



# SCOTTISH COURTS AND TRIBUNALS SERVICE

**Annual Report  
and Accounts**  
2015-16

**SCOTTISH COURTS AND TRIBUNALS SERVICE**

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**Scottish Courts  
and Tribunals Service**





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## Foreword

**Rt. Hon. Lord Carloway**  
**Lord President**  
**Chairman of the SCTS Board**

Sometimes from a distance, the justice system may appear relatively static. It deliberates carefully and changes cautiously. While it is crucial that cases are considered carefully, I have both the privilege and challenge of being involved in a range of improvements to the system that are both significant and fast-paced. In that context I am pleased to present the first Annual Report of the Scottish Courts and Tribunals Service, formed by the merger of the Scottish Court Service with the Scottish Tribunals Service on 1 April 2015.

In addition to the successful merger of courts' and devolved tribunals' administrations, the year has brought a number of important developments, not least the realisation of changes to the civil court system based on recommendations made by my predecessor, Lord Gill, in his Civil Courts Review. It is no overstatement to say that the introduction of a new tier of court and a new level of judiciary are once in a lifetime events. Both have been managed successfully over the past 12 months.

Good progress has been made in realising the objectives set out in the 2014-17 Corporate Plan. Improving complex systems and processes often requires us to work with other agencies, ensuring that change benefits both the system as a whole and those who use it. We will continue to work with the Scottish Government and other justice agencies to build the effectiveness and efficiency of our courts and tribunals service.

Taking on the role of chairman of the SCTS Board has been a task made much easier by the expertise and support of my fellow Board members. I am grateful to them for their guidance and for the analysis and insights which have helped the SCTS to manage its work so effectively.

We continue to benefit from an experienced, dedicated and enthusiastic staff. They provide advice, support and expertise to those using the courts, tribunals and the Office of the Public Guardian on a daily basis. Often they deal with the vulnerable and frequently they will go that extra distance to ensure that our purpose of "Supporting Justice" is fulfilled. I thank them all for their ongoing commitment and expertise.

Rt. Hon. Lord Carloway  
Lord President

Chairman of the SCTS Board

# 1. Performance Report

## 1.1 Overview



### 1.1.1 Chief Executive's Statement

**Eric McQueen**  
**Chief Executive**  
**Scottish Courts & Tribunals Service**

Scotland's courts and tribunals have the challenge of meeting a number of the core expectations that the public have of a safe, modern society: ensuring that those accused of wrongdoing have their case fairly and effectively administered; that those affected by such incidents are supported and informed throughout the court process; and that those with a grievance or dispute, whatever its nature, can seek redress or remedy through an objective, independent system.

Throughout 2015-16 the focus of the SCTS has been on meeting those expectations – which, quite rightly, are set very high. To meet them we have had to deliver a consistently high level of front-line service in courts, tribunals and the Office of the Public Guardian whilst developing and managing change and improvement for the longer term with partners across the justice system. This work takes place against a backdrop of high case volumes, increasing case complexity and constrained resources – requiring collaboration, flexibility and innovation.

Over the past 12 months we have managed these challenges well – reducing the waiting periods in summary court business, retaining and improving our Customer Service Excellence accreditation and recording our highest ever levels of user satisfaction through the independently conducted Court Users' Survey. These successes are a credit to our capable and committed staff. They understand the public's expectations and the need to keep improving if we are to continue to meet them. In turn, we recognise the importance of investing in our people to ensure they remain skilled, engaged and motivated.

Ongoing investment in our infrastructure and improvements to the way in which we conduct business are essential to keep pace with rising expectations. 2015-16 saw the delivery of a step change in our core digital infrastructure, whilst careful management of budgets allowed us to reduce the level of backlog maintenance on the court and tribunal estate and exceed our carbon reduction target for the year. Process innovations have ranged from increasing use of automation in areas such as case citation and fines collection to preparation for the introduction of a new civil case management system towards the end of 2016 – paving the way for online submission and management of a range of cases in future.

Scotland's justice system will see further significant changes in the coming years – and the SCTS has been playing a leading role in developing new approaches, through its work on the Evidence and Procedure Review and its leadership of the process to manage the transfer of the administration of reserved tribunals to Scotland as additional powers are devolved. We have put arrangements in place to ensure that these changes will be well managed, and support our vision of building a stronger courts and tribunals service.

Eric McQueen  
Chief Executive

## 1.1.2 Purpose and Activities of the SCTS

The Scottish Courts and Tribunals Service (SCTS) was established on 1 April 2015, following the merger of the Scottish Court Service (a Non-Ministerial Department established on 1 April 2010 by the Judiciary and Courts (Scotland) Act 2008) with the Scottish Tribunals Service (previously a delivery arm of the Scottish Government)<sup>1</sup>.

The SCTS Board has a judicial majority and oversees the administrative arrangements that support the judiciary in the delivery of justice.

