



children's
hearings
scotland

The Children's Panel – life changing.

Annual Report and Accounts

Year ended 31 March 2017



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National Conveners Statement

I hereby present this report to the Board of Children's Hearings Scotland (CHS) and Minister for Childcare and Early Years, in my role as National Convener, Chief Executive and Accountable Officer for CHS.



As National Convener, I am honoured to lead the CHS Community. The above graphic provides a summary of activity over 2016/17 by our volunteer community which I and the national team seek to support. What that cannot convey is the commitment and investment made to deliver these activities. I wish to record our appreciation of all that is done by the volunteers and those who support the national Children's Panel.

In 2016/17 we entered our fourth year as a public body. The Board held a series of public meetings, strategy and development days throughout the year. Together with the committees on Audit and Risk Management and Remuneration and Appointments we maintained an overview of the performance of the organisation and its strategic direction. Linda Watt stood down as a Board member and was replaced by Henry Robson.

Our **Community survey** in 2016/17 had a high response rate – 1,550 contributions. It reinforced that the vast majority of our volunteers feel proud to be part of Children's Hearings Scotland and recommend it as a great way to volunteer. It also highlighted areas for improvement in particular how we might better support and invest in our volunteers.

In the year we conducted a review of the CHS national team to ensure that our **organisational focus** can be better targeted to delivering that support and make sure:

- our core activities of recruiting, training and supporting volunteers are delivered
- we fulfil our role as a key partner in the Children's Hearings System. We look to effect improvement and better outcomes for children and young people

The Annual Report sets out our **performance**. It provides reassurance that we are operating well, within our resources. Yet, as an organisation which seeks to deliver the best service possible there is much more we can do.

To assist us in this aim we conducted six workshops across the country in partnership with Volunteer Scotland to obtain feedback on our current support model. Volunteer Scotland's initial reports identified a number of areas of need for the CHS Community. They then mapped our current position in terms of volunteer contribution. These will form a baseline for 2017/18 on **shifting the balance of CHS more towards volunteers**.

Maintaining and improving quality has been a feature of our work over the past year. We have sought to maximise opportunities for training from our existing contract. We also conducted a strategic review of training as the

current contract with West Lothian College ends on 30 September 2018. Quality and consistency of decision making is a key area and will be a focus of our thinking in 2017/18. This year, 2016/17, was the first year of the three year core training programme which is required of all panel members on reappointment.

We have worked with our 32 local authority partners to consolidate and improve the arrangements for **local administrative support** to Area Support Teams and the local networks of panel members. Our current agreements expire in 2017/18. We look to secure greater clarity around the services expected of local authorities as their contribution to the national Children's Panel and the volunteers in the CHS Community, whilst building on the strong historic links.

Local authorities also provide and coordinate services necessary to support children and young people subject to decisions made by children's hearings (Compulsory Supervision Orders (CSOs)). As National Convener I have to publish an annual report - **the "Feedback Loop"** - on the implementation of CSOs by local authorities and the impact on the wellbeing of the children and young people.

On 13 March 2017, Mark McDonald MSP, the Minister for Childcare and Early Years, laid my first such report in the Scottish Parliament. I then distributed it to all our volunteers across Scotland. The report establishes a baseline for future annual reports. A main finding of the first report is that improvements are needed to data collection by local authorities to provide the information I need to deliver a comprehensive report. I continue to work with local authorities on this and provide a report at both national and local level.

The **Education and Skills Committee of the Scottish Parliament** carried out a review of

the 2011 Act and produced its report: 'Taking Stock of the Children's Hearings System'. Many of the recommendations feature in work we, in partnership with other organisations in the system, have had underway in the programme "**Towards Better Hearings**".

The drive behind this programme was and continues to be our **discussions with care experienced young people** and the work under the **Children's Hearings Improvement Partnership**. Working together with our partners to effect positive change in the system is a key means of helping both to improve outcomes for children and young people and support our volunteers.

We continue to work with Scottish Government Ministers over these and wider issues; we share the aim of improving the wellbeing and outcomes for children and young people.

In 2016/17 the Scottish Government awarded funding for the first year of **the joint digital strategy** between CHS and the Scottish Children's Reporter Administration (SCRA). The digital journey will take time. We are pleased that we can begin this programme of work. It will benefit children and young people as well as the CHS volunteer community. We look to secure the views of users through a Community Digital Consultation Bank and a PanelPal Integration and Development Group. We will work to the Scottish Government's 'Digital First' service standards and will support the CHS Community to develop the digital capability and confidence they need.

Finally, in March, we finalised our first **Corporate Parenting Plan** under part 9 of the Children and Young People (Scotland) Act 2014. Corporate parenting has been

integrated into our primary planning and reporting cycle. The report sets out our aims and ambitions building on what we are already doing. We have also begun to plan to meet our reporting obligations in future on **children's rights**.



Boyd McAdam
National Convener and
Chief Executive of CHS
25 September 2017

Performance Report

Performance Overview

CHS at a glance

The Children's Hearings System provides crucial legal powers which ensure that children and young people continue to receive the support they require when services are not able to work with families on a voluntary basis.

Children's hearings are conducted nationally by approximately 2,500 specially selected and trained volunteers drawn from communities across Scotland. Panel members volunteer their time to decide whether compulsory measures of supervision are required. Three panel members sit on each children's hearing and decisions are made by majority.

The office of National Convener was created under the Children's Hearings (Scotland) Act 2011 (the 2011 Act) to represent panel members and support them to make the best decisions for children and young people. To achieve this, the National Convener is responsible for:

- recruiting and reappointing panel members to sit on children's hearings
- training panel members to make good decisions
- establishing Area Support Teams (ASTs) to support volunteer panel members locally

To assist with the delivery of these functions, the 2011 Act also created the non-departmental public body of Children's Hearings Scotland (CHS). CHS took on its full functions in June 2013, and currently has its Head Office at 2/1/1, Ladywell House, Ladywell Road, Edinburgh, EH12 7TB. CHS is governed by a Board of non-executive members, which meets formally at least four times a year to set the strategic direction for the organisation:

Our vision is of a Children's Hearings System where everyone works together, making sure that all children and young people are cared for and protected, and their views are heard, respected and valued.

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 national influence to drive improvements across the Children's Hearings System.



CHS is wholly financed by grant-in-aid from the Scottish Government as approved by the Scottish Parliament. The budget for 2016/17 was approximately £3.7 million.

CHS relies heavily on the commitment and dedication of its 250 volunteer Area Support Team (AST) members to successfully deliver its programme of work. The National Convener delegates some of his functions to the 22 ASTs to exercise on his behalf at a local level, and allocates devolved funding to each AST to support this work.



