

Scottish Court Service Annual Report & Accounts 2012-13

EDINBURGH
SHERIFF COURT

&

JUSTICE
OF THE
PEACE COURT

PROCURATOR
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Scottish
Court Service





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1. Lord President's Foreword

I am pleased to present the Annual Report and Accounts for 2012-13.

This has been a year of sustained progress towards our goal of 'Building a Stronger Scottish Court Service'.

We can most effectively achieve our aims by having good links with other justice organisations. In October 2012 I hosted an event for the Scottish Government and the Boards of other justice organisations at which we considered the new Strategy for Justice in Scotland. I am confident that the Making Justice Work programme will create the justice system that modern Scotland deserves.

I am grateful for the support of my colleagues on the Board. We have begun work on a new Corporate Plan for 2014 -17. Our priority over the next year will be to identify how court reforms and advances in technology can help us to achieve our strategic aims.

I am grateful too to the staff of the SCS for their enthusiasm and commitment. They set an example of professionalism that is to be admired in these uncertain times.

Rt. Hon Lord Gill
Lord President and
Chair of the SCS Board



This has been a year of
sustained progress towards
our goal of 'Building a Stronger
Scottish Court Service'.

2. Chief Executive's Foreword

We should never forget that the courts are the protectors of the rights and liberties of the people of Scotland and the Scottish Court Service plays a critical part in making sure that the courts and the Office of the Public Guardian are able to uphold that function. While significant challenges lie ahead, I am particularly proud of the staff of the Scottish Court Service who have shown great resilience this year as we worked through a rapidly changing justice and financial environment. Their commitment and professionalism shines through every day, making sure we can deliver high quality court services.

Our commitment to court users has been externally validated through the award of Customer Service Excellence status. In order to make sure we continuously improve, a new customer-facing website has been introduced and a new complaints handling process developed to allow us to deal with issues promptly and learn lessons to improve our service. We have increased the number of online transactions taking place with over a quarter of powers of attorney registered electronically since its introduction last year and online fine payments continue to increase. We have also worked through plans to streamline jury citations, which will not only reduce costs but provide a more efficient service to the public.

We undertook a major consultation, *Shaping Scotland's Court Services*, and have delivered recommendations that will see us operating from fewer court buildings, delivering the business of the High Court mainly from three specialist centres and, in the longer term, moving to a model of specialist sheriff centres. These changes will allow us to facilitate the forthcoming justice reforms, target investment to improve services to victims and witnesses and ensure that we have a court service that is affordable in the long term.

Of course the services in court often rely on other justice organisations and through the Scottish Government's programme *Making Justice Work* we are grasping the opportunity for real improvement. The aspects of this that are most relevant to improving our services are the reforms to the civil courts and criminal business, the wider use of technology particularly video links, reducing case churn within the criminal system and improving the process of accused and witness citation to make sure people attend court when they are required.



Against this background we are now developing an ambitious Corporate Plan for 2014 -17 and I am confident that this will realise our ambition of building a stronger court service.

Eric McQueen
Chief Executive

3. Introduction

The Scottish Court Service (SCS) is a corporate body established on 1 April 2010 by the Judiciary and Courts (Scotland) Act 2008. The SCS corporate body has a judicial majority and oversees the administrative arrangements that support the judiciary in the delivery of justice.

The function of the SCS is to provide or ensure the provision of the resources to support:

- the Scottish Courts and the judiciary of those courts
- the Lord President or his delegates in respect of his functions as Head of the Judiciary
- the Sheriffs Principal in respect of their functions under the relevant provisions of the Sheriff Courts (Scotland) Act 1971
- the Office of the Public Guardian and Accountant of Court (OPG)
- the Court of Session, Criminal Courts and Sheriff Court Rules Councils.

3.1 Key Outcomes

The Board provides strategic leadership and has set out in the SCS Corporate Plan 2011-14 the priorities on which the organisation will work to ensure that it is delivering a high-quality service to the judiciary and court users while living with a 20% real terms reduction in its revenue budget and an 82% real terms reduction in its capital budget. The key outcomes for 2012-13 are described below.

A More Efficient Justice System

Collaborative working with the Scottish Prison Service (SPS) and the Crown Office and Procurator Fiscal Service (COPFS) has led to improvements such as the door list hub that has significantly reduced the number of cases that don't proceed on the day because the accused or a witness is in custody.

Improvements have also been made through a collaborative initiative with the Police and COPFS to use text messaging to remind witnesses to appear in court. Despite reductions in staff in 2011-12 and our commitment to retain sitting days at 28,000 per year, the overall summary justice system key performance indicator measuring the number of cases that proceeded from caution and charge to verdict within 26 weeks remained steady at 73%.

Improved Customer Experience

The SCS completed its programme to achieve Customer Service Excellence (CSE) accreditation throughout the organisation. The SCS Board is committed to maintaining CSE accreditation and improving, on an on-going basis, the services offered to court users. A new website has been developed and launched and a new complaints handling process has been developed which is supported by investment in a new IT system. This will lead to earlier resolution of complaints and greater opportunities for the SCS to analyse the causes of dissatisfaction and improve services as a result.

Widened Access to Services

A web based facility to accept powers of attorney online was developed and around a quarter of all applications are now being received online.

The Future of the Court Estate

A major public consultation was completed about the future of the court estate. The SCS proposed a number of changes based on the requirements to meet the expectations of future justice system reform and find more efficient ways of working. Prior to the consultation, extensive business analysis and dialogue events with people and organisations with a direct interest in the operation of the courts were undertaken to inform the proposals. The SCS has proposed an estates model based on a reduced number of court buildings. This will be enabled by a consolidation of the High Court circuit on the three main sites in Edinburgh, Glasgow and Aberdeen, with occasional sittings in five other locations; the sitting of sheriff and jury cases at 16 sheriff courts; and, a closure of court buildings where business volumes are low or where business can be accommodated in a nearby location. The proposals offer greater value for money and provide a robust foundation for future reforms of the justice system.

The SCS Board made its recommendations to the Cabinet Secretary for Justice in February 2013. The recommendations were scrutinised by the Scottish Parliament's Justice Committee and approved in June 2013.

Redevelopment of Parliament House

Phase 3 of the £60m redevelopment of the historic Parliament House complex in Edinburgh, home of the Court of Session, was completed on time and on budget and the final phase is due for completion in the autumn of 2013.

3.2 Membership of the SCS Board 2012-13

The Lord President of the Court of Session, the Rt. Hon. Lord Gill is Chair of the SCS Board.

The Board includes 12 other members – six members selected from the judiciary and six non-judicial members.

Judicial Members

The Rt. Hon. Lord Gill,
Lord President

The Rt. Hon Lord Carloway,
Lord Justice Clerk

The Rt. Hon Lord Bannatyne
Sheriff Principal Alastair
Dunlop QC

Sheriff Grant McCulloch
(appointed sheriff member in
September 2012)

Sheriff Iona McDonald

Mrs Johan Findlay OBE, JP

Non-judicial Members SCS Chief Executive

Mrs Eleanor Emberson
(April to October 2012)

Mr Eric McQueen
(from October 2012)

Advocate Member

Mr Robert Milligan QC

Solicitor Member

Mr Mark Higgins

Members external to the Justice System

Mrs Deborah Crosbie

Mr Anthony McGrath

Mrs Elizabeth Carmichael CBE

The SCS published its first full three-year Corporate Plan for the period 2011-14 in April 2011. For each year of the Corporate Plan an annual business plan is produced detailing the specific activities that the SCS will undertake.

This Annual Report outlines the priorities established in the SCS Corporate Plan 2011-14 and reports on how the SCS carried out its functions, as required by the Judiciary and Courts (Scotland) Act 2008.

3.3 Governance

The SCS has made Standing Orders under which it conducts its business and has established Standing Committees to provide specific assurance and scrutiny of performance and advice to the full SCS Board. These committees are:

- People Committee
- Estates, Health and Safety, Fire and Security Committee
- Audit Committee
- Remuneration Committee.

The SCS Board met on seven occasions; the People Committee met on four occasions; the Estates, Health and Safety, Fire and Security Committee met on four occasions; and the Audit Committee met on four occasions. Copies of the minutes of these meetings can be found at www.scotcourts.gov.uk.

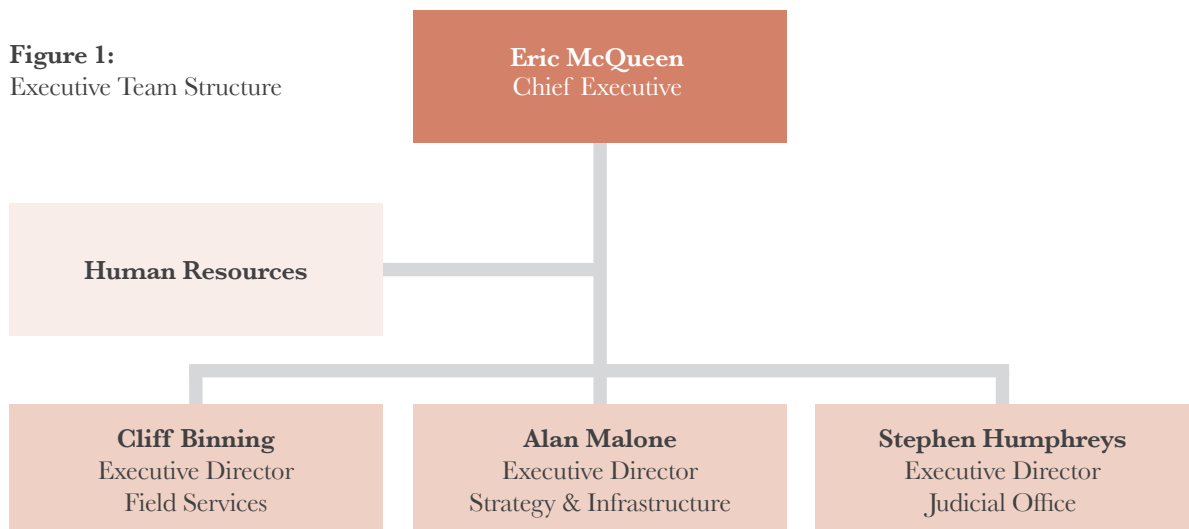
The Remuneration Committee, which reviews the remuneration of SCS members who are not salaried public servants, met once.

The day to day management of the SCS functions is the responsibility of the Chief Executive, Eric McQueen and the Executive Team. In addition to the Chief Executive, the Executive Team at the end of 2012-13 comprised the Executive Director Field Services, Cliff Binning, and the Executive Director Strategy and Infrastructure, Alan Malone. The Executive Director Judicial Office for Scotland, Stephen Humphreys, is also a member of the Executive Team although he is accountable to the Lord President for the functions of his office.

Eric McQueen succeeded Eleanor Emberson as Chief Executive on an interim basis in October 2012 and was permanently appointed

to the role in January 2013, following a selection process under Civil Service Commissioner's recruitment principles, chaired by the Lord President. Cliff Binning was appointed as Executive Director Field Services on an interim basis in October 2012 and was permanently appointed to the position in March 2013, with responsibility for the management of sheriffdoms, the Supreme Courts, OPG and business development. Alan Malone was recruited in October 2012 to replace Neil Rennick as Executive Director Strategy and Infrastructure with responsibility for IT, Estates, Finance and Strategy and Business Information. The Chief Executive retained responsibility for HR. Stephen Humphreys has overall responsibility for the management of the Judicial Office.

