



children's  
hearings  
scotland

*The Children's Panel — life changing.*

# Annual Report and Accounts

Year ended 31 March 2015



**The Accountable Officer has authorised these financial statements for issue on 30 June 2015.**

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# Directors' Report

## 1. Background

Children's Hearings Scotland (CHS) is a Non-Departmental Public Body (NDPB), which was established under the Children's Hearings (Scotland) Act 2011. CHS came into existence on 4 July 2011 with the primary statutory function of supporting the delivery of National Convener functions associated with the recruitment, selection, training, retention and support of panel members. CHS assumed its full statutory responsibilities when the Act came into force on 24 June 2013.

CHS is accountable to the Scottish Ministers and to the Scottish Parliament through the Care and Justice Division in the Children and Families Directorate, who have sponsorship responsibility for CHS.

CHS is subject to a Framework Document agreed with its sponsor department. CHS is wholly financed by grant-in-aid.

CHS' Head Office is located at 2/1/1, Ladywell House, Ladywell Road, Edinburgh EH12 7TB.

## 2. Financial results

In the year ended 31 March 2015, CHS reported expenditure of £3.760 million (2014: £3.3 million) against revenue grant-in-aid of £3.6 million (2014: £3.3 million). The General Fund has a surplus of £0.161 million as at 31 March 2015 (2014: £0.321 million).

At the request of Scottish government, CHS agreed to reduce the general fund balance from £320,895 to circa £70,000 by 31st March 2016. CHS returned £100,000 of reserves to Scottish Government in 2014/15 by drawing down grant in aid of £3.6 million instead of £3.7 million.

The Board of CHS 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 CHS. Given the above it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

In accordance with IAS 19 'Employee Benefits' the financial statements reflect at fair value the assets and liabilities arising from CHS' retirement benefit obligations. As a result CHS has a deficit of £0.191 million (2014: £0.044 million) on its pension reserve at 31 March 2015.

**Directors Report (continued)****3. Board members**

Board Members in 2014/15	Date of appointment	End of appointment
Gary Coutts (Chair)	8 April 2014	31 March 2018
John Anderson	01 July 2015	30 June 2019
Brian Baverstock	30 June 2014	31 May 2017
Alastair Hamilton	30 June 2014	31 May 2017
Marian Martin	01 July 2015	30 June 2019
Linda Watt	30 June 2014	31 May 2017
Andrew Thin	30 June 2014	Resigned 31 January 2015

Board members are appointed by the Scottish Ministers on the basis of having knowledge or experience relevant to the general purpose and specific requirements of CHS or to the functions of the National Convener/Chief Executive.

**4. Equalities**

CHS is committed to a Single Equality Scheme and will meet the General and Specific duties for public bodies. Whilst we will continue to address the need and right of all employees to be treated with respect and dignity, in 2015/16 CHS will develop equality outcomes as well as equality impact assess key decision-making procedures and policies/practices that affect both internal and external services users. Employment and equal pay data statistics and results will be regularly published and appropriate action plans agreed.

**5. 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 2011/12 to 2015/16 the Auditor General appointed PricewaterhouseCoopers LLP to undertake the audit of CHS. 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.

**6. Consultation with employees**

CHS has adopted the principles of openness and participation in the organisation. This is supported by providing access to management papers, through oral briefings and by staff meetings. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

**Directors Report (continued)**

**7. Payment performance**

In line with Scottish Government guidance CHS' 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 CHS paid 97% of all invoices within the terms of its payment policy, exceeding our target of 95%.

**8. Staff absence**

In the year to 31 March 2015 average staff absence was 17 days (4.8 days). The long term absence of two staff members equates to an average of 13.3 days staff absence for 2014/15.

**9. Sustainability**

In 2015/16 CHS will develop an Environmental Policy which sets out the organisation's commitment to the environment and CHS' contribution to the Scottish Government's 'Greener Scotland' strategic objective. CHS has video conferencing facilities and a Flexible Working Strategy with a view to reducing the revenue and environmental costs associated with travel and office space.

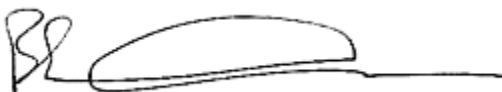
**10. Register of Interests**

A Register of Interests for Board members and senior staff is maintained by CHS and can be accessed on our website at <http://www.chscotland.gov.uk/about-chs/our-people/the-chs-board/meet-the-chs-board/>

**11. Statement of disclosure of Information to Auditors**

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

"Relevant audit information" means information needed by the company's auditors in connection with preparing his report.



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**

# Strategic Report

## 1. Review of principal activities

The primary activities undertaken in 2014/15 related to the National Convener's statutory responsibility to recruit, appoint and train children's panel members. Other activities were carried out in the context of CHS' Corporate Plan 2012-2015 and Business Plan 2014/15.

The activities undertaken in 2014/15 contribute towards achieving CHS' mission:

*"Our mission is to improve outcomes and experiences for children and young people in Scotland who may be at risk. We will do this by supporting the Children's Panel, working with partners and using our influence to drive improvements across the Children's Hearings System."*

CHS also contributes to the Scottish Government's national outcomes by working to achieve our corporate outcomes as set out in our Corporate Plan 2012-2015:

- hearings are centred around the child or young person where their rights and those of their families are respected and upheld
- panel members feel valued, respected, supported and well trained to make and record consistent, sound decisions in the best interests of children and young people
- outcomes for children and young people in the Children's Hearings System are improved by working together with partners in a whole systems approach
- CHS is an effective, efficient and enabling organisation that meets the needs of its stakeholders

Key areas of focus for 2014/15 included:

- ***Involving children and young people in shaping our service***
  - Publishing qualitative research with children, young people and their carers examining their views and experiences of the Children's Hearings System
  - Producing a CHS Participation Framework outlining our commitment to involve children and young people in our work and to help shape our service
  - Running workshops with children and young people on topics such as panel member training, panel member recruitment, participation and corporate planning
  - Signing Who Cares? Scotland's Pledge to Listen to children and young people from and in care to make sure children and young people's voices are at the centre of everything we do
  - Producing information materials for young people going to a hearing
  - Convening a Young Person's Panel to help recruit our National Convener Boyd McAdam
  - Working with young people to produce two films, *Hear from Young People* and *The Perfect Panel Member* on what makes a good panel member and panel member communication and behaviour in hearings.