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

- the Scottish courts, tribunals and their judiciary
- 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
- the Scottish Sentencing Council, Scottish Civil Justice Council and the

Criminal Courts Rules Council.<sup>2</sup>

A three-year Corporate Plan for what was at that point the Scottish Court Service was published in April 2014. For each year of that Corporate Plan an annual business plan is produced detailing the specific activities that the organisation will undertake. The first SCTS annual Business Plan for 2015-16 was published in April 2015.

This Annual Report details how the SCTS carried out its functions in 2015-16, as required by section 67 of the Judiciary and Courts (Scotland) Act 2008.

### Purpose, Vision & Values

The purpose of the SCTS is **supporting justice**. The SCTS fulfils this purpose by providing the people, buildings and services needed for the work of Scotland's courts and Tribunals, members of the judiciary, and the Office of the Public Guardian and Accountant of Court.

In delivering its purpose, the SCTS must take account of the needs of the judiciary, of the people involved in court proceedings and the wider public.

Our **vision** is to **build a stronger Courts and Tribunals Service** – focused on improving access to justice, reducing delay and cost within the justice system and maximising the use of technology to improve our services.

The core **values** that we observe and seek to promote in others are:

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

Alongside these responsibilities, the SCTS 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.

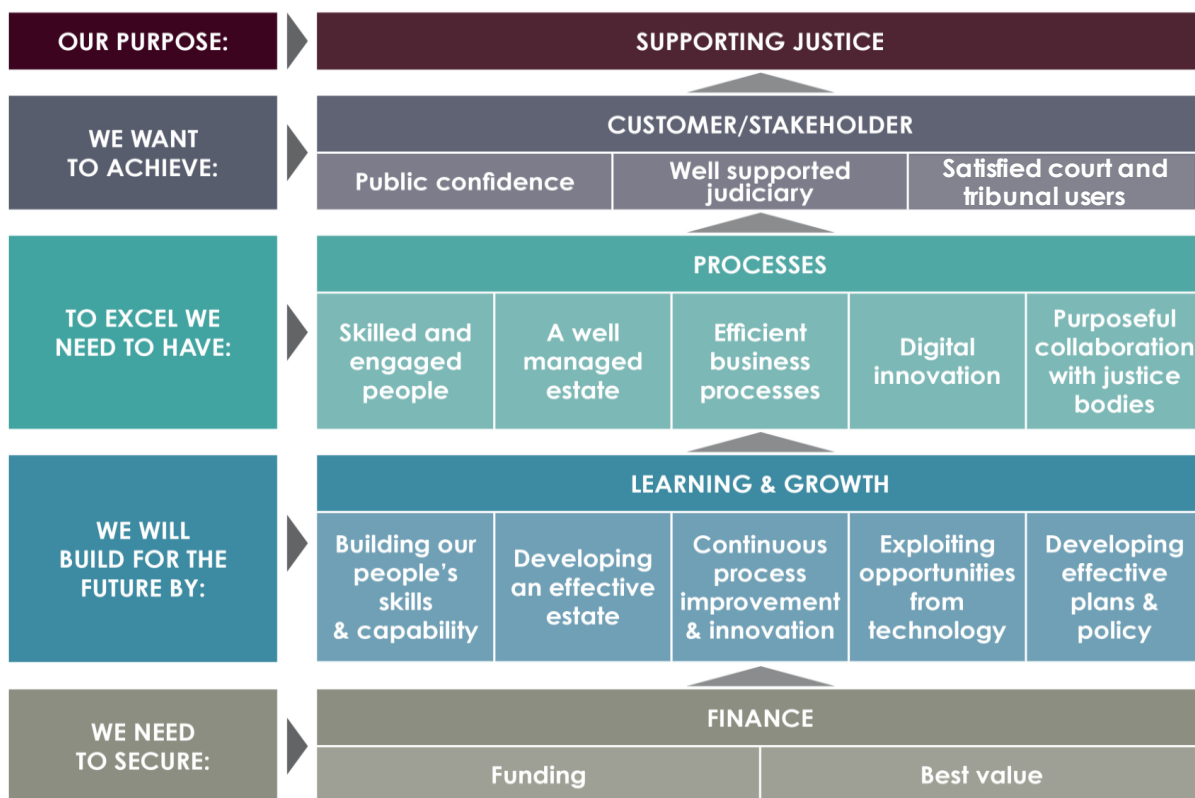
**Our purpose and strategic priorities are illustrated in our strategy map (overleaf).**

**This map sets out how the priorities are aligned to the delivery of our purpose**

<sup>1</sup> Section 130 of the Courts Reform (S) Act 2014 facilitated the merger by extending the functions of the Scottish Court Service established under the Judiciary and Courts (Scotland) Act 2008 to include the administration of devolved tribunals. As such the 2008 Act remains the founding legislation for the SCTS.

