



children's
hearings
scotland

The Children's Panel – life changing.

ANNUAL REPORT AND ACCOUNTS 2019-20



Introduction: From Our National Convener / Chief Executive

Once again, this year has been one of significant change and development for Children's Hearings Scotland (CHS) and the sector in which we operate.

Perhaps most significantly, the findings of the Independent Care Review, a genuine root and branch review with the voice of care experienced children and young people rightly at its heart, were published in February.

Within CHS, we have undergone a number of staffing changes. In October, it was my honour to take over the role of National Convener of the Children's Panel and Chief Executive of CHS following the retirement of my predecessor. We also introduced our new Area Support and Improvement team. These 11 new colleagues, based across Scotland, will enable us to implement improvements in the children's hearings system and progress local relationships like never before.

It was with this newly emerging internal and external environment that we took the decision to cease delivery of our current strategic plan at the end of this year - a year early - and launch a new plan that reflected a new ambition for CHS and the infants, children and young people who have hearings.

The support we provide to Panel Members to deliver high-quality hearings was significantly enhanced this year with the launch of our digital Practice & Procedure Manual. This guidance, which involved significant engagement with specialist partner organisations, goes far beyond what has previously been provided to Panel Members and represents a major step forward in how we think about hearings and their impact.

Our digital programme continued to progress at pace, and the start of 2020 saw the launch of our new volunteer email platform and the roll out of Microsoft Teams. With 3,000 volunteers in our CHS community, this was a considerable undertaking and I am grateful to the staff and volunteer Digital Champions who enabled this to happen.

At the very end of the year, we, like all public functions, had to reimagine how we operated in response to the coronavirus outbreak. Almost overnight, hearings became virtual for the first time and CHS became a remote-working organisation. Our volunteers and staff rose to the challenge of these circumstances and the training and support necessary to allow us to continue to care for and protect infants, children and young people quickly began to be put in place.

Maintaining a stable response to coronavirus will, of course, form a large part of the work we will undertake at the start of next year, but we will also begin to make progress on our new strategic ambitions - to have effective and empathetic panel members making sound decisions in hearings that protect and uphold children's rights - by building on the solid foundations of this year.

Elliot Jackson
National Convener and Chief Executive

Who We Are and What We Do: Our Purpose, Activities, Structure and Values

The Children's Hearings System was established as Scotland's unique care and justice system for children and young people over 50 years ago. It exists to ensure the safety and wellbeing of vulnerable children and young people through a decision making lay tribunal called a children's hearing. Each hearing is made up of 3 members of the national Children's Panel which is comprised of specially trained volunteers drawn from local communities.

The Children's Hearings (Scotland) Act 2011 – commenced in June 2013 – introduced a single national Children's Panel where volunteer Panel Members receive accredited national training which enables them to make the best possible decisions for children and young people in the Children's Hearing System. The Act strengthened the system by ensuring Panel Members have local and national support and advice on best practice through the National Convener – supported by one organisation – Children's Hearings Scotland (CHS), which was formed in 2011 and assumed its full responsibilities in 2013. The Act created the role of the National Convener to lead this work. Currently, the National Convener also acts as the Chief Executive of CHS.

We are one of a number of organisations who work within the Children's Hearings System, including the Scottish Children's Reporter Administration (SCRA), local authorities, health, and Police Scotland. Our activities within this are focussed on recruiting, training and supporting the volunteer Panel Members.

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 for vulnerable children and young people in Scotland by making high quality decisions about their future.

CHS engages around 2,500 volunteer Panel Members in the Children's Hearings System, who are appointed for 3 year terms. The Panel Members are supported locally by an additional 400 volunteers as part of 22 Area Support Teams (ASTs). Each AST is led by a volunteer Area Convener.

In 2019-20, over 30,000 Children's Hearings took place across Scotland.

We also employ around 40 staff as part of our 'National Team', led by the National Convener/Chief Executive. CHS is governed by a Board of non-executive members, which meets formally at least four times a year to set and monitor the strategic direction of the organisation. CHS is financed by grant-in-aid from the Scottish Government as approved by the Scottish Parliament. The grant-in-aid value for 2019/20 was £4.9m.

Our Values:

- Child centred – making sure everything we do is in the best interests of children and young people.
- Respectful – treating children, young people, their families, partners and each other with care and consideration.
- Fair – making sure that everyone is treated with dignity and according to their individual needs; that our information and services are accessible to all; that we provide a consistent level of service to all.
- Creative – considering innovative and imaginative ways of approaching the issues we face in the work we do.
- Challenging – not being complacent, but questioning ourselves and others to help us improve.
- Open – listening, responding to, and learning from, feedback; acting honestly; ensuring processes are transparent; sharing information and being accountable for our actions and decisions.

What We Want to Achieve: Our Strategic Outcomes and Business Objectives

This was the second year of CHS’ Corporate Plan 2018-2021.¹ . In this plan, we set out our Strategic Outcomes:



For every child...child centred hearings	For every child...high quality decisions	For every child...supported by skilled volunteers
Children’s hearings are centred around the child or young person and their views and experiences are heard, considered and respected.	Panel members make reasoned and evidence based decisions for children and young people who attend a children’s hearing.	Our community of skilled volunteers feel supported to carry out their roles and their contribution to the Children’s Hearings System is valued in their communities.

The Corporate Plan also highlighted our commitment to digital transformation through the publication of a Digital Strategy. This aims to ensure that we are able to embed a child centred Children’s Hearing System with digitally enabled volunteers and employees, who can confidently use digital tools and technologies to improve outcomes for children and young people in Scotland.

¹ <http://www.chscotland.gov.uk/media/157923/CHS-Corporate-Plan-2018-21-FINAL-VERSION.pdf>

From this Corporate Plan and its Strategic Outcomes, we produce an annual Business & Corporate Parenting Plan² that establishes our Business Objectives for the year. These Objectives formed the basis of our activities, reporting and monitoring for the year. In 2019-20, these were:

- **Modernise** - We will lead change to modernise the Children's Hearings System to deliver better experiences and outcomes for children and young people.
- **Recruit** - To recruit committed volunteers that reflect Scotland's communities, who make robust decisions in the best interests of children and young people.
- **Train** - To ensure volunteers have the knowledge, skills, behaviours and values to fulfil their roles for children and young people.
- **Support** - To invest in a volunteer community and National Team that supports a quality Children's Hearings System for children and young people.

What Concerns Us: Our Key Issues and Risks

The CHS Board monitors the strategic risks that have the potential to impact significantly on CHS' performance, fulfilment of statutory duties, and future prospects and developments. In 2019-20, these risks were:

1. Failing to secure sufficient financial settlement to enable future development. The main controls for this were maintaining relationships with key stakeholders and ensuring robust business planning. After controls, this was LOW RISK.
2. Volunteers do not experience improvements in levels of support and therefore disengage. The main controls for this were increased Area Convener (AC) and volunteer engagement, the introduction of new roles focussed on local volunteer support and robust recruitment and induction processes. After controls, this was LOW RISK. Volunteer satisfaction was, in part, monitored through KPI 8 below.
3. The new digital system fails to deliver business improvements and enhancements to volunteer services and experience. The main control for this was a significant Business Readiness programme delivered with and across the community. After controls, this was a LOW RISK. Reception of the digital system was, in part, due to be monitored by KPI 3 below.
4. Lack of cyber resilience. The main control for this was close working with the Scottish Government Information and Services Division and upgrade of the CHS volunteer Digital platform. After controls, this was LOW RISK.