Figure 1:
Executive Team Structure



3.4 Purpose, Vision and Values

The purpose of the SCS is 'supporting justice'. The SCS fulfils this purpose by providing the people, buildings and services needed for the work of Scotland's courts, members of the judiciary, and the Office of the Public Guardian and Accountant of Court (OPG). In delivering its purpose, the SCS must take account of the needs of the judiciary, of the people involved in court proceedings and the wider public.

The SCS's strategic vision is to build a stronger SCS within the context of constrained public finances and the expectation of further significant reform to the justice system.

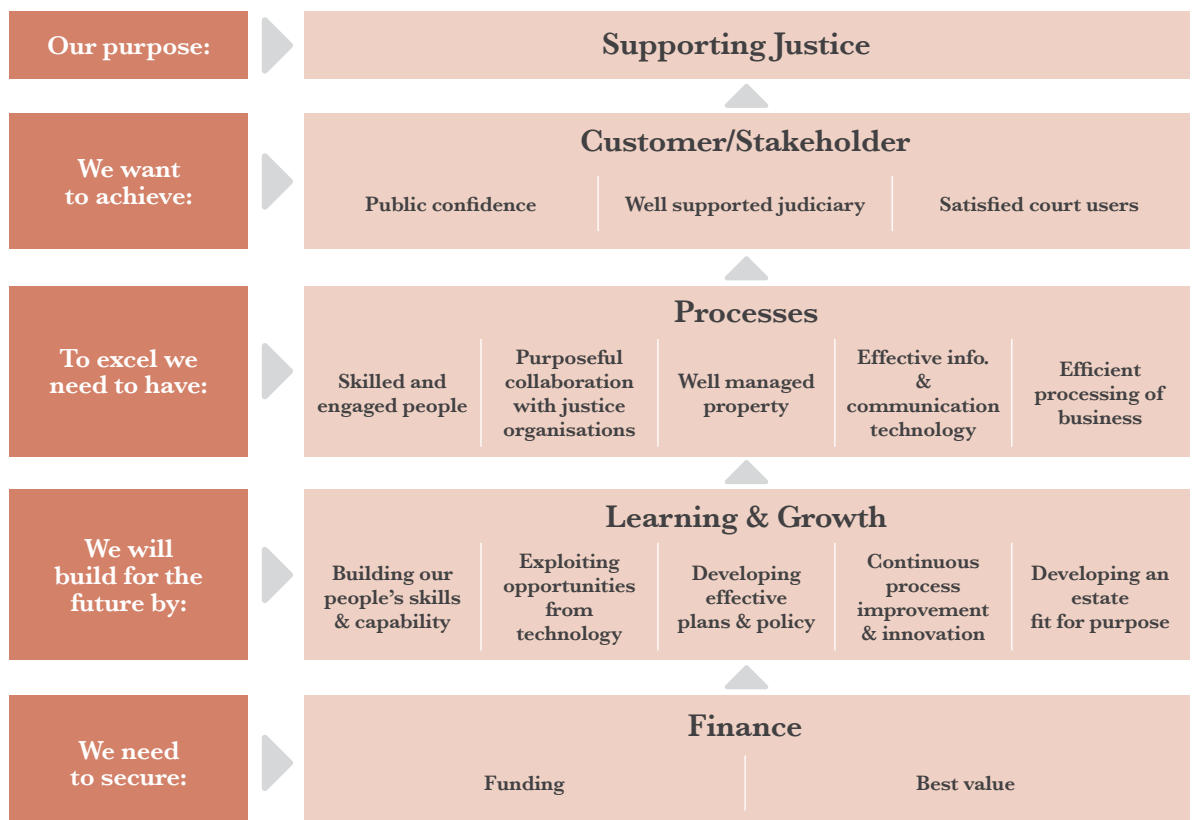
To deliver the vision, the SCS aims to ensure:

- skilled, engaged and motivated staff in the courts, OPG and corporate headquarters
- a well-managed estate that makes the best possible use of buildings and meets environmental responsibilities

- clear and efficient business processes that respond to the needs of the judiciary, court users and the wider public
- effective technology that supports key processes and communications
- appropriate collaboration with other justice organisations to help drive improvement across the justice system as a whole.

The SCS strategy map clarifies the objectives of the SCS and is underpinned by a Board Scorecard of key performance indicators.

Figure 2:
The SCS Strategy Map



Alongside its immediate responsibilities, the SCS strives for continuous learning and improvement in its operations and applies best value principles in the delivery of its functions and use of public funds.

In delivering its purpose and pursuing its vision, the SCS expects its staff to demonstrate the following values:

- commitment and professionalism
- providing a high quality service
- integrity and impartiality
- working to improve the justice system
- using resources effectively.

3.5 The Judicial Office for Scotland

The Judicial Office for Scotland¹ was established to provide support to the Lord President in fulfilling his responsibilities under Part 2 of the Judiciary and Courts (Scotland) Act 2008, as formal head of the Scottish judiciary.

3.6 Working with Others

The SCS has an engagement strategy for key groups, associations and organisations critical to its success.

The Lord President as Chair of the SCS met quarterly with the Cabinet Secretary for Justice, Kenny MacAskill, to discuss matters affecting the SCS.

SCS officials have an established programme of meetings with office holders and representatives from judicial associations and with senior officials from other justice organisations.

The SCS has led on the development of collaborative projects within the Scottish Government's Making Justice Work Programme to drive improvements across the justice sector. The SCS Chief Executive is a member of the Justice Board which oversees the delivery of the Scottish Government's recently published Strategy for Justice in Scotland² and Making Justice Work Programme Board. The SCS is represented by its officials on a range of other cross-justice groups.

The SCS strives for continuous learning and improvement in its operations and applies best value principles in the delivery of its functions and use of public funds.

¹ <http://www.scotland-judiciary.org.uk/23/0/Judicial-Office-for-Scotland>

² <http://www.scotland.gov.uk/Publications/2012/09/5924>

4. SCS Performance

4.1 Key Performance Indicators

The SCS Board monitors performance through a Board scorecard of key performance indicators that it reviews quarterly³. The key issues that the Board have noted during the year are as follows:

- Court user satisfaction has been assured by the on-going programme of CSE accreditation. This provides an externally accredited view of the customer focus and quality of SCS service delivery and ensures that the SCS has a thorough understanding of the needs and satisfaction levels of its customers.
- Significant progress was made again in the number of online fines payments which were well ahead of the targets set. The Board is keen to promote the use of online access to SCS services.
- The delivery of the SCS corporate plan portfolio of projects and programmes was closely scrutinised and by the end of the year SCS officials were able to report that all of the change portfolio's risks and tolerances were being managed effectively. This assessment was supported by an external assessment of the SCS's portfolio, programme and project management arrangements (P3M3) which concluded that the general level of governance and reporting was appropriate to the needs of the SCS.

- Waiting times in sheriff and JP courts and other measures of SCS efficiency have remained within the acceptable ranges set by the Board. During the year there was an improvement in the average waiting times for appeals to the High Court as a number of particularly lengthy appeals were heard.

More detailed statistics and commentary on operational performance are contained in Annex 1.

4.2 Financial Performance

Gross revenue expenditure decreased by £2m to £100m. In 2011-12 there was a write-down in the value of fixed assets (£3.7m) offset by a release from provision for summary justice reform pension costs (£2.1m). This explains £1.6m of the reduction in 2012-13 and the remainder reflects the net effect of cost increases and savings in line with the Corporate Plan.

The SCS under-spent its combined revenue and capital budgets by £0.7m through the recovery of additional retained fines. Capital expenditure reduced by £0.5m, which was a much lower reduction than the 40% anticipated in the SCS Business Plan for 2012-13. This was due to the allocation of additional budget in January 2013.

Total non-current assets at the year-end increased to £421m from £417m.

A notional charge of £81k was made by Audit Scotland for audit services. No non-audit work was carried out in the year.

The SCS observed the principles of the Government-backed Better Payment Practice Group, www.payontime.co.uk. In line with Treasury guidance, the SCS's policy was to pay all invoices not in dispute within 10 days or on the agreed contractual terms if otherwise specified. For the year to 31 March 2013, 95.7% (2011-12: 97.2%) of invoices were paid within 10 days of the presentation of a valid invoice. The deterioration in the 2012-13 performance was due to problems with access to the Scottish Government's finance system (SEAS) which the SCS uses. Otherwise performance would have remained steady.

³The scorecard is published quarterly and can be accessed at www.scotcourts.gov.uk.

Figure 3:
Financial Performance Summary

	2012-13		2011-12
	Budget £'000	Outturn £'000	Outturn £'000
Capital	10,500	11,123	11,601
Revenue - DEL	68,670	67,360	66,206
Revenue - AME	-	-	3,708
Total	79,170	78,483	81,515

4.3 Personal Data Related Incidents

The SCS is committed to the safe keeping of data with which it is entrusted. The SCS has a comprehensive Information Data Handling Policy and all staff undertake mandatory online training on data handling and data protection. Managers undertake additional online training on data management. The details of two data loss incidents are available in the Governance Statement on

5. Corporate Plan Implementation

5.1 Overview

Under the leadership of the Board, the SCS has taken forward a range of actions in support of the key themes set out in the Corporate Plan 2011-14.

As well as meeting the needs of current court users, the SCS continues to deepen its working relationships with other justice organisations to ensure that major planned changes to the future delivery of criminal and civil justice are managed effectively. The actions that have been taken in 2012-13 support the reforms of the justice system and align with the following strategic themes set by the SCS Board in its Corporate Plan 2011-14:

- Meeting the Needs of Judiciary and Court Users
- Skilled Engaged and Motivated Workforce
- A Well Managed SCS Estate
- Clear and Efficient Business Processes
- Efficient ICT
- Collaboration with other Justice Organisations

5.2 The Strategy for Justice in Scotland

The publication of the Strategy for Justice in Scotland in September 2012 drew together the key themes that affect all justice organisations and will ensure a continued focus on joint working, shared priorities and the delivery of justice system reform. In October 2012 the SCS Board hosted a joint-Board event with Board members from the COPFS and the Scottish Legal Aid Board (SLAB) and senior officials from the Scottish Government to share understanding about particular aspects of the strategy and to highlight common concerns, issues and areas of success.

The main focus for the SCS is the justice system reform programme Making Justice Work. Within this programme the SCS is successfully pursuing a number of projects either as the lead organisation or in support of other organisations. Key achievements include successfully working with Scottish Government officials to frame the Criminal Justice Bill which will be introduced to the Scottish Parliament in 2013. If passed, the proposed legislation will enable a number of efficiencies to be made in key processes such as juror management, and will enable the introduction of reforms to criminal procedure recommended by Lord Carloway in his 2011 review. The SCS has also been working with the Scottish Government on the development of the Victims and Witnesses Bill that will also be introduced to Parliament later in 2013.

5.3 Meeting the Needs of Judiciary and Court Users

CSE accreditation and its supporting criteria⁴ provide the foundation for the SCS approach to understanding and managing the expectations that court users and judicial office holders have of the services that the SCS provides. During 2012 all sheriffdoms, the OPG, Supreme Courts and HQ units achieved accreditation, which demonstrated the time and attention that the SCS pays to understanding the needs of its customers and delivering high quality services. The Lord President hosted a recognition event for the units that achieved accreditation for the first time in 2012 which highlights the importance placed by the SCS Board on achieving service excellence.

