

**Scotland's Commissioner
for Children and Young People**

Annual Accounts

Year Ended 31 March 2007

**Commissioner for Children and
Young People in Scotland
Accounts For The Year Ended 31 March 2007**

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FOREWORD AND MANAGEMENT COMMENTARY

The accounts for the financial year ended 31 March 2007 are presented in accordance with paragraph 11(1) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

Background Information

1. The Commissioner for Children and Young People in Scotland (the Commissioner) was constituted under Section 1 of the Commissioner for Children and Young People (Scotland) Act 2003 which was passed by Parliament on 26 March 2003 and received Royal assent on 1 May 2003.

Statutory Powers and Responsibilities

2. The Commissioner's general function is to promote and safeguard the rights of children and young people in Scotland, up to age 18, or up to 21 if they have ever been in care or looked after by a local authority. In particular, the Commissioner must:

- promote awareness and understanding of the rights of children and young people;
- review law, policy and practice to assess their adequacy and effectiveness as regards those rights;
- promote best practice by service providers; and
- promote, commission, undertake and publish relevant research.

3. In carrying out this work, the Commissioner must have regard to the United Nations Convention on the Rights of the Child, and to equal opportunity requirements. There is a duty to encourage the involvement of children and young people in the Commissioner's work, and to prepare a strategy for achieving this.

4. Children and young people must be made aware of the functions of the Commissioner, and how to get in touch. The Commissioner must also consult children and young people, and agencies working with and for them, about the work to be undertaken. Particular attention must be paid to groups of children and young people who do not have other adequate means by which they can make their views known.

5. Section 7 of the Act gives the Commissioner power to carry out an investigation into whether, by what means and to what extent, a service provider has regard to the rights, interests and views of children and young people on relevant matters. Such matters should not relate to the case of only one child or young person, but must focus either on all children and young people or groups of them.

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6. An investigation must not duplicate work that is properly the function of another person. It must not relate to legal proceedings in particular cases. Nor may the Commissioner investigate, under this section, a matter that is reserved to the Westminster Parliament. An investigation in terms of Section 7 gives various legal powers, including the power to cite witnesses for examination under oath, and to compel the production of documents.

Operational Review of 2006/7

7. In its third year of operation, from 1 April 2006 to 31 March 2007, Scotland's Commissioner for Children and Young People took the following steps to promote fulfilment of her statutory duties:

Promoting Awareness and understanding of the office of Commissioner and the rights of children and young people

- Launched 3 electronic newsletters for: children and young people; MSPs; and agencies;
- Developed the website;
- Published a leaflet for primary school age children;
- Contributed a regular monthly column to the Children in Scotland magazine;
- Organised a Children's Choice Award, in partnership with Children in Scotland;
- Developed a Participation Portal on the website to help others consult children and young people effectively;
- Commissioned a series of cartoons illustrating articles of the UN Convention on the Rights of the Child;
- Travelled extensively across Scotland, talking and listening to children and young people, and adults associated with them; and
- Held meetings with local authority senior management and professional associations.

Review law, policy and practice to assess whether they respect these rights

- Responded to enquiries from the public;
- Took forward some issues on behalf of groups of young people and researched one interaction as a case study;
- Submitted responses to Scottish Executive consultations on:
 - Home education
 - Youth Work strategy
 - National Fostering and Kinship Care Strategy
 - Direct Payments
 - Protecting Vulnerable Groups: Scottish Vetting and Barring Scheme
 - Draft Children's Services Bill
 - Draft Schools (Nutrition and Health Promotion) (Scotland) Bill
 - Significant Incident Reviews Guidance
 - Scottish Planning Policy 11: Physical Activity and Open Space
 - Delivering a Healthy Future: An Action Framework for Children and Young People's Health in Scotland