² <http://www.chscotland.gov.uk/our-publications/planning-reporting/business-corporate-parenting-plans/2019/04/business-corporate-parenting-plan/>

5. CHS fails to deliver on its statutory requirement to report on Compulsory Supervision Orders (CSO) implementation (the 'Feedback Loop'). The main controls were engagement with partners and continued investigation of new ways to deliver on this requirement. After controls, this was MEDIUM RISK.
6. The CHS Panel Member recruitment receives a negative reception amongst those with lived experience of hearings. The main control was a significant engagement programme with people with lived experiences of hearings and organisations with that specialty. After controls, this was a LOW RISK. The success of the recruitment campaign was monitored, in part, by KPIs 4 and 5 below.
7. CHS fails to positively influence partner organisations and loses relevance within the sector. The main controls were active involvement in strategically important groups, engagement with the Independent Care Review process, and maintaining good working relationships with Scottish Government colleagues. After controls, this was LOW RISK.
8. CHS Learning Academy (CHSLA) fails to deliver high quality training to volunteers, resulting in an adverse impact on the quality of decision making in hearings. The main controls were strong supplier management processes, involvement of area Leads in course development, the engagement of external organisations, and having training evaluations in place. After controls, this was LOW RISK. The quality of CHSLA delivery was monitored, in part, by KPIs 9, 11,12 and 14 below.

What We Did and Achieved in 2019-20: Performance Analysis and Key Activities

Performance Summary

In order to monitor organisational performance and the delivery of our Corporate and Business Plans, we tracked 22 Key Performance Indicators (KPIs) and 35 key Business Activities during 2019-20. Progress on these measures was reported to the CHS Board and Senior Management Team on a quarterly basis.

A summary of our performance is given the table below, with Business Activities categorised as 'Green' for completed as expected or good progress made on on-going activities, 'Amber' for some progress made or results partially achieved, 'Red' for little significant progress made towards completion or results substantially below expectation, and 'Grey' for work that was, during the year, deemed as undeliverable due to changing circumstances or no longer relevant for delivery:

Business Objective	Number of Business Activities in category	
Modernise - We will lead change to modernise the Children's Hearings System to deliver better experiences and outcomes for children and young people.	Green	10
	Amber	0
	Red	0
	Grey	2
Recruit - To recruit committed volunteers that reflect Scotland's communities, who make robust decisions in the best interests of children and young people.	Green	5
	Amber	1
	Red	0
	Grey	0
Train - To ensure volunteers have the knowledge, skills, behaviours and values to fulfil their roles for children and young people.	Green	7
	Amber	0
	Red	0
	Grey	1
Support - To invest in a volunteer community and National Team that supports a quality Children's Hearings System for children and young people.	Green	7
	Amber	1
	Red	0
	Grey	1
TOTALS	Green	29
	Amber	2
	Red	0
	Grey	4

Business Activity Exception Report

Below, those activities that are not marked 'Green' above are detailed:

Business Activity	Status at Year End	Comment
Reviewing our National Standards	Grey	Work was paused on this due to emerging themes from the Independent Care Review (ICR) and limitations on available resources. Work on this will be included in the 2020/21 Business Plan.
Reporting on implementation of hearing decisions	Grey	An exploration of new approaches to this work meant that this work was no longer relevant in its planned form. A new reporting framework has been identified and is being pursued. The delivery of this activity remains a function of CHS and will continue to be progressed in 2020/21.
Recruit and appoint around 450 new Panel Members	Amber	This activity took place, but number of Panel Members appointed (393) is below the target numbers. A strategic review of recruitment and training will be undertaken in 2020/21 and the impact of Covid 19 and delay in recruitment timetable will enable reviewed processes to be implemented for 2020/21 recruitment campaign.
Deliver 'Learn from the Experts' events	Grey	Work on this was impacted by resource limitations. This activity has been rolled over in to the 2020/21 Business Plan, with new approaches being explored in light of the strategic review of training identified above
Design and delivery of a bespoke quality framework	Grey	This was paused after initial benchmarking due to emerging ICR themes, development of new Corporate Plan and introduction of new digital system and staff. This will recommence in 2020/21 as part of CHS' newly adopted Improvement planning framework.
Support ASTs to deliver a consistent approach to locality working	Amber	Some progress was made on this, but this was limited due to the lead for this work only joining CHS is the last few months of the year. It will continue in 2020/21 as part of CHS' newly adopted Improvement planning framework.

CHS also assigns a set of key performance measures (KPIs) for each business objective. Detail on our performance against the KPIs measured in 2019/20 are included below.

Key Activities and Achievements

Below we outline the key activities we undertook towards the delivery of our 2019-20 Business Objectives. Descriptions of all of our identified Business Activities can be found in our 2019/20 Business and Corporate Parenting Plan³.

Modernise:

2019-20 Highlight – Launching the Digital Practice & Procedure Manual

In September 2019, we launched a new, digital version of our Practice and Procedure Manual (PPM), the primary source of guidance for Panel Members when preparing for, and participating, in children’s hearings. Developed in collaboration between the Practice Team at CHS, members of the CHS community, and a number of partner organisations, the digital PPM offers more detailed and comprehensive advice and guidance than ever before, in a fully searchable document. The PPM is available externally to support the understanding of Panel Member practice amongst partner organisations.

- To develop ways in which we can best promote and support diversity within the Children’s Panel, we established a new Equality, Diversity & Inclusion Working Group. This Group’s work will culminate in a new organisational equality and diversity strategy during 2020/21.
- The first aspects of our new digital system began to be rolled out. Our community was migrated to a new email platform and addresses and we launched Microsoft Teams, the better to connect our community at a local and national level.

Recruit:

2019-20 Highlight – Redesigning Our Recruitment Campaign

We worked with young people and partner organisations who have lived experience of children’s hearings to co-produce refreshed recruitment creatives. The campaign focussed on the personal qualities that young people think Panel Members should have and involved working closely with the Frameworks Institute and the Robertson Trust.

³ <http://www.chscotland.gov.uk/our-publications/planning-reporting/business-corporate-parenting-plans/2019/04/business-corporate-parenting-plan/>

- The campaign attracted 1,419 applications to be a Panel Member. This resulted in 477 candidates moving forward to panel member pre-service training.
- There was significant activity to reappoint Panel and AST Members for their next three years. Throughout the year, over 900 volunteers were reappointed to their roles.
- We established a Rights & Inclusion Working Group involving CHS staff, volunteer community members, partner organisations and young people to begin to formulate a strategy for the effective inclusion of children and young people in our work. This group will produce an organisational strategy in 2020/21.

Train:

2019-20 Highlight – Launching the Knowledge Hub

Through the CHS Learning Academy, we implemented a new online Knowledge Hub to host flexible learning opportunities and resources that complement other volunteer training.

At March 2020, the Hub included 10 courses focussing on both skills and knowledge development including 'Communicating Effectively', 'Developing Resilience', and 'Managing Conflict', and 'Cyber Security'.

- With the CHS Learning Academy, we delivered a new Panel Member Learning programme. This involved the launch of new online modules and face-to-face learning opportunities covering Adverse Childhood Experiences, Neglect, Leadership in the Hearing Room and the new Age of Criminal Responsibility legislation.
- We partnered with local Learning & Development Coordinators (LDC), through a new LDC Forum, to explore how to roll out consistent local learning that complements national training opportunities.
- Training on our new digital system was developed, introducing seven new online modules and user guides to the CHS Learning Academy online.

