accumulated amortisation</b>				
At 31 March 2014	0	172	958	1,130
Provided in year	0	60	1,072	1,132
Withdrawn on disposal	0	(68)	0	(68)
At 31 March 2015	<u>0</u>	<u>164</u>	<u>2,030</u>	<u>2,194</u>
<b>Net book value</b>				
31 March 2015	<u>9</u>	<u>77</u>	<u>2,143</u>	<u>2,229</u>
<b>Net book value</b>				
31 March 2014	<u>9</u>	<u>115</u>	<u>3,027</u>	<u>3,151</u>



	Intangible assets under construction	Software licences	Information Technology	Total
	£000	£000	£000	£000
Cost at 1 April 2013	3,866	111	1,769	5,746
Additions	9	84	247	340
Transfers	(3,866)	92	3,774	0
Disposals	0	0	(1,769)	(1,769)
Permanent Diminution	0	0	(36)	(36)
At 31 March 2014	<u>9</u>	<u>287</u>	<u>3,985</u>	<u>4,281</u>
<b>Accumulated amortisation</b>				
At 1 April 2013	0	95	1,769	1,864
Provided in year	0	77	958	1,035
Withdrawn on disposal	0	0	(1,769)	(1,769)
At 31 March 2014	<u>0</u>	<u>172</u>	<u>958</u>	<u>1,130</u>
<b>Net book value</b>				
31 March 2014	<u>9</u>	<u>115</u>	<u>3,027</u>	<u>3,151</u>
<b>Net book value</b>				
31 March 2013	<u>3,866</u>	<u>16</u>	<u>0</u>	<u>3,882</u>

## 9 Trade and other receivables

### (i) Current assets:

	2014-15 £000	2013-14 £000
Other receivables	85	108
Prepayments	439	330
	<u>524</u>	<u>438</u>

### (ii) Intra governmental balances

	Receivables:	
	2014-15 £000	2013-14 £000
Balances with other central government bodies	0	0
Balances with local authorities	93	48
Balances with bodies external to government	431	390
At 31 March	<u>524</u>	<u>438</u>

## 10 Cash and cash equivalents

	2014-15 £000	2013-14 £000
Balance at 1 April	333	257
Net change in cash and cash equivalents	(256)	76
Balance at 31 March	<u>77</u>	<u>333</u>
Bank accounts	74	330
Petty cash balance	3	3
	<u>77</u>	<u>333</u>

All bank balances at 31 March 2015 are held in commercial banks.

## 11 Trade and other payables

### (i) Current liabilities

	2014-15 £000	2013-14 £000
Trade payables	330	344
Loan repayable	0	0
Loan interest	0	0
Tax and social security	276	0
Other payables	249	54
Accruals	1,379	1,546
	<u>2,234</u>	<u>1,944</u>

### (ii) Non-current liabilities

	2014-15 £000	2013-14 £000
PWLB loans	37	37
Other payables, accruals and deferred income	291	55
	<u>328</u>	<u>92</u>

### (iii) Intra governmental balances

	Payables: current	Payables: non-current	Payables: current	Payables: non-current
	2014-15 £000	2014-15 £000	2013-14 £000	2013-14 £000
Balances with other central government bodies	276	37	0	37
Balances with local authorities	6	0	110	0
Balances with bodies external to government	1,952	291	1,834	55
At 31 March	<u>2,234</u>	<u>328</u>	<u>1,944</u>	<u>92</u>

## 12 Pensions

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

### Retirement benefits

#### Change in the fair value of plan assets, defined benefit obligation and net liability for the year end 31 March 2015

