

Performance Report

Overview

Children's Hearings Scotland (CHS) is a non-departmental public body (NDPB). We were established in July 2011 by the Children's Hearings (Scotland) Act 2011 (the 2011 Act) as part of the modernisation agenda for the Children's Hearings System. We took on our full functions under the 2011 Act in 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.

The 2011 Act aims to improve the lives, outcomes and opportunities of Scotland's most vulnerable children and young people.

Under the 2011 Act, the National Convener of CHS has a number of duties and powers. These include:

- recruitment, appointment and reappointment of panel members
- making arrangements for the training of panel members
- managing the 22 Area Support Teams
- appointment and reappointment of Area Support Team members
- providing advice to children's hearings
- publishing annually a report about the implementation of compulsory supervision orders (the feedback loop)

Other activities are carried out in the context of CHS' Corporate Plan 2015-2018 and Business Plan 2015/16 and 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 2015-2018:

- Hearings are centred around the child or young person and their needs
- Our activities are informed by the views and experiences of children and young people.
- High quality decisions for children and young people referred to a children's hearing are made consistently across Scotland.
- Members of the CHS Community feel valued, and are supported and well trained to carry out their role.
- Children's Hearings Scotland is an effective and supportive organisation locally and nationally.

CHS works with partners in the Children's Hearings System to help improve outcomes for children and young people in the hearings system.

Key areas of focus for 2015/16 included:

- **Voice of the child**
 - Publishing a CHS Participation Framework in May 2015 outlining our commitment to involve children and young people in our work and to help shape our service
 - Running a workshop with children and young people in June 2015 looking at how panel members should treat and communicate with children and young people during their hearing, with the results becoming part of the 'Quick Guide' for panel members
 - Producing a new leaflet for children called 'All About Panel Members'
 - Running two workshops with children and young people to review CHS' website
 - Involving young people in the recruitment and selection of senior CHS staff and Area Conveners
 - Running a 'Tea with Boyd' workshop to update young people on how CHS is working to use the information they have given us
 - Working with young people and producing the online film *The Perfect Panel Member* which focuses on panel member communication and behaviour in hearings.
 - Ensuring the CHS Training Unit involved children and young people in the design and delivery of panel member pre-service training

- **Strengthening the panel**
 - Carrying out a national panel member recruitment campaign which received 1730 applications
 - Appointing 424 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 and to make improvements to the support we deliver
 - Carrying out a review of the 2015 panel member recruitment campaign to help inform the 2016 recruitment campaign
 - Working with Area Conveners through the Area Convener Liaison Group to provide leadership and decision making on behalf of the National Convener within the national AST structure
 - Including young people on the Retention and Recruitment Reference Group and, through them, piloting youth involvement in the panel member recruitment process
 - Developing the Panel Practice Adviser role and training requirements using a short-life working group of AST members
 - Delivering digital skills workshops within the CHS Community to raise awareness of the Children's Hearings Information and Resource Portal (CHIRP) and increase digital skills
 - Launching our reappointment programme for panel and AST members

- ***Support decision making***
 - Delivering pre-service training to over 455 trainee panel members from the 2016 recruitment campaign, which consisted of online blended learning, continuous assessment, observing real hearings and attending local evening events
 - Publishing and issuing a 'Quick Guide' for all panel members which covers key legal tests and good practice in order to promote high quality and consistent decision-making
 - Publishing and issuing ten-weekly electronic Practice Newsletters to all panel members and maintaining the most up-to-date practice information, case notes and practice briefing notes on CHIRP to refresh and develop their knowledge and practice
 - Producing and publishing our first Training Prospectus for panel member training
 - Delivering core training to over 1,400 panel members
 - Responding to 324 requests for panel member continuity

- ***Sustainable infrastructure***
 - Embedding relationships with our key partners across the hearings system through the Children's Hearing Improvement Partnership and its sub groups and Tripartite arrangements
 - Working with partners on plans to implement our respective duties under the Children and Young People (Scotland) Act 2014
 - Publishing our joint digital strategy for the Children's Hearings System with SCRA
 - Reviewing and signing three Partnership Agreements with local authorities
 - Working with the Scottish Children's Reporters Administration (SCRA) through the Hearings Management Group to make improvements to the management and scheduling of hearings
 - Working with partners in local authorities to carry out our first feedback loop data collection
 - Completing an ICT health check on our infrastructure
 - Working with the joint CHS/SCRA Information Governance Group to improve information governance across both organisations, ensure best practice and identify opportunities for working in partnership