Support:

2019-20 Highlight – Introducing Improvement Roles to CHS

Over the course of the year, we implemented a new integrated model of volunteer support. Our 11 Area Support Improvement Partners (ASIPs) are based regionally throughout Scotland and work to support ASTs to deliver their role, develop partnerships and relationships and drive improvement, locally. Having these staff working alongside Area Conveners and ASTs proved to be a critical part of CHS' response to the coronavirus pandemic and enabled effective national and local collaboration and implementation.

- During Summer 2019, we ran our fourth Community survey. 1481 volunteers responded and the results have, and continue to, shape the work and support we deliver.
- In the final weeks of the year, as the coronavirus pandemic meant restriction on movement and activity, significant effort began to be redirected in to enabling CHS to shift its activities to working virtually and remotely. A Resilience Team was established to coordinate our response to the crisis and offer support to our community, particularly in how hearings could be carried out virtually. We also worked closely with Scottish Government on the development of, and guidance around, the Coronavirus (Scotland) Act.
- Over the year we worked with our volunteers, SCRA and Leidos to develop a digital platform that will transform our CHS volunteer experience and enable us to collect management information in a systematic way that will aid and inform our improvement journey. The first phase saw the launch of Teams, a collaboration tool that is transforming the way we engage and connect with our community nationally and locally. The community Hub will be launched in early 2020/21. This new digital platform will support opportunities for the development of different ways for children and families to engage with the hearings system in the future.

Key Performance Indicators

The table below presents the results of our Key Performance Indicators. An asterisk (*) indicates that the KPI has a note below.

	Key Performance Indicator (KPI)	19/20 Target	19/20 Result	Past Performance
1	% ICT helpdesk calls resolved within service level agreement	90%	n/a*	2018/19: 90%
2	% of positive Community Survey feedback on online practice support	55%	n/a*	2017: 46%
3	% of positive user feedback on new digital systems	80%	n/a*	New measure
4	% of new Panel Members appointed aged 25 and under	12%	8%*	2017/18: 8% 2018/19: 8%
5	% of new Panel Members appointed that are male	38%	33%*	2017/18: 33% 2018/19: 30%
6	% of volunteer posts filled within 4 months of advertisement	90%	90%	New measure
7	% of ASTs including young people in recruitment	100%	40%*	New measure
8	% of CHS Community members who feel the contribution they make to CHS is valued	78%	84%	2017: 75%
9	% of applicants recruited that successfully complete our seven day pre-service training	95%	88%*	2017/18: 90% 2018/19: 92%
10	% of eligible Panel Members who successfully complete the Professional Development Award within the relevant time	85%	72%*	2018/19: 82%
11	% of positive course evaluation responses received for AST training	97%	95%*	New measure
12	% of positive course evaluation responses received for national training	97%	96%*	New measure
13	% of positive course evaluation responses for masterclass events	90%	n/a*	New measure
14	% of Community Survey respondents who believe they have the skills and knowledge to carry out their role	98%	98%	2017: 98%
15	% of Panel Members successfully completing Leadership in the Hearing Room	90%	50%*	New measure
16	% of Community Survey respondents who feel well trained to carry out their role	92%	93%	2017: 89%

17	% of Pre-service trainees who felt that the learning objectives were met	95%	98%*	New measure
18	% of information requests (EIR, SAR and FOISA) responded to within statutory timescales	100%	100%	2017/18: 100% 2018/19: 97%
19	% of complaints managed by the National Team responded to within SPSO guidelines	100%	100%	2017/18: 100% 2018/19: 92%
20	% of supplier invoices not in dispute paid within 10 working days	90%	85%	2017/18: 80% 2018/19: 86%
21	% of CHS employee attendance	93%	ST: 98.7% LT: 96.9%*	2017/18: 93% 2018/19: 96%
22	% of positive staff survey feedback on opportunities for learning and development	50%	52%	2018: 33%

Notes and Comments on KPIs:

1: In Q4, CHS's new digital system began roll out, meaning new support structures began to be put in place. Performance against this target for the whole year is therefore not available. The preceding 3 quarters performance were: Q1 – 84% ; Q2 – 96%; Q3- 100%.

2: The previous (2017) Community Survey asked whether the practice and policy section of the CHS intranet helped to improve volunteer practice. This precise question was not posed on the 2019 survey so a direct comparison is not possible. However, in the 2019 survey, 77% of volunteers agreed that practice updates help them improve their practice.

3: As the new Community Hub element of the digital system was not launched during 2019/20, reporting against this KPI was not possible.

4: Performance is consistent with previous years, but missed target for this year. 15% of newly appointed Panel Members were under 30.

5: Target was missed by a relatively small margin. Performance was consistent with previous years, however.

7: This target was aspirational and represented an increase of 100% in the year. New staff (Area Support Improvement Partners) are now in place and an inclusion strategy is being developed, both of which will drive this activity in the future.

9: Due to the coronavirus pandemic, pre-service training was interrupted. Reported here is the % of Panel Members who started Day 1 of pre-service training and have been appointed by the National Convener on the condition that they complete any outstanding pre-service training.

10: There are a number of Panel Members awaiting a final observation. Once circumstances allow observations to become possible again, these will be undertaken.

11: Target missed by small amount, but performance is still very strong.

12: Target missed by small amount, but performance is still very strong.

13: As detailed above, the masterclass/learn from the experts business activity was rolled forward to 2020/21 so reporting on this KPI was not possible in 2019/20.

15: 7 out of 14 Panel Members required to complete Leadership in the Hearing Room (as a condition of their last reappointment) have completed so far. The remaining 7 have until November 2020 to complete.

17: Figure given is based on feedback on Day 5 of training, the last full day of training all trainees attended in the planned fashion before lockdown restrictions.

21: Reported here is the figure for attendance impacted by short-term absence (ST) and that impacted by long-term absence (LT). Both are above target.

National Convener Statutory Functions

The National Convener carried out the following statutory duties set out in the Children's Hearings (Scotland) Act 2011:

- We received 740 requests for panel member continuity, authorised 100% of these and facilitated 94%.
- We received 19 requests for independent reports. 17 requests were facilitated.
- We received and responded to 80 requests for written advice about any matter arising in connection with the functions conferred on children's hearings under section 8 of the Children's Hearings (Scotland) Act 2011.
- One request to serve notice on the implementation authority of their failure to implement the terms of a Compulsory Supervision Order was made under section 146 and 147 of the Children's Hearings (Scotland) Act 2011.
- 0 applications were made to the Lord President of the Court of Sessions to remove a panel member under para 1(6) of Schedule 2 of the Children's Hearings (Scotland) Act 2011.
- 0 referrals were received about excluded pupils under section 127 of the Children's Hearings (Scotland) Act 2011.

Environmental Impact and Biodiversity Actions

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, which, for the duration of the reporting year, was in Thistle House, which CHS began occupying in April 2019. CHS' office space, which is let from the Scottish Legal Aid Board (SLAB), is 8.5% of the total building space. The environmental impact of CHS' property has therefore been calculated based on an allocation to CHS of 8.5% of the total carbon emissions of Thistle House.