**Strategic Report: Review of principal activities (continued)**

- ***Strengthening support for panel and AST members***
  - Carrying out a national panel member recruitment campaign
  - Appointing 463 new panel members from the 2014 recruitment campaign to the national Children's Panel
  - Surveying the CHS Community to understand how panel members and AST members feel about their volunteering experience as part of Children's Hearings Scotland
  - Bringing together AST members across Scotland for four National Forums to share their views and experiences and input into national policy
  - Developing the Children's Hearings Information and Resource Portal (CHIRP), providing online resources and information for the CHS Community
  - Carrying out a review of the 2014 panel member recruitment campaign to help inform the 2015 recruitment campaign
  - Launching quarterly Area Convener Liaison meetings to provide leadership and decision making on behalf of the National Convener within the national AST structure
  
- ***Delivering high quality, consistent training for panel and AST members***
  - Delivering pre-service training to over 480 trainee panel members from the 2015 recruitment campaign, which consisted of online blended learning, continuous assessment, observing real hearings and attending local evening events
  - Publishing four practice notes for panel members to refresh and develop their knowledge and practice
  - Delivering mandatory training on permanence and contact to 1351 panel members
  - Delivering training for Panel Practice Advisers
  - Delivering digital skills workshops within the CHS Community to raise awareness of CHIRP and increase digital skills
  - Delivering Management of Hearings training to over 300 panel members
  
- ***Building relationships with partners***
  - Chairing the Children's Hearings Improvement Partnership Generating Evidence and Promoting Improvement sub group
  - Working with partners to respond to consultations on the Children and Young People Act (2014) and the draft statutory guidance
  - Reporting to the Education and Culture Committee on progress made since the Committee's published report on the Inquiry on taking children into care
  - Working with the Scottish Children's Reporters Administration (SCRA) through the Hearings Management Group to make improvements to the management and scheduling of hearings
  - Establishing a joint CHS/SCRA Information Governance Group to improve information governance across both organisations, ensure best practice identify opportunities for working in partnership
  - Responding to the Scottish Government consultation on Corporate Parenting guidance
  - Working with Who Cares? Scotland to develop a programme of workshops with children and young people.



## Strategic Report: Review of principal activities (continued)

- **Embedding governance and support arrangement across the CHS Community**
  - Publishing an action plan from our organisational review carried out in December 2013
  - Appointment of Gary Coutts as the new Chair of the CHS Board
  - Recruiting and appointing a new National Convener/Chief Executive of CHS, Boyd McAdam
  - Implementing a suite of information governance policies and procedures to keep information safe and secure across the CHS National Team and CHS Community
  - Taking up membership of the Scottish Council for Development & Industry (SCDI)
  - Consulting with the CHS Community on the Corporate Plan for 2015-18
  - Publishing CHS' Records Management Plan and submitting it to the Keeper of the Records of Scotland

CHS is committed to measuring and reporting on progress towards delivery of our outcomes. Our performance management framework is linked to the CHS vision, mission and values and our corporate and business plans. Our performance management framework tracks how well CHS is doing to deliver our goals as set out in these plans, and how we are performing as an organisation, through a suite of key performance indicators (KPIs), which are monitored monthly, quarterly and annually. We also monitor our progress towards delivering our business plan on a quarterly basis. We produce performance statistics for the Board on a quarterly basis. In 2015/16 will publish a quarterly performance report on our website. CHS will also produce management information reports for each of the 22 AST areas, designed to provide AST management teams with a high level overview of the national Children's Panel in their area.

## 2. Future developments in activities

For the financial year 2015/16 CHS has been allocated revenue grant-in-aid of £3.7 million (2014/15: £3.7 million). This grant will be allocated in full toward CHS' activities and priorities as set out in the approved Business Plan for 2015/16.

### Priority areas of focus for 2015/16

CHS has produced and published a new Corporate Plan for the three year period covering 2015-18. We have set out five outcomes to deliver in this three year period:

**Outcome one:** *Hearings are centred around the child or young person and their needs.*

**Outcome two:** *Our activities are informed by the views and experiences of children and young people.*

**Outcome three:** *High quality decisions for children and young people referred to a children's hearing are made consistently across Scotland.*

**Outcome four:** *Members of the CHS Community feel valued, and are supported and well trained to carry out their role.*

**Strategic Report: Future developments in activities (continued)**

**Outcome five:** *Children's Hearings Scotland is an effective and supportive organisation locally and nationally.*

The theme for year one of this three year plan is to consolidate our business processes and systems, and enhance and strengthen our relationship with panel and AST members. We will develop measures of success and strengthen our use of evidence in decision making. Together with our partners we will prepare for the introduction of digital technology in the Children's Hearings System.

Our Business Plan 2015/16 sets out our objectives for the year ahead:

**Business objective one:** *Voice of the child*

We will take action to improve our services by involving children and young people in how we run Children's Hearings Scotland.