- **Governance**

- Measuring our progress through our People Survey 2015
- Strengthening our senior management team by recruiting and appointing a new Depute Chief Executive and a new Head of IT
- Designing and delivering training through the Scottish Public Services Ombudsman to Depute Area Conveners, Panel Practice Advisers and CHS staff on management of the new Complaints Handling Procedure
- Consulting with the CHS Community and partners on the Business Plan 2016/17
- Designing and delivering a programme of e-learning on information governance for 1650 of our panel members, AST members, local authority staff and CHS staff members
- Establishing a CHS National Team Operational Management Group to lead and make operational decisions to ensure the smooth running of the organisation
- Reviewing our procurement arrangements with our Scottish Government procurement partners
- Systematically engaging Scottish Government sponsor team in the organisation's development through quarterly accountability meetings
- Fulfilling our internal and external audit obligations by delivering the audit programme on time
- Responding to 32 Freedom of Information requests and six subject access requests, with 97% responded to within statutory timescales

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 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. CHS also produces management information 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.

Performance analysis

The 19 performance indicators overleaf represent a basket of performance measures that CHS use to monitor our progress as a relatively new Non-Departmental Public Body (NDPB).

The majority of the operational focused indicators are collected either annually or bi-annually as part of the CHS Community Survey. On average, 40% of our Panel and AST community respond to the survey in 2015. Of the thirteen indicators reported, CHS shows incremental improvement in six, narrowly missing the target in a five, with the remaining two showing regression from the targets set.

Meeting some of the targets set has been challenging as CHS is not directly responsible, nor in control of all of them. For example the two indicators that seek the views of children and young people on whether they felt important and listened to in a Hearing, includes all the professionals in the Hearing room, not just Panel members.

We have made a concerted effort this year to improve volunteer access to our Children's Hearings Information Resource Portal (CHIRP) which includes a dedicated and secure email facility. 99% of our Panel and AST community are now registered and using this system, against a target of 90%. We believe that this is hugely significant as performance indicators 8, 10, 11 and 13 are dependent upon a good flow of communication between the National Team and our volunteer community. By focusing on improving access to a key communication tool, CHS will see a greater improvement in these results going forward. Finally, we invested in a dedicated leadership 2020 event with our volunteer's leaders in creative partnership with Lloyds Banking Group to develop a shared vision between the National Team and the ASTs.

Our corporate performance is improving in a number of areas, but has suffered in others. Our ambitious targets of 100% for four out of the six indicators leave no room for complacency. Our employee attendance remains within the median of public sector bodies. Our response to complaints remains excellent, yet our inability to respond to one case, for good reason, within 20-days has meant that we missed the target by 3%. Our focus for 2016/17 is to target under-performance and turn areas of improvement into organisational strengths.

These indicators only represent a snapshot of the organisation's performance and should be read in conjunction with the huge strides and successes that the organisation has made in the year. More broadly, the Senior Management Team report to the CHS Board on a quarterly basis on progress against the annual business plan activities. At the end of 2015/16, CHS had completed 88% of planned activities.

The CHS National Team, together with our volunteer leaders across Scotland is committed to driving continuous improvement. Through a programme of leadership and engagement, we will seek to improve our performance across a range of KPIs around the National Convener's core functions of recruiting, training and supporting panel members. Our priority remains to support panel members taking decisions that deliver improved outcomes for children and young people. We will make progress on this New Year by further investing in our volunteer training; building on our approach to recognition; and improving our digital systems to make things easier for our volunteer user community.

CHS is only three-years old and in an organisational sense, it's a relatively new and emerging organisation that has been developed to recruit, train and support over 3000 volunteers dedicated to improving the lives of Scotland's most vulnerable children and young people.