CHS moved in to Thistle House in April 2019. The Climate Change duties report by SLAB is not finalised until towards the end of the year, so figures for 2019/20 are not yet available. The 2019/20 building emissions below, therefore, are an estimate based on SLAB's 2018/19 figures, on the assumption that 2019/20 would be similar. The emissions from travel (car) are calculated by multiplying the total mileage (in km) with an emission factor of 0.1837 (taken from the Carbon Footprint & Project Register Tool 2018). CHS will use SLAB's 2019/20 published figures in its 20/21 Annual Report and Accounts.

	2019/20 Carbon Footprint (tCO ₂ e) - estimated	2018/19 Carbon Footprint (tCO ₂ e)	2017/18 Carbon Footprint (tCO ₂ e)
Grid Electricity	11.79	11.54	11
Natural Gas	6.51	5.07	6
Water – supply	0.03	0.05	0
Water – treatment	0.05	0.08	0
Car, petrol, unknown engine size	16.48	6.96	4
Recycling	0.04	data not available	0
Commercial waste	0.09	data not available	data not available
Total	34.99	23.70	21

CHS's carbon footprint increased by 47% between 2018/19 and 2019/20. There are two reasons for this: (1) more data being available in CHS's new office and (2) increase in mileage claims due to new staff, based across Scotland and working in regions, rather than being based at Head Office.

Opportunities to promote biodiversity are kept under review, but these are restricted due to the limited property footprint with no outside space which could be effectively adapted to promote biodiversity.

How We Allocated Our Resources in 2019-20: Our Financial Performance

In the year ended 31 March 2020, CHS reported an excess of net expenditure over Scottish Government funding of £0.609m (31 March 2019: £0.159m) with revenue grant-in-aid of £4.839m (31 March 2019: £4.177m). The General Fund has a deficit of £0.273m at 31 March 2020 (a surplus of £0.336m as at 31 March 2019).

In accordance with *International Accounting Standard 19 (revised) '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 £0.676m on its pension reserve at 31 March 2020 (£1.04m at 31 March 2019). Further details of pension liabilities are provided in the Remuneration Report and the Notes to the Financial Statements.

The Board of CHS has no reason to believe that the Scottish Government'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 2020, CHS paid 85% (31 March 2019: 86%) of invoices within the terms of its payment policy.

CHS Senior Management Team and Board have taken steps to ensure CHS has policies in place to guard against corruption and bribery, including CHS' procurement policy, Financial Regulations and Fraud and Corruption Policy.

Equalities

CHS has made significant strides in its equality ambitions over the past 6 months. In December 2019 an Equality, Diversity and Inclusion (ED&I) working group was formed that consisted of a number of members from the national team, including those with professional experience within this area, and also representation from our Area Convener group.

CHS published its second Gender Pay Gap report in March 2020. Since the last report the staff headcount had increased by 51% with females making up 79.5% of the staff headcount and accounting for 75% of our senior management team. When using the mean average to calculate, our overall pay gap between male and female salaries is now **1.8%** (in favour of men), compared with 23% two years ago.

CHS also published its draft progress report on its second Equality Outcomes Report (4/2018-3/2020) in March 2020. A detailed update on how each outcome had been progressed during this time was presented to the Senior Management Team at this time, with recommendations to carry forward some outcomes that required further progression, into the 2020-2022 Equality Outcomes report. Also detailed within the progress report was an annual breakdown of equality monitoring details for CHS staff and from all the staff recruitment campaigns covering the two year period 2018–2020.

The new set of equality outcomes was developed by CHS' Equality, Diversity and Inclusion working group in conjunction with members from the national team and representatives from our volunteer community.

They present a blend of equality ambitions that focus on both our employee group and our volunteer community. They also follow the established principle of being proportionate to an organisation of CHS' size and are therefore achievable, having staggered deadlines within which to achieve the outcomes by April 2022.

The ED&I working group are also developing an over-arching Equality Strategy for CHS with a view to producing this by the end of Quarter 2 2020. The strategy will encapsulate the ambitions that CHS has to create, promote and celebrate an equal, diverse and inclusive culture within the CHS community through a process of continual engagement, communication, training and development.

CHS fully respects the human rights of every individual. CHS's engagement on social matters is documented in "Who We Are and What We Do" from page 3 and "What We Did and Achieved" from page 7. CHS aims to contribute to social progress within Scotland through the delivery of activities to the National Performance Framework for Scotland. Details of how we help deliver National Outcomes within this Framework are included on page 24 of the 19/20 Business and Corporate Parenting Plan.

What We'll Do Next Year

As covered in the Introduction, the findings of the Independent Care Review and the staffing changes within CHS led to the decision to bring forward our strategic planning cycle by a year. Rather, therefore, than wait until 2021 to produce a new Corporate Plan, a new plan, *Our Strategy Outlook*, was produced covering 2020-2023. The plan begins to articulate the ways in CHS will play a role in delivering on the findings from the Independent Care Review both within our organisational context and also in the wider sector.

The Business Objectives and Activities to be delivered in 2020/21, described in our Business and Corporate Parenting Plan⁴ for the year have been aligned to deliver the Strategic Themes contained in the new Corporate Plan:

- Theme 1: Better protect and uphold the rights of children
- Theme 2: Deliver consistently high-quality hearings
- Theme 3: Continue to build an effective and empathetic Panel, that is well-supported
- Theme 4: Be well-informed and influential in our environment and communities

Elliot Jackson

Elliot Jackson
Accountable Officer
22 September 2020

⁴ www.chscotland.gov.uk/our-publications/planning-reporting/business-corporate-parenting-plans/

Accountability Report

Corporate Governance Report

Directors' Report

Board members in 2019/20	Original appointment	End of appointment
Garry Coutts (chair)	8 April 2014	31 March 2021
John Anderson	11 March 2013	30 June 2021
Beth-Anne Logan	1 July 2017	30 June 2023
Henry Robson	1 March 2017	31 January 2021
Barbara Neil	1 February 2019	31 January 2021
Jo Derrick	1 February 2019	31 January 2023

All Board members have fixed term contracts and of the above three are female and three are male.

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 <http://www.chscotland.gov.uk/about-chs/our-people/the-chs-board/meet-the-chs-board/> or by contacting the Governance Lead.

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 organisation's auditors are aware of that information.

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

Statement of Accountable Officers Responsibilities

Under section 21(1) of the Children's Hearings (Scotland) Act 2011, the Scottish Ministers have directed CHS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CHS and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) 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 as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements, and
- prepare the financial statements on the going concern basis.

Under section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Accountable Officer of the Scottish Government Directorate with responsibility for sponsorship of CHS designated the National Convener/Chief Executive of CHS as the Accountable Officer for the organisation. The responsibilities of an 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 the organisation's assets, are set out in Managing Public Money by the HM Treasury.

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 is 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

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 2020 and up to the date of the approval of the annual report and accounts. The impact of Covid19 at the end of 2019/20 has not led to any relaxation of key aspects of the governance framework, and statutory duties continued to be fulfilled, albeit in the context of applying the full range of options in CHS' Business Continuity Plan and the Scottish Government's initial Covid19 guidance for public bodies.

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 (RAC) and an Audit and Risk Management Committee (ARMC). Each Committee has developed its terms of reference which are documented, approved and reviewed on a regular basis.

The Remuneration and Appointments Committee meets as required (in this year it met three times) 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.

In 2019/20 the Committee also considered a Volunteer Support Management Model, the National Convener recruitment, the senior management structure, pay award for 2020/21 and the latest staff survey results.