This allows approximately 35,000 children's hearings take place each year across Scotland, as a result of which around 15,000 children and young people receive the statutory protection, guidance, treatment, and control they would not otherwise have benefited from.

In so doing, CHS contributes towards almost half of the outcomes under the Scottish Government's National Performance Framework, including:

- Our children have the best start in life and are ready to succeed.
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
- We are better educated, more skilled and more successful, renowned for our research and innovation.
- We have improved the life chances for children, young people and families at risk.
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
- We live our lives safe from crime, disorder and danger.
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

Core Statutory Functions

The primary function of Children's Hearings Scotland (CHS), as defined under section 11 of the 2011 Act, is to provide assistance with the exercise of the National Convener's functions. These functions can be summarised under the headings - recruit, train and support.

Recruit

The National Convener is responsible for ensuring the continued operation of the Children's Hearings System, by maintaining a body of panel members who are able to sit on all children's hearings when required. The National Convener recruits volunteer panel members through an annual recruitment campaign.

The National Convener is supported in this by a network of Area Support Teams (ASTs), who provide support to panel members at a local level. The National Convener is responsible for the ASTs, who are volunteers recruited on an on-going basis as vacancies arise throughout the year.

Both panel and AST members are appointed for a term of three years. Reappointment procedures ensure that they continue to meet the criteria required to fulfil their role.

| Duty | Statutory Basis | Activity |
|---------------|---------------------------|---|
| Recruitment | s4 and paras 1&2 of sch 2 | <ul style="list-style-type: none"> we interviewed 1,295 prospective panel members to ensure that children's hearings are serviced by the highest calibre of panel members 512 were recommended to undertake training to become members of the National Children's Panel 29% of prospective panel members recommended for appointment were male 34 new panel members taking up appointment were under 25 years of age we recruited 81 new AST members to ensure panel members continue to receive the support they require at a local level |
| Reappointment | para 1 of sch 2 | <ul style="list-style-type: none"> we reappointed 243 panel members for a further 3 years |

Train

The National Convener has the power to provide a programme of training. He uses this power to ensure that panel members achieve the professional development award accredited by the SQA. This provides assurance that they have the confidence and competence to manage the sometimes challenging discussions in the legal framework of children hearings. The key aim is to ensure good quality consistent decision making to improve the life chances of children and young people. He exercises this function through:

- a national training contract with West Lothian College
- the allocation of funding for local learning and development to Area Support Teams

The exercise of this power triggers a number of specific duties in relation to:

- the involvement of care experienced children and young people in the design and delivery of training
- the provision of content around how best to elicit the views of children and young people

| Duty | Statutory Basis | Activity |
|----------|-----------------|--|
| Training | para 3 of sch 2 | <ul style="list-style-type: none"> • Over 80,000 hours of national training were delivered to the CHS volunteer community to ensure that the best decisions are made for children and young people • 444 new panel members gained the knowledge they needed to take up appointment as panel members to take decisions about children and young people • 18 courses on “Management of Hearings” were conducted to allow panel members to become chair qualified • over 170 panel members completed their Professional Development Award • 1,003 panel members kept their skills and knowledge up to date by attending core training – view the CHS Community Training Prospectus 2017 • the views of children and young people were represented by Who Cares? Scotland at our Training Reference Group meetings to inform the design and content of training • care experienced young people were involved in the delivery of training to all those undergoing pre-service training • 33 courses on “Effectively communicating with children and young people” were delivered |

Area Support

The National Convener maintains a network of committees, known as Area Support Teams (ASTs), to provide local support to the 2,500 or so panel members across Scotland. Each AST consists of an Area Convener and a number of other office holders including, depending on the needs of the area, a Depute Area Convener, a Lead Panel Representative, and a Learning and Development Coordinator, as well as a number of panel representatives and Panel Practice Advisors. There are approximately 250 AST members, all of whom are volunteers.

The work of our volunteer AST members is supported by our Community Engagement Leads (CELs) within the National Team. The CELs operate a rolling programme of support and guidance meetings with ASTs, as well as attending some of the formal AST meetings.

The National Convener has the power to specify the administrative support which local authorities provide to ASTs a local level. The National Convener has elected to exercise this power through the negotiation of partnership agreements with the 32 local authorities.

| Duty | Statutory Basis | Activity |
|----------|------------------------|---|
| ASTs | Paras 12 & 14 of Sch 1 | <ul style="list-style-type: none"> our Community Engagement Leads conducted 49 supervision and guidance meetings and attended 38 formal AST meetings the National Convener hosted 4 Area Convener Liaison Group (ACLG) meetings |
| Clerks | Para 14(9) of Sch 1 | <ul style="list-style-type: none"> local administrative support was provided to all 22 ASTs under partnership agreements with our 32 local authority partners |
| Expenses | Para 10(9) of Sch 1 | <ul style="list-style-type: none"> the National Team and Local Authority Clerks processed panel and AST expenses claims to the value of £570k* (*this figure does not include devolved funding) |
| Rota | S6&7 | <ul style="list-style-type: none"> our volunteer rota managers scheduled our panel members into 34,100 children's hearings for approximately 15,000 children and young people across Scotland |

Practice Support

The National Convener is empowered to delegate the exercise of some of his functions to the ASTs to exercise on his behalf at a local level. Other functions, such as practice, must be retained by the National Convener to be exercised at a national level.

Practice support is another way in which the National Convener and CHS support panel members to make the best decisions for children and young people. Alongside our non-statutory programme of practice information, there are a number of duties which must be exercised by Officers within the National Team on behalf of the National Convener. These include requests from a children's hearing to the National Convener:

- for one of their number to be scheduled onto the next hearing for the child
- for advice about the law, procedure, implementation or impact of a decision
- to refer an excluded pupil who is not receiving alternative educational provision to the Scottish Government
- to serve notice on a local authority of their failure to implement the decision of a hearing
- to apply to the Sheriff Principal for an order for enforcement of the decision of a hearing

As a matter of law, the National Convener is also responsible for removing any panel members who do not meet the minimum standards necessary to sit on children's hearings. This function is exercised through application to the Lord President of the Court of Session.

| Duty | Statutory Basis | Activity |
|-----------------------------|--------------------|---|
| Continuity | Para 3 of the Regs | <ul style="list-style-type: none"> • 384 out of 421 requests for panel member continuity were granted |
| Advice | s8 | <ul style="list-style-type: none"> • no requests for advice were received by the National Convener |
| Referral of excluded pupils | s127 | <ul style="list-style-type: none"> • no referrals about excluded pupils were received by the National Convener |
| Enforcement | ss 146 & 147 | <ul style="list-style-type: none"> • two requests to serve notice on the implementation authority of their failure to implement the terms of a CSO were implemented by the National Convener |
| Removal | Para 1(6) of Sch 2 | <ul style="list-style-type: none"> • one application was made to the Lord President of the Court of Session to remove a panel member |