An agreement has been reached with the assessor body, G4S, for a revised process which will focus more on alignment between corporate policy and local delivery and result in a more streamlined accreditation process.

The SCS has continued to progress its equality action plan and the commitments made to mainstream equality in its Equality Statement Outcomes and Guidance. As required by the Scottish Regulations to the Equality Act (2010) the SCS has published its Mainstreaming Equality Report which includes details on its substantial achievements and re-stated its equality objectives.⁵

⁴<http://www.customerserviceexcellence.uk.com/>

⁵www.scotcourts.gov.uk

5.4 Skilled Engaged and Motivated Workforce

A range of activities were pursued in support of the SCS People Strategy's four main themes:

- leadership and management capability
- flexible and adaptive workforce
- skills assurance
- reward and recognition.

The main developmental activity has been the continuing roll out of leadership through coaching training and ensuring that coaching becomes embedded in the SCS way of working. The benefits have been identified as improved relationships between managers and staff and a raised capacity within the SCS to manage change. All managers at senior and middle management levels have now received the training and the programme has commenced a second phase focused on supervisory managers. Progress has been encouraging and an on-going focus on tracking and delivering the benefits from the programme has been established.

The Executive Team continued its series of engagement events at both sheriffdom and court levels in line with its commitment to ensure that all staff have an opportunity to meet an Executive Team member at least once every year. This supplemented a wide variety of communications through the SCS intranet, such as staff briefings, news items and the SCS staff circular.

The SCS took part in the annual survey of staff that is administered by the UK Cabinet Office. A record number of staff (76%) took part in the survey that generally showed increasing engagement levels. Concerns were raised about the level of perceived bullying and harassment and action has been taken to strengthen Dignity at Work policies and procedures including the recruitment of new members to the internal contact team that provides a helpline and support to staff who feel they may have been bullied.

Other key statistics in regard to HR and SCS people are included in Annex 2.

5.5 Well Managed SCS Estate

The estates development projects are overseen by the SCS Board's Estates, Health and Safety, Fire and Security Committee. Although the initial capital budget of £8.5m was challenging given the range of backlog maintenance and other pressures on the estates budget, the SCS was allocated further capital of £2m that was spent on a range of improvement projects to the SCS estate in the last quarter of the year. This was made possible by the identification of 'shovel ready' projects by the Property and Services Unit that enabled this money to be spent quickly but in a way that still offered value for money.

As part of this programme, significant work has been undertaken to improve access to court buildings for wheelchair users and other disabled people, including Parliament House, Glasgow Sheriff Court and Kilmarnock Sheriff Court. The SCS has benefitted from access audit reports undertaken by Capability Scotland and improvements in accessibility throughout the estate will continue to be made.

The JP Court building in St Andrew's Street, Glasgow was closed and sold at the start of 2013-14. Extensive work was carried out to ensure the main Glasgow Sheriff Court building could accommodate JP court business in its programme.

A two-stage consultation process was undertaken to inform proposals for the future of the court estate. The first phase comprised six dialogue events throughout Scotland with organisations that have a direct interest in the operation of the courts. This stage informed the proposals that were put to public consultation in the autumn. Following the consultation exercise the SCS Board made a number of proposals⁶ to the Cabinet Secretary for Justice in regard to the reduction of the High Court circuit, the consolidation of Sheriff and Jury business to 16 courts and the closure of courts that have low utilisation rates or are in close proximity to another court house. Implementation of the proposals will allow a greater level of funding to be devoted to improving the standards of accommodation at the remaining sites, providing a robust foundation for wider reforms to the justice system and offering better value for money.

The final phase of the project to redevelop the historic Parliament House complex as a building fit for the needs of the Court of Session was instructed and will be completed during 2013. This will conclude a seven year programme of works to re-develop the complex. The project continued to deliver its objectives on time and on budget.

The Scottish Government is committed to supporting the transition to a low carbon Scottish economy, necessary to meet Climate Change Act targets, to reduce emissions by 42% by 2020, and by 80% by 2050. In support, the SCS committed to reduce its CO2 emissions by 25% between 2009 and 2014-15. The SCS has already reduced its CO2 emissions by around 14% and achieved the second highest ranking in carbon performance out of all other Scottish public bodies.⁷

5.6 Clear and Efficient Business Processes

The SCS has continued to progress its ambition to identify and map all core business processes as the foundation for service improvements and the identification of efficiencies.

Plans are now well advanced to improve the management of juries by streamlining the citation process. This will lead to savings in operational costs and provide a better service to members of the public who are required to attend for jury service.

An online system for the registration of powers of attorney in the Office of the Public Guardian was introduced. This has saved considerable time in the processing of documentation and will provide a quicker and more effective service. Nearly 300 legal firms have registered to use the service and around a quarter of all registrations are now submitted electronically which is forecast to increase further next year.

⁶ www.scotcourts.gov.uk/

⁷ <http://crc.environment-agency.gov.uk/ppl/web/plt/public/2011-12/CRCPerformanceLeagueTable20112012>

5.7 Effective Information and Communication Technology (ICT)

A new website was launched following an extensive period of consultation with users and identification of best practice design in websites. The objective was to provide a more intuitive interface for users and more accessible and relevant information. The website also complies with worldwide standards for accessibility. Feedback so far has been positive and further capacity and functionality will be built as electronic communication is increasingly the preferred means of engagement of professional and public court users.

A joint project with the SPS⁸ and COPFS⁹ to implement a data hub has significantly reduced the number of non-appearances in court due to parties being held in prison custody. It is estimated that this project will save justice organisations £3m per year.

A video conferencing pilot took place whereby for the first time appellants to the High Court were able to appear via video link from prison custody. This was part of a project led by the Scottish Legal Aid Board examining the wider opportunities for using video conferencing in the justice system.

5.8 Collaboration with Justice Organisations

At the heart of the SCS corporate plan is the commitment to work collaboratively with other organisations in the justice system, to deliver significant efficiencies and to improve the service to court users and the judiciary.

The primary vehicle for collaborative working is the Scottish Government led programme Making Justice Work which is an integral part of the Strategy for Justice in Scotland. Within this programme the SCS is leading a number of projects to improve the efficiency of the justice system in the short term and to introduce reforms over the longer term.

The key improvements included:

- a witness texting pilot led by COPFS whereby witnesses are texted to remind them to attend court
- working with the Scottish Government and other justice bodies to prepare legislation to be introduced to the Scottish Parliament in 2013 in the Criminal Justice Bill and the Victims and Witnesses Bill which paves the way for reforms to criminal procedure and improvements to the experience of victims and witnesses involved in the justice system

- the establishment of the Scottish Civil Justice Council which is a key step in implementing reforms to civil courts and procedure following Lord Gill's review in 2009
- a joint project with the Scottish Tribunals Service to examine the feasibility of merging the two organisations by 2015.

Eric McQueen
Chief Executive
28 August 2013

⁸ Scottish Prison Service

⁹ Crown Office and Procurator Fiscal Service

6. Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body¹⁰ on Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.¹¹

The remuneration of staff below senior civil service level is determined by the SCS. In determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

Performance is managed through the Individual Performance Review (IPR) process. The process is designed to ensure an individual's objectives and behaviours are linked to those of the SCS as a whole. Progression within the SCS pay framework is dependent on successfully meeting the requirements of the IPR process.

Policy on the remuneration of Non-Executive Directors is set by the Scottish Ministers, taking into account their roles and responsibilities and remuneration levels for comparable public appointments. Final decisions on the remuneration of Non-Executive members of the SCS, including those SCS Board members and committee members who are not otherwise salaried public servants, are taken by the SCS Remuneration Sub-Committee.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. These principles, as set out by the Committee on Standards in Public Life (the Nolan Committee) are also applied when appointments are made to Non-Executive Director posts. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommission.independent.gov.uk

Unless otherwise stated, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Appointments to the SCS Board and sub-committees, other than for the ex officio members (the Lord President, Lord Justice Clerk and SCS Chief Executive) are for a time limited period, as set out within each individual's appointment letter.

¹⁰ www.ome.uk.com

¹¹ Further information on Senior Civil Service pay and performance can be found at www.civilservice.gov.uk/recruitment/working/pay-and-reward/scs-pay.

Salary and Pension Details

	2012-13	2011-12
Board Members	Salary	Salary
	£'000	£'000
Ms Eleanor Emberson (until 30 September 2012)	90-95	90-95
Mr Eric McQueen (from 1 October 2012)	115-120	-
Mrs Johan Findlay JP OBE	0-5	0-5
Mr Robert Milligan QC	0-5	0-5
Mr Mark Higgins	0-5	0-5
Mrs Deborah Crosbie	0-5	0-5
Mr Anthony McGrath	0-5	0-5
Mrs Elizabeth Carmichael CBE	0-5	0-5

	2012-13	2011-12
Executive Directors	Salary	Salary
	£'000	£'000
Mr Eric McQueen (until 30 September 2012)	90-95	90-95
Mr Neil Rennick (until 2 September 2012)	65-70	65-70
Mr Alan Malone (from 8 October 2012)	65-70	-
Mr Stephen Humphreys	65-70	65-70
Mr Cliff Binning (from 1 October 2012)	70-75	-
Band of Highest Paid Director's Total Remuneration (£'000)	115-120	90-95
Median Total Remuneration (£)	18,590	18,340
Ratio	6.32	5.04

Salaries in the above tables relate to SCS employment only and do not include any other earnings from positions elsewhere in the Civil Service. Salary includes gross salary and any allowances. No bonus payments or benefits in kind were paid during the year.

	Accrued pension at age 60 as at 31/03/13	Real increase in pension at age 60	Lump sum at age 60 as at 31/03/13	Real increase in lump sum at age 60
	£'000	£	£'000	£
Ms Eleanor Emberson	20-25	0-2,500	65-70	0-2,500
Mr Eric McQueen	30-35	2,500-5,000	90-95	12,500-15,000
Mr Neil Rennick	15-20	0-2,500	45-50	0-2,500
Mr Alan Malone	25-30	0-2,500	75-80	2,500-5,000
Mr Stephen Humphreys	30-35	0-2,500	90-95	0-2,500
Mr Cliff Binning	30-35	0-2,500	95-100	0-2,500

	CETV at 31/03/12	CETV at 31/03/13	Real increase in CETV
	£'000	£'000	£'000
Ms Eleanor Emberson	312	330	3
Mr Eric McQueen	394	492	75
Mr Neil Rennick	230	241	2
Mr Alan Malone	423	446	19
Mr Stephen Humphreys	582	584	-
Mr Cliff Binning	584	624	8

The cash equivalent transfer values (CETV) are shown above. The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include 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.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by the 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 where 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 actual service as a civil servant, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the scheme has received a transfer payment commensurate to the additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

All information disclosed in the salary and pension tables above has been audited by Audit Scotland. The other sections of the Remuneration Report were read by Audit Scotland to identify any material inconsistencies with the audited financial statements.