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- Submitted written and/ or oral evidence to the Scottish Parliament on:
 - Protection of Vulnerable Groups (Scotland) Bill
 - Schools (Nutrition and Health Promotion (Scotland) Bill
 - Adoption and Children (Scotland) Bill
 - Justice 1 Committee – Human Rights Commissioner
 - Justice 2 Committee - Child Sex Offenders
 - Education Committee - on the SCCYP Annual Report
 - Family Support Services Inquiry
 - Age – Taking Stock
 - Finance Committee Inquiry into Accountability and Governance
 - Cross Party Group on Children and Young People – on Family Support
 - Cross Party Groups – confidentiality and sharing information
 - Cross Party Group on Children and Young People – on looking to the next session
- Submitted written and oral evidence to Westminster committees:
 - Public Affairs Committee on independent watchdogs
 - Scottish Affairs Committee – Poverty in Scotland
 - Joint Committee on Human Rights on the Role of UK Children’s Commissioners
- Commissioned two DVDs: one on physical punishment; and the other on rights issues relating to Moving and Handling Disabled Children and Young People;
- Undertook policy development work on a number of issues, including asylum, the rights of the children of travelling communities; the children of prisoners; young people in detention;
- Launched a model Children’s Rights Impact Assessment (CRIA) for use by other agencies;
- Undertook work preparatory to its report to the UN Committee on the Rights of the Child about the extent of compliance with the Convention.

Promote best practice

- Launched the “Safe Active, Happy” Action plan, based on the consultations undertaken in the previous year, and established an Advisory Group and wider Forum to help take it forward;
- Researched issues relating to the age for leaving care and produced a leaflet to advise young people and workers about their rights.

Promote, undertake, commission and disseminate research

- Commissioned research to evaluate the impact of the Safe, Active, Happy plan;
- Commissioned a number of pieces of research to support the plan:
 - Adult attitudes to contact with children and young people;
 - Analysis of implementation of recommendations of child abuse inquiries;
 - Disabled young people’s access to leisure opportunities;
 - The balance of risk and adventure for children and young people who are looked after and accommodated by local authorities;
- Separate research was commissioned on the rights of the children of prisoners.
- Undertook substantial internal research, particularly on leaving care and the moving and handling of disabled children and young people.

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Involve children and young people

- Held the inaugural meetings of three advisory groups of young people aged 14-21, appointed after open recruitment;
- Developed its partnership with the Children's Parliament in relation to 8-14-year-olds;
- Undertook research on involving young children and supported this through staff placements in nurseries.

Office –related issues

- Took stock of the structure of the office and made some changes. The post of Chief Executive Officer was removed and one full-time equivalent post transferred from administrative to policy and participation functions. This will result in some savings in staff costs.
- Published a 3 year Business Plan;
- Commissioned an audit of information management needs, leading to the installation of an Electronic Document Records Management Scheme.

Joint Working

- Organised events and projects in partnership with other agencies;
- Developed links with other children's commissioners both in the UK, Europe and further afield.

Future Development

8. The Business Plan will be reviewed with stakeholder input.
9. The office restructure has necessitated a review of governance and delegation issues. As a policy aim, this should involve children and young people as far as possible. The scope for this is being explored with the internal auditor.
10. Memoranda of Understanding will be explored with relevant agencies, such as the Social Work inspection Agency, the Scottish Public Services Ombudsman and the Care Commission.
11. The range of information materials for children and young people will be significantly expanded.
12. The involvement of young children will be further developed.
13. The website will be further developed, in partnership with children and young people.
14. The scope for taking on group case work will be further explored.
15. Stage 2 of the Safe Active Happy Action Plan will be initiated, involving the identification of a number of specific, measurable, achievable, realistic and time-bound goals.

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16. Scotland's Commissioner is the lead Commissioner for the joint UK Children's Commissioner's report to the UN Committee on the rights of the Child. This will be a major focus of the work for the next year.

Financial Position

17. The Commissioner's expenditure on operating activities for the year ended 31 March 2007 totalled £1,165,000 (2006 £963,000). This was on staffing costs £632,000 (2006 £540,000), other operating expenditure £475,000 (2006 £381,000) and depreciation £58,000 (2006 £42,000). Income for the year was £21,000 (2006 £22,000).

18. A further £53,000 (2006 £52,000) was spent on capital additions during the financial year as detailed in note 7 to the Accounts giving total expenditure of £1,218,000. Excluding non cash items (Depreciation £58,000 and cost of Capital £8,000) total expenditure was £1,152,000. This compares to a budget of £1,242,000 representing an underspend of £90,000.

19. The Commissioner is funded through the SPCB. For financial year 2006-07 SCCYP was allocated a funding budget of £1,242,000. Actual funding of £1,090,000 reflected:

- a. A high cash balance at the beginning of the financial year due to unexpected receipt of the lease incentive from the landlord and
- b. An underspend on research and related activities due to the time required to set up projects in conjunction with other bodies. Details of funding against budget are shown in note 2 to the accounts.