Corporate Parenting and Children's Rights

Corporate Parenting and Children's Rights go to the heart of our vision, mission and values. Since our establishment in 2013, we have worked to embed a culture of engagement and participation with children and young people into everything that we do. An overview of our previous work in this area can be found in ['You Said, We Did'](#) our review of activity written for children and young people. We continued to build on this strong foundation during 2016/17 in the following ways:

Corporate Parenting and Children's rights

- Workshops were held with care experienced children and young people in May 2016 to review our complaints process and make it more child friendly. A 'You Said, We Did' document was published to inform children and young people about the changes we have implemented as a result of their feedback.
- Care experienced young people were involved in the delivery of 18 days of pre-service training to prospective panel members with the support of Who Cares? Scotland.
- 33 courses on "Effectively communicating with children and young people" were delivered to panel members.
- At the Recruitment and Reappointment Reference Group (RRRG) in May 2016, two young people presented the 'In their own words' report which pulled together the experiences and learning from their involvement in the panel member recruitment process.
- A 'Young People's Engagement Jam' was held in July 2016 to consult on the need and specifications for a "Young Person's Board" to inform strategy within the Children's Hearings System. A second "Northern Jam" was held in December 2016.
- We held a session at our Area Convener's Liaison Group (ACLG) in February 2017 encouraging ASTs to embed the engagement of children and young people into the recruitment process at a local level. Five ASTs involved young people in their recruitment process during 2016/17. Other ASTs made use of video recordings of children and young people from neighbouring areas and materials which we helped children and young people to produce.
- The views and interests of children and young people attended were represented by Who Cares? Scotland at our Training Reference Group meetings to inform our training specifications for the coming year.

- Young people were involved in the interview panels to recruit seven new Area Conveners, two senior members of staff and three new Board members to ensure that key decision makers are aware and responsive to the needs of children and young people.
- A pilot of panel member profiles commenced in the Aberdeen City hearings centre in November 2016 to help children and young people feel more comfortable before their hearing.

Corporate Parenting ♥

The needs of looked after children, young people and care leavers are often complex, reflecting backgrounds of trauma, loss and instability. Corporate parents are under a positive obligation to listen to the needs, fears and wishes of this vulnerable group of children and young people, and take proactive steps to redress any such disadvantages.

Both CHS and the National Convener are designated as corporate parents under part 9 of the Children and Young People (Scotland) Act 2014 (the 2014 Act). Neither provides any services directly to children and young people. Accordingly they are known as “indirect service providers”. The statutory guidance provides that indirect service providers will only be able to exercise their duties in relation to the “collective population” rather than to any particular individuals.

The statutory guidance also indicates that indirect service providers will only be able to exercise their duties through collaboration with other public bodies. Accordingly, CHS has worked with SCRA to set out our shared commitments to the children and young people with whom we work and to establish a dedicated corporate parenting website to make children and young people aware of what this means for them: www.mycorporateparents.co.uk



CHS & SCRA’s shared corporate parenting vision

- you are at the centre of the children’s hearings system and are treated as an individual
- the decisions that affect you are based on sound knowledge, clear evidence and with consideration of your views
- your Corporate Parents will work together to make the system work better for you
- we will keep asking ourselves if the way that we do things is the best it can be

The Children's Hearings Digital Strategy is a key element of our corporate parenting programme, with the potential to fundamentally change the way we involve children and young people in the children's hearings process. Providing children and young people with the electronic tools that they use as part of everyday life to gather their views, will help to increase their participation within the hearing system and make the process less traumatic for them.

To support the meaningful roll out of the corporate parenting ethos we held a workshop with senior staff, published briefing materials for our volunteers, and embed corporate parenting into the AST operational plans.

We established a working group in November 2016 to consider the implications of qualitative feedback from children and young people contained within the "Better Hearings" research. The working group reported to the Area Conveners' Liaison Group (ACLG), who endorsed the recommendations to the National Convener for consideration in 2017/18. Nationally, a Project Initiation Document has been approved by the Children's Hearings Improvement Partnership (CHIP) and the Tri-partite group with SCRA, CHS and Social Work Scotland continues to work on a more detailed action plan for 2017/18 and beyond.

Children's Rights

The United Nations Convention on the Rights of the Child (UNCRC) is an international treaty which guarantees a set of minimum rights to children and young people under the age of 18. The UNCRC does more than just prohibit government interference with classic first generation civil and political rights (such as due process and participation in decisions which affect them) - it also places an obligation on governments to take positive steps to promote second generation economic, social, and cultural rights (such as protection from abuse by adults and the provision of alternative care). Part 1 of the 2014 Act places a duty on public bodies to report on the steps it has taken to implement the UNCRC. We have started to prepare ahead of the publication of our first report due in 2020.

The Framework for Children's Rights Reporting (contained within the statutory guidance) requires that organisations establish a baseline in their first report, and provides a number of "reflective statements" for public authorities to use as exemplars. The statutory guidance adopts the "clusters" of the UN Committee on the Rights of the Child (CRC) for the purposes of implementation and reporting (CRC/C/5).

Our assessment against those clusters will be informed by the views of care experienced children and young people obtained through:

- our programme of consultation events in collaboration with Who Cares? Scotland and other partners
- the representation of young people in our reference groups under our Participation Framework
- our working group on the qualitative feedback contained within the "Better Hearings" research
- the quantitative responses to the questions we contribute to SCRA's children and families survey
- AST and CHS staff planning and activity under corporate parenting

Also relevant to this assessment are the statutory provisions contained within the Children's Hearings (Scotland) Act 2011. Of particular note are:

- the general principles that the child's welfare is paramount (s25) and the views of the child should be taken into account (s27)
- the various "grounds of referral" on which children and young people come into the Children's Hearings System contained within section 67
- the list of "measures" which children's hearings may attach to compulsory supervision orders (CSOs) within section 83

While the 2014 Act sets out SHANARRI wellbeing indicators (Safe, Healthy, Active, Nurtured, Achieving, Respected, Responsible, Included) no consistent national approach to the measurement of these yet exists. The National Convener has statutory responsibility to report on the ways in which the overall wellbeing of children who are the subject of orders in the hearings system has been affected by them under s181 of the Children's Hearings (Scotland) Act 2011. This is commonly known as "the feedback loop". This has been a challenging exercise as it has been difficult to obtain robust, consistent and detailed data. To take this forward we are currently working with the Scottish Government, the Centre for Excellence in Looked After Children in Scotland (CELCIS), and other partners in the Children's Hearings Improvement Partnership to identify a common approach to gathering data and measuring outcomes.