	Assets	Obligations	Net (liability) / asset
	£000	£000	£000
Fair value of employer assets	70,612	0	70,612
Present value of funded liabilities	0	95,636	(95,636)
Present value of unfunded liabilities	0	3,475	(3,475)
<b>Opening position as at 31 March 2014</b>	<b>70,612</b>	<b>99,111</b>	<b>(28,499)</b>
Service cost			
- Current service cost	0	3,421	(3,421)
- Past service cost (including curtailments)	0	44	(44)
- Effect of settlements	0	0	0
<b>Total service cost</b>	<b>0</b>	<b>3,465</b>	<b>(3,465)</b>
Net interest			
- Net income on plan assets	3,056	0	3,056
- Net cost on defined benefit obligation	0	4,303	(4,303)
- Impact of asset ceiling on net interest	0	0	0
<b>Total net interest</b>	<b>3,056</b>	<b>4,303</b>	<b>(1,247)</b>
<b>Total defined benefit cost recognised in the Statement of Comprehensive Net Expenditure</b>	<b>3,056</b>	<b>7,768</b>	<b>(4,712)</b>
Cash flows			
- Plan participants' contributions	847	847	0
- Employer contributions	2,255	0	2,255
- Contributions in respect of unfunded pensions	146	0	146
- Benefits paid	(2,094)	(2,094)	0
- Unfunded benefits paid	(146)	(146)	0
<b>Expected closing position</b>	<b>74,676</b>	<b>105,486</b>	<b>(30,810)</b>
Remeasurements			
- Change in demographic assumptions	0	(958)	958
- Change in financial assumptions	0	(1,951)	1,951
- Other experience	0	14,039	(14,039)
- Return on assets excluding amounts included in net interest	7,201	0	7,201
- Changes in asset ceiling	0	0	0
<b>Total remeasurements recognised in Statement of Taxpayers' Deficit</b>	<b>7,201</b>	<b>11,130</b>	<b>(3,929)</b>
Fair value of employer assets	81,877	0	81,877
Present value of funded liabilities	0	113,110	(113,110)
Present value of unfunded liabilities	0	3,506	(3,506)
<b>Closing position as at 31 March 2015</b>	<b>81,877</b>	<b>116,616</b>	<b>(34,739)</b>

**Change in the fair value of plan assets, defined benefit obligation and net liability for the year end 31 March 2014**

	Assets	Obligations	Net (liability) / asset
	£000	£000	£000
Fair value of employer assets	64,987	0	64,987
Present value of funded liabilities	0	85,772	(85,772)
Present value of unfunded liabilities	0	3,361	(3,361)
<b>Opening position as at 31 March 2013</b>	<b>64,987</b>	<b>89,133</b>	<b>(24,146)</b>
Service cost			
- Current service cost	0	2,902	(2,902)
- Past service cost (including curtailments)	0	104	(104)
<b>Total service cost</b>	<b>0</b>	<b>3,006</b>	<b>(3,006)</b>
Net interest			
- Net income on plan assets	2,950	0	2,950
- Net cost on defined benefit obligation	0	4,051	(4,051)
<b>Total net interest</b>	<b>2,950</b>	<b>4,051</b>	<b>(1,101)</b>
<b>Total defined benefit cost recognised in the Statement of Comprehensive Net Expenditure</b>	<b>2,950</b>	<b>7,057</b>	<b>(4,107)</b>
Cash flows			
- Plan participants 'contributions	784	784	0
- Employer contributions	2,215	0	2,215
- Contributions in respect of unfunded pensions	145	0	145
- Benefits paid	(1,863)	(1,863)	0
- Unfunded benefits paid	(145)	(145)	0
<b>Expected closing position</b>	<b>69,073</b>	<b>94,966</b>	<b>(25,893)</b>
Remeasurements			
- Change in financial assumptions	0	4,149	(4,149)
- Other experience	0	(4)	4
- Return on assets excluding amounts included in net interest	1,539	0	1,539
- Changes in asset ceiling	0	0	0
<b>Total remeasurements recognised in Statement of Taxpayers' Deficit</b>	<b>1,539</b>	<b>4,145</b>	<b>(2,606)</b>
Fair value of employer assets	70,612	0	70,612
Present value of funded liabilities	0	95,636	(95,636)
Present value of unfunded liabilities	0	3,475	(3,475)
<b>Closing position as at 31 March 2014</b>	<b>70,612</b>	<b>99,111</b>	<b>(28,499)</b>

Fair value of employer assets at 31 March 2015

<b>Asset Category</b>	<b>Quoted prices in active markets</b>	<b>Quoted prices not in active markets</b>	<b>Total</b>	<b>%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Equity securities:</b>				
Consumer	7,923.8	0.0	7,923.8	10%
Manufacturing	4,880.3	0.0	4,880.3	6%
Energy and utilities	3,227.2	0.0	3,227.2	4%
Financial institutions	5,981.7	0.0	5,981.7	7%
Health and care	4,248.5	0.0	4,248.5	5%
Information technology	3,304.4	0.0	3,304.4	4%
Other	1,411.1	0.0	1,411.1	2%
<b>Debt securities:</b>				
Corporate bonds (investment grade)	0.0	0.0	0.0	0%
Corporate bonds (non-investment grade)	0.0	0.0	0.0	0%
UK Government	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%
<b>Private equity:</b>				
All	0.0	4,741.7	4,741.7	6%
<b>Real estate:</b>				
UK property	0.0	5,885.6	5,885.6	7%
Overseas property	0.0	287.9	287.9	0%
<b>Investment funds and unit trusts:</b>				
Equities	17,605.0	0.0	17,605.0	21%
Bonds	7,269.8	0.0	7,269.8	9%
Hedge funds	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%
Infrastructure	0.0	2,060.0	2,060.0	3%
Other	9,572.7	0.0	9,572.7	12%
<b>Derivatives:</b>				
Inflation	0.0	0.0	0.0	0%
Interest rate	0.0	0.0	0.0	0%
Foreign exchange	0.0	0.0	0.0	0%
Other	3.3	0.0	3.3	0%
<b>Cash and cash equivalents:</b>				
All	3,474.0	0.0	3,474.0	4%
<b>Totals</b>	<b>68,901.8</b>	<b>12,975.2</b>	<b>81,877.0</b>	<b>100%</b>