CHS set out 19 performance indicators which were monitored throughout the year:

	Indicator	Target for 2015/16	2015/16	2014/15
Operational Focus				
1	% of children and young people who felt they were the most important person at their hearing	71% or more	68%	71% (in previous survey carried out in 2012/13)
2	% of children and young people who felt they were listened to at their last hearing	91% or more	88% (4% could not remember if they had felt listened to)	No comparable data in previous survey
3	No. of significant children and young people participatory activities carried out	4 or more	4	4
4	Children and young people's feedback on quality of participatory activities	No target set for first collection	The feedback workshop was carried over to 2016/17	No data gathered for 2014/15
5	% of panel members who feel well trained to carry out their role	87% or more	88% agree, 8% neither agree nor disagree	88% agree
6	% of panel members who feel their AST supports them to carry out their role	61% or more	66% agree, 26% neither agree or disagree	62% agree
7	% of panel members who feel national training courses attended in the last twelve months were of good quality	70%	62% agreed, 21% neither agree nor disagree and 6% did not attend national training in 2015	57% agree
8	% of panel members who believe they receive information which helps keep their practice current	90%	87% agree, 10% neither agree nor disagree	80% agree
9	% of panel members who pass national pre-service training first time	No target set	99%	97% of those active on day 7 of training passed
10	% of AST members who feel CHS National Team supports them to carry out their role	50%	40% agree, 39% neither agree or disagree	32% agree
11	% of AST members who feel the CHS National Team keeps them up to date with information which affects their role	70%	55% agree, 27% neither agree or disagree	57% agree
12	% of CHS community who are registered to use the Children's Hearings Information Resource Portal (CHIRP)	90%	99%	69%
13	% of AST members who feel part of a National Team of AST members	50%	39% agree, 28% neither agree nor disagree	31% agree
Corporate Focus				
14	% CHS employee attendance	98%	95%	96%
15	% of information requests responded to within legislative timescales	100%	97%	89%
16	% of complaints responded to within timescales	100%	84%	No data available
17	% of supplier invoices paid within 10 days	100%	83%	97%
18	The % of annual audit actions implemented within the business year	100%	56% partially completed 44% completed	76% completed
19	Scottish Government efficiency savings target met	3%	Target exceeded	Target met

Our contribution to national priorities

Developing Scotland's young workforce

The Scottish Government has set out a clear commitment to reducing youth unemployment by 40 per cent by 2021 through a programme of activity to support the development of the young workforce.

In 2015/16 CHS worked closely with Who Cares? Scotland providing children and young people with meaningful opportunities to give their views on the work of CHS. We believe the skills gained by the children and young people through these workshops contribute to them becoming work ready.

We began work on our Corporate Parenting Plan in 2015/16 and will publish this in 2016/17.

Scotland's Digital Future: Delivery of Public Services

Together with SCRA, CHS published our Digital Strategy for the Children's Hearings System. Working together with the Scottish Government's Digital Transformation Service and our key partners we have built a sustainable digital vision for the next 5-10 years.

50:50 by 2020

As a public body we have signed up to the commitment to ensure that the public sector leads by example in improving diversity on boards. The Chair of the CHS Board, in conjunction with our Scottish Government colleagues are set to recruit three new board members in 2016/17.

Action on Biodiversity

CHS does not have a property footprint beyond its Head Office. CHS works together with SCRA to maximise actions associated with biodiversity and to reduce its carbon footprint through reduced transport and travel for panel members and children and young people and families attending hearings.

The Living Wage

CHS are a committed living wage employer. All contracts and partnerships contain provisions for the payment of the living wage.

Financial results

In the year ended 31 March 2016, CHS reported an excess of net expenditure over Scottish Government funding of £.12 million (31 March 2015: £.16 million) with revenue grant-in-aid of £3.7 million (31 March 2015: £3.6 million). The General Fund has a surplus of £0.04 million as at 31 March 2016 (31 March 2015: £0.16 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 £0.1 million of reserves to Scottish Government in 2014/15 by drawing down grant in aid of £3.6 million instead of £3.7 million. Scottish Government agreed that, in 15/16, CHS could spend more than its £3.7 million grant-in-aid in order to further reduce its General Fund balance.

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 surplus of £0.147 million on its pension reserve at 31 March 2016 (2015: £0.191 million deficit).

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, we will publish our equality outcomes in 2016 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.

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. A staff forum will be developed during 2016 and evaluated to ensure improved employee engagement.

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 2016 CHS paid 83% (31 March 2015: 97%) of all invoices within the terms of its payment policy, falling short of CHS' target of 95%.

Boyd McAdam
Accountable Officer
28 September 2016

Accountability Report

Directors Report

Board members

Board Members in 2015/16	Original appointment	End of appointment
Garry Coutts (Chair)	08-Apr-14	31-Mar-18
John Anderson	11-Mar-13	30-Jun-19
Brian Baverstock	08-Jul-11	30-Jun-17
Alastair Hamilton	08-Jul-11	30-Jun-17
Marian Martin	11-Mar-13	30-Jun-19
Linda Watt	08-Jul-11	30-Jun-16

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.