Our corporate parenting plan and children's rights reports will be kept under regular review under the monitoring procedures under our primary planning and reporting cycles. This will ensure we seek to continuously improve the implementation of our duties towards children and young people.

Performance Analysis

Measuring our performance

| | KEY PERFORMANCE INDICATORS (KPIs) | TARGET | ACHIEVED |
|----|---|--------|----------|
| 1 | % of children and young people who felt they were the most important person at their hearing | 75% | 75% |
| 2 | % of children and young people who felt they were listened to at their last hearing | 95% | 74% |
| 3 | % of supplier invoices paid within 10 days | 95% | 75% |
| 4 | % CHS employee attendance | 97% | 97% |
| 5 | % of information requests responded to within legislative timescales | 99% | 100% |
| 6 | % of complaints responded to within timescales by CHS National Team | 95% | 80% |
| 7 | ASTs receive monthly management information reports | 100% | 100% |
| 8 | % of active panel members completing the Management of Hearings training within the defined 18-month period | 90% | 98% |
| 9 | % of active panel members completing all academic elements of their PDA within the defined 18-month period | 90% | 97% |
| 10 | % of active panel members completing their PDA within the defined 18-month period | 90% | 94% |
| 11 | % of panel members completing annual core training | 70% | 70% |
| 12 | Notify Panel and AST members of their required attendance at formal training 8-weeks in advance | 90% | 100% |

KPI 2 was measured as a snapshot through SCRA's bi-annual Children and Families Survey which was conducted in June 2016. Since then, significant work through our corporate parenting plan has brought greater attention to the continuing need to ensure that children's views are at the heart of what we do. This survey will be conducted again in 2019 whereby CHS would expect a greater recognition for their work in this area.

KPI 3 is calculated through a proxy measure, which incorporates any delays on the part of the sender submitting the invoice in the result. In the later part of 2017/18, we will make changes to our processes to rectify this issue and allow more accurate reporting.

KPI 6 – 80% of complaints were responded to within CHS timescales, with only two complaints falling out with these targets. Both complainants were made aware of extensions to the timetable.

Financial performance

In the year ended 31 March 2017, CHS reported an excess of Scottish Government funding over net expenditure of £0.344 million (31 March 2016: £-0.12 million) with revenue grant-in-aid of £3.88 million (31 March 2016: £3.7 million). The General Fund has a surplus of £0.39 million as at 31 March 2017 (31 March 2016: £0.04 million).

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 £0.099 million on its pension reserve at 31 March 2017 (2016: £0.147 million surplus).

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 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 2017 CHS paid 75% (31 March 2016: 83%) of all invoices within the terms of its payment policy, falling short of CHS' target of 95%.

Human Resources performance

As a public body we have signed up to the Scottish Government's national 50:50 by 2020 commitment, to ensure that the public sector leads by example in improving diversity on boards. Three new board members were recruited. The current CHS Board is made up of 66% male and 33% female.

CHS is committed to a Single Equality Scheme and will continue to meet the General and Specific duties for public bodies and right of all employees to be treated with respect and dignity. We will continue to conduct equality impact assessments of key decision-making procedures and policies/practices that affect both internal and external services users. Employment and equal pay data statistics and results will continue to be regularly published and appropriate action plans agreed.

Environmental performance

CHS is committed to meeting the Public Bodies duties set out in part 4 of the Climate Change (Scotland) Act 2009. CHS does not have a property footprint beyond its Head Office. CHS is based within Ladywell House which is 4,202 square metres. CHS' office space, which is let from National Records Scotland (NRS), is 229 square metres, or 5.45% 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.

| | Carbon Footprint (tonnes CO2e) | Cost (£000) |
|--------------|---------------------------------------|--------------------|
| Stationery* | 17 | 4 |
| Water | 0 | 0 |
| Waste | 0 | 0 |
| Transport** | 7 | 3 |
| Total | 24 | 7 |

These figures have been generated using the government's *Greenhouse Gas Reporting - Conversion Factors 2016* resource.

*This includes gas and electricity usage.

**Car emissions are generated by using the mileage claimed by CHS National Team and Board members through the 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.

Continuous Improvement

CHS operates a cycle of three-year Corporate Plans and one-year Business Plans. CHS' medium to long term outcomes, as set out in our Corporate Plan 2015-2018, are that:

- 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

To work towards achieving these longer term goals, our business objectives for the 2016/17 year were:

- we will embed the voices of children and young people in the work of the CHS Community by listening to their feedback and making improvements to our service to children, young people and families in the Children's Hearings System
- we will support panel members to make high quality decisions in the best interests of children and young people by delivering consistent, high quality training and learning and development opportunities, providing accessible practice information and undertaking effective panel practice observations
- we will invest in our organisation, staff and volunteers, driving forward improvements in systems, processes and the way we respond and help each other. We will ensure a sustainable and stable foundation to support members of the CHS Community to carry out their roles
- we will enable AST members to provide high quality support to the national Children's Panel at a local level by developing and supporting a national structure of high performing Area Support Teams (ASTs) and providing training, skills development and tools to AST members

During the 2016/17 business year, we fully completed 61% of our original goals in support of these objectives. A further 8% were partially completed. The remaining 31% were either not met due to external circumstances wholly beyond our control, reprioritised by the Board in response to changes mid-year or carried forward into the 2017/18 business year.

The Business Plan Objective that "Children and young people are at the centre of everything we do" objective overlaps substantially with our other planning and reporting duties around children and young people. To avoid repetition, this content has not been duplicated. Accordingly, our corporate parenting and children's rights section above provides details of our work on this business objective.