Fair value of employer assets at 31 March 2014

<b>Asset Category</b>	<b>Quoted prices in active markets</b>	<b>Quoted prices not in active markets</b>	<b>Total</b>	<b>%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Equity securities:</b>				
Consumer	7,089	0	7,089	10%
Manufacturing	4,178	0	4,178	6%
Energy and utilities	3,665	0	3,665	5%
Financial institutions	5,896	0	5,896	8%
Health and care	4,619	0	4,619	7%
Information technology	2,123	0	2,123	3%
Other	1,810	0	1,810	3%
<b>Debt securities:</b>				
Corporate bonds (investment grade)	0	0	0	0%
Corporate bonds (non-investment grade)	0	0	0	0%
UK Government	0	0	0	0%
Other	0	0	0	0%
<b>Private equity:</b>				
All	0	3,754	3,754	5%
<b>Real estate:</b>				
UK property	0	4,688	4,688	7%
Overseas property	0	365	365	1%
<b>Investment funds and unit trusts:</b>				
Equities	15,667	0	15,667	22%
Bonds	5,994	0	5,994	8%
Hedge funds	0	0	0	0%
Commodities	0	0	0	0%
Infrastructure	0	1,432	1,432	2%
Other	7,229	0	7,229	10%
<b>Derivatives:</b>				
Inflation	0	0	0	0%
Interest rate	0	0	0	0%
Foreign exchange	0	0	0	0%
Other	0	0	0	0%
<b>Cash and cash equivalents:</b>				
All	2,103	0	2,103	3%
<b>Totals</b>	<b>60,373</b>	<b>10,239</b>	<b>70,612</b>	<b>100%</b>

**13 Provision for unfunded pensions**

	2014-15 £000
Balance at 1 April	537
Actuarial valuation adjustment	13
Provisions utilised during the year	(39)
Balance at 31 March	<u>511</u>

## 14 Commitments under leases

### (i) Operating leases

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

	2014-15	2013-14
	£000	£000
<b>Buildings</b>		
Not later than one year	956	814
Later than one year and not later than five years	2,857	3,370
Later than five years	497	1,188
	<u>4,310</u>	<u>5,372</u>

### (ii) Finance Leases

	2014-15	2013-14
	£000	£000
<b>Gross lease liabilities</b>		
Within one year	92	92
Between 2 and 5 years	366	366
After 5 years	1,779	1,871
	<u>2,237</u>	<u>2,329</u>
Future interest	<u>(797)</u>	<u>(853)</u>
Net lease liabilities	<u>1,440</u>	<u>1,476</u>

Net lease liabilities are repayable as follows:

<b>Within one year</b>	37	36
Between 2 and 5 years	162	156
After 5 years	1,241	1,284
<b>Total over one year</b>	1,440	1,476

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 £1,467k (31 March 2014: £1,504k).

## 15 Events after the reporting date

No events occurred between the reporting date and the authorisation date that materially affect any of the information contained in these financial statements.

## 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 (2013-14: £nil).

## **18 Capital commitments**

SCRA has no capital commitments as at 31 March 2015 (31 March 2014: £nil).

## **19 Special payments**

Under the Scottish Public Finance Manual guidelines there are no losses or special payments requiring disclosure (2013-14: £nil).

## **20 Contingent liabilities**

SCRA has no contingent liabilities as at 31 March 2015 (31 March 2014: £nil).





## SCOTTISH CHILDREN'S REPORTER ADMINISTRATION

### DIRECTION BY THE SCOTTISH MINISTERS

- 1 The Scottish Ministers, in pursuance of Schedule 3 of the Children's Hearing Scotland Act (2011), hereby give the following direction.
- 2 The statement of accounts for the financial year ended 31 March 2014, 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 of 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 10 January 2006 is hereby revoked.

A handwritten signature in black ink, appearing to read 'Robert Marshall', with a horizontal line underneath.

ROBERT MARSHALL

A member of the staff of the Scottish Ministers

Dated 4 March 2014

# SCRA ANNUAL ACCOUNTS