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.

Sustainability

CHS is committed to meeting the Public Bodies duties set out in part 4 of the Climate Change (Scotland) Act 2009. In 2016/17 we will put in place mechanisms by which to capture additional data.

CHS is based within Ladywell House which is 4,208 square metres. CHS office space, which is let from National Records Scotland (NRS), is 189 square metres, or 4.49% of the total building space. Overall figures for waste, gas, electricity and water usage were supplied by NRS and CHS has calculated the figures below taking into consideration our square footage.

These figures have been generated using the resource Efficient Scotland Carbon Footprint (CF) Forecast & Projects Tool.

	2015/16	
	Carbon Footprint (tCO ₂ e)	Cost (£)
Stationery*	18	£ 2,998
Water	0	£ 26
Waste	0	£ 2
Transport**	8	£ 3,680
Total	26	£ 6,706

*This includes gas and electricity usage.

**Car emissions are generated by using the mileage claimed through CHS National Team online expenses system. The expenses system doesn't currently capture either the fuel type or the engine size of the vehicle used and as such the average petrol car consumption has been used for this measure.

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/>

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.

Remuneration and Staff Report

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 2015/16, the Remuneration and Appointments Committee consisted of:

- Alastair Hamilton (Chair of committee)
- John Anderson
- Marian Martin

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.

Staff absence

In the year to 31 March 2016 average staff absence was 17 days (31 March 2015: 17 days). The long term absence of two staff members equates to an average of 9.7 days staff absence for 2015/16.

Audited remuneration report

Senior managers' service contracts

	Date of contract	Unexpired term	Notice period
Boyd McAdam <i>National Convener/Chief Executive</i>	07-October-2014	Fixed term contract to 6 October 2019	3 months
Elliot Jackson <i>Depute Chief Executive</i>	24-August-2015	Permanent	3 months
Lawrie McDonald <i>Head of IT</i>	14-September-2015	Fixed term contract to 16 September 2018	3 months

Remuneration	Salary and allowances 2015/16 £000	Salary and allowances 2014/15 £000
National Convener/Chief Executive		
Boyd McAdam	85-90	80-85 ¹
Senior Management Team		
Elliot Jackson ² <i>Depute Chief Executive</i>	45-50	-
Lawrie McDonald ³ <i>Head of IT</i>	35-40	-
Board		
Garry Coutts	10-15	15-20
John Anderson	0-5	0-5
Brian Baverstock	0-5	0-5
Alastair Hamilton	0-5	0-5
Marian Martin	0-5	0-5
Linda Watt	0-5	0-5
Mid-point of highest paid director's total remuneration ¹	£84,765	£87,070
Median total remuneration ¹	£36,960	£38,436
Ratio ¹	2.29	2.27

¹ 2014/15 restated to include superannuation costs

² appointed 24 August 2015

³ appointed 14 September 2015

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 2015/16 was £81,612-£87,913 (2014/15: £83,831-£90,309). This was 2.23 (2014/15: 2.27) times the median remuneration of the workforce which was £38,041 (2014/2015: £38,436). In 2015/16 no employees received remuneration in excess of the highest-paid director.

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

No compensation payments were made in 2015/16.

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. No benefits in kind were received in 2015/16.

Senior managers' pension entitlements

Senior Management Team Members	Real increase in pension in year to 31 March 2016	Real increase in lump sum in year to 31 March 2016	Total accrued pension as at 31 March 2016	Total accrued lump sum at 31 March 2016	CETV at 31 March 2015	CETV at 31 March 2016	Real increase in CETV during year
	£000	£000	£000	£000	£000	£000	£000
Boyd McAdam ³ <i>National Convener/Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	9	31	22
Elliot Jackson ⁴ <i>Depute Chief Executive</i>	0-2.5	0-2.5	0-5	0-5	n/a	8	8
Lawrie McDonald ⁴ <i>Head of IT</i>	0-2.5	0-2.5	0-5	0-5	n/a	8	8