Business Plan Objective

Consistent, high quality panel member practice

- we recruited a National Training Officer dedicated to improving the quality and consistency of panel member training
- we conducted a strategic review of the national training contract and made a range of improvements in partnership with the Children's Hearings Scotland Training Unit (CHSTU)
- the current training contract with West Lothian College was reviewed and extended until 30 September 2018
- we published an annual training prospectus for panel and AST members
- the majority of evaluation forms completed at the end of national training which rated the training as "of good quality" or above
 - 93% - Pre-service
 - 99% - Review and Revision
 - 95% - Management of Hearings
 - 77% - Core Training
 - 98% - AST Training
- we developed a new training course for Panel Practice Advisers (PPAs)
- we continued to deliver our rolling programme of training to volunteers in information governance in line with the ICO's requirements
- 100% of Panel and AST members were notified of the need to attend training 8 weeks in advance
- we consulted with 100 training group leaders on improvements to training content and delivery
- practice e-newsletters were issued in June, October and February, which resulted in 693 - 1,302 - 1,424 clicks on hyperlinks to our practice materials respectively
- 83.4% of panel members feel that they receive information which helps them keep their practice current

Business Plan Objective Getting it right for the CHS Community

- there were 1,550 responses to the survey of our volunteer community in relation to their training needs
- devolved funding was provided to our 22 ASTs to support volunteer recognition and local learning and development
- we held 2 sessions with our Area Conveners Liaison Group (ACLG) and supported five employer engagement events with ASTs locally to share best practice around employer engagement and to promote the value of supporting volunteering within a workforce
- we conducted a strategic review of the organisation's first years to inform the organisation's volunteer centric vision to 2020 and beyond
- we appointed new media partners and trained Clerks in the new online recruitment module to ensure that they are able to efficiently process applications to the national Children's
- our Information Governance policies were reviewed to ensure that they are enabling and volunteer friendly
- we produced our new Community Concerns Procedure and conducted 10 workshops across Scotland in conjunction with the Scottish Public Service Ombudsman (SPSO) to ensure that staff and volunteers are trained to handle investigations confidently and consistently
- we produced and published the first feedback loop report to provide panel members with information about the implementation of compulsory supervision orders (CSOs) in their area
- we engaged in partnership working primarily through the Children's Hearings Improvement Partnership (CHIP) to represent the needs and wishes of our volunteer community and promote the ethos and values of the Children's Hearings System
- we led the Gathering Evidence and Promoting Improvement (GEPI) sub-group of CHIP in the development of a tool for the measurement of wellbeing outcomes of children and young people and are in further discussion over its potential implementation
- we completed the integration of PanelPal into the CHIRP environment and produced our specification for a volunteer records system in response to feedback from our volunteer community
- we produced a joint Digital Strategy for the Children's Hearings System with the Scottish Children's Reporter Administration (SCRA) to begin our journey to the full realisation of digital efficiencies and reduction of administrative burden for our community

Business Plan Objective ASTs are high performing

- we have an empowering culture in which 91% of AST members feel trusted to carry out their role
- we held four meetings of the Area Convener's Liaison Group (ACLG) to discuss operational and strategic issues arising at a local and national level
- we worked with ACLG to identify key local outcomes for 2017/18 in contribution to organisational objectives and Scottish Government policy
- local performance management information was distributed to ASTs on the 14th of each month to inform local decision making and partnership meetings
- the work of ASTs was supported through a programme of regular support and guidance meetings supplemented by a number of local and national networks
- six regional workshops were conducted in conjunction with Volunteer Scotland to consult on the reform of our volunteer support model
- we are actively exploring succession planning arrangements for AST volunteer roles
- the National Team has facilitated several AST planning workshops and held a three-day partnership event in Shetland, bringing together the AST, children's panel volunteers, and local partner agencies to further strengthen working relationships
- in partnership between the ASTs and the Society of Local Authority Chief Executives (SOLACE) we have shaped a minimum set of standards for the role and contribution of the local authority provided Clerk to the AST
- together with the ASTs we have supported four improvement pilots in relation to PACE and advocacy for children and young people

Monitoring and Control

CHS is accountable to the Scottish Government through a Framework Agreement with its sponsor branch in the Children and Families Directorate. Under this agreement, CHS submits three-yearly corporate plans and annual business plans to the Scottish Government for approval. As part of this planning and reporting cycle, CHS produces annual reports which the Scottish Government lays before the Scottish Parliament.

The Board receives quarterly performance reports charting progress against key business objectives and targets. The Board also operates two sub-committees with specific remits. The Audit and Risk Management Committee (ARMC) meets on at least a quarterly basis to monitor and manage the strategic and operational risk registers. The Remuneration and Appointments committee monitors performance of the Chief Executive and other senior staff.

A monthly review of the Strategic Risk Register is undertaken by the Senior Management Team and the Strategic Risk Register is reported to the ARMC on a quarterly basis. The key strategic risks identified and monitored during 2016/17 included:

- meeting the legal requirements of the General Data Protection Regulations (GDPR) by May 2018
- the variation in administrative services provided to ASTs leading to inconsistent operations across Scotland
- CHS' ability to provide secure and sustainable digital systems across the CHS community
- reduction in the CHS financial settlement in 2017 leading to managed service prioritisation
- statutory reporting on the Feedback Loop

Appropriate control action has been taken in relation to each of these risks:

- an action plan and timeline in relation to the implementation of GDPR has been approved by the Board and progress is being monitored by the ARMC
- negotiations around the partnership agreements in relation to local authority clerking services are on-going with the Society of Local Authority Chief Executives (SOLACE) and interim arrangements are in place pending completion of the process
- the Scottish Government has made the commitment to funding the joint Digital Strategy with SCRA over the next three years commencing in 2017/18
- on-going dialogue with the Scottish Government has taken place to understand business pressures and investment requirements
- the first report under the feedback loop was published in February 2017 and we continue discussions with local authorities on improvements to the provision of data to inform future feedback loop reports

The work of the ASTs is supported through a programme of regular support and guidance meetings, which is supplemented by a number of local and national networks. CHS also operates a programme of AST operational planning and monthly AST performance reporting.

Boyd McAdam | Accountable Officer | 25 September 2017

Accountability Report

Corporate Governance Report

Directors Report

Board members

| Board Members in 2016/17 | 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 |
| Henry Robson | 01-Mar-17 | 31-Jan-21 |
| 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 2016/17 to 2020/21 the Auditor General appointed Audit Scotland 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.

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 www.chscotland.gov.uk/about-chs/our-people/the-chs-board/meet-the-chs-board or by contacting the Executive Officer.

Personal data related incidents

During 2016/17, CHS had no reportable data breaches to the Information Commissioners Office.

Mitigating measures are in place to reduce the likelihood of data breaches and include 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.

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.

Statement of Accountable Officer'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.

As Accountable Officer, I confirm that:

- as far as I am aware, there is no relevant audit information of which the auditors are unaware, and I have taken all the steps that I feel I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.
- the annual report and accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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 2017 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

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
- corporate and 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 2016/17, Internal Audit undertook reviews of Financial Sustainability, Treasury & Cash Management, Procurement, Workforce Planning and Information Governance. The Committee scrutinises all internal audit reports and the actions taken by managers in response to audit recommendations.