**Business objective two:** *Strengthening the panel*

We will strengthen and maintain our capacity to service children's hearings and support panel members.

**Business objective three:** *Supporting decision making*

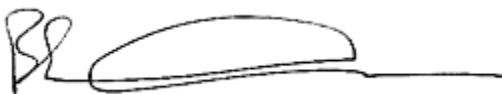
We will ensure that the same high quality of decisions is made consistently across Scotland by developing and supporting panel member practice.

**Business objective four:** *Sustainable Infrastructure*

We will make sure our systems and processes and support mechanisms are robust and understood. We will strengthen the relationships between the CHS National Team, AST and panel members.

**Business objective five:** *Governance*

We will make sure that Children's Hearings Scotland meets its obligations as a public body and functions well. We will report on our progress to the CHS Community, public and government.



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**

# Remuneration Report

## 1. Unaudited remuneration report Remuneration and Appointments Committee

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

### Membership of Remuneration Committee

For 2014/15, the Remuneration and Appointments Committee consisted of:

- Alastair Hamilton (Chair of committee)
- John Anderson (from 16th June 2014)
- Marian Martin (from 16th June 2014)
- Linda Watt (to 16th June 2014)
- Andrew Thin (to 31st January 2015)

### Policy on remuneration of senior managers

Proposals on the remuneration of the National Convener/Chief Executive are made by the Remuneration and Appointments 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 and Appointments Committee.

CHS' 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 CHS by arrangements which are simple, fair and transparent

### Senior Managers Service Contracts

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. The notice period for senior managers is three months. Any payment in relation to termination of employment through retirement or redundancy is governed by CHS' 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.

## Remuneration Report (continued)

## 2. Audited remuneration report

## Senior managers' service contracts

	Date of contract	Unexpired term	Notice period
<b>Bernadette Monaghan</b> <sup>1</sup> <i>National Convener/Chief Executive</i>	01 April 2011	Fixed term contract to 31 March 2016	3 months
<b>Boyd McAdam</b> <i>National Convener/Chief Executive</i>	07 October 2014	Fixed term contract to 6 October 2019	3 months
<b>Alison Gough</b> <i>Director of Panel and Area Support</i>	09 January 2012		3 months

Remuneration	Salary and allowances 2014/15 £000	Salary and allowances 2013/14 £000
<b><i>National Convener/Chief Executive</i></b>		
Bernadette Monaghan <sup>1</sup>	20-25 <sup>2</sup>	65-70
Boyd McAdam <sup>3</sup>	70-75	N/A
<b><i>Executive Management Team</i></b>		
Alison Gough <sup>4</sup> <i>Director of Panel and Area Support</i>	55-60 <sup>5</sup>	50-55
Garry Coutts	15-20	N/A
John Anderson	0-5	10-15
Brian Baverstock	0-5	0-5
Alastair Hamilton	0-5	0-5
Marian Martin	0-5	5-10
Andrew Thin <sup>6</sup>	0-5	0-5
Linda Watt	0-5	0-5
Mid-point of highest paid director's total remuneration	£72,800	£72,400
Median total remuneration	£33,887	£28,704
Ratio	2.15	2.52

<sup>1</sup> resigned 6<sup>th</sup> April 2014<sup>2</sup> includes annual leave paid and pay in lieu of notice<sup>3</sup> seconded from SG 1<sup>st</sup> April 2014<sup>4</sup> resigned 31<sup>st</sup> March 2015<sup>5</sup> includes annual leave paid<sup>6</sup> resigned 31<sup>st</sup> January 2015

### **Remuneration Report: Audited remunerations report (continued)**

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

The banded remuneration of the highest-paid director in CHS in the financial year 2014/15 was (£70,387-75,286) (2013/14: £69,690-75,075). This was 2.15 (2013/14: 2.52) times the median remuneration of the workforce which was £33,887 (2013/2014: £28,704). In 2014/15 no employees received remuneration in excess of the highest-paid director.

No benefits in kind were received in 2014/15.

CHS does not have a separate performance pay scheme for senior managers. The Scottish Government-wide remuneration policy is applied equally to all staff including senior management.

### **Compensation**

Two compensation payments were approved under voluntary exit terms by Scottish Government in accordance with CHS' delegated authority.

### **Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument.

## Remuneration Report: Audited remuneration report (continued)

## Senior managers' pension entitlements

<b>Senior Management Team Members</b>	Real increase in pension in year to 31 March 2015 £000	Real increase in lump sum in year to 31 March 2015 £000	Total accrued pension as at 31 March 2015 £000	Total accrued lump sum at 31 March 2015 £000	CETV at 31 March 2014 £000	CETV at 31 March 2015 £000	Real increase in CETV during year £000
Bernadette Monaghan <i>National Convener/Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	43	n/a <sup>7</sup>	n/a
Boyd McAdam <sup>8</sup> <i>National Convener/Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	n/a	9	9
Alison Gough <i>Director of Panel and Area Support</i>	0-2.5	0-2.5	0-5	0-5	21	32	11

## Prior year comparatives

<b>Senior Management Team Members</b>	Real increase in pension in year to 31 March 2014 £000	Real increase in lump sum in year to 31 March 2014 £000	Total Accrued pension as at 31 March 2014 £000	Total accrued lump sum at 31 March 2014 £000	CETV at 31 March 2013 £000	CETV at 31 March 2014 £000	Real increase in CETV during year £000
Bernadette Monaghan <i>National Convener/Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	28	43	15
Alison Gough <i>Director of Panel and Area Support</i>	0-2.5	0-2.5	0-5	0-5	11	21	10

<sup>7</sup> figures as at the date of leaving employment (06/04/2015)