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

The Audit and Risk Management Committee meets quarterly and reviews the adequacy of the arrangements for ensuring sound internal control arrangements and provides the Board and Accountable Officer with advice and assurance with regard to the arrangements for:

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

The Chair 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 by BDO, which operates to standards defined in the Public Sector Internal Audit Standards. During 2019/20, Internal Audit undertook reviews of Corporate Governance, Risk Management training, Payroll & Expenses, Impact of Smart Working and reviewed progress against outstanding audit actions. The Committee scrutinises all internal audit reports and the actions taken by managers in response to audit recommendations.

In the auditor's opinion, the risk management activities and controls in the areas which they examined were found to be adequately designed to achieve the specific risk management, control and governance arrangements. Based on their verification reviews and sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness in these three areas to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Operation of the Board

The Board held five public meetings during 2019/20, in addition to two Strategy sessions.

Key issues for the Board in 2019/20 included:

- Agreeing future spending
- Approving quarterly performance reports
- Scrutiny of ongoing progress with Digital Programme
- Approving the Budget for 2020/21
- Approving the Business and Corporate Parenting Plans for 2020/21
- Approving the Annual Accounts and Impact Report
- Reviewing Learning Academy progress
- Approving Independent Reports Plan
- Reviewing ASIPs' progress
- Considering Review of Care report
- Recruitment of National Convener/CEO
- Approving the accounting policies to be used for the preparation of CHS' statement of accounts for 2019/20

Strategic and operational finance support and human resources are provided through a shared services arrangement with SCRA and CHS has a dedicated HR/OD Lead. The Head of Finance & Resources and the 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 and other meetings as appropriate.

Assessment of corporate governance arrangements

As Accountable Officer, I have reviewed the effectiveness of corporate governance arrangements. My review is informed by:

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

The following internal control systems are assessed annually as part of the Scottish Government Certificates of Assurance process which must be completed by the National Convener. This process is complete for 2019/20 and no major control gaps have been identified.

- Risk Management
- Business Planning
- Major Investment
- Project Management
- Financial Management
- Fraud
- Procurement
- Human Resources
- Equality and Diversity
- Information
- Health & Safety
- Compliance

Key issues and risks

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

The key strategic risks identified and monitored during 2019/20 included inadequate financial settlement, no improvement in volunteer management and support, digital systems do not meet user's needs, statutory reporting on the Feedback Loop, lack of or weak cyber resilience, recruitment creatives attract negative feedback, failing to positively influence partners and Learning Academy fails to deliver high quality and highly regarded training and development.

Digital Programme

In November 2017 a joint meeting of CHS and SCRA Boards approved a joint digital delivery plan and the award of contract to an identified supplier, following a competitive tender exercise. The main focus of activity throughout 2019/20 has been on the Alpha phase of delivery of the services that comprise the new Core Systems and Applications and engaging in the Digital Strategy Health Checks and Digital First Service Standards assessment, all of which have been completed successfully.

CHS successfully launched a new Sharepoint landing page, O365 email system and Microsoft Teams collaboration platform to our 3,000 volunteers in year. A joint internal governance structure is in place to ensure the programme is effectively managed in line with Digital Assurance Office expectations.

An Organisational Readiness team including functional business owners, has been resourced from within the organisation to support product development and successful uptake of the new systems. Extensive digital engagement with our volunteer community has taken place in year to enable the development of usable functional services; promote the benefits of the digital system and train our community on use. Volunteer Digital Champions have been identified within each AST to promote and support digital take up locally and a suite of online learning modules hosted on the CHS Learning Academy has been produced to support take up.

Personal data related incidents

During 2019/20, CHS had two reportable data breaches to the Information Commission 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.

Conclusion

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

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 and Appointments Committee

For 2019/20, the Remuneration and Appointments Committee consisted of:

- Jo Derrick (chair)
- John Anderson
- Beth-Anne Logan

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 2020, short term absence was 2.9 days (2019: 2.2 days) and long term absence was 6.8 days (2019: 9.8 days).

Audited remuneration report

Senior Management Team (SMT) members' Service Contracts

SMT member	Job title	Appointment
Boyd McAdam	National Convener/Chief Executive	07 Oct 14 – 06 Oct 19
Elliot Jackson	National Convener/Chief Executive	07 Oct 19 – 06 Oct 24
	Depute Chief Executive	24 Aug 15 – 06 Oct 19
Lynne Harrison	Head of Strategy, Development and Depute Chief Executive	07 Oct 19
	Business Manager	25 Sep 17 – 06 Oct 19
Christine Mullen	Head of Practice, Improvement and Learning	07 Oct 19
	Operations Manager	03 July 17 – 06 Oct 19
Lawrie McDonald	Digital Programme Director	14 Sep 15 – 31 Mar 20
Carol Wassell	Head of Area Support and Community Improvement	13 Jan 20

There are three female and three male senior managers as detailed above. All contracts have a notice period of 3 months and are permanent unless indicated otherwise by a future end date above.

Remuneration	Salary and allowances ¹	
	2019/20	2018/19
Senior Management Team	£000	£000
Boyd McAdam ²	45-50	90-95
Elliot Jackson	85-90	80-85
Lynne Harrison	70-75	55-60
Christine Mullen	60-65	55-60
Lawrie McDonald	85-90	85-90
Carol Wassell	15-20	-
Board		
Garry Coutts	15-20	10-15
John Anderson	0-5	0-5
Barbara Neil	0-5	0-5
Jo Derrick	0-5	0
Beth-Anne Logan ³	10-15	10-15
Henry Robson	0-5	0-5

¹ Includes pension contributions paid by employer. In respect of any Non-Executive Board Members, CHS does not make any contribution to the Local Government Pension Scheme (LGPS) nor provide any other form of pension benefit.

² This Senior Management Team member left office on 6 October 2019: their full year equivalent salary and allowances would be between £95,000 and £100,000.

³ Throughout 2018/19 and 2019/20, this Board member has been remunerated through CHS for additional duties in relation to wider Scottish Government Secure Care projects.

Remuneration (continued)	Salary and allowances ¹	
	2019/20	2018/19
Mid-point of highest-paid director's total remuneration	£78,364	£76,828
Median total remuneration	£40,678	£31,227
Ratio	1.93 : 1	2.46 : 1

¹ Excludes pension contributions paid by employer

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The full time equivalent remuneration paid to CHS staff ranged from £24,036 to £73,941 (2018/19: £23,221 to £67,251). The median has increased, and therefore the ratio has decreased, due to newly-created Area Support and Improvement roles above the previous median.

In 2019/20 no employees received remuneration in excess of the highest-paid director (2018/19: none). 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 2019/20 (2018/19: none).

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 2019/20 (2018/19: none).