For the areas above examined in 2016/17, 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 Management Committee with assurance on the whole system of internal control and for 2016/17 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 2016/17, 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 2016/17 included:

- Agreeing Spending Review 2016 submission
- Approving the Budget for 2017/18
- Approve the Business Plan for 2017/18
- Streamlining the annual reporting for the Annual Accounts and Annual Report
- Agreed the National Convener Scheme of Delegation
- Publication of CHS' first Equality Mainstreaming and Outcomes Report
- Progressing the employer engagement work
- Integration of corporate parenting activities into the Business Plan 2017/18
- CHS Procurement Policy
- Supporting the work of both CHS and SCRA to set up a Digital Strategy Joint Committee
- Approved the accounting policies to be used for the preparation of CHS' statement of accounts for 2016/17

Strategic and operational finance support and human resources are provided through a shared services arrangement with SCRA. The Head of Finance & Resources and Head of Human Resources of SCRA attend and provide strategic finance and human resources 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
- the submission to the external auditors of the completed annual Internal Control Checklist
- comments made by the external auditors in their management letter and other reports

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 2016/17, 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 2017 average staff absence was 9.8 days (31 March 2016: 17 days).

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 | Salary and allowances |
|--|-----------------------|-----------------------|
| | 2016/17 | 2015/16 |
| | £000 | £000 |
| National Convener/Chief Executive | | |
| Boyd McAdam | 85-90 | 85-90 |
| Senior Management Team | | |
| Elliot Jackson ¹ <i>Depute Chief Executive</i> | 75-80 | 45-50 |
| Lawrie McDonald ² <i>Head of IT</i> | 70-75 | 35-40 |
| Board | | |
| Garry Coutts | 10-15 | 10-15 |
| John Anderson | 0-5 | 0-5 |
| Brian Baverstock | 0-5 | 0-5 |
| Alastair Hamilton | 0-5 | 0-5 |
| Marian Martin | 0-5 | 0-5 |
| Henry Robson ³ | 0-5 | - |
| Linda Watt ⁴ | 0-5 | 0-5 |
| Mid-point of highest paid director's total remuneration | £85,613 | £84,765 |
| Median total remuneration | £39,684 | £36,960 |
| Ratio | 2.16 | 2.29 |
| ¹ appointed 24 August 2015 | | |
| ² appointed 14 September 2015 | | |
| ³ appointed 1 March 2017 | | |
| ⁴ left office 30 June 2016 | | |

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.

In 2016/17 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 2016/17.

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 2016/17.

| Senior managers' pension entitlements | | | | | | | |
|--|--|---|--|--|------------------------------|------------------------------|--|
| Senior Management Team Members | Real increase in pension in year to 31 March 2017 | Real increase in lump sum in year to 31 March 2017 | Total accrued pension as at 31 March 2017 | Total accrued lump sum at 31 March 2017 | CETV at 31 March 2016 | CETV at 31 March 2017 | 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 | 31 | 47 | 15 |
| National Convener/Chief Executive | | | | | | | |
| Elliot Jackson ⁵ | 0-2.5 | 0-2.5 | 25-30 | 55-60 | 8 | 430 | 408 |
| Depute Chief Executive | | | | | | | |
| Lawrie McDonald | 0-2.5 | 0-2.5 | 0-5 | 0-5 | 8 | 24 | 16 |
| Head of IT | | | | | | | |

⁵ Real increase in pension and lump sum in year to 31 March 2017 exclude increases due to transfer of pension rights.

| Prior year comparatives | | | | | | | |
|--|---|--|---|---|-----------------------|-----------------------|-----------------------------------|
| 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 | 0-2.5 | 0-2.5 | 0-5 | 0-5 | 9 | 31 | 22 |
| National Convener/Chief Executive | | | | | | | |
| Elliot Jackson | 0-2.5 | 0-2.5 | 0-5 | 0-5 | n/a | 8 | 8 |
| Depute Chief Executive | | | | | | | |
| Lawrie McDonald | 0-2.5 | 0-2.5 | 0-5 | 0-5 | n/a | 8 | 8 |
| Head of IT | | | | | | | |

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 | 2016/17 Salary | Pension Benefits ⁶ | Compensation | 2016/17 Total | 2015/16 Salary | Pension Benefits | 2015/16 Total |
|--|----------------|-------------------------------|--------------|---------------|----------------|------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Boyd McAdam | 85-90 | 20-25 | n/a | 110-115 | 85-90 | n/a ⁷ | 85-90 |
| National Convener/Chief Executive | | | | | | | |
| Elliot Jackson | 75-80 | 20-25 | n/a | 95-100 | 45-50 | n/a ⁷ | 45-50 |
| Depute Chief Executive | | | | | | | |
| Lawrie McDonald | 70-75 | 15-20 | n/a | 90-95 | 35-40 | n/a ⁷ | 35-40 |
| Head of IT | | | | | | | |

⁶ 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.

⁷ less than 3 years' membership, therefore no entitlement to preserved benefits in 2015/16

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

CHS paid Scottish Children's Reporter Administration (SCRA) £17,480 and £8,706 in 2016/17 in respect of senior management services from Ed Morrison, Head of Finance, and Susan Deery, Head of Human Resources, respectively (2015/16: £12,811 and £nil respectively). Ed Morrison joined CHS's Senior Management Team on 1 July 2015; Susan Deery joined CHS's Senior Management Team in April 2016.

SCRA paid CHS £38,295 in 2016/17 in respect of senior management services from Lawrie McDonald (2015/16: £19,843). Lawrie McDonald joined SCRA's Executive Management Team on 14 September 2015.

Parliamentary Accountability Report

CHS is required to report on any losses and special payments incurred in the financial year, any fees and charges receivable in the financial year and any remote contingent liabilities as at the date the accounts were signed by the Accountable Officer.

- No losses were incurred in the financial year to 31 March 2017.
- No special payments were made in the financial year to 31 March 2017.
- No reportable fees or charges were received in the financial year to 31 March 2017.
- There are no remote contingent liabilities at the date the accounts were signed.

Conclusion

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

Boyd McAdam
Accountable Officer
25 September 2017

Independent auditor's report

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

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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Children's Hearings Scotland for the year ended 31 March 2017 under the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. 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 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In my opinion the accompanying 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 2017 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 2016/17 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.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

Opinion on regularity

In my 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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Children's Hearings (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Children's Hearings (Scotland) Act 2011 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit

I have nothing to report in respect of these matters.