<sup>8</sup> less than 2 years membership therefore no entitlement to preserved benefits

**Remuneration Report: Audited remuneration report (continued)**

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

**Senior managers' remuneration as a single figure**

<b>Senior Management Team Members</b>	<b>Salary</b>	<b>Pension Benefits<sup>9</sup></b>	<b>Compensation</b>	<b>2014/15 Total</b>	<b>Salary</b>	<b>Pension Benefits</b>	<b>Compensation</b>	<b>Restated 2013/14 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bernadette Monaghan <i>National Convener/Chief Executive</i>	20-25	20	40-45	80-85	65-70	34	n/a	100-105
Boyd McAdam <i>National Convener/Chief Executive</i>	70-75	n/a <sup>10</sup>	N/A	70-75	n/a	n/a	n/a	n/a
Alison Gough <i>Director of Panel and Area Support</i>	55-60	16	25-30	95-100	50-55	16	n/a	65-70 <sup>11</sup>

9 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (real increase in lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

10 less than 2 years membership therefore no entitlement to preserved benefits

11 Reported as 70-75 last year in error



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**

# Statement of Boards and National Convener/Chief Executives responsibilities

**Section 21(1) of the Children's Hearings (Scotland) Act 2011 requires CHS 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 give a true and fair view of CHS' 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.

Under section 15 of the Public Finance and Accountability (Scotland) Act 2000 the Principal Accountable Officer of the Scottish Government appointed the National Convener/Chief Executive of CHS as its Accountable Officer. As Accountable Officer, the National Convener/Chief Executive is responsible to the Scottish Ministers.

In preparing the accounts the Accountable Officer is required to comply with the 'Government Financial Reporting Manual', and in particular 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 as set out in the 'Government Financial Reporting Manual', 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 CHS will continue in operation

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding CHS assets are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**



# Governance statement

## 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 CHS' 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

CHS' 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 financial year ended 31 March 2015 and up to the date of the approval of the annual report and accounts.

CHS has a Board which meets at least every two months to consider the overall strategic direction of CHS within the policy, planning and resources framework determined by the Scottish Ministers. The Board seeks assurance that corporate objectives are being progressed through the delivery of agreed targets in the business plans and corporate plan on performance, implementation of strategic projects, effective use of resources and management of strategic risks.

The Board Committee structure comprises a Remuneration and Appointments Committee and an Audit and Risk Management Committee. Each Committee has developed a terms of reference which is documented, approved and reviewed on a regular basis.

The Remuneration and Appointments Committee meets as required (in this year it met twice) and reviews the arrangements for:

- the performance appraisal process for the Chief Executive, Directors and CHS staff
- the recruitment and remuneration of all CHS employees
- ensuring that appropriate employment policies are in place

The Chairman of the Remuneration and Appointments Committee briefs the Board following each meeting and receives an annual report on the performance of the Committee.

The Audit and Risk Management Committee meets quarterly and reviews the adequacy of the arrangements for ensuring sound internal control arrangements and provides the Board

**Governance statement: Governance framework (continued)**

and Accountable Officer with advice and assurance with regard to the arrangements for:

- financial control and reporting
- risk management
- Information Governance
- legal and regulatory compliance

The Chairman of the Audit Committee briefs the Board following each Audit Committee and Board receives an annual report on the performance of the Committee.

CHS has an internal audit service provided under contract, which operates to standards defined in the Public Sector Internal Audit Standards. During 2014/15, Internal Audit undertook reviews of Information Governance, AST/Panel Member management arrangements, non-pay expenditure and creditor payments, Local Authority management of expense claims by Panel and AST members, Training management arrangements for the volunteers in the CHS Community and review of ICT Strategy. The Committee scrutinises all internal audit reports and the actions taken by managers in response to audit recommendations.

For the areas above examined in 2014/15, Internal Audit provided assurance that adequate controls were in place and no significant weaknesses were identified, and made recommendations for improvement that were accepted and are being implemented by Management. In the review of ICT Strategy Audit, Internal Audit identified the risk of loss of key knowledge and focus once the IT Contractor resource leaves.

The Internal Auditors are required to provide the Audit and Risk Committee with assurance on the whole system of internal control and for 2014/15 their independent opinion is that CHS has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives and the management of key risks.

## **Governance statement: Governance framework (continued)**

### **Operation of the Board**

The Board met six times during 2014/15, held five Board development sessions and had a joint meeting with the Board of SCRA to discuss common issues.

Key issues for the Board in 2014/15 included:

- Development of Corporate Plan for 2015-18
- Agreeing Business Plan and Annual Budget for 2015-16
- Senior Management Restructure and Workforce Development
- Review of Shared Services provided by SCRA
- Development of KPIs for National Training Contract
- Review of CHS Expenses Policy
- Oversight of Strategic Risks
- Information Governance arrangements and development of a Record Management Plan
- Development of a Joint Digital Strategy with SCRA

### **Senior Management Restructuring**

The Board has agreed to restructure the senior management positions by replacing the two vacant director positions (Director of Panel and Area Support and Director of Finance and Corporate Services) with a Depute Chief Executive post. The Depute Chief Executive will report to the National Convener/Chief Executive and be responsible for panel and area support, volunteer training, ICT, strategic planning and performance, Information Governance and oversight of shared services provided by SCRA.

As part of the restructuring, strategic and operational finance support and human resources will be provided through an enhanced shared services arrangement with SCRA. The Director of Finance of SCRA will attend and provide strategic finance advice to the CHS Board and Committee meetings, accountability meetings with Scottish Government, SMT meetings etc.