The following offices and interests were held by members of the Board:

Name	Directorships	Appointments <i>ex officio</i>	Trusteeships	Other Appointments and Interests
<p>Lord President – Rt. Hon. Lord Gill</p>	<ul style="list-style-type: none"> • Director of Scottish Redundant Churches Trust, a company limited by guarantee registered in Scotland (SC162884) • Director of the Royal School of Church Music, a company limited by guarantee registered in England (Reg'd No 250031) 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Trustee of the Carmont Settlement: a trust for the support of retired priests of the Roman Catholic Church • Trustee of the Columba Trust: a trust for the benefit of the Roman Catholic Church in Scotland • Trustee of the Royal Conservatoire of Scotland Endowment Trust: a trust for the benefit of RCS and its students • Trustee of the Royal Conservatoire Trust: a trust for the benefit of the RCS and its students • Trustee of the Royal School of Church Music: a registered charity for the promotion of church music in the Christian Churches (Reg No 312828) 	<ul style="list-style-type: none"> • Vice President of the Royal Conservatoire of Scotland

Name	Directorships	Appointments <i>ex officio</i>	Trusteeships	Other Appointments and Interests
Lord Justice Clerk - Rt Hon Lord Carloway	• None	• None	• None	• None
Hon Lord Bannatyne	• Chester Street (Limited Partner) Ltd on behalf of the Board of the Cathedral Church of St Mary the Virgin, Palmerston Place, Edinburgh	• Member of the Board of the Cathedral Church of St Mary the Virgin, Palmerston Place, Edinburgh	• Shareholder as Trustee for the Cathedral Church of St Mary the Virgin, Palmerston Place, Edinburgh, in Chester Street (General Partner) Ltd	• Member of the Clergy Disciplinary Tribunal of the Episcopal Church
Sheriff Principal Alastair Dunlop QC	• None	• Commissioner of Northern Lighthouses • Trustee of St John's Kirk of Perth Trust • Member of Stirling University Conference • Chair of local Criminal Justice Boards in Tayside Central and Fife	• Elder of Gorebridge Parish Church of Scotland	• Member of Royal Northern & Clyde Yacht Club • Member of the New Club, Edinburgh
Sheriff Iona McDonald	• None	• Deputy Lieutenant for Ayrshire and Arran	• None	• Partner in property rental firm
Sheriff A Grant McCulloch	• None	• Chair West Fife Education Trust	• None	• Chair Relationship Scotland- Couple Counseling Fife • Committee Member Cammo Residents Association
Johan Findlay OBE	• None	• Honorary Sheriff • Justice of the Peace	• None	• None
Eric McQueen	• None	• None	• None	• None

Name	Directorships	Appointments <i>ex officio</i>	Trusteeships	Other Appointments and Interests
Robert Milligan QC	• None	• None	• None	• None
Mark Higgins	<ul style="list-style-type: none"> • Golds Trustees Ltd • Ascent Collections Ltd • Irwin Mitchell LLP • Irwin Mitchell Scotland LLP • Themis Insurance PCC Limited CELL IM CL 	• None	• None	<ul style="list-style-type: none"> • Board member, Royal Faculty of Procurators in Glasgow • Member, Law Society of Scotland Civil Justice Committee
Elizabeth Carmichael CBE	• Member of the Scottish Social Services Council	• None	• None	<ul style="list-style-type: none"> • Deputy Chair, SACRO • Council Member, Scottish Association for the Study of Offending
Deborah Crosbie	• Director of Yorkshire Bank Home Loans, a subsidiary of Clydesdale Bank PLC	• None	• None	• Executive of the Clydesdale & Yorkshire Bank
Anthony McGrath	• Saltire Taverns Ltd	• None	• None	• None

Eric McQueen
Chief Executive
28 August 2013

7. Statement of Accountable Officer's Responsibilities

Statement of the Disclosure of Information to Auditors

So far as the Accountable Officer is aware:

- There is no relevant audit information of which the SCS's auditors are unaware.
- The Accountable Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information, and to establish that the entity's auditors are aware of this information.

Statement of Corporate Body's and Chief Executive's Responsibilities

Under section 19(4) of the Public Finance & Accountability (Scotland) Act 2000, the Scottish Ministers have directed the SCS to prepare a statement of accounts for each financial year in the form and on the basis set out in the direction on page 63 at the end of these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the SCS's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing accounts the Accountable Officer is required to:

- observe the accounts direction, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the SCS will continue in operation.

The Principal Accountable Officer of the Scottish Administration has designated the Chief Executive of the SCS as the Accountable Officer for the SCS. 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 Accountable Officers' Memorandum issued by the Principal Accountable Officer of the Scottish Administration.

Eric McQueen
Chief Executive
28 August 2013

8. Governance Statement

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of governance that supports the achievement of SCS policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The corporate body is referred to less formally as the Board of the SCS and is chaired by the Lord President, who is also Head of the Scottish Judiciary. The SCS is established as a part of the Scottish Administration but outside of Scottish Government.

A Framework Agreement incorporates the requirement to follow the principles contained in the Scottish Public Finance Manual.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the SCS is directed and controlled. It enables the SCS to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the SCS's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the SCS for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

The Scottish Court Service's Governance Framework

Details of the Governance Framework can be found in section 3 of the Annual Report.

Risk and Control Framework

The Executive Team review corporate risks at each of their formal meetings. The Audit Committee independently reviews the appropriateness of the risk control arrangements, and reports to the Board at least annually.

Risk management is embedded in our operational activities as follows:

- Risk owners identify risks relating to their functions/business plan objectives and manage their risks through the use of risk management software. The content is reviewed to establish whether risks need to be escalated to corporate level.
- Projects and programmes – risks are managed through the formal project management disciplines. Our most significant construction project, Redevelopment of Parliament House, has a comprehensive risk register that is reviewed at the monthly review meetings.
- Information – all courts and units maintain information assets registers that are reviewed regularly. Assurance is sought from Directors on these on an annual basis and the risk of loss of sensitive or personal data is a key Corporate Risk. This risk is mitigated through appropriate certification of key systems, and regular reviews of likely future changes in technologies used by the SCS. Up to August 2013, two data breaches were reported to the Information Commissioner as follows:

13 November 2012	Release of copy of a court document (a record of parties' pleadings in civil personal injury litigation) to journalist.	Name, address and NI number of data subject
23 May 2013	Release of personal information, requested to be kept confidential, disclosed to a journalist.	Address of data subject

Staff guidance is to be improved to clarify the release of this information in the future.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance system. My review is informed by our:

- Executive Directors, who have responsibility for the development and maintenance of the governance. They provide me with a certificate of assurance covering risk management and control, business planning, financial management, procurement, people management, security and health and safety. The issues are rated using the same categories used by internal audit (substantial, reasonable or limited) and I am pleased to say that they provided me with overall substantial assurance that controls were operating effectively.

- Corporate Systems, which provide data on risk management, performance management and people management. The data from these systems has been reviewed and on the basis of the work completed and the related management responses, they provided substantial assurance in overall terms.
- Health, Safety and Security Works Committee, which meets regularly and has external representation. It reviews our own assessments of risks and any specific issues that are raised.
- Internal Audit, who submit to the SCS Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the

organisation's systems of internal control together with recommendations for improvement. On the basis of the work completed and the related management responses they provided substantial assurance in overall terms.

- External Audit, who report to the Audit Committee on our controls through management letters and other reports.

Significant Governance Issues

The review, as detailed above, provides substantial assurance of the effectiveness of the SCS's system of internal control.

During the year SCS experienced a number of issues with the operation of the Scottish Government's finance system (SEAS), the most significant of which was the loss of system generated debt recovery letters. A manual process has been put in place but it has not been as efficient and the debtor levels have increased as a result. There have been no other governance issues identified during the year that are considered significant in relation to the SCS overall governance framework.

A number of the SCS's internal controls have been strengthened including a review of the financial delegation levels and reminders to managers to ensure that these remain appropriate and effective.

Significant opportunities for improvement in governance and internal control issues identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

The achievements set out in this Statement have been delivered during a period of substantial change including reduced staffing levels and significant turnover in key posts. In addition to the appointment of a new Chair of the Scottish Court Service Board, there were changes in the Executive Management Team including the appointment of a new Chief Executive Officer and two Executive Directors.

Eric McQueen
Chief Executive
28 August 2013

9. Independent Auditor's Report

Independent Auditor's Report to the Scottish Court Service, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Court Service for the year ended 31 March 2013 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise of the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2012/13 Government Financial Reporting Manual (the 2012/13 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective Responsibilities of Accountable Officer and Auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2013 and of its net outturn 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 2012/13 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

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, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Opinion on Other Prescribed Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Introduction and SCS Performance sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am Required to Report by Exception

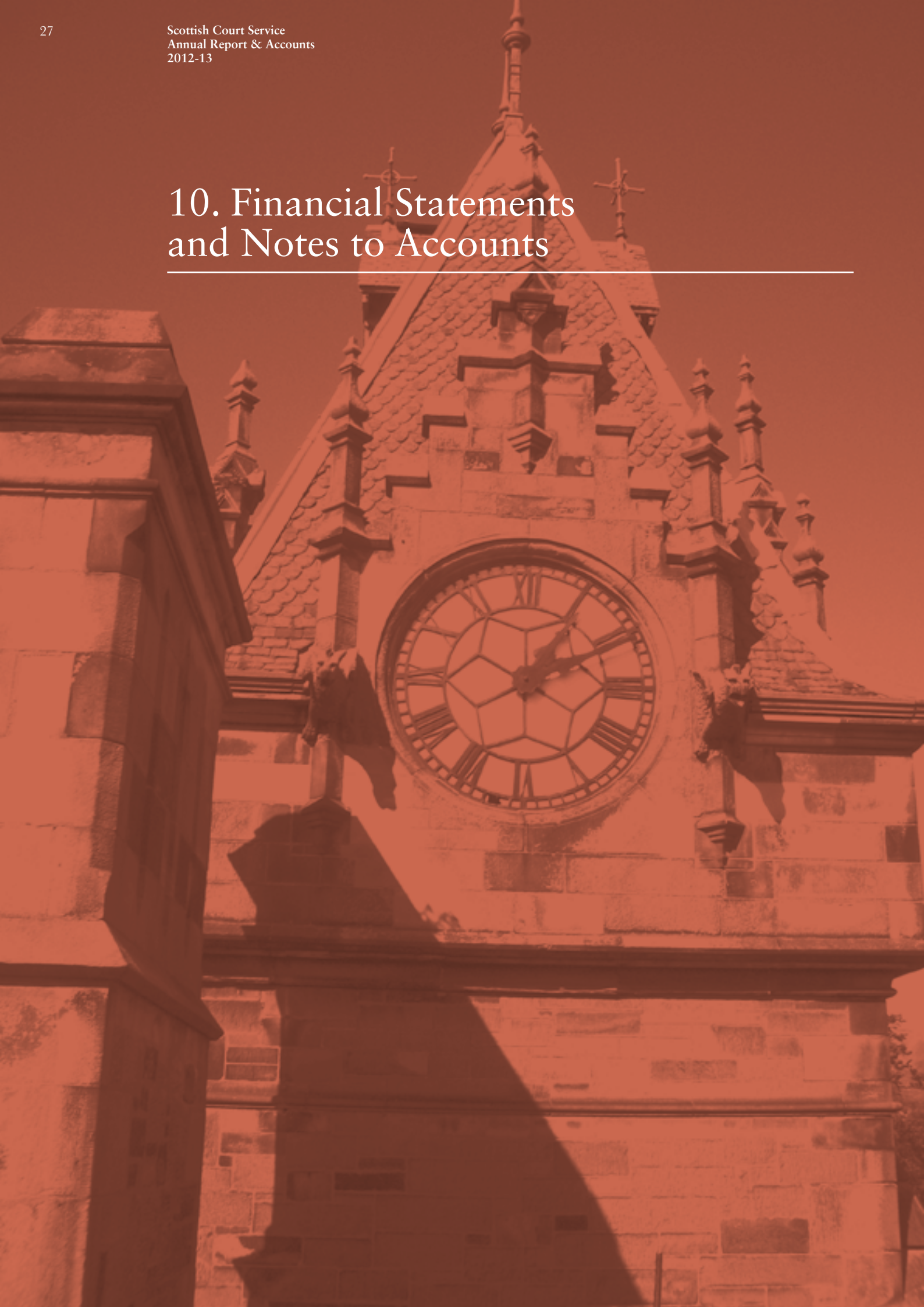
I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