David Jamieson | Senior Audit Manager

Audit Scotland | 4th floor | The Athenaeum Building | 8 Nelson Mandela Place | Glasgow | G2 1BT

25 September 2017

Children's Hearings Scotland
Statement of Comprehensive Net Expenditure
for the year ended 31 March 2017

| | Note | Year to 31 March 2017 | Year to 31 March 2016 |
|---|------|--------------------------|--------------------------|
| | | £000 | £000 |
| Expenditure | | | |
| Staff costs | 2 | 956 | 887 |
| Other administration costs | 3 | 2,565 | 2,936 |
| Depreciation | 4 | 17 | - |
| <i>Expenditure</i> | | 3,538 | 3,823 |
| Income | 1.7 | 2 | 12 |
| Net expenditure | | 3,536 | 3,811 |
| Other comprehensive net expenditure | | | |
| Other finance cost | 8 | - | 9 |
| Net expenditure before Scottish Government funding | | 3,536 | 3,820 |

Children's Hearings Scotland
Statement of Financial Position
as at 31 March 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|--------------|--------------|
| Non-current assets | | | |
| Property, plant & equipment | 4 | 341 | 52 |
| <i>Total non-current assets</i> | | 341 | 52 |
| Current assets | | | |
| Trade and other receivables | 5 | 37 | 61 |
| Cash and cash equivalents | 6 | 417 | 454 |
| <i>Total current assets</i> | | 454 | 515 |
| Total assets | | 795 | 567 |
| Current liabilities | | | |
| Trade and other payables | 7 | 257 | 402 |
| Finance lease | | 0 | 0 |
| <i>Total current liabilities</i> | | 257 | 402 |
| Non-current assets plus net current assets | | 538 | 165 |
| Non-current liabilities | | | |
| Net pension asset/(liability) | 8 | (252) | 23 |
| Net assets | | 286 | 188 |
| Taxpayers' equity | | | |
| General fund | | 385 | 41 |
| Pension reserve | | (99) | 147 |
| Total taxpayers' equity | | 286 | 188 |

The Accountable Officer authorised these financial statements for issue on 25 September 2017.

Boyd McAdam
Accountable Officer
25 September 2017

Children's Hearings Scotland
Statement of Cash Flows for the year ended 31 March 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net expenditure before Scottish Government funding | | (3,536) | (3,820) |
| <i>Adjustments for non-cash items</i> | | | |
| Increase/(Decrease) in pension fund liability | 8 | 275 | (264) |
| (Decrease)/Increase in pension reserve | 8 | (246) | 338 |
| Depreciation charges | 4 | 17 | - |
| <i>Movements in working capital</i> | | | |
| Decrease/(Increase) in trade and other receivables | 5 | 25 | (33) |
| (Decrease)/Increase in trade and other payables | 7 | (144) | (74) |
| Net cash outflow from operating activities | | (3,609) | (3,853) |
| Cash flows from investing activities | | | |
| Purchase of fixed assets | 4 | (307) | (52) |
| Cash flows from financing activities | | | |
| Scottish Government funding for year | | 3,880 | 3,700 |
| Net decrease in cash and cash equivalents | | (36) | (205) |
| Opening cash balance | | 454 | 659 |
| Closing cash balance | | 418 | 454 |

Children's Hearings Scotland

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

| | Note | General Fund | Pension Reserve | Total Reserves |
|--|------|--------------|-----------------|----------------|
| | | £000 | £000 | £000 |
| Balance at 1 April 2015 | | 161 | (191) | (30) |
| Actuarial loss on pension reserve | 8 | 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 |
| | Note | General Fund | Pension Reserve | Total Reserves |
| | | £000 | £000 | £000 |
| Balance at 1 April 2016 | | 41 | 147 | 188 |
| Actuarial gain on pension reserve | 8 | 0 | (246) | (246) |
| Net expenditure for the year | | (3,536) | 0 | (3,536) |
| Total recognised income and expense for 2016/17 | | (3,495) | (99) | (3,594) |
| Funding from Scottish Government | | 3,880 | 0 | 3,880 |
| Balance at 31 March 2017 | | 385 | (99) | 286 |

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 2016/17 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 2006 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

Depreciation is ordinarily charged from when the asset was ready for use, rounded to the nearest whole month, up to point of disposal.

1.4 Intangible assets

Intangible assets are stated at historic purchase cost less accumulated amortisation. Acquired computer software licences, developed software and developed ICT infrastructure environments and

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.

1.5 Assets under construction

Where expenditure is incurred in creating an asset (tangible or intangible), but that asset is not ready for use by the end of a financial year, it is deemed as an asset under construction. Depreciation is not ordinarily charged on such assets although they will be reviewed for potential impairment or obsolescence, with any write-down charged to the Statement of Comprehensive Net Expenditure if appropriate.

1.6 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 2016/17 were an average of 6.6% by employee and 14.3% 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.

1.7 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.

1.8 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.

1.9 Government grants

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

1.10 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.

1.11 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.

1.12 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.

1.13 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

| | 2016/17 | 2015/16 |
|---------------------------------|------------|------------|
| | £000 | £000 |
| Wages and Salaries | 597 | 608 |
| Social security costs | 61 | 44 |
| Contributions to pension scheme | 109 | 107 |
| IAS 19 Pension Charge | 29 | 65 |
| Provision for unfunded pensions | 0 | 0 |
| | 796 | 824 |

2.2 Staff costs – other staff

| Staff costs – other staff | | |
|----------------------------------|----------------|----------------|
| | 2016/17 | 2015/16 |
| | £000 | £000 |
| Wages and Salaries | 127 | 52 |
| Social security costs | 14 | 5 |
| Contributions to pension scheme | 19 | 6 |
| Cost of early retirement | 0 | 0 |
| Provision for unfunded pensions | 0 | 0 |
| | 160 | 63 |

2.3 Staff costs – all staff

| | 2016/17 | 2015/16 |
|---------------------------------|----------------|----------------|
| | £000 | £000 |
| Salaries | 724 | 660 |
| Social security costs | 75 | 49 |
| Contributions to pension scheme | 128 | 113 |
| IAS 19 Pension Charge | 29 | 65 |
| Provision for unfunded pensions | 0 | 0 |
| | 956 | 887 |

2.4 Average number of employees

| Category of staff | 2016/17 | 2015/16 |
|---|----------------|----------------|
| Staff with permanent contract - Male | 7 | 8 |
| Staff with permanent contract - Female | 10 | 9 |
| Staff with short-term contract - Male | 2 | 1 |
| Staff with short-term contract - Female | 2 | 1 |
| Total | 21 | 19 |

3. Other administration costs

| | 2016/17 | 2015/16 |
|---|----------------|----------------|
| | £000 | £000 |
| Board fees and expenses | 33 | 31 |
| Shared services | 41 | 96 |
| Legal fees | 1 | 5 |
| Running costs | 357 | 580 |
| Compensation Costs | 0 | 0 |
| Direct support for panel | 4 | 5 |
| Training, recruitment and other staff costs | 19 | 34 |
| Auditor remuneration | 10 | 11 |
| Internal auditors' remuneration | 19 | 14 |
| Recruitment of Panel Members | 307 | 304 |
| Training of Panel and AST Members | 1,154 | 1,223 |
| Panel and AST Member Expenses | 620 | 633 |
| | 2,565 | 2,936 |