## Governance Statement (continued)

### 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 CHS who have responsibility for the development and maintenance of the internal control framework, including the organisation's Senior Information Risk Officer
- the work of the internal auditors who submit to the Audit and Risk Management Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of CHS' system of internal control together with any recommendations for improvement
- comments made by the external auditors in their management letter and other reports

### Risk management arrangements

A framework for identifying, measuring, controlling and monitoring strategic risks has been in place throughout the financial year. A monthly review of the Strategic Risk Register is undertaken by the Senior Management Team and the Strategic Risk Register is reported to the Audit and Risk Management Committee on a quarterly basis. Strategic and operational risk management is embedded in CHS' corporate and business planning processes and performance management arrangements.

During 2014/15 the Board approved a revised Risk Management policy on the recommendation of the Audit and Risk Management Committee following review.

The key strategic risks identified and monitored during 2014/15 included information governance, relations with AST's, SMT Resilience, loss of key information due to lack of knowledge transfer when key staff leave and CHS's ability to provide efficient IT systems to support Panel and Area Support Team Members within existing budgets.

During the year, at the request of CHS, the Information Commissioner Office undertook an Information Risk Review, and the recommendations made were accepted and developed into an action plan which the ARMC will monitor to ensure implementation.

## Governance Statement (continued)

### Significant Issues

#### Data Security

During 2014/15, CHS had no reportable data breaches to the Information Commission Office.

Mitigating measures are in place to reduce the likelihood of data breaches and includes compulsory training for all panel members and developing case studies to raise awareness of the importance of information security. However, even by putting in place the above mitigation measures, the residual risk score is likely to remain high on the Strategic Risk Register due to the high impact if a significant data breach occurs.

#### ICT Succession Plan

In the ICT Strategy Audit, Internal Audit identified two potential risks: loss of key knowledge and loss of continued focus on the development and implementation of the CHS ICT Strategy and the Joint Digital Strategy once the IT Contractor resource leaves. Internal Audit have recommended that CHS develop a succession plan to mitigate these risks.

The Board have agreed mitigating measures to reduce the likelihood of this occurrence by approving the recruitment of a joint Senior ICT Post with SCRA to oversee the implementation of the Joint Digital strategy and the continued development of the key ICT systems within CHS, and arrangements are also being put in place to tender for a support contract for CHIRP.

It is recognised by the Board that future development of CHS ICT systems will require additional funding from SG and work is underway with SCRA to develop a joint business case for submission to SG.

### Conclusion

As Accountable Officer, I am satisfied that CHS has effective corporate governance arrangements in place.



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**

# Independent auditors' report

## **Independent auditors' report to the members of Children's Hearing Scotland, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of Children's Hearings Scotland for the year ended 31 March 2015 under the Children's Hearings (Scotland) Act 2011. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity 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 Board's and National Convener/Chief Executive'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

### **Independent auditors' report (continued)**

obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual report and 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 Hearings (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 Hearings (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 Hearings (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers; and
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report (continued)**

**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 Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.

A handwritten signature in black ink, appearing to read 'Martin Pitt'.

**Martin Pitt for and on behalf of PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ  
30 June 2015**



**Children's Hearings Scotland**  
**Statement of Comprehensive Net Expenditure**  
**for the year ended 31 March 2015**

	Note	Year to 31 March 2015 £000	Year to 31 March 2014 £000
<b>Expenditure</b>			
Staff costs	2	857	852
Other administration costs	3	2,900	2,447
<b>Net expenditure</b>		3,757	3,299
Other finance cost/(income)	7	3	1
<b>Net expenditure before Scottish Government funding</b>		3,760	3,300

The notes on pages 29 to 39 form part of these accounts

**Children's Hearings Scotland**  
**Statement of Financial Position**  
**as at 31 March 2015**

	Note	2015 £000	2014 £000
<b>Current assets</b>			
Trade and other receivables	4	28	23
Cash and cash equivalents	5	659	802
<i>Total current assets</i>		<i>687</i>	<i>825</i>
<b>Total assets</b>		<b>687</b>	<b>825</b>
<b>Current liabilities</b>			
Trade and other payables	6	476	495
<i>Total current liabilities</i>		<i>476</i>	<i>495</i>
<b>Non-current assets plus net current assets</b>		<b>211</b>	<b>330</b>
<b>Non-current liabilities</b>			
Net Pension liability	7	241	53
<b>Net liabilities</b>		<b>(30)</b>	<b>277</b>
<b>Taxpayers' equity</b>			
General fund		161	321
Pension reserve		(191)	(44)
<b>Total taxpayers' equity</b>		<b>(30)</b>	<b>277</b>

The notes on pages 29 to 39 form part of these accounts

The financial statements set out on pages 25 to 39 were approved by the Board on 30 June 2015 and signed on its behalf by



**Boyd McAdam**  
**Accountable Officer**  
**30 June 2015**

## Children's Hearings Scotland

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

	Note	2015 £000	2014 £000
<b>Cash flows from operating activities</b>			
Net expenditure before Scottish Government funding		(3,760)	(3,300)
<i>Adjustments for non-cash items</i>			
Increase in pension fund liability	7	188	45
Decrease in pension reserve	7	(147)	(24)
<i>Movements in working capital</i>			
Increase in trade and other receivables	4	(5)	(1)
Increase in trade and other payables	6	(19)	321
<b>Net cash outflow from operating activities</b>		<b>(3,743)</b>	<b>(2,959)</b>
<b>Cash flows from financing activities</b>			
Scottish Government funding for year		3,600	3,300
<b>Net increase in cash and cash equivalents</b>		<b>(143)</b>	<b>341</b>