28 August 2013
Brian Howarth, ACMA CGMA
Audit Scotland
4th floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

10. Financial Statements and Notes to Accounts



Statement of comprehensive net expenditure Year ended 31 March 2013

		2012-13	2011-12
	Note	£'000	£'000
Expenditure			
Staff costs	2	40,579	38,000
Other administration costs	3	36,196	37,056
Depreciation and amortisation	5a, 6	11,749	11,625
Impairment	5c	-	3,708
Operational costs	3	11,102	11,496
Total expenditure		99,626	101,885
Income			
Operating income	4	3,126	3,174
Income from fees and retained fines	4	29,140	28,797
Total income		32,266	31,971
Net outturn		67,360	69,914
Other comprehensive net expenditure			
Net gain on revaluation of property, plant and equipment	SOCTE	4,618	7,321
Realised on impairment of non-current assets	SOCTE	-	(61)
Total comprehensive net expenditure		62,742	62,654

The notes on pages 33 to 54 form part of these accounts.

Statement of financial position 31 March 2013

		2012-13	2011-12
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	5	421,106	416,665
Intangible assets	6	4,218	4,681
Trade and other receivables falling due after one year	7	110	-
Total non-current assets		425,434	421,346
Current assets			
Trade receivables and other current assets	7	3,724	4,396
Cash and cash equivalents	8	781	899
Total current assets		4,505	5,295
Total assets		429,939	426,641
Current liabilities			
Trade payables and other current liabilities	9	9,630	8,992
Provisions for liabilities and charges	10	2,990	1,217
Total current liabilities		12,620	10,209
Total assets less current liabilities		417,319	416,432
Non-current liabilities			
Provisions for liabilities and charges	10	763	2,682
Total non-current liabilities		763	2,682
Assets less liabilities		416,556	413,750
Taxpayers' equity			
General fund	SOCTE	331,223	331,722
Revaluation reserve	SOCTE	85,333	82,028
Total taxpayers' equity		416,556	413,750

Eric McQueen
Chief Executive

The Accountable Officer authorised these financial statements for issue on 28 August 2013.

The notes on pages 33 to 54 form part of these accounts.

Cash flow statement For the year ended 31 March 2013

		2012-13	2011-12
	Note	£'000	£'000
Cash flows from operating activities			
Net outturn	SCNE	(67,360)	(69,914)
Adjustments for non-cash transactions			
Depreciation and amortisation	5, 6	11,749	11,625
Impairment	5	-	3,708
Notional audit fee	3	81	85
Profit on disposal of property, plant and equipment	4	-	(2)
Movements in working capital			
(Increase)/decrease in receivables and other current assets	7	562	(1,250)
Increase/(decrease) in trade and other payables	9	638	(417)
Increase/(decrease) in provisions	10	(146)	(3,268)
Net cash flow from operating activities		(54,476)	(59,433)
Cash flows from investment activities			
Purchase of property, plant and equipment	5	(10,620)	(10,746)
Purchase of intangible assets	6	(503)	(855)
Proceeds of disposal of property, plant and equipment		14	101
Net cash flow from investment activities		(11,109)	(11,500)
Cash flows from financing activities			
From Scottish Consolidated Fund	SOCTE	65,467	70,954
Cash flows from financing activities		65,467	70,954
Net Decrease/(Increase) in cash and cash equivalents	8	118	(21)
Cash and cash equivalents at beginning of period	8	899	878
Cash and cash equivalents at end of period	8	781	899

The notes on pages 33 to 54 form part of these accounts.

Statement of changes in taxpayers' equity For the year ended 31 March 2013

		General Fund	Revaluation Reserve	Total
	Note	£'000	£'000	£'000
Balance at 1 April 2011		329,347	75,998	405,345
Changes in taxpayers' equity for 2011/12				
Net gain on revaluation/indexation of property, plant and equipment		-	7,321	7,321
Non-cash charges - auditor's remuneration		85	-	85
Transfer of non-current assets (to)/from other bodies		21	-	21
Realised on impairment of non-current assets		-	(62)	(62)
Transfers between reserves		1,229	(1,229)	
Net operating cost for the year		(69,914)		(69,914)
Total recognised income and expense for 2011/12		260,768	82,028	342,796
Parliamentary funding		70,954	-	70,954
Net parliamentary funding drawn down		70,954	-	70,954
Balance at 31 March 2012		331,722	82,028	413,750
Balance at 1 April 2012		331,722	82,028	413,750
Changes in taxpayers' equity for 2012/13				
Net gain on revaluation/indexation of property, plant and equipment	5	-	4,618	4,618
Non-cash charges - auditor's remuneration	3	81	-	81
Transfers between reserves		1,313	(1,313)	
Net operating cost for the year		(67,360)	-	(67,360)
Total recognised income and expense for 2012/13		265,756	85,333	351,089
Parliamentary funding		65,467	-	65,467
Net parliamentary funding drawn down		65,467	-	65,467
Balance at 31 March 2013		331,223	85,333	416,556

The notes on pages 33 to 54 form part of these accounts.

**Statement of costs by strategic departmental objective
Year ended 31 March 2013**

	2012-13	2011-12
	£'000	£'000
Allocation of resources and assets		
Net expenditure	67,360	69,914
Total assets	416,556	413,750

The work of the SCS is primarily aligned with the following Scottish Government objective:

To help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.

The notes on pages 33 to 54 form part of these accounts.

1. Notes to the Accounts

1. Accounting Policies

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FRoM) issued by HM Treasury and the Accounts Direction issued by Scottish Ministers¹². The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SCS for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SCS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Basis of Accounting

These accounts have been prepared in accordance with the historical cost convention modified to account for the revaluation of fixed assets at their value to the Scottish Court Service by reference to their current costs.

1.2 Tangible Non-Current Assets

Title to the freehold land and buildings shown in the accounts is held in the name of the Scottish Court Service Corporate Body. Non-current assets are stated at their purchase price together with any incidental expenses of acquisition and are re-valued each year either using inflation indices (as published at www.statistics.gov.uk), or as described below.

All the freehold properties were valued as at 31 March 2009 by Knight Frank LLP. All of the valuations were undertaken on the under-noted basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Full professional valuations of courthouses are carried out at five yearly intervals except where significant redevelopment of that courthouse is carried out in which case a valuation will be carried out on an annual basis.

Tangible assets are held at fair value (FV).

Properties regarded by the SCS as operational were valued on the basis of Depreciated Replacement Cost (DRC), subject to the prospect and viability of the occupation and use. Properties regarded by the SCS as non-operational have been valued on the basis of Open Market Value (OMV).

Where a DRC figure has been provided, the Valuation Certificate also shows an OMV (allowing for alternative uses). OMVs are significantly lower than the DRC figures.

The sources of information and assumptions made in producing the various valuations are set out in the Valuation Certificate, which is not published within the Annual Report and Accounts.

The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio and not a valuation or apportioned valuation of the portfolio valued as a whole.

IT equipment (networked and grouped) is all capitalised, irrespective of value.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve in taxpayers' equity. Decreases arising from fluctuations in market conditions are first charged directly to revaluation reserve to offset any previous increases for the same asset. Amounts in excess of previous increases are expensed to the Statement of Comprehensive Net Income. Decreases arising from other factors are expensed directly to the Statement of Comprehensive Net Expenditure. Amounts in the revaluation reserve relating to the same asset are transferred to the general fund. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from revaluation reserve to general fund.

Where work is associated with a larger project it is also capitalised irrespective of value. All other expenditure (under £5k) is written off in the year of purchase.

Freehold Land is not depreciated. Depreciation is provided at rates calculated to write off the valuation or cost of non-current assets in equal instalments over their expected useful lives, which are normally in the following ranges:

¹²Annex 3

Buildings	not exceeding 80 years (based on valuation)
Equipment (fixed)	not exceeding 50 years
ICT systems (computers)	3 years
Equipment (moveable), fixtures & fittings, vehicles	not exceeding 10 years

Assets under construction are carried at the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets under construction are transferred to the appropriate property, plant and equipment category when completed and ready for use.

1.3 Intangible non-current assets

Both purchased software licenses and internally generated software are valued on a historic cost basis. Amortisation is applied at rates calculated to write off the value of the software by equal instalments over the shorter of the term of the license or the estimated useful life.

1.4 Financial Instruments

All financial assets held by the SCS have been classified as Loans and Receivables and are measured at amortised cost, using the effective interest method.

As the cash requirements of the SCS are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with SCS expected purchase and usage requirement and the SCS is therefore exposed to little credit, liquidity or market risk.

1.5 Operating Income

The SCS is not a trading organisation. Income comprises primarily court fees for civil cases. Fee income is not recognised until the service is performed.

Sheriff Court fines are paid over to the Scottish Consolidated Fund and are not accounted for as part of the income of the Scottish Court Service. An element of Justice of the Peace Court fines, Police and Fiscal fixed penalty fines is retained in line with a Designated Receipts Order issued by HM Treasury. The remainder is paid over to the Scottish Consolidated Fund.

1.6 Value Added Tax (VAT)

Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure (SCNE) in the year in which it is incurred, apart from that which is capitalised as part of asset values. Recoverable VAT is deducted from the expenditure to which it relates.

1.7 Operating Leases

Rentals payable under operating leases are charged to the SCNE on a straight-line basis over the term of the lease.

1.8 Notional Charges

Certain central costs and overheads (e.g. auditor's remuneration) are charged on a notional basis to the SCS and they are charged to the SCNE and credited as a movement on the general fund.

1.9 Foreign Currency Transactions

Transactions that are denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

1.10 Provisions

Provisions are made for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Further details of individual provisions are included in note 10.

1.11 Employee Benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. SCS accounts for the PCSPS scheme as a defined contribution plan and recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from an employee's services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the SCS recognises the contributions payable for the year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A liability and an expense is recognised for untaken holiday days, holiday pay, and flexi balances at the year end. As a result an accrual has been made for time earned but not taken.

1.12 Disclosure of Accounting Standards not yet Applied

A number of new accounting standards have been issued or amendments made to existing standards, but have not yet been applied to these financial statements. The standards are considered relevant and the anticipated impact is as follows:

IAS 1 – Presentation of financial statements (Other Comprehensive Income)

Mandatory for accounting periods commencing on or after 1 July 2012. The adoption of this standard may result in presentational changes to the accounts.