Prior year comparatives

Prior year comparatives

Senior Management Team Members	Real increase in pension in year to 31 March 2015	Real increase in lump sum in year to 31 March 2015	Total Accrued pension as at 31 March 2015	Total accrued lump sum at 31 March 2015	CETV at 31 March 2014	CETV at 31 March 2015	Real increase in CETV during year
	£000	£000	£000	£000	£000	£000	£000
Boyd McAdam	0-2.5	0-2.5	0-5	0-5	n/a	9	9

National

Convener/Chief

Executive

³ less than 2 years' membership, therefore no entitlement to preserved benefits

⁴ appointed after 31 March 2015, therefore no prior year comparatives

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

Senior Management Team Members	2015/16 Salary	Pension Benefits ⁵	Compensation	2015/16 Total	2014/15 Salary	Pension Benefits	2014/15 Total
	£000	£000	£000	£000	£000	£000	£000
Boyd McAdam	85-90	n/a ⁶	n/a	85-90	80-85 ¹	n/a ⁶	80-85 ¹
<i>National Convener/Chief Executive</i>							
Elliot Jackson	45-50	n/a ⁶	n/a	45-50	n/a	n/a	n/a
<i>Depute Chief Executive</i>							
Lawrie McDonald	35-40	n/a ⁶	n/a	35-40	n/a	n/a	n/a
<i>Head of IT</i>							

⁵ 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.

⁶ less than 2 years' membership, therefore no entitlement to preserved benefits

Statement of Board's and National Convener/Chief Executive's 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 Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity 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.

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 2016 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 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 and Risk Management Committee briefs the Board following each meeting and the 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 2015/16, Internal Audit undertook reviews of Financial Systems, Corporate Governance, Internal and External Communications, Business Continuity & Disaster Recovery and supported senior management's work on developing effective ASTs. The Committee scrutinises all internal audit reports and the actions taken by managers in response to audit recommendations.

For the areas above examined in 2015/16, 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.

The Internal Auditors are required to provide the Audit and Risk Committee with assurance on the whole system of internal control and for 2015/16 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.

Operation of the Board

The Board met six times during 2015/16, held six Board development sessions and had a joint meeting with the Board of SCRA to discuss common issues.

Key issues for the Board in 2015/16 included:

- Agreeing Spending Review 2015 submission
- Approving Business Plan and Annual Budget for 2016-17
- National Training Contract Review
- Review of Complaints Handling Procedure
- Review of CHS Networks/Reference Group Structures
- Oversight of Strategic Risks
- Review of Fraud Prevention and Whistleblowing Policies
- Input to Leadership Event
- Communications and Engagement Plan
- Oversight of IT Discovery Phase and development of IT priorities

The Board 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 reports to the National Convener/Chief Executive and is 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 are provided through an enhanced shared services arrangement with SCRA. The Director of Finance of SCRA attends and provides strategic finance advice to the CHS Board and Committee meetings, accountability meetings with Scottish Government, SMT meetings etc.

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.

The key strategic risks identified and monitored during 2015/16 included information governance online training, support to ASTs, CHS' ability to provide secure and sustainable IT systems, reduction of services following Spending Review settlement, statutory reporting on the Feedback Loop, number of Panel Members seeking reappointment in June 2016, volunteer confidence in the Hearings System and securing one year extension to training contract.

Significant issues

Data Security

During 2015/16, 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 and AST members, Clerks, CHS National Team and Board members. Regular newsletters and case studies are also produced 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.

The Head of IT, as part of a review of all IT systems, has identified the need for a series of actions to ensure the Children's Hearings Information and Resource Portal operates in a way that is consistent with the organisations Information Governance Policy Framework. Management will develop an action plan and progress will be tracked by the Audit and Risk Management Committee.

Conclusion

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

Boyd McAdam
Accountable Officer
28 September 2016

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 2016 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 2015/16 Government Financial Reporting Manual (the 2015/16 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 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 2016 and of its net expenditure 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 2015/16 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 and Staff 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 Performance Report and Accountability 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 and Staff 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.