Payment of Creditors

20. Invoices are processed by SCCYP. SCCYP is committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 30 days of either receipt of the goods or services. SCCYP payment performance for 2006-07 was 95.5% (2005-06, 90.2%).

The Commissioner for Children and Young People in Scotland

21. ***The Commissioner is:*** Kathleen Marshall

Appointed: 26 April 2004

The Commissioner's appointment is for a period of 5 years.

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Equal Opportunities

22. The Commissioner supports the principle of equal opportunities in carrying out her operational functions and employment practices. This means she is committed to pursuing positive action in her organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status or disability.

Provision of Information to Employees

23. The Office of the Commissioner has adopted the principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to management papers, through oral and written briefings, by staff meetings and events. Information would be withheld only where this could be shown to be justified or a duty of confidence is owed to a third party.

Audit

24. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 11 (1) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003.

Disclosure of Information to Auditors

25. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Kathleen Marshall
Commissioner for Children and Young People in Scotland.

Date: 6 August 2007

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REMUNERATION REPORT

The Commissioner's appointment is for a period of 5 years and remuneration of the Commissioner is set by the SPCB. Following nomination by the Scottish Parliament the Commissioner is appointed by Her Majesty the Queen.

The Commissioner's salary and pension entitlement is set out below

Remuneration	2007 £'000	2006 £'000
Salary	75-80	70-75
Benefits in kind	nil	nil

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

Pension Benefits

	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 as at 31 March 2007 and related lump sum	CETV at 31 March 2006	CETV at 31 March 2007	Value of CETV increase over year
	£'000	£'000	£'000	£'000	£'000
<i>Commissioner</i>					
Kathleen Marshall	0 – 2.5	5 - 10	115	140	25
	Lump sum	Lump sum			
	0 – 2.5	0 - 5			

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the scheme, not just their service in the senior capacity to which the disclosure applies. CETVs

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are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Kathleen Marshall
Commissioner for Children and Young People in Scotland

Date: 6 August 2007

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STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The SPCB designated the Commissioner as the Accountable Officer for the Office of the Commissioner for Children and Young People in Scotland. The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual.

Under paragraph 11(1) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003 the Commissioner is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Commissioner's affairs at the year end and of the financial activities of her Office during the year.

In preparing the accounts, the Commissioner is required to:

- (i) Observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- (ii) Make judgements and estimates on a reasonable basis.
- (iii) State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.
- (iv) Prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Commissioner will continue in operation.

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STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am responsible.

The system of internal control is an ongoing process, designed to identify the principal risks to achieving our objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system comprises a network of operating procedures intended to provide reasonable assurance that the objectives will be achieved and assets properly managed. It is designed to manage rather than eliminate those risks and can therefore only provide reasonable and not absolute assurance of effectiveness.

The SPCB pays the salaries and allowances of the Commissioner and any expenses incurred by the Commissioner in the exercise of her functions. It also provides that the terms and conditions of staff and the arrangements for pensions, allowances and gratuities all require the approval of the SPCB. From April 2005, responsibility for financial administration, preparation of the annual accounts and maintenance of accounting records transferred to SCCYP.

During the last year, I have:

- Developed a Business Plan to cover the period April 2006 to March 2009 which also included an introduction to the office and a summary of work and activities to date.
- Continued to develop an office manual covering internal procedures
- Launched an Action Plan to take forward the outcomes of the previous year's consultation exercises with children, young people and relevant agencies.
- Established arrangements to evaluate and review risk management and systems of internal control.
- Managed risk in accordance with best practice.
- Attended regular meetings of the Advisory Audit Board.
- Prepared the annual budget submission to SPCB using a zero-based format to take account of the planned work as detailed in the SCCYP Business Plan.
- Together with other members of the Management Team, continued to review expenditure against budget on a monthly basis. Any variances are highlighted and noted in the Management Team Minutes.