IAS19 – Post-employment benefits (pensions)

Mandatory for accounting periods commencing on or after 1 January 2013. The adoption of this standard may result in presentational and disclosure changes to the accounts.

IFRS 13 – Fair Value Measurement

Mandatory for accounting periods commencing on or after 1 January 2013. The adoption of this standard could change the measurement techniques used when determining fair value.

2. Staff Numbers and Costs

Average number of whole-time equivalent persons employed

	2012-13 No.	2011-12 No. As restated
Headquarters and support units	130	149
Supreme Courts	155	166
Judicial Office	21	24
Office of the Public Guardian and Accountant of Court	71	72
Sheriff and JP Courts	965	1,026
Inward secondments	6	7
Agency staff	16	8
	1,364	1,452

	2012-13 £'000	2011-12 £'000
Wages and salaries	31,245	31,793
Social security costs	2,104	2,209
Other pension costs	5,369	5,491
Sub-total	38,718	39,493
Inward secondments	273	348
Agency, temporary and contract staff	551	303
Early severance	230	88
Early departure (ED)	2	31
Total	39,774	40,263
Less recoveries in respect of outward secondments	(87)	(115)
Pension harmonisation costs provided for / (released)	892	(2,148)
Total net costs	40,579	38,000

	2012-13 £'000	2011-12 £'000
Contributions paid to PCSPS	5,302	5,442

	2012-13 £'000	2011-12 £'000
Contributions paid to partnership pension	57	45

Compensation for loss of office

Four members of staff were offered voluntary exit terms through the course of the year and their compensation payments total £229,550.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	2011-12
<£10,000	Nil	Nil	Nil	Nil
£10,000 - £25,000	Nil	Nil	Nil	Nil
£25,000 - £50,000	Nil	1	1	Nil
£50,000 - £100,000	Nil	3	3	Nil
£100,000-£150,000	Nil	Nil	Nil	1
Total number of exit packages	Nil	4	4	1
Total resource cost /£	Nil	229,550	229,550	117,020

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the departure was agreed. Where the SCS has agreed early departures, the additional costs are met by the SCS and not by the Civil Service Pension Scheme.

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The SCS is unable to identify its share of the underlying assets and liabilities. The last formal actuarial valuation undertaken for the Principal Civil Service Pension Scheme was completed in 2007. Consequently, a formal actuarial valuation would have been due. However, formal actuarial valuations for

unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design¹³.

For 2012-13, employers' contributions of £5,302k were payable to the PCSPS (2011-12 £5,442k) at rates in the range of 16.7 to 25.8 per cent (2011-12: 16.7 to 25.8 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions on a regular basis following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when a member retires, and not the benefits paid during this period to existing pensioners.

¹³Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3.0% to 12.5% of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay. Contributions paid by the SCS in 2012-13 were £57k (2011-12: £45k).

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No one from the organisation has opted to join this scheme.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Early retirement costs relate to early departure decisions made in the current and previous years.

Pension benefits are provided through the Civil Service pension arrangements. Since 30 July 2007, civil servants may be in one of four statutory based 'final salary' defined benefit schemes (nuvos, classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under nuvos,

classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

The Employee contribution rates were modified on 1 April 2012. In addition to 1.5% contributions for classic and 3.5% contributions for premium and nuvos members, additional contributions were introduced by the Cabinet Office. These percentages depend on the salary banding. The percentages for 2012-13 are in the table below.

Salary band	Extra employee contribution rate
Up to £15,000	nil
£15,001 - £21,000	0.6%
£21,001 - £30,000	1.2%
£30,001 - £50,000	1.6%
£50,001 - £60,000	2.0%
£60,001 and over	2.4%

	Classic	Premium	Nuvos
Benefit accrual	1/80th of pensionable salary for each year of service	1/60th of final pensionable earnings for each year of service	Built up during contributing scheme years as follows: pensionable earnings x scheme build up rate applied during contributing scheme years, plus an RPI adjustment added to the accumulated benefit at the end of each year
Lump sum on retirement	Automatic Equivalent to 3 years' pension	Can elect to commute some of pension (commutation rate: £12 lump sum for each £1 of pension given up). Maximum limits apply: 3/80th of final pensionable earnings for each year of service or 2.25 times pension	Can elect to commute some of pension (commutation rate: £12 lump sum for each £1 of pension given up). Maximum limits apply: 3/80th of final pensionable earnings for each year of service or 2.25 times pension
Member contribution (% of pensionable earnings)	1.5	3.5	3.5
On death – pension to surviving spouse	Half member's pension	3/8th member's pension (before commutation)	3/8th member's pension (before commutation)
On death – pension to eligible partner	None	As above	As above

	Classic	Premium	Nuvos
Death in service lump sum	2 x pensionable pay	3 x pensionable pay	The greater of: 2 x final pay less any lump sums already paid (including lump sums from any other PCSPS sections) 5 x accrued pension, including any accrued pension, less any pension already paid from nuvos (excluding lump sums)
Service enhancement on computing spouse pension	Depends on length of service – cannot exceed 10 years	Depends on length of service – cannot exceed 10 years	Depends on length of service – cannot exceed 10 years
Medical retirement in event of serious ill health	Pension paid immediately with no actuarial reduction Same service enhancement as for death in service	Pension paid immediately with no actuarial reduction Service enhanced to what they would have accrued at age 60 if their ill health prevents them from undertaking any gainful employment	Pension paid immediately with no actuarial reduction Top up pension paid if ill health prevents them from undertaking any gainful employment Top-up calculated as: (members' basic pension/ contributing years) x (years to age 65)

Classic Plus Scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Pensions payable under classic, premium, classic plus and nuvos are increased in line with the Retail Prices Index.

Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement)¹⁴.

Staff loans

A total of approximately £39k (2011-12: £35k) is outstanding from 69 members of staff (2011-12: 58) for advances such as travel season ticket loans or housing advances arising from relocation. This amount is included in other receivables in note 7.

¹⁴Further details about the Civil Service pension arrangements at www.civilservice-pensions.gov.uk.

3. Non-staff expenditure

Other administration expenditure

	2012-13 £'000	2011-12 £'000
Accommodation	14,215	13,963
Other	8,884	8,827
Buildings' maintenance and impairment	9,519	10,809
Rentals under operating leases - other	2,737	2,628
Travel, subsistence and hospitality	749	744
Audit fee	81	85
Loss on disposal of non-current assets	11	-
Total	36,196	37,056

Operational costs

	2012-13 £'000	2011-12 £'000
Judicial costs	4,050	5,161
Payments to jurors	4,695	4,383
Other	2,357	1,952
Total	11,102	11,496

4. Income

Operating income

	2012-13 £'000	2011-12 £'000
Rent from other Government departments	2,977	2,918
Shared Service charges from other Government departments	95	166
Profit on disposal of non-current assets	-	2
Other rent receivable	52	60
Other income	2	28
Total	3,126	3,174

Income from fees and retained fines

	2012-13 £'000	2011-12 £'000
Fees charged	21,905	22,077
Retained fines from JP Courts	7,235	6,720
Total	29,140	28,797

Fees Memorandum Trading Account

	Sheriff Courts £'000	Supreme Courts £'000	Office of the Public Guardian and Accountant of Court £'000	2012-13 Total £'000	2011-12 Total £'000
Fee income	13,871	4,347	3,687	21,905	22,077
Subsidy/Exempt fees	4,116	4,546	-	8,662	9,345
Apportioned costs	(23,423)	(11,943)	(3,387)	(38,753)	(41,221)
Surplus/(Deficit)	(5,436)	(3,050)	300	(8,186)	(9,799)

Court fees are charged at various stages of civil proceedings in the Court of Session and the sheriff courts, as well as for work undertaken by the Office of the Public Guardian and by the Accountant of Court. Scottish Government policy is to set fees so as to move towards full cost recovery (including judicial costs).

The subsidy and exempt fees line includes an element of notional cost of capital charges attributable to civil business that are currently not intended to be recovered through court fees.

The costs include notional costs for insurance.

This segmental information is given in accordance with current guidance and is not disclosed for the purposes of IFRS 8.

5a. Property, plant and equipment

Cost or valuation

	Land £'000	Building £'000	Vehicles £'000	Equipment £'000	ICT Systems £'000	Fixtures and Fittings £'000	Assets under Construction £'000	2012-13 Total £'000
Opening balance at 1 April 2012	32,954	555,602	288	2,848	11,425	3,725	25,469	632,311
Additions	-	3,555	166	294	1,047	748	4,810	10,620
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(65)	(25)	-	(655)	-	-	(745)
Revaluation	498	6,661	-	-	-	-	-	7,159
Impairments	-	-	-	-	-	-	-	-
At 31 March 2013	33,452	565,753	429	3142	11,817	4,473	30,279	649,345
Depreciation								
Opening balance at 1 April 2012	-	201,041	265	2,362	9,344	2,634	-	215,646
Charged in year	-	9,063	23	129	1,353	215	-	10,783
Disposals	-	(51)	(25)	-	(655)	-	-	(731)
Impairments	-	-	-	-	-	-	-	-
Revaluation	-	2,541	-	-	-	-	-	2,541
Balance at 31 March 2013	-	212,594	263	2,491	10,042	2,849	-	228,239
Net book value current year	33,452	353,159	166	651	1,775	1,624	30,279	421,106
Net book value prior year	32,954	354,561	23	486	2,081	1,091	25,469	416,665

All assets are owned by the Scottish Court Service Corporate Body. All land and buildings are held Freehold. No assets are held under Finance Leases or PFI/PPP contracts.

The JP court building at St Andrew's Street is stated at nil book value and was held for resale at the balance sheet date. It was sold on 5th April 2013 for £1m.