4. Property, Plant and Equipment

| 2016/17 | Computer equipment | Assets under construction |
|---------------------------------|-------------------------------|--------------------------------------|
| | £000 | £000 |
| Cost/Valuation | | |
| Opening Balance | 0 | 52 |
| Additions | 0 | 307 |
| Transfers | 51 | (52) |
| Disposals | 0 | 0 |
| Closing Balance | 51 | 307 |
| Accumulated depreciation | | |
| Opening Balance | 0 | 0 |
| Provided in year | 17 | 0 |
| Closing Balance | 17 | 0 |
| Net Book Value | | |
| At 1 April | 0 | 52 |
| At 31 March | 34 | 307 |
| 2015/16 | | |
| | Computer equipment | Assets under construction |
| | £000 | £000 |
| Cost/Valuation | | |
| Opening Balance | 0 | 0 |
| Additions | 0 | 52 |
| Disposals | 0 | 0 |
| Closing Balance | 0 | 52 |
| 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 | 0 | 52 |

5. Trade and other receivables

5.1 Amounts falling due within one year

| | 2017 | 2016 |
|-------------------|-------------|-------------|
| | £000 | £000 |
| Other receivables | 10 | 2 |
| Prepayments | 27 | 59 |
| | 37 | 61 |

5.2 Intra governmental balances

| | Receivables: amounts due within one year | Receivables: amounts due within one year |
|---|---|---|
| | 2017 | 2016 |
| | £000 | £000 |
| Balances with other central government bodies | 10 | 2 |
| Balances with local government bodies | 19 | 39 |
| Intra governmental balances | 29 | 41 |
| Balances with bodies external to government | 8 | 20 |
| at 31 March | 37 | 61 |

6. Cash and cash equivalents

| | 2017 | 2016 |
|---|-------------|-------------|
| | £000 | £000 |
| Balance at 1 April | 454 | 659 |
| Net change in cash and cash equivalents | (37) | (205) |
| Balance at 31 March | 417 | 454 |
| Bank accounts | 417 | 454 |
| at 31 March | 417 | 454 |

All bank balances at 31 March 2017 are held in commercial banks.

7. Trade and other payables

7.1 Amounts falling due within one year

| Amounts falling due within one year | | |
|--|-------------|-------------|
| | 2017 | 2016 |
| | £000 | £000 |
| Trade payables | 68 | 63 |
| Tax and social security | 18 | 16 |
| Other payables | 13 | 14 |
| Accruals | 158 | 309 |
| | 257 | 402 |

In line with accounting practice, the prior year figures within this note have been reallocated. There is no impact on the overall balance.

7.2 Intra governmental balances

| | Payables: amounts due within one year | Payables: amounts due within one year |
|---|--|--|
| | 2017 | 2016 |
| | £000 | £000 |
| Balances with other central government bodies | 18 | 31 |
| Balances with Local Authorities | 123 | 175 |
| Intra governmental balances | 141 | 206 |
| Balances with bodies external to government | 118 | 196 |
| at 31 March | 259 | 402 |

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 2017

| | Assets | Obligations | Net (liability) |
|--|--------------|--------------|--------------------|
| | £000 | £000 | £000 |
| Fair value of plan assets | 748 | 0 | 748 |
| Present value of funded liabilities | 0 | 725 | (725) |
| Opening Position as at 31 March 2016 | 748 | 725 | 23 |
| Current Service Cost | 0 | 155 | (155) |
| Past Service Cost | 0 | 0 | 0 |
| Total Service cost | 0 | 155 | (155) |
| Interest income on plan assets | 30 | 0 | 30 |
| Interest cost on defined benefit obligation | 0 | 30 | (30) |
| Total Net Interest | 30 | 30 | 0 |
| Total defined benefit cost recognised in profit or (loss) | 30 | 185 | (155) |
| Plan participants' contributions | 48 | 48 | 0 |
| Employer contributions | 126 | 0 | 126 |
| Expected closing position | 952 | 958 | (6) |
| Remeasurements | | | |
| Change in demographic assumptions | 0 | 0 | 0 |
| Change in financial assumptions | 0 | 403 | (403) |
| Other experience | 0 | 0 | 0 |
| Return on assets excluding net interest | 157 | 0 | 157 |
| Total remeasurements recognised in Other Comprehensive Income (OCI) | 157 | 403 | (246) |
| Fair value of plan assets | 1,109 | 0 | 1,109 |
| Present value of funded liabilities | 0 | 1,361 | (1,361) |
| Closing position as at 31 March 2017 | 1,109 | 1,361 | (252) |

Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for year ended 31 March 2016

| | Assets | Obligations | Net (liability) |
|--|------------|--------------|--------------------|
| | £000 | £000 | £000 |
| Fair value of plan 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 plan assets | 748 | 0 | 748 |
| Present value of funded liabilities | 0 | 725 | (725) |
| Closing position as at 31 March 2016 | 748 | 725 | 23 |

Fair value of employer assets

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

| | 2017 | | | 2016 | | |
|---------------------------|------------|------------|-------------|------------|------------|------------|
| | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Equities | 690 | 0 | 690 | 462 | 0 | 462 |
| Bonds | 114 | 0 | 114 | 67 | 0 | 67 |
| Private Equity | 13 | 23 | 36 | 9 | 24 | 33 |
| Property | 0 | 75 | 75 | 0 | 64 | 64 |
| Investment Funds | 13 | 130 | 143 | 8 | 68 | 76 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and Cash equivalents | 51 | 0 | 51 | 46 | 0 | 46 |
| | | | | | | |
| | 881 | 228 | 1109 | 592 | 156 | 748 |

Analysis of projected amount to be charged to operating profit for the year to 31 March 2018

| Year ended: | 31 March 2018 | % of pay |
|--------------------------------|---------------|----------------|
| | £000 | |
| Projected current service cost | (250) | (35.4%) |
| Interest income on plan assets | 32 | 4.5% |
| Interest cost on obligations | (41) | (5.8%) |
| Total | (259) | (36.7%) |
| | | |
| Year ended: | 31 March 2017 | 31 March 2016 |
| | % p.a. | % p.a. |
| Pension increase rate | 2.4 | 2.2 |
| Salary increase rate | 3.0 | 3.0 |
| | | |
| Discount Rate | 2.7 | 3.6 |

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, originally for five years from 1 November 2011, was renewed in 2016 on the understanding that occupancy would cease on or before 31 March 2019. CHS pays NRS £51,000 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.

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 2016/17, CHS received grant-in-aid of £3,880,000 (2015/16 £3,700,000).

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 2017.

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

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