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- Reviewed the procedure for use of credit cards within the office to ensure these are consistent with good practice.
- Implemented procedures for the review and authorisation by management of monthly bank statements.
- Developed procedures to establish an appropriate level of monthly drawdown to ensure that the balance held is a reasonable amount.
- Reviewed the procedure for tendering to ensure confidentiality of bids.
- Reviewed current contracts to identify those that may need to be re-tendered to take account of risk assessment and child protection.
- Improved the facility for remote access to the SCCYP server to allow for more staff to work effectively from outside the office.
- Commissioned Scottish Enterprise Network Audit Services to provide Internal Audit services and to undertake a review of general financial controls. The review examined:
 - Purchasing and Payments;
 - General Ledger;
 - Cash and Banking;
 - Payroll;
 - Fixed Assets and
 - Budgetary Control

The report concluded that *“appropriate internal procedures, in line with audit recommended practice, are in place.”*

- Liaised with Audit Scotland to conduct a preliminary review and evaluation of governance arrangements. This review examined:
 - The structures and processes for decision making;
 - Risk Management and systems of internal control;
 - Arrangements for the prevention and detection of fraud and irregularities;
 - Standards of conduct, integrity and openness; and
 - Reporting arrangements and monitoring of SCCYP’s overall financial position

The report concluded that *“SCCYP had made significant progress towards establishing a sound corporate governance framework.”*

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During the coming year I plan to ensure arrangements are put in place to:

- Undertake the 2-yearly review of existing banking arrangements to ensure these represent value-for-money
- Further develop the Scheme of Delegation.
- Implement Purchase Orders for additional items of expenditure to be authorised by Line Managers in accordance with the Scheme of Delegation.
- Implement a revised Performance Management System for all staff
- Implement Purchase Orders for additional items of expenditure to be authorised by Line Managers in accordance with the Scheme of Delegation.
- Build on existing arrangements and establish a documented business continuity plan to include emergency action in the event of IT failure.
- Review, and update as appropriate, policies and related guidance including risk assessment, the prevention & detection of fraud & irregularities and the formal whistle blowing policy.
- Implement the review of current contracts to identify those that may need to be re-tendered to take account of risk assessment and child protection

My review of effectiveness of the system of internal control will be informed by senior members of staff, who contribute to the development and maintenance of the internal control framework, from the reports of internal auditors, views of the Advisory Audit Board and comments made by the external auditors in their management letter and other reports.

Appropriate action is in place to ensure the continuous improvement of the system.

Kathleen Marshall
Commissioner for Children and Young People in Scotland

Date: 6 August 2007

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Independent auditor's report to Scotland's Commissioner for Children and Young People, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Scotland's Commissioner for Children and Young People (the Commissioner) for the year ended 31 March 2007 under the Commissioner for Children and Young People (Scotland) Act 2003. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to anyone, other than the parties to whom this report is addressed, or to third parties.

Respective responsibilities of the Scotland's Commissioner for Children and Young People and Auditor

The Commissioner is responsible for preparing the annual report and the financial statements in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. The Commissioner is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. We also report if, in our opinion, the Foreword is not consistent with the financial statements, if the body has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the body's compliance with the Scottish Executive's guidance. We report if, in our opinion, it does not comply with the guidance or if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement covers all risks and

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controls. Neither are we required to form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Forward and Management Commentary and the Remuneration Report except the section on Remuneration and Pension Benefits. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board and the Commissioner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

Financial statements

In our opinion

- the financial statements give a true and fair view, in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers, of the state of affairs of the body as at 31 March 2007 and of its net operating cost, total recognised gains and losses and cash flows for the year then ended; and

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- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

Regularity

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

**Grant Thornton UK LLP
Conference House
152 Morrison Street
Edinburgh
EH3 8EB**

7 August 2007

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Operating Cost Statement for the year ended 31 March 2007

	<u>Notes</u>	<u>2007</u> £'000	<u>2006</u> £'000
<u>Income</u>			
Income from all Sources	3	(21)	(22)
 <u>Expenditure</u>			
Staff Costs	4,5	632	540
Other operating costs	6	475	381
Depreciation	7	58	42
<u>Total Expenditure</u>		<hr/> 1,165 <hr/>	<hr/> 963 <hr/>
<u>Net Expenditure for the Year</u>		<hr/> 1,144 <hr/> <hr/>	<hr/> 941 <hr/> <hr/>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Operating Cost Statement.

The accompanying notes on pages 19 to 27 form an integral part of these accounts.

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Balance Sheet as at 31 March 2007

	<u>Notes</u>	<u>2007</u> £'000	<u>2006</u> £'000
<u>Fixed Assets</u>			
Tangible Assets	7	230	238
Intangible Assets	7	38	35
<i>Total Fixed Assets</i>		268	273
<u>Current Assets</u>			
Debtors	8	27	33
Bank & Cash	9	1	77
		28	110
Creditors - amounts falling due within one year	10	(55)	(77)
Net Current Assets		(27)	33
Total Assets less current liabilities		241	306
Creditors - amounts falling due after 1 year	11	(18)	(37)
Total Net Assets		223	269
 <u>Financed by:</u>			
Capital and Reserves			
General Fund	12	223	269
		223	269

The accompanying notes on pages 19 to 27 form an integral part of these accounts.