Martin Pitt (for and on behalf of PricewaterhouseCoopers LLP)

141 Bothwell Street

Glasgow

G2 7EQ

28 September 2016

Children's Hearings Scotland
Statement of Comprehensive Net Expenditure
for the year ended 31 March 2016

	Note	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Expenditure			
Staff costs	2	887	857
Other administration costs	3	2,936	2,900
Depreciation	3	-	-
<i>Expenditure</i>		3,823	3,757
Income	1.6	12	-
Net expenditure		3,811	3,757
The notes on pages 27 to 36 form part of these accounts			
Other finance cost/(income)	8	9	3
Net expenditure before Scottish Government funding		3,820	3,760

Children's Hearings Scotland
Statement of Financial Position
as at 31 March 2016

	Note	2016 £000	2015 £000
Non-current assets			
Property, plant & equipment	4	52	0
<i>Total non-current assets</i>		52	0
Current assets			
Trade and other receivables	5	61	28
Cash and cash equivalents	6	454	659
<i>Total current assets</i>		515	687
Total assets		567	687
Current liabilities			
Trade and other payables	7	402	476
Finance lease		0	0
<i>Total current liabilities</i>		402	476
Non-current assets plus net current assets		165	211
Non-current liabilities			
Net pension asset/(liability)	8	23	(241)
Net assets/(liabilities)		188	(30)
Taxpayers' equity			
General fund		41	161
Pension reserve		147	(191)
Total taxpayers' equity/(deficit)		188	(30)

The notes on pages 27 to 36 form part of these accounts

The financial statements set out on pages 23 to 36 were approved by the Board on 28 September 2016 and signed on its behalf by

Boyd McAdam
Accountable Officer
28 September 2016

Children's Hearings Scotland
Statement of Cash Flows for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net expenditure before Scottish Government funding		(3,820)	(3,760)
<i>Adjustments for non-cash items</i>			
(Decrease)/Increase in pension fund liability	8	(264)	188
Increase/(Decrease) in pension reserve	8	338	(147)
<i>Movements in working capital</i>			
Increase in trade and other receivables	5	(33)	(5)
Decrease in trade and other payables	6	(74)	(19)
Net cash outflow from operating activities		(3,853)	(3,743)
Cash flows from investing activities			
Purchase of fixed assets	4	(52)	-
Cash flows from financing activities			
Scottish Government funding for year		3,700	3,600
Net decrease in cash and cash equivalents		(205)	(143)
Opening cash balance		659	802
Closing cash balance		454	659

The notes on pages 27 to 36 form part of these accounts

Children's Hearings Scotland

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

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

	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2015		161	(191)	(30)
Actuarial gain on pension reserve	7	0	338	338
Net expenditure for the year		(3,820)	0	(3,820)
Total recognised income and expense for 2015/16		(3,659)	147	(3,512)
Funding from Scottish Government		3,700	0	3,700
Balance at 31 March 2016		41	147	188

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 2015/16 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

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.

The contribution rates for 2015/16 were an average of 6.7% by employee and 14.6% 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 occasionally generates income from short-term secondments of specialist staff to other organisations. In 2015/16, CHS also received a rebate on travel costs incurred in prior years under the terms of a Scottish Government Framework agreement in operation at the time. CHS recognises income in the year to which it relates.

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.

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

	2015/16	2014/15
	£000	£000
Wages and Salaries	607	523
Social security costs	44	42
Contributions to pension scheme	107	95
IAS 19 Pension Charge	65	38
Provision for unfunded pensions		0
	824	698

2.2 Staff costs – other staff

Staff costs – other staff

	2015/16	2014/15
	£000	£000
Wages and Salaries	52	152
Social security costs	5	3
Contributions to pension scheme	6	4
Cost of early retirement	0	0
Provision for unfunded pensions	0	0
	63	159

2.3 Staff costs – all staff

	2015/16	2014/15
	£000	£000
Salaries	659	675
Social security costs	49	45
Contributions to pension scheme	113	99
IAS 19 Pension Charge	65	38
Provision for unfunded pensions		0
	887	857

2.4 Average number of employees

Category of staff	2015/16	2014/15
Staff with permanent contract	17	17
Staff with short-term contract	2	3
Total	19	20

3. Other administration costs

	2015/16	2014/15
	£000	£000
Board fees and expenses	31	40
Shared services	96	112
Legal fees	5	6
Running costs	580	406
Compensation Costs	0	70
Direct support for panel*	5	71
Training, recruitment and other staff costs	34	41
Auditor remuneration	11	11
Internal auditors' remuneration	14	15
Recruitment of Panel Members	304	412
Training of Panel and AST Members	1,223	947
Panel and AST Member Expenses	633	769
	2,936	2,900

*In 2015/16 some costs previously included in this category have been reclassified and fall within other administration categories