<sup>2</sup> Sections 61 & 62 of the Judiciary and Courts (Scotland) Act 2008.

### SCTS Strategy Map



### 1.1.3 Performance Summary

#### Performance Summary

Over the course of 2015-16 the SCTS has delivered a high-quality courts and tribunals service, playing a key role in Scotland's justice system.

Under the leadership of the SCTS Board the organisation has continued to deliver the objectives set out in its 2014-17 Corporate Plan, focusing on the outcomes in the Business Plan for 2015-16. Those outcomes were set to ensure that progress was made in relation to each of the following **strategic priorities**:

- a well supported judiciary
- satisfied court users
- skilled, engaged and motivated people
- a well managed estate
- efficient business processes
- digital innovation
- purposeful collaboration with justice organisations
- funding and best value

The year has seen a number of changes and developments in the organisation and business of the SCTS which have been successfully managed. Clearly the most significant of these was the establishment of the SCTS itself and the creation of the Tribunals Operations Business Unit within SCTS – which was established to

ensure that Scotland's devolved tribunals continue to receive the dedicated and specialised administrative support they require, whilst also ensuring that the benefits of the merger were fully realised – with tribunals administration benefiting from the corporate support of the wider SCTS.

Significant elements of the **Civil Court Reform Programme**, instigated by Lord Gill's Review and implemented through the Courts Reform (S) Act 2014, have come into force this year – with the establishment of the Sheriff Appeal Court, the creation of a specialist all-Scotland personal injury court in Edinburgh and the appointment of the first new

Summary Sheriffs. The introduction of the exclusive competence of the Sheriff Court to hear cases under £100,000 coupled with the establishment of the **specialist personal injury jurisdiction** will lead to a number of cases that would have previously been heard in the Court of Session now calling in the Sheriff Court.

SCTS also managed the arrangements for the establishment of the **Scottish Sentencing Council** – an independent body that will be responsible for the development and publication of sentencing guidelines<sup>3</sup>. The Council was established in October 2015 and its administrative support will be provided by the SCTS.

Amongst the significant change and development it is crucial that we continue to provide both a high-quality service for all court users and a rewarding, supportive environment for our staff. We continue to benchmark and measure our performance in these areas through our participation in the Customer Service Excellence Standard, the production and publication of an independent court user survey and by ensuring that all staff have the opportunity to take part in the civil service-wide staff survey. Our performance against all these assessments continues to be strong – further information is provided in the performance analysis section of this report.

Maintaining an effective courts and tribunals estate is a long-standing function of the organisation. Over recent years we have come to regard our infrastructure as consisting not just of the buildings under our care, but also the systems and processes we use to deliver business effectively and the digital infrastructure required to support these. Over the course of 2015-16 significant improvements have been made to that digital infrastructure – coupled with major investment in our estate which has further reduced the historic legacy of backlog maintenance and allowed us to continue meeting ambitious targets on **carbon reduction**.

Whilst administration of Scotland's courts and tribunals is the sole responsibility of SCTS we recognise the importance of working in collaboration with other justice agencies to address system-wide challenges and to develop new approaches that have the potential to increase both the effectiveness and efficiency of Scotland's justice system.

Through the **Justice Board for Scotland** the Scottish

Government and key justice agencies, including the SCTS, have met throughout 2015-16, reviewing activity on the basis of shared planning assumptions and considering proposals for innovation and development – such as the proposals set out in the "Evidence and Procedure Review – Next Steps"<sup>4</sup> paper, produced by the SCTS, which recommend a new approach to ensure children and vulnerable witnesses are protected from further trauma while giving evidence and also set out proposals for a radical digital transformation of the summary criminal justice system.

Against this backdrop of change and reform the SCTS continued to administer Scotland's courts and tribunals effectively – over 125,000 criminal cases 70,000 civil cases, 5,000 devolved tribunal cases and 55,000 power of attorney applications were registered over the course of the year. In processing, managing and supporting people through these interactions with the system the SCTS delivers its purpose of **supporting justice**.



The new SCTS induction video shows the variety of our work

<sup>3</sup> Available at <https://www.scottishsentencingcouncil.org.uk/>

<sup>4</sup> Available at: [www.scotcourts.gov.uk/docs/default-source/SCS-Communications/evidence-and-procedure-report---next-steps---february-2016.pdf?sfvrsn=2](http://www.scotcourts.gov.uk/docs/default-source/SCS-Communications/evidence-and-procedure-report---next-steps---february-2016.pdf?sfvrsn=2)

## Financial Performance

Gross DEL expenditure for the year was £129.3m. When offset by income of £37m, the net DEL outturn was £92.3m. This represented an increase of £18.3m on the preceding year's outturn driven by an increase in expenditure due to the merger with the Scottish Tribunals Service.

The net DEL outturn is £2m below budgeted outturn