The notes on pages 29 to 39 form part of these accounts

## Children's Hearings Scotland

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

	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 1 April 2013</b>		321	(20)	301
Actuarial loss on pension reserve	7	0	(24)	(24)
Net expenditure for the year		(3,300)	0	(3,300)
<b>Total recognised income and expense for 2013/14</b>		<b>(2,979)</b>	<b>(44)</b>	<b>(3,023)</b>
Funding from Scottish Government		3,300	0	3,300
<b>Balance at 31 March 2014</b>		<b>321</b>	<b>(44)</b>	<b>277</b>
	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 1 April 2014</b>		321	(44)	277
Actuarial loss on pension reserve	7	0	(147)	(147)
Net expenditure for the year		(3,760)	0	(3,760)
<b>Total recognised income and expense for 2014/15</b>		<b>(3,439)</b>	<b>(191)</b>	<b>(3,630)</b>
Funding from Scottish Government		3,600	0	3,600
<b>Balance at 31 March 2015</b>		<b>161</b>	<b>(191)</b>	<b>(30)</b>

The notes on pages 29 to 39 form part of these accounts

# Notes to the accounts

## 1. Accounting policies

### 1.1 Basis of accounting

The accounts have been prepared in accordance with the accounting principles and disclosure requirements of the 2013/14 Government Financial Reporting Manual. The accounting policies contained in the manual follow International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act to the extent that it is meaningful and appropriate in the public sector context and in accordance with the Accounts Direction given by the Scottish Ministers. Where the manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of CHS for the purposes of giving a true and fair view has been selected. The accounting policies selected have been applied consistently in dealing with items that are considered material in relation to the accounts.

### 1.2 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.

### 1.3 Property, plant and equipment

The threshold for capitalisation of property, plant and equipment is £5,000, including non-recoverable VAT. Individual items of plant and equipment whose cost falls below the threshold, but are of a similar nature, are grouped and capitalised.

Expenditure on furniture, fixtures and fittings is charged to the statement of net expenditure in the year the cost is incurred and is not capitalised.

Given the short useful economic lives and low values of property, plant and equipment and intangible assets, these assets are disclosed on a depreciated historical cost basis, which is used as a proxy for fair value.

Depreciation is provided on all property, plant and equipment on a straight line basis, at rates calculated to write-off the cost, less estimated residual value, of each asset over its expected useful life as follows:

- ICT equipment – three years
- office equipment – five years

## Notes to the accounts (continued)

### 1.4 Intangible assets

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of CHS' business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, CHS and where the cost can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised where they are capable of being used in CHS' activities for more than one year and they have a cost of at least £1,000 including non-recoverable VAT.

The main classes of intangible assets recognised are:

- acquired computer software licences

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 the shorter term of life of licence and its estimated useful economic life. The Scottish Government retains the title to all software purchased for use on SCOTS assets.

### 1.5 Employee benefits

CHS has an agreement with Edinburgh City Council under which all staff are eligible to enter the Local Government Pension Scheme managed by the Council in accordance with scheme rules. 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 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 Changes in Taxpayers' Equity.

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 were included in a report published by Lothian Pension Fund.

## **Notes to the accounts: 1.5 Employee benefits (continued)**

The contribution rates for 2014/15 were an average of 6.6% by employee and 19.1% by employer.

### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements.

### **1.6 Income**

CHS does not undertake any activities which generate income.

### **1.7 Leases**

CHS occupies office space within a Scottish Government owned building under a Memorandum of Terms of Occupation (MOTO). This arrangement is treated as an operating lease and the rental is charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the MOTO.

### **1.8 Government grants**

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

### **1.9 Financial Instruments**

Cash requirements for CHS are met through the Scottish Government and therefore financial instruments play a more limited role in creating and managing risk than would apply within a non-public sector body. The majority of financial instruments relate to receivables and payables incurred through the normal operational activities of CHS. CHS is therefore exposed to little credit, liquidity or market risk.

### **1.10 Value Added Tax**

CHS has no chargeable activities within the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

### **1.11 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.

**Notes to the accounts (continued)****1.12 Related Party Transactions**

Material related party transactions are disclosed in line with the requirements of IAS 24.

**2. Staff numbers and related costs****2.1 Staff costs – staff with a permanent (UK) employment contract**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	523	431
Social security costs	42	36
Contributions to pension scheme	95	73
IAS 19 Pension Charge	38	20
	<b>698</b>	<b>560</b>

**2.2 Staff costs – other staff**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	152	279
Social security costs	3	7
Contributions to pension scheme	4	6
	<b>159</b>	<b>292</b>

**2.3 Staff costs – all staff**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Salaries	675	710
Social security costs	45	43
Contributions to pension scheme	99	79
IAS 19 Pension Charge	38	20
	<b>857</b>	<b>852</b>

**2.4 Average number of employees**

<b>Category of staff</b>	<b>2014/15</b>	<b>2013/14</b>
Staff with permanent contract - Female	10	9
Staff with permanent contract - Male	7	3
Staff with short-term contract - Female	1	4
Staff with short-term contract - Male	2	1
<b>Total</b>	<b>20</b>	<b>17</b>



## Notes to the accounts (continued)

**3. Other administration costs**

	2014/15 £000	2013/14 £000
Board fees and expenses	40	61
Shared services	112	112
Legal fees	6	6
Running costs	406	583
Compensation Costs	70	0
Direct support for panel	71	78
Training, recruitment and other staff costs	41	29
Auditor remuneration	11	10
Internal auditors' remuneration	15	15
Recruitment of Panel Members	412	397
Training of Panel and AST Members	947	533
Panel and AST Member Expenses	769	623
	<b>2,900</b>	<b>2,447</b>