Kathleen Marshall
Commissioner for Children and Young People in Scotland

Date: 6 August 2007

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Cash Flow Statement for Year Ended 31 March 2007

<u>Operating Activities</u>	<u>2007</u>	<u>2006</u>
	£'000	£'000
Net Cash Outflow from Operating Activities (i)	(1,113)	(918)
<u>Capital Expenditure</u>		
Purchase of Tangible Fixed Assets	(53)	(52)
	<u>(1,166)</u>	<u>(970)</u>
<u>Financing</u>		
Financing from the Scottish Parliamentary Corporate Body	1,090	1,047
Increase/(Decrease) in Cash (ii)	<u>(76)</u>	<u>77</u>

(i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Net Expenditure for the Year	(1,144)	(941)
Decrease/(Increase) in Debtors	6	(21)
(Decrease) in Creditors	(41)	(5)
Depreciation	58	42
Notional Cost of Capital	8	7
Net Cash Outflow from Operating Activities	<u>(1,113)</u>	<u>(918)</u>

(ii) Analysis of Changes in Cash & Bank

	1st April 2006	Cash Flow	31st March 2007
	£'000	£'000	£'000
Cash at Bank and in Hand	<u>77</u>	<u>(76)</u>	<u>1</u>

NOTES TO THE ACCOUNTS

1 Accounting Policies

1.1 Basis of Accounting

These accounts cover the year to 31 March 2007. The financial statements have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets where material, at their value to the business by reference to their current costs and in accordance with the Accounts Direction issued by Scottish Ministers. They meet the requirements of the Government Financial Reporting Manual, and of the Statements of Standard Accounting Practice / Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

1.2 Fixed Assets

1.2.1 *Capitalisation*

Purchases of assets for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital. However, the threshold for land and buildings is set at £10,000 and the IT equipment threshold is where the group value exceeds £500.

1.2.2 *Intangible assets*

Software and licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset

1.2.3 *Valuation*

Assets are reflected at their value to the organisation by reference to current cost.

1.2.4 *Depreciation*

Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Leasehold improvements	Over the period of the lease
Furniture and equipment	5 years
Fixtures & Fittings	5 years
IT Equipment & Software	3 years

1.3 Funding Receivable

Funding from the SPCB is credited directly to the general fund in the period to which it relates.

1.4 Lease incentive

Income received from the landlord as contribution towards property improvements is released to income over 4 years.

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1.5 Leases

The Commissioner holds no material finance leases. Costs in respect of operating leases are charged to the Operating Cost statement as they fall due.

1.6 Notional Costs

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Commissioner includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% in real terms on all assets and liabilities.

1.7 Pension Costs

The Commissioner

The Commissioner is paid through the Scottish Parliamentary Corporate Body's payroll. The Commissioner is a member of the Principal Civil Service Pension Scheme (PCSPS).

Employees

The staff employed by the SCCYP are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme, however SCCYP is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk)

1.8 Value Added Tax

SCCYP is not VAT registered. All VAT is charged to the Operating Cost Statement or capitalised with the relevant asset as appropriate.

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2 Performance Against Budget

SCCYP is funded through the SPCB. For financial year 2006-07 SCCYP was allocated a funding budget of £1,242,000.

	2007 Budget £'000	2007 Expenditure £'000	Variance £'000	2006 Expenditure £'000
Net Operating Cost	1,262	1,144	118	941
Capital Expenditure	30	53	(23)	52
Total Expenditure	1,292	1,197	95	993
Accruals adjustments:				
Non cash items	(50)	(66)	16	(49)
Working capital (incl cash)	0	(41)	41	103
Cash Funding from SPCB	1,242	1,090	152	1,047

3 Income

	<u>2007</u> £'000	<u>2006</u> £'000
Release of deferred income – Lease Incentive	21	22
	<u>21</u>	<u>22</u>

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4. Staff Numbers and Costs

4.1 *Average Staff Employed (Full Time Equivalent)*

The average number of full time equivalent persons employed in the Office of SCCYP during the period was as follows:

	<u>2007</u>	<u>2006</u>
Commissioner	1	1
Staff	13	13
	14	14

4.2 *Breakdown of Staff Costs*

	Total 2007 £'000	Commissioner 2007 £'000	Staff 2007 £'000	Total 2006 £'000
Salaries / wages	501	77	424	422
Social security costs	37	8	29	34
Pension costs	94	20	74	84
	632	105	527	540

5 Pension Costs

For 2006-07 employers contributions of £74,511 were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. This compares to contributions of £65,682 in 2005-06 with the four rates falling between 16.2 % and 24.6 %.