Senior managers' pension entitlements

Senior Management Team Members	Real increase in pension in year to 31 March 2020 £000	Real increase in lump sum in year to 31 March 2019 £000	Total accrued pension as at 31 March 2020 £000	Total accrued lump sum at 31 March 2020 £000	CETV ¹ at 31 March 2019 £000	CETV ¹ at 31 March 2020 £000	Real increase in CETV ¹ during year £000
Boyd McAdam	0-2.5	0	5-10	0	116	n/a	n/a
Elliot Jackson	2.5-5	2.5-5	35-40	60-65	526	631	105
Lynne Harrison	2.5-5	0	0-5	0	17	33	16
Christine Mullen	0-2.5	0	0-5	0	32	50	18
Lawrie McDonald	0-2.5	0-2.5	15-20	20-25	293	348	56
Carol Wassell ²	n/a	n/a	n/a	n/a	n/a	0	n/a

¹ Cash-equivalent transfer value

² Member has less than three months service in the LGPS and therefore has no entitlement yet to a transfer value or pension

Prior year comparatives

Senior Management Team Members	Real increase in pension in year to 31 March 2019 £000	Real increase in lump sum in year to 31 March 2018 £000	Total accrued pension as at 31 March 2019 £000	Total accrued lump sum at 31 March 2019 £000	CETV ¹ at 31 March 2018 £000	CETV ¹ at 31 March 2019 £000	Real increase in CETV ¹ during year £000
Boyd McAdam	0-2.5	0	5-10	0	83	116	32
Elliot Jackson	2.5-5	0-2.5	30-35	55-60	478	526	46
Lynne Harrison ²	n/a	n/a	n/a	n/a	5	17	11
Christine Mullen	0-2.5	0	0-5	0	18	32	14
Lawrie McDonald	0-2.5	0-2.5	15-20	20-25	255	293	36

¹ Cash-equivalent transfer value

² Member has under 2 years' service, therefore no accrued entitlements

Senior managers' remuneration as a single figure

Senior Management Team Members	2019/20 Salary	2019/20 Pension benefits ¹	2019/20 Compensation	2019/20 Total	2018/19 Salary	2018/19 Pension benefits ¹	2018/19 Total
	£000	£000	£000	£000	£000	£000	£000
Boyd McAdam	45-50	(5)-0	n/a	45-50	90-95	25-30	120-125
Elliot Jackson	85-90	70-75	n/a	160-165	80-85	45-50	125-130
Lynne Harrison	70-75	50-55	n/a	120-125	55-60	(5)-0	55-60
Christine Mullen	60-65	15-20	n/a	75-80	55-60	45-50	100-105
Lawrie McDonald	85-90	35-40	n/a	125-130	85-90	30-35	120-125
Carol Wassell	15-20	(5)-0	n/a	15-20	n/a	n/a	n/a

¹ 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.

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

CHS paid Scottish Children's Reporter Administration (SCRA) £18,273 and £7,040 in 2019/20 in respect of senior management services from Ed Morrison, Head of Finance, and Susan Deery, Head of Human Resources, respectively (2018/19: £18,357 and £4,640 respectively). Ed Morrison joined CHS' Senior Management Team in July 2015; Susan Deery joined CHS's Senior Management Team in April 2016.

In 2019/20, SCRA paid CHS £nil in respect of senior management services from Lawrie McDonald (2018/19: £nil).

Staff numbers and related costs

Staff with a permanent (UK) employment contract	2019/20 £000	2018/19 £000
Wages and salaries	1,053	711
Social security costs	116	74
Contributions to pension scheme	168	117
IAS 19 pension charge	384	139
	1,721	1,041

Staff without a permanent (UK) employment contract	2019/20 £000	2018/19 £000
Wages and salaries	374	201
Social security costs	35	17
Contributions to pension scheme	49	19
	458	237

All Staff	2019/20 £000	2018/19 £000
Wages and salaries	1,427	912
Social security costs	151	91
Contributions to pension scheme	217	136
IAS 19 pension charge	384	139
	2,179	1,278

Average number of employees (whole-time equivalents)	2019/20	2018/19
Staff with a permanent contract – male	5	4
Staff with a permanent contract – female	22	14
Staff without a permanent contract – male	4	3
Staff without a permanent contract – female	6	3
	37	24

Exit packages

No exit packages were agreed during 2019/20 (2018/19: none).

Expenditure on consultancy

In 2019/20, CHS spent £38,150 on consultancy (2018/19: £32,696).

Disability

CHS is committed to equality and diversity.

- We plan for, and make reasonable adjustments to, the assessment and interview process
- During employment, we proactively offer and make reasonable adjustments as required
- We provide an environment that is inclusive and accessible for staff and volunteers
- We support employees to manage their disabilities or health concerns
- We ensure there are no barriers to the development and progression of disabled staff
- We ensure managers are aware of how they can support staff who are sick or absent from work
- We promote information and advice on wellbeing and mental health conditions and have been particularly proactive in doing this during the current Covid19 lockdown by providing regular mental health and wellbeing updates via the Staff Forum channel on MS Teams. This included providing the daily promotion of health and wellbeing initiatives, ideas and resources featuring different themes during the course of Mental Health Awareness Week at the end of May. Line managers are encouraged to have conversations with their staff about staff mental health and wellbeing during their regular 121 'remote' meetings, at this current time. A Mental Health and Wellbeing survey is due to be issued to all members of the National Team in mid- June. It is anticipated that the outputs from the survey will help inform CHS management of not only the concerns or resource requirements staff have while working remotely during current times, but putting staff safety, health and wellbeing at the forefront, will be essential in informing future management decisions regarding post-lockdown working arrangements.
- We provide occupational health services and an employee assistance programme (EAP) and have been promoting the EAP resources to staff, particularly during the Covid19 Lockdown.

CHS reports against the statutory Public Sector Equality Duty and in addition has several policies relating to supporting disability in the workplace including:

- Equal Opportunities policy
- Flexible Working policy
- Recruitment and Selection policy
- Dignity at Work policy

With regards to disability, CHS included the following over-arching Equality Outcome that is specifically focussed on supporting those with caring responsibilities.

Increasing accessibility, and promoting inclusion has removed participation barriers to all individuals who make up our CHS Community.

Under this outcome, CHS has a sub-set of outcomes with the following outcome particularly focused on carers, who by association, can be directly or indirectly discriminated against on the grounds of disability in the general working environment, due to their caring responsibilities for those who have disabilities.

CHS is recognised as an employer of choice by individuals with caring⁵ responsibilities due to its positive and open recruitment approach and its flexible working and attendance management policies and practices. Specifically, CHS has committed to becoming a Carer Positive employer by December 2021.

Our Volunteer Community continue to be fully aware of and undertake their functions with equality in mind. Our CHS Learning Academy (West Lothian College) incorporate Equality and Diversity learning and assessment into essential training for our panel members before they are appointed. All new panel members complete a qualification awarded by the Scottish Qualifications Authority (SQA) – the Professional Development Award (PDA) Children’s Hearings in Scotland – Panel Members.

The training delivered by our CHS Training Unit focuses on the 2010 Equality Act. In particular, the qualification focuses on the acquisition of skills and knowledge that demonstrate awareness of the equality and diversity needs of children and young people and how to address them.

Our Area Support Teams receive training in the recruitment and selection of new panel members. This includes input on key principles of equality and diversity and an emphasis on understanding the importance of diversity when assessing and supporting candidates.

Parliamentary Accountability Report

CHS is required to report on any high-value 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 reportable losses were incurred in the financial year to 31 March 2020.
- No reportable special payments were made in the financial year to 31 March 2020.
- No reportable fees or charges were received in the financial year to 31 March 2020.
- 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.