**4. Trade and other receivables****4.1 Amounts falling due within one year**

	2015 £000	2014 £000
Other receivables	8	2
Prepayments	20	21
	<b>28</b>	<b>23</b>

**4.2 Intra governmental balances**

	Receivables: amounts due within one year	Receivables: amounts due within one year
	2015 £000	2014 £000
Balances with other central government bodies	8	0
<b>Intra governmental balances</b>	<b>8</b>	<b>0</b>
Balances with bodies external to government	20	23
<b>at 31 March</b>	<b>28</b>	<b>23</b>

## Notes to the accounts (continued)

**5. Cash and cash equivalents**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	802	461
Net change in cash and cash equivalents	(143)	341
Balance at 31 March	659	802
Bank accounts	659	802
at 31 March	<b>659</b>	<b>802</b>

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

**6. Trade and other payables****6.1 Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade payables	134	222
Tax and social security	15	0
Other payables	12	0
Accruals	315	273
	<b>476</b>	<b>495</b>

**6.2 Intra governmental balances**

	<b>Payables:</b>	<b>Payables:</b>
	<b>amounts due</b>	<b>amounts due</b>
	<b>within one year</b>	<b>within one year</b>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Balances with other central government bodies	88	18
Balances with Local Authorities	258	290
<b>Intra governmental balances</b>	<b>346</b>	<b>308</b>
Balances with bodies external to government	130	187
<b>at 31 March</b>	<b>476</b>	<b>495</b>

## Notes to the accounts (continued)

## 7. Pensions

Information about the assumptions underlying the figures in this note can be found in Note 1.5.

**Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for year ended 31 March 2015**

	Assets £000	Obligations £000	Net (liability) £000
Fair value of employer assets	271	0	271
Present value of funded liabilities	0	324	(324)
<b>Opening Position as at 31 March 2014</b>	<b>271</b>	<b>324</b>	<b>(53)</b>
Current Service Cost	0	124	(124)
Past Service Cost	0	0	0
<b>Total Service cost</b>	<b>0</b>	<b>124</b>	<b>(124)</b>
Interest income on plan assets	14	0	14
Interest cost on defined benefit obligation	0	17	(17)
<b>Total Net Interest</b>	<b>14</b>	<b>17</b>	<b>(3)</b>
<b>Total defined benefit cost recognised in profit or (loss)</b>	<b>14</b>	<b>141</b>	<b>(127)</b>
Plan participants' contributions	29	29	0
Employer contributions	86	0	86
<b>Expected closing position</b>	<b>400</b>	<b>494</b>	<b>(94)</b>
<b>Remeasurements</b>			
Change in demographic assumptions	0	31	(31)
Change in financial assumptions	0	93	(93)
Other experience	0	191	(191)
Return on assets excluding net interest	168	0	168
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>168</b>	<b>315</b>	<b>(147)</b>
Fair value of employer assets	568	0	568
Present value of funded liabilities	0	809	(809)
<b>Closing position as at 31 March 2015</b>	<b>568</b>	<b>809</b>	<b>(241)</b>

## Notes to the accounts (continued)

## Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for year ended 31 March 2014

	Assets	Obligations	Net (liability)
	£000	£000	£000
Fair value of employer assets	151	0	151
Present value of funded liabilities	0	159	(159)
<b>Opening Position as at 31 March 2013</b>	<b>151</b>	<b>159</b>	<b>(8)</b>
Current Service Cost	0	99	(99)
Past Service Cost	0	0	0
<b>Total Service cost</b>	<b>0</b>	<b>99</b>	<b>(99)</b>
Interest income on plan assets	9	0	9
Interest cost on defined benefit obligation	0	10	(10)
<b>Total Net Interest</b>	<b>9</b>	<b>10</b>	<b>(1)</b>
<b>Total defined benefit cost recognised in profit or (loss)</b>	<b>9</b>	<b>109</b>	<b>(100)</b>
Plan participants' contributions	29	29	0
Employer contributions	79	0	79
<b>Expected closing position</b>	<b>268</b>	<b>297</b>	<b>(29)</b>
<b>Remeasurements</b>			
Change in demographic assumptions	0	0	0
Change in financial assumptions	0	27	(27)
Other experience	0	0	0
Return on assets excluding net interest	3	0	3
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>3</b>	<b>27</b>	<b>(24)</b>
Fair value of employer assets	271	0	271
Present value of funded liabilities	0	324	(324)
<b>Closing position as at 31 March 2014</b>	<b>271</b>	<b>324</b>	<b>(53)</b>

**Notes to the accounts (continued)****Fair value of employer assets**

The below asset values are at bid value as required under IAS19

	2015			2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	£000	£000	£000	£000	£000	£000
Equities	349	0	349	175	0	175
Bonds	47	0	47	19	0	19
Private Equity	0	66	66	2	31	33
Property	0	43	43	0	21	21
Investment Funds	15	2	17	3	4	7
Derivatives	1	0	1	0	0	0
Cash and Cash equivalents	45	0	45	16	0	16
	<b>457</b>	<b>111</b>	<b>568</b>	<b>215</b>	<b>56</b>	<b>271</b>

**Analysis of projected amount to be charged to operating profit for the year to 31 March 2016**

Year ended:	31 March 2016 £000	% of pay
Projected current service cost	(157)	(28.8%)
Interest income on plan assets	21	3.9%
Interest cost on obligations	(30)	(5.5%)
<b>Total</b>	<b>(166)</b>	<b>(30.4%)</b>

Year ended:	31 March 2015 % p.a.	31 March 2014 % p.a.
Pension increase rate	2.5	2.9
Salary increase rate	4.4	5.2
Discount Rate	3.3	4.3

**Notes to the accounts (continued)**

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 Fund's VitaCurves, with an allowance for future improvements based on year of birth, medium cohort and 1% p.a. minimum improvements from 2008.