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

There were no outstanding or prepaid scheme contributions at 31 March 2007 (2006 £nil).

On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, depending on scheme joined within PCSPS, and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

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6 Analysis of Operating Expenditure

	<u>2007</u> £'000	<u>2006</u> £'000
Property Costs	91	95
General Office Running Costs	45	44
Staff Recruitment & Training	36	
Set-up Costs	0	26
Travel and Expenses and Hospitality	26	12
Promotion	81	87
Participation	50	29
Research	52	10
IT Records Management	30	0
IT Support	11	15
Website Development & Maintenance	15	30
Professional Fees	30	26
Notional Cost of Capital	8	7
	475	381
	475	381

The above total includes £14,501 (2005 £14,800) for external auditor's remuneration. External audit received no fees in relation to non audit work.

The above analysis has been expanded from last year's report to reflect more accurately the activities of the Commissioner's Office. 2006 comparatives have been revised as appropriate.

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7 Fixed Assets

<u>Tangible Fixed Assets</u>	Leasehold Improvements	Fixtures & Fittings and Equipment	IT Systems	Total
	£'000	£'000	£'000	£'000
<u>Cost</u>				
At 1 April 2006	203	39	47	289
Additions	2	27	8	37
At 31 March 2007	<u>205</u>	<u>66</u>	<u>55</u>	<u>326</u>
<u>Depreciation</u>				
At 1 April 2006	25	8	18	51
Charge for Year	21	8	16	45
At 31 March 2007	<u>46</u>	<u>16</u>	<u>34</u>	<u>96</u>
<u>Net Book Value at 31 March 2007</u>	<u>159</u>	<u>50</u>	<u>21</u>	<u>230</u>
<u>Net Book Value at 31 March 2006</u>	<u>178</u>	<u>31</u>	<u>29</u>	<u>238</u>

**Intangible Fixed
Assets**

Cost

	Software & Licences £'000
At 1 April 2006	35
Additions	16
At 31 March 2007	<u>51</u>

Depreciation

At 1 April 2006	0
Charge for Year	13
At 31 March 2007	<u>13</u>

**Net Book Value at
31 March 2007**

38

**Net Book Value at
31 March 2006**

35

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8 Debtors

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Trade Debtors	3	13
Prepayments	24	20
	27	33
	27	33

9 Cash at Bank and in Hand

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Cash Held at Commercial Banks	1	77
	1	77
	1	77

10 Creditors: amounts falling due within one year

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Trade Creditors	2	49
Accruals	34	9
Lease incentive (see note 11)	19	19
	55	77
	55	77

11 Creditors: amounts falling due after one year

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Lease incentive at 1 April 2006	56	75
Released to income	(19)	(19)
	37	56
Balance at 31 March 2007	(19)	(19)
Amount falling due within one year (note 10)	(19)	(19)
	18	37
	18	37

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12 General Fund

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Balance at 1 April 2006	269	156
Net Expenditure for the Year	(1,144)	(941)
From the SPCB	1,090	1,047
Notional Cost of Capital	8	7
Balance at 31 March 2007	223	269

13 Operating Leases

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Operating lease payments commitments expiring:		
Within 1 year of the balance sheet date	-	-
Within 1 - 5 years of the balance sheet date	-	-
Over 5 years of the balance sheet date	59	59
Total	59	59

14 Capital Commitments

As at 31 March 2007 there were no capital commitments (2006 £13,000).

15 Contingent Liabilities

There were no contingent liabilities as at 31 March 2007 (2006 £nil).

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16 Related Party Transactions

SCCYP was constituted by the Scottish Parliamentary Corporate Body. The Scottish Parliamentary Corporate Body is regarded as a related party.

Neither the Commissioner, other staff or related parties has undertaken material transactions with SCCYP during the year.

17 Post Balance Sheet Events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

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Appendix 1



SCOTTISH COMMISSIONER FOR CHILDREN AND YOUNG PEOPLE

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 11 of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) 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 earlier direction is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 1 September 2006