Elliot Jackson

Elliot Jackson
Accountable Officer
22 September 2020

⁵ A carer is someone who provides unpaid care by looking after an ill, frail or disabled family member, friend or partner. (<http://www.carerpositive.org/>)

Independent Auditors Report to the members of Children's Hearings Scotland, the Auditor General for Scotland and the Scottish Parliament

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 2020 under the Public Finance and Accountability (Scotland) Act 2000. 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 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 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 2019/20 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 for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. 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 was appointed by the Auditor General on 26 January 2018. The period of total uninterrupted appointment is 3 years. 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 Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's 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.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain 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) 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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, the audited part of the Remuneration and Staff Report, and my independent auditor's report. 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, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 matters prescribed by the Auditor General for Scotland

In my opinion, the audited 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 audited 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.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Alasdair Craik

**Alasdair Craik FCCA
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN**

23 September 2020

Children's Hearings Scotland
Statement of Comprehensive Net Expenditure
for the year ended 31 March 2020

	Note	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Expenditure			
Staff costs	2	2,179	1,278
Other administration costs	3	2,934	2,769
Depreciation	4 & 5	299	262
<i>Expenditure</i>		5,412	4,309
Income	1.8	(5)	-
Net expenditure		5,407	4,309
Pension scheme finance cost	9	41	27
Net expenditure before Scottish Government funding		5,448	4,336
Other comprehensive net expenditure			
Items which will not be reclassified to net expenditure:			
Actuarial (gain) / loss on pensions		(364)	420
Comprehensive net expenditure for the year		5,084	4,756

The notes following the financial statements form part of these accounts.

Children's Hearings Scotland

Statement of Financial Position as at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Property, plant & equipment	4	191	222
Intangible assets	5	24	273
<i>Total non-current assets</i>		215	495
Current assets			
Trade and other receivables	6	103	156
Cash and cash equivalents	7	1,048	975
<i>Total current assets</i>		1,151	1,131
Total assets		1,366	1,626
Current liabilities			
Trade and other payables	8	(761)	(837)
<i>Total current liabilities</i>		(761)	(837)
Non-current assets plus net current assets		605	789
Non-current liabilities			
Net pension asset/(liability)	9	(1,554)	(1,493)
Net assets		(949)	(704)
Taxpayers' equity			
General fund		(273)	336
Pension reserve		(676)	(1,040)
Total taxpayers' equity		(949)	(704)

The Accountable Officer authorised these financial statements for issue on 22 September 2020.

Elliot Jackson

Elliot Jackson
Accountable Officer
22 September 2020

Children's Hearings Scotland

Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net expenditure before Scottish Government funding		(5,448)	(4,336)
<i>Adjustments for non-cash items</i>			
Increase/(Decrease) in pension fund liability	9	61	586
(Decrease)/Increase in pension reserve	9	364	(420)
Depreciation charges	4 & 5	299	262
Loss on disposal of assets		2	-
<i>Movements in working capital</i>			
Decrease/(Increase) in trade and other receivables	6	53	(147)
(Decrease)/Increase in trade and other payables	8	(76)	242
Net cash outflow from operating activities		(4,745)	(3,813)
Cash flows from investing activities			
Purchase of property, plant & equipment	4	(47)	-
Leasehold improvement expenditure	4	(192)	-
Purchase of intangible assets	5	(18)	(37)
(Increase)/decrease in assets under construction	4,5	236	(199)
Cash flows from financing activities			
Scottish Government funding for year		4,839	4,177
Net decrease in cash and cash equivalents		73	128
Opening cash balance		975	847
Closing cash balance		1,048	975

Children's Hearings Scotland

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2018		495	(620)	(125)
Actuarial loss on pension reserve	9	0	(420)	(420)
Net expenditure for the year		(4,336)	0	(4,336)
Total recognised income and expense for 2018/19		(3,841)	(1,040)	(4,881)
Funding from Scottish Government		4,177	0	4,177
Balance at 31 March 2019		336	(1,040)	(704)
	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2019		336	(1,040)	(704)
Actuarial gain on pension reserve	9	0	364	364
Net expenditure for the year		(5,448)	0	(5,448)
Total recognised income and expense for 2019/20		(5,112)	(676)	(5,788)
Funding from Scottish Government		4,839	0	4,839
Balance at 31 March 2020		(273)	(676)	(949)

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 2019/20 Government Financial Reporting Manual (FReM). 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
- Leasehold improvements – five years (expected length of least term)

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 are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over the shorter term of life of licence and its estimated useful economic life.

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 2020. Details of this valuation were included in a report published by Lothian Pension Fund.

1.7 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.

1.8 Income

CHS recognises income in the year to which it relates.

1.9 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. IFRS 16 is not yet implemented, it is expected the standard will impact the non current assets, liabilities and net expenditure of the organisation from 1 April 2021.

1.10 Government grants

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

1.11 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.

1.12 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.

1.13 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.

1.14 Related party transactions

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

1.15 Review of accounting policies and estimation techniques

These financial statements have been prepared under IFRS. Areas of judgement in how CHS' accounting policies are applied include:

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

The most significant financial impact arises from assumptions used to calculate the pension deficit. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are:

Change in assumptions at 31 March 2020:	Approximate increase to Defined Benefit Obligation	Approximate monetary amount
	%	£000
0.5% decrease in Real Discount Rate	16	604
0.5% increase in the Salary Increase Rate	4	143
0.5% increase in the Pension Increase Rate (CPI)	12	450

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary estimates that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

In order to quantify the impact of a change in the financial assumptions used, the actuary calculated and compared the value of the scheme liabilities at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in the actuary's report.

The above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation, and the approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

1.16 Accounting standards not yet adopted

As at the date of authorisation of these financial statements, the following key standards were not yet adopted.

- IFRS 16 – Leases

The FReM, issued by HM Treasury, interprets and adapts IFRS 16 for the public sector in several years. In light of Covid-19 pressures, HM Treasury and the Financial Reporting Advisory Board (FRAB) decided that IFRS 16 implementation will be deferred until 1 April 2021. The impact on the financial statements has yet to be fully determined, lease obligations (£209k, without discounting at 31 March 2020 and as disclosed in note 10) will be recognised as right of use assets at 1 April 2021.

2. Staff costs

A detailed breakdown of Staff Costs and Numbers is contained within the Remuneration and Staff Report section of the Accountability Report.

	2019/20	2018/19
	£000	£000
Wages and Salaries	1,427	912
Social security costs	151	91
Contributions to pension scheme	217	136
IAS 19 pension charge	384	139
	2,179	1,278

3. Other administration costs

	2019/20	2018/19
	£000	£000
Board fees and expenses	53	46
Shared services	42	40
Legal fees	2	10
Running costs	681	594
Direct support for panel	2	3
Training, recruitment and other staff costs	127	36
Auditor remuneration	11	11
Internal auditors' remuneration	15	13
Recruitment of Panel Members	175	321
Training of Panel and AST members	1,189	1,122
Panel and AST members' expenses	637	573
	2,934	2,769

4. Property, Plant and Equipment

2019/20	Leasehold Improvements	Computer Equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost/Valuation				
Opening balance	0	57	218	275
Additions	6	15	0	21
Transfers	186	32	(218)	0
Disposals	0	(33)	0	(33)
Closing balance	192	71	0	263
Accumulated depreciation				
Opening balance	0	53	0	53
Provided in year	38	12	0	50
Withdrawn on disposal	0	(31)	0	(31)
Closing balance	38	34	0	72
Net Book Value				
At 31 March 2020	154	37	0	191
At 31 March 2019	0	4	218	222
2018/19				
Cost/Valuation				
Opening balance	0	57	0	57
Additions	0	0	218	218
Transfers	0	0	0	0
Disposals	0	0	0	0
Closing balance	0	57	218	275
Accumulated depreciation				
Opening balance	0	34	0	34
Provided in year	0	19	0	19
Closing balance	0	53	0	53
Net Book Value				
At 31 March 2019	0	4	218	222
At 31 March 2018	0	23	0	23