4. Property, Plant and Equipment

	Assets under Construction	
	2015/16	2014/15
	£000	£000
Cost/Valuation		
Opening Balance	0	0
Additions	52	0
Disposals	0	0
Closing Balance	52	0
Accumulated depreciation		
Opening Balance	0	0
Provided in year	0	0
Closing Balance	0	0
Net Book Value		
At 1 April	0	0
At 31 March	52	0

5. Trade and other receivables

5.1 Amounts falling due within one year

	2016	2015
	£000	£000
Other receivables	2	8
Prepayments	59	20
	61	28

5.2 Intra governmental balances

	Receivables: amounts due within one year	Receivables: amounts due within one year
	2016	2015
	£000	£000
Balances with other central government bodies	2	8
Balances with local government bodies	39	0
Intra governmental balances	41	8
Balances with bodies external to government	20	20
at 31 March	61	28

6. Cash and cash equivalents

	2016	2015
	£000	£000
Balance at 1 April	659	802
Net change in cash and cash equivalents	(205)	(143)
Balance at 31 March	454	659
Bank accounts	454	659
at 31 March	454	659

All bank balances at 31 March 2016 are held in commercial banks.

7. Trade and other payables

7.1 Amounts falling due within one year

	2016	2015
	£000	£000
Trade payables	93	134
Tax and social security	0	15
Other payables	0	12
Accruals	309	315
	402	476

7.2 Intra governmental balances

	Payables: amounts due within one year	Payables: amounts due within one year
	2016	2015
	£000	£000
Balances with other central government bodies	31	88
Balances with Local Authorities	175	258
Intra governmental balances	206	346
Balances with bodies external to government	196	130
at 31 March	402	476

8. 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 2016

	Assets £000	Obligations £000	Net (liability) £000
Fair value of employer assets	568	0	568
Present value of funded liabilities	0	809	(809)
Opening Position as at 31 March 2015	568	809	(241)
Current Service Cost	0	173	(173)
Past Service Cost	0	0	0
Total Service cost	0	173	(173)
Interest income on plan assets	21	0	21
Interest cost on defined benefit obligation	0	30	(30)
Total Net Interest	21	30	(9)
Total defined benefit cost recognised in profit or (loss)	21	203	(182)
Plan participants' contributions	41	41	0
Employer contributions	108	0	108
Expected closing position	738	1,053	(315)
Remeasurements			
Change in demographic assumptions	0	0	0
Change in financial assumptions	0	(324)	324
Other experience	0	(4)	4
Return on assets excluding net interest	10	0	10
Total remeasurements recognised in Other Comprehensive Income (OCI)	10	(328)	338
Fair value of employer assets	748	0	748
Present value of funded liabilities	0	725	(725)
Closing position as at 31 March 2016	748	725	23

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

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

Fair value of employer assets

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

	2016			2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	£000	£000	£000	£000	£000	£000
Equities	462	0	462	349	0	349
Bonds	67	0	67	47	0	47
Private Equity	9	24	33	0	66	66
Property	0	64	64	0	43	43
Investment Funds	8	68	76	15	2	17
Derivatives	0	0	0	1	0	1
Cash and Cash equivalents	46	0	46	45	0	45
	592	156	748	457	111	568

Analysis of projected amount to be charged to operating profit for the year to 31 March 2017

Year ended:	31 March 2017 £000	% of pay
Projected current service cost	(132)	(22.0%)
Interest income on plan assets	30	5.0%
Interest cost on obligations	(29)	(4.8%)
Total	(131)	(21.8%)

Year ended:	31 March 2016 % p.a.	31 March 2015 % p.a.
Pension increase rate	2.2	2.5
Salary increase rate	3.0	4.4
Discount Rate	3.6	3.3

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.

9. 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.

10. 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.

11. 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 2015/16, CHS received grant-in-aid of £3,700,000 (2014/15 £3,600,000).

12. Special Payments

CHS made no special payments which require disclosure under the Scottish Public Finance Manual guidelines.

13. Contingent liabilities

CHS has no contingent liabilities as at 31 March 2016.

Annex 1

Direction by the Scottish Ministers



CHILDREN'S HEARINGS SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with Schedule 1, paragraph 21 of the Children's Hearings Scotland Act 2011 hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2012, 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.

Signed by the authority of the Scottish Ministers

Dated 30 March 2012

Children's Hearings Scotland

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