5b. Property, plant and equipment prior year

Cost or valuation

	Land £'000	Building £'000	Vehicles £'000	Equipment £'000	ICT Systems £'000	Fixtures and Fittings £'000	Assets under Construction £'000	2011-12 Total £'000
Opening balance at 1 April 2011	32,344	547,589	288	2,848	10,693	3,491	17,374	614,627
Additions	-	1,489	-	-	928	234	8,095	10,746
Transfers		-						
Disposals	-	(100)	-	-	(196)	-	-	(296)
Revaluation	756	10,341	-	-	-	-	-	11,097
Impairments	(146)	(3,717)	-	-	-			(3,863)
At 31 March 2012	32,954	555,602	288	2,848	11,425	3,725	25,469	632,311
Depreciation								
Opening balance at 1 April 2011	-	188,503	223	2,210	8,092	2,421	-	201,449
Charged in year	-	8,857	42	152	1,448	213	-	10,712
Disposals	-	-	-	-	(196)		-	(196)
Impairments	-	(95)	-	-	-	-	-	(95)
Revaluation	-	3,776	-	-	-	-	-	3,776
Balance at 31 March 2012	-	201,041	265	2,362	9,344	2,634	-	215,646
Net book value current year	32,954	354,561	23	486	2,081	1,091	25,469	416,665
Net book value prior year	32,344	359,086	65	638	2,601	1,070	17,374	413,178

5c. Impairment analysis

	SCNE		Revaluation Reserve		2012-13 Total £'000
	Written Off £'000	Written Back £'000	Written Off £'000	Written Back £'000	
Property, plant and equipment	-	-	-	-	-
Intangible assets	-	-	-	-	-
Total impairment	-	-	-	-	-

5d. Impairment analysis prior year

	SCNE		Revaluation Reserve		2011-12 Total £'000
	Written Off £'000	Written Back £'000	Written Off £'000	Written Back £'000	
Property, plant and equipment	3,708	-	61	-	3,769
Intangible assets	-	-	-	-	-
Total impairment	3,708	-	61	-	3,769

6a. Intangible assets

	Software Licences £'000	ICT Software £'000	Assets Under Construction £'000	2012-13 Total £'000
Cost or valuation				
Balance at 1 April 2012	2,987	7,922	3	10,912
Transfers in	-	3	(3)	-
Additions	117	386	-	503
At 31 March 2013	3,104	8,311	-	11,415
Amortisation				
Balance at 1 April 2012	1,714	4,517	-	6,231
Transfers in	-	-	-	-
Charged in year	230	736	-	966
At 31 March 2013	1,944	5,253	-	7,197
Net book value current year	1,160	3,058	-	4,218
Net book value prior year	1,273	3,405	3	4,681

6b. Intangible assets prior year

	Software Licences £'000	ICT Software £'000	Assets Under Construction £'000	2011-12 Total £'000
Cost or valuation				
Balance at 1 April 2011	2,731	7,307	-	10,038
Transfers in	-	19	-	19
Additions	256	596	3	855
At 31 March 2012	2,987	7,922	3	10,912
Amortisation				
Balance at 1 April 2011	1,473	3,841	-	5,314
Transfers in	-	4	-	4
Charged in year	241	672	-	913
At 31 March 2012	1,714	4,517	-	6,231
Net book value current year	1,273	3,405	3	4,681
Net book value prior year	1,258	3,466	-	4,724

7. Trade receivables and other assets

	2012-13 £'000	2011-12 £'000
Trade receivables	1,776	1,236
Other receivables	253	69
Prepayments	1,786	1,849
Accrued income	19	1,242
Total as at 31 March 2013	3,834	4,396
Amounts falling due after more than 1 year	(110)	-
Amounts falling due within 1 year	3,724	4396

Receivables are shown net of impairments as follows:	2012-13 £'000	2011-12 £'000
At 1 April	154	105
Charge for the year	3	57
Unused amount released	(10)	-
Utilised during the year	(32)	(8)
At 31 March	115	154

Intra-government balances	2012-13 £'000	2011-12 £'000
Amounts falling due within 1 year		
Balances with other central government bodies	296	1,328
Balances with local authorities	209	213
Balances with NHS bodies	16	8
Total: Intra-governmental balances	521	1,549
Balances with bodies external to government	3,203	2,847
Total debtors at 31 March	3,724	4,396

8. Cash and cash equivalents

	2012-13 £'000	2011-12 £'000
Balance at 1 April	899	878
Net change in cash and cash equivalent balances	(118)	21
Balance at 31 March	781	899
The following balances at 31 March were held at:		
Commercial banks and cash in hand	781	899
Balance at 31 March	781	899

9. Trade payables and other current liabilities

Amounts falling due within 1 Year	2012-13 Net £'000	2011-12 Net £'000
Trade payables	4,715	523
Other payables	959	995
Accruals	3,956	7,474
Total	9,630	8,992

Intra-governmental balances	2012-13 £'000	2011-12 £'000
Amounts falling due within 1 year		
Balances with other central government bodies	13	1
Balances with local authorities	3	3
Balances with NHS bodies	-	3
Total: Intra-governmental balances	16	7
Balances with bodies external to government	9,614	8,985
Total creditors at 31 March	9,630	8,992

During the year the SCS paid 95.7% of invoices within the Scottish Government's 10 day target (2011/12: 97.2%) and 99.1% of invoices within 30 days (2011/12: 99.4%). This fall in performance was wholly due to problems with access to the Scottish Government's finance system (SEAS) in three months of this year. Staff were unable to access the system at all times to process invoices for payment during those three months. Without these issues, payment performance would have been in line with the previous year.

10. Provisions for liabilities and charges

	Pension Transfer Deficit £'000	Early Departure Costs £'000	Compensation £'000	Property and Dilapidations £'000	2012-13 Total £'000	2011-12 Total £'000
Balance at 1 April	1,891	65	41	685	2,682	7,082
Add: element reported as due within one year	1,172	45	-	-	1,217	85
Total as at 1 April	3,063	110	41	685	3,899	7,167
Provided for in year	892	64	52	215	1,223	107
Provisions not required - written back	-	-	(10)	(10)	(20)	(2,143)
Provisions utilised in year	(1,173)	(92)	(49)	(35)	(1,349)	(1,232)
Total as at 31 March	2,782	82	34	855	3,753	3,899
Payable within one year	(2,782)	(64)	(34)	(110)	(2,990)	(1,217)
At 31 March	-	18	-	745	763	2,682

Analysis of expected timing of any resulting outflows of economic benefits

	Pension Transfer Deficit £'000	Early Departure Costs £'000	Compensation £'000	Property and Dilapidations £'000	2012-13 Total £'000	2011-12 Total £'000
Payable in 1 year	2,782	64	34	110	2,990	1,217
Payable between 2 and 5 years	-	18	-	205	223	2,682
Payable between 6 and 10 years	-	-	-	35	35	-
Thereafter	-	-	-	505	505	-
Total as at 31 March	2,782	82	34	855	3,753	3,899

Details of provisions

Pension transfer deficit

SCS staff who are ex-employees of the former district courts were given the option to transfer their past service credits accrued in the Local Government Pension Schemes (LGPSs) into the premium scheme of the PCSPS. Due to under-funding within the LGPSs, liability for the shortfall is required to be met by the SCS.

The transfers from the LGPSs are still in progress for North and South Strathclyde. The potential shortfall has been estimated based on a similar transfer undertaken by Her Majesty's Court Service in England and Wales, and has been updated based on transfers that have been completed to date.

Early Departure Costs

This relates to the compensation element due to former employees who took early retirement and who were over the age of 50 but below the age of 60. On attaining the age of 60 the compensation element ceases.

Compensation

Amounts have been provided where there are material claims for compensation against the SCS from court users. These are based on the amount claimed and the likelihood of a payment being required. Where a settlement is considered unlikely to be required no provision is made.

Property and Dilapidations

This represents the estimated amounts due, on the expiry of property leaseholds held by the SCS, to return the properties to their original condition. The amounts due and timing of payments depend on the terms and conditions of each lease, as well as the extent of alterations carried out by the SCS over the period of the lease.

11. Capital Commitments

Other administration expenditure

Property, plant and equipment	2012-13 Net £'000	2011-12 Net £'000
Contracted for at 31 March but not provided for	953	5,624
Approved at 31 March but not provided for	-	-
Total	953	5,624

Intangible assets	2012-13 Net £'000	2011-12 Net £'000
Contracted for at 31 March but not provided for	96	50
Approved at 31 March but not provided for	-	-
Total	96	50

12. Commitments Under Operating Leases

Total future minimum lease payments under operating leases are given in the tables below for each of the following periods:

Obligations under operating leases comprise:

Buildings	2012-13 Net £'000	2011-12 Net £'000
Within one year	2,470	2,945
Between two and five years (inclusive)	5,985	6,490
After five years	21,863	23,986
Total	30,318	33,421

13. Related Party Transactions

During the year to 31 March 2013 the SCS was a Non Ministerial Departmental Body in the Scottish Administration. During the year, the SCS has had various material transactions with the Scottish Government and the Crown Office. None of the senior management team or other parties related to them has undertaken any material transactions with the SCS.

Payments made to the Civil Service Pension Scheme relate to employer's pension contributions. Receipts from the Crown Office and Procurator Fiscal Service are for Estate Services and rent for occupancy of buildings. Parliamentary funding represents the net cash provision from the Scottish Government to the SCS.

Payments were made to two Sheriffs over the course of the financial year

1. A payment of £11,250 was made to a sheriff covering the remote island courts which related to additional costs of travel and subsistence.
2. A payment of £128,296 which related to relocation of a sheriff and this is being repaid over 10 years. At the end of 2012-13 £122,950 was outstanding and is shown as a long term debtor (£110k) and short term debtor (£13k) in the SOFP and in Note 7 to the accounts.

		2012-13 Net £'000
PCSPS	2	(5,302)
COPFS		3,072
Parliamentary funding	SOCTE	65,467

These payments were made in accordance with the SCS Judicial Office for Scotland's policy Relocation Expenses Payable on Shrieval Transfer.

14. Financial Instruments

As the cash requirements of the SCS are met through the spending review process, financial instruments play a more limited role in creating and managing risk than in a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the SCS expected purchase and usage requirements and the SCS is therefore exposed to little credit, liquidity or market risk.

All financial assets are classified as loans and receivables and are valued at amortised cost. All are due within one year, and so no amortisation has been applied on the grounds of materiality.

All financial liabilities are valued at amortised cost. All are due within one year, and so no amortisation has been applied on the grounds of materiality.

15. Losses

	2012-13 No of cases	2012-13 £'000	2011-12 £'000
Losses	59	2	3

16. Third Party Assets

Cash balances of £25.4m (2011-12: £29.3m) are held on behalf of third parties. This is mainly money consigned into court in respect of liquidations, cautions, expenses in civil actions and unclaimed dividends, etc.

These third party assets are not the property of the SCS and are not included in the SCS accounts.