5. Intangible Assets

2019/20	Developed Software	Website	Assets under construction	Total
	£000	£000	£000	£000
Cost/Valuation				
Opening balance	517	0	18	535
Additions	0	0	0	0
Transfers	0	18	(18)	0
Disposals	0	0	0	0
Closing balance	517	18	0	535
Accumulated amortisation				
Opening balance	262	0	0	262
Provided in year	243	6	0	249
Closing balance	505	6	0	511
Net Book Value				
At 31 March 2020	12	12	0	24
At 31 March 2019	255	0	18	273
2018/19				
Cost/Valuation				
Opening balance	480	0	37	517
Additions	0	0	18	18
Transfers	37	0	(37)	0
Closing balance	517	0	18	535
Accumulated amortisation				
Opening balance	19	0	0	19
Provided in year	243	0	0	243
Closing balance	262	0	0	262
Net Book Value				
At 31 March 2019	255	0	18	273
At 31 March 2018	461	0	37	498

6. Trade and other receivables

6.1 Amounts falling due within one year

	2020	2019
	£000	£000
Prepayments	103	151
Other receivables	0	5
	103	156

6.2 Intra governmental balances: amounts due within one year

	2020 £000	2019 £000
Balances with other central government bodies	0	(5)
Balances with local government bodies	0	0
Intra governmental balances	0	(5)
Balances with bodies external to government	103	161
at 31 March	103	156

7. Cash and cash equivalents

	2020 £000	2019 £000
Balance at 1 April	975	847
Net change in cash and cash equivalents	73	128
Balance at 31 March	1,048	975
Bank accounts	1,048	975
at 31 March	1,048	975

All bank balances at 31 March 2020 are held with commercial banks.

8. Trade and other payables

8.1 Amounts falling due within one year

	2020 £000	2019 £000
Trade payables	357	737
Tax and social security	43	28
Other payables	45	0
Accruals	316	72
	761	837

8.2 Intra governmental balances: amounts due within one year

	2020 £000	2019 £000
Balances with other central government bodies	114	46
Balances with local government bodies	527	171
Intra governmental balances	641	217
Balances with bodies external to government	120	619
at 31 March	761	836

9. Pensions

Information about the assumptions underlying the figures in this note can be found in Note 1.6 Employee benefits.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for the year ended 31 March 2020

	Assets	Obligations	Net (liability)
	£000	£000	£000
Fair value of plan assets	2,059	0	2,059
Present value of funded liabilities	0	3,552	(3,552)
Opening position as at 31 March 2019	2,059	3,552	(1,493)
Current service cost	0	517	(517)
Past service cost	0	80	(80)
Total service cost	0	597	(597)
Interest income on plan assets	55	0	55
Interest cost on defined benefit obligation	0	96	(96)
Total net interest	55	96	(41)
Total defined benefit cost recognised in profit or (loss)	55	693	(638)
Plan participants' contributions	90	90	0
Employer contributions	213	0	213
Benefits paid	(6)	(6)	0
Expected closing position	2,411	4,329	(1,918)
Remeasurements			
Change in demographic assumptions	0	0	0
Change in financial assumptions	0	(495)	495
Other experience	0	(16)	16
Return on assets excluding net interest	(147)	0	(147)
Changes in asset ceiling	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	(147)	(511)	364
Fair value of plan assets	2,264	0	2,264
Present value of funded liabilities	0	3,818	(3,818)
Closing position as at 31 March 2020	2,264	3,818	(1,554)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for the year ended 31 March 2019

	Assets	Obligations	Net (liability)
	£000	£000	£000
Fair value of plan assets	1,700	0	1,700
Present value of funded liabilities	0	2,607	(2,607)
Opening position as at 31 March 2018	1,700	2,607	(907)
Current service cost	0	273	(273)
Past service cost	0	0	0
Total service cost	0	273	(273)
Interest income on plan assets	48	0	48
Interest cost on defined benefit obligation	0	75	(75)
Total net interest	48	75	(27)
Total defined benefit cost recognised in profit or (loss)	48	348	(300)
Plan participants' contributions	55	55	0
Employer contributions	134	0	134
Benefits paid	(4)	(4)	0
Expected closing position	1,933	3,006	(1,073)
Remeasurements			
Change in demographic assumptions	0	0	0
Change in financial assumptions	0	546	(546)
Other experience	0	0	0
Return on assets excluding net interest	126	0	126
Changes in asset ceiling	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	126	546	(420)
Fair value of plan assets	2,059	0	2,059
Present value of funded liabilities	0	3,552	(3,552)
Closing position as at 31 March 2019	2,059	3,552	(1,493)

Fair value of employer assets

	2020 Quoted £000	2020 Unquoted £000	2020 Total £000	2019 Quoted £000	2019 Unquoted £000	2019 Total £000
Equity securities	1,254	0	1,254	1,181	0	1,181
Debt securities	177	84	261	209	0	209
Private equity	0	20	20	0	28	28
Real estate	26	124	150	0	139	139
Investment Funds and Unit Trusts	37	318	355	20	308	328
Derivatives	5	0	5	1	0	1
Cash and cash equivalents	219	0	219	173	0	173
	1,718	546	2,264	1,584	475	2,059

Analysis of projected amount to be charged to operating profit for year to 31 March 2021

Year ended 31 March 2021	£000	% of pay
Projected current service cost*	(443)	(33.8%)
Interest income on plan assets	55	4.2%
Interest cost on defined benefit obligation	(94)	(7.2%)
	(482)	(36.8%)

Year ended 31 March	2020 % per annum	2019 % per annum
Pension increase rate	1.8	2.4
Salary increase rate	3.4	4.1
Discount rate	2.3	2.5

* The current service cost includes an allowance for administration expenses of 0.3% of payroll. The monetary value is based on a projected payroll of £1,309,000. The monetary amount of the projected service cost for the period to 31 March 2021 will be adjusted to take account of the actual pensionable payroll for the period.

10. Operating leases

Total commitments under non-cancellable operating leases are:

Buildings	31 March 2020 £000	31 March 2019 £000
Not later than one year	52	52
Later than one year and not later than five years	157	209
Later than five years	0	0
	209	261

During 2018/19, CHS had no commitments under non-cancellable operating leases. Throughout 2018/19, CHS occupied office space in Ladywell House under a Memorandum of Terms of Understanding with National Records 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 paid NRS £51,102 per annum for rents and rates.

CHS signed a Memorandum of Terms of Occupation (MOTO) with Scottish Legal Aid Board for occupancy of office space at 91 Haymarket Terrace, Edinburgh. The MOTO is a 1 year rolling agreement envisaged to end 31 March 2024.

11. 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.

12. 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. No Board Member, key manager or other related party has undertaken any material transaction with CHS during the year (2018/19:£nil).

13. Events After Reporting Date

A revised actuarial report was obtained as a result of the Government's announcement on the McCloud remedy consultation, announced on 16 July. The impact on the pension fund as a result of the consultation reduces past service costs in the accounts to £27k from £80k, as stated in note 9. With the effect of also reducing the general fund deficit from £273k to £220k and reducing the pension liability by £53k.

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



CHILDREN'S HEARINGS SCOTLAND
DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Schedule 3 of the Children's Hearing Scotland Act (2011), hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2020, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 17 May 2019 is hereby revoked.



W. Scott-Watson

A member of the staff of the Scottish Ministers

Dated: 30 April 2020