**8. Commitments under leases**

CHS has no commitments under non-cancellable operating leases. CHS occupies office space in 2/1/1 Ladywell House under a Memorandum of Terms of Understanding with National Records of Scotland (NRS). The agreement is for five years from 01 November 2011 and CHS pays NRS £42,000 p.a. for rent and rates.

**9. Financial Instruments**

As the cash requirements of CHS 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 CHS' expected purchase and usage requirements. CHS is therefore exposed to little credit, liquidity or market risk.

**10. Related party transactions**

CHS is a Non-Departmental Public Body sponsored by the Care and Justice Division in the Children and Families Directorate. CHS receives funding from the Care and Justice Division in the Children and Families Directorate which is regarded as a related party. During 2014/15, CHS received grant in aid of £3,600,000 (2013/14 £3,700,000).

CHS is a member of the Lothian Pension Scheme which is administered by Edinburgh City Council. During 2014/15, CHS made payments of £122,363 (2013/14 £111,490) to the Lothian Pension Scheme made up of employee and employer contributions.

CHS made payments of £112,181 (2013/14 £112,040) to SCRA for the provision of shared services.

No Board Member, senior manager or other related party has undertaken any transactions with CHS during the year.

**Notes to the accounts (continued)**

**11. Special Payments**

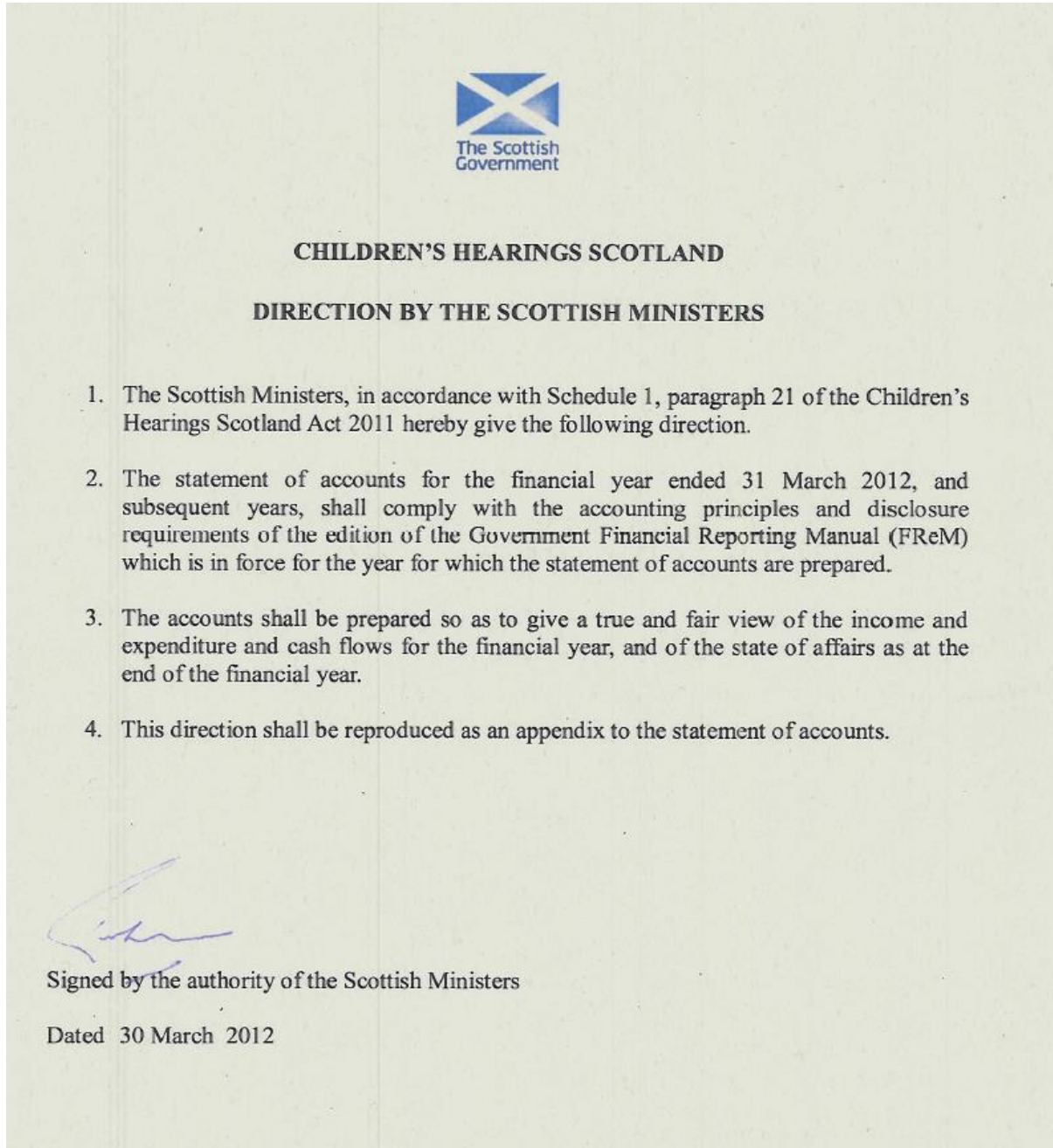
Special payments were made which requires disclosure under the Scottish Public Finance Manual guidelines. See the Remuneration Report for details.

**12. Contingent liabilities**

CHS has no contingent liabilities as at 31 March 2015.

# Annex 1

## Direction by the Scottish Ministers





## Children's Hearings Scotland

Area 2/1/1 Ladywell House  
Ladywell Road  
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