17. Outturn against Budget

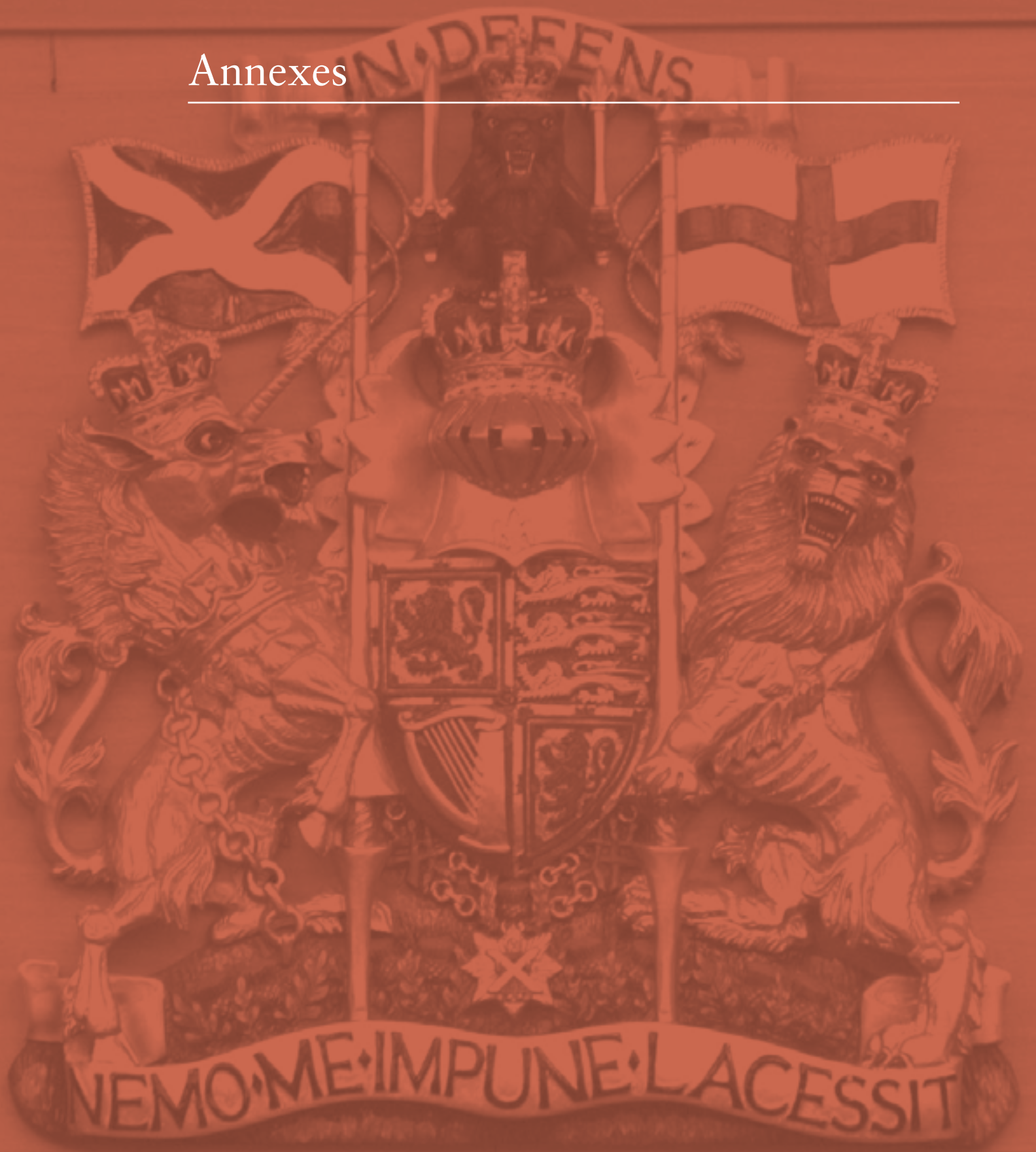
	2012-13		2011-12
	Budget £'000	Outturn £'000	Outturn £'000
Capital	10,500	11,123	11,601
Revenue - DEL	68,670	67,360	66,206
Revenue - AME	-	-	3,708
Total	79,170	78,483	81,515

Budgets for Departmental Expenditure Limits (DEL) are set as part of the Scottish Spending Review and annual Budget Bills. These are allocated for running costs associated with the delivery of the SCS.

Annually Managed Expenditure (AME) represents costs that are more volatile and so are not managed in the same way as DEL.

Overall the SCS under spent by £687k in 2012-13.

Annexes



Annex 1

SCS Performance Detail Court of Session

	2012-13	2011-12	2010-11
Ordinary civil actions registered	3,397	3,294	3,631
Civil petitions (registered)	1,378	1,364	1,458
Civil appeals / reclaiming motions	232	261	226
Proofs, jury trials & hearings, (J/R) (which proceeded)	119	153	149
Court of Session judge days	1,823	1,790	2,067

Inner House

The number of appeals and reclaiming motions made continues to fluctuate slightly from year to year. The potential for an increased volume arising from the decision in relation to leave to appeal in immigration cases did not transpire, and in fact, the volume of cases registered fell slightly in comparison to the preceding year.

During this business year, the Inner House Reforms Implementation Group, set up to help fulfil recommendations made in the Penrose Report on the Review of Inner House Business, was replaced by the Inner House Users Group, which will enable on-going improvements.

Outer House

A sharp increase in the volume of ordinary actions registered in the Court of Session presented in business year 2009-10. The following year volumes reduced significantly, followed by a more measured reduction in 2011-12. The figures for 2012-13 indicate that this trend may be complete with volumes increasing slightly. While registrations declined from 2010, the proportion of defended cases increased by 10% in 2010-11 and remains at this level (around 95% of cases).

Improved case management of these cases in recent years, as a result of rule change or practice note, increased administrative workload. Miscellaneous hearings before the Court are also a regular occurrence however, in the main, the additional court time has not added to the number of sitting days required as the Court sits earlier to deal with those matters before the core business is undertaken. Directions, in terms of Rule 2.2 of the Court of Session Rules 1994, were made to ensure efficiency, effectiveness and economy.

The volume of petitions registered has been fairly steady since 2010 and that trend continues.

High Court

	2012-13	2011-12	2010-11
Indictments registered	751	792	730
Trials (evidence led)	358	315	269
Solemn appeals (lodged)	716	810	820
Summary appeals (lodged)	1,213	1,274	1,393
High Court judge days	3,867	3,857	3,909

First Instance Criminal Business

There was a drop in the number of indictments registered this year however there was a 13% increase in the number of trials proceeding compared to 2011-12 and a 33% increase compared to 2010-11. The average duration of trials continues at just over six days and during the course of 2012-13 there were over 30 trials scheduled to last a minimum of three weeks in duration.

It is normal for at least one extension of the 140 day or 12 month statutory time limit to be required in a case.

As a result of improved case management the churn (unproductive continuation of cases) in the preliminary hearing court has been reduced by 30% during the course of this year.

A Practice Note (No. 1 of 2013) was issued by the Lord Justice General in January 2013 to improve efficiency in the throughput of High Court first instance business. Although High Court trial business is busy it is running successfully and will continue to be closely monitored. Work will continue to identify further improvements in this area.

Criminal Appeal Business

There continues to be a steady reduction in the number of solemn and summary appeals registered since 2009-10. However the criminal appeal court continues to experience an increasing number of miscellaneous applications and appeals requiring court time although these continue to be managed within the current programme.

The improvement in case management and changes in legislation have assisted in reducing the backlog of historical cases to the stage that there are now only eight pre-2012 appeals currently outstanding.

The appeal court programme was reduced by approximately 10% in 2012-13 and it is expected that it will continue to reduce further next year.

Sheriff Court

The impact of summary justice reform and continued collaborative work with other justice organisations has led to a steady decline in the number of cases being brought to sheriff and justice of the peace courts since 2008-09. This is a trend the SCS expects to continue.

The SCS also anticipates the number of summary trials with evidence led to reduce further due to joint justice system actions aimed at increasing the efficiency of intermediate and pleading diets, the earlier disclosure of evidence, reforms to legal aid and ensuring the presence of witnesses. Taken together, these measures should lead to more cases concluding without going to trial.

Solemn sheriff court business remains steady and the SCS expects this trend to continue until the reforms envisaged in Sheriff Principal Bowen's review of sheriff and jury procedure are implemented.

There is a clear downward trend in three main categories of civil business: ordinary, small claim payments and summary cause heritable. There was a significant drop in ordinary actions around October 2010 due to the impact of the Home Owner and Debtor Protection (Scotland) Act 2010 which came into force on 30 September 2010. The Act included a change to the way that repossession cases, relating to mortgages and loans related to residential property, are raised in court. Previously, nearly all court actions for repossession were made under ordinary cause procedure and they are now normally raised under summary application procedure. There has been some increase in summary applications related to mortgage loan lenders as a consequence.

Criminal – Summary

	2012-13	2011-12	2010-11
Complaints registered (validated)(1)	67,704	74,080	77,589
Trials (evidence led)	7,041	6,846	7,155

Criminal – Solemn

	2012-13	2011-12	2010-11
Indictments registered (validated)(1)	5,859	5,772	5,566
Trials (evidence led)	1,200	1,128	1,166

Ordinary Civil

	2012-13	2011-12	2010-11
Cases registered	24,767	26,021	34,072
Proofs and debates (which proceeded)	1,141	1,147	1,213

Summary Cause and Small Claims

	2012-13	2011-12	2010-11
Cases registered	47,244	54,481	58,185
Proofs/Hearings (evidence led)	678	649	837

Commissary

	2012-13	2011-12	2010-11
Inventories recorded	21,973	23,677	24,050

Sitting Days

	2012-13	2011-12	2010-11
Number of days	28,178	29,470	30,885

Justice of the Peace Court

	2012-13	2011-12	2010-11
Complaints registered (validated)(1)	53,645	57,633	65,607
Trials (evidence led)	2,491	2,828	3,083

Office of the Public Guardian

The workload of the OPG continues to steadily increase reflecting the growing awareness of the importance of powers of attorney in lifestyle planning and a steadily aging population. OPG has invested in IT system improvements during 2012-13, including online registration of powers of attorney to ensure that it can keep up with demand. More specific information about OPG and its performance statistics can be found on its website, <http://www.publicguardian-scotland.gov.uk/index.asp>

	2012-13	2011-12	2010-11
Powers of attorney	42,528	40,515	38,685
Guardianship orders	2,073	1,939	1,629

Annex 2

SCS People

The quality of service provided by the SCS is highly dependent on courts and support functions being staffed by skilled and engaged people. The judiciary, court users and the public in general are entitled to expect well trained and confident staff led by capable and knowledgeable managers.

Staff in Post as at 31 March 2013

	Number of Staff (Headcount)	Female	Male
Exec Director & CEO	4	0	4
Director	9	3	6
Senior Manager	25	15	10
Non-Exec Directors	10	5	5
Sheriffdom Legal Advisor	6	5	1
Legal Assessor	36	24	12
SEO	81	34	47
HEO	143	81	62
EO	384	263	121
AO & Clerk Typist	496	394	102
Typists	11	11	0
AA & Support Grades	334	173	161
Total	1,539	1,008	531

Number of Staff by Level

	Number of Staff (Headcount)	Full-time Equivalent
Supreme Court	170	153
Sheriff & JP Courts	1115	963
Judicial Office	24	23
OPG	76	67
HQ	154	133
Secondment	0	0
Total	1,539	1,339

SCS People Strategy¹⁵

Following extensive consultation with Directors, Senior Managers, the SCS People Committee, operational managers and the TUS, a new People Strategy covering the period 2012-15 was published in March 2012. The People Strategy outlines four priorities and a range of key activities that will support the SCS in delivering its Corporate Plan.

The four priorities are:

- Leadership and management capability
- Flexible and adaptive workforce
- Skills assurance
- Reward and recognition.

Progress in implementing activities within the People Strategy was reviewed by the SCS People Committee in early 2013 and progress was considered to be satisfactory.

A further report is also available on www.scotcourts.gov.uk which provides further information on SCS staff and other HR measures which include:

- Staff profile
- Recruitment activity
- Turnover
- Health & safety/security incidents
- Training and development activity
- Average reward
- HR costs and effectiveness.

Staff Survey 2012

The SCS took part in the civil service wide staff engagement survey. An overall staff engagement index score of 58% was achieved which was the same as the median engagement score for the civil service as a whole. Feedback from this survey and from the survey in 2010 and 2011 is used to review the people strategy and other action incorporated in annual business planning to improve leadership and management in the SCS.

Pay Settlement

A one year pay settlement was implemented from 1 September 2012.

¹⁵The People Strategy is available at www.scotcourts.gov.uk

Annex 3

Accounts Direction from Scottish Ministers

DIRECTION BY THE SCOTTISH MINISTERS

In accordance with section 19(4) of the Public Finance & Accountability (Scotland) Act 2000

1. 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 (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.



Signed by the authority of the Scottish Ministers
Dated 17 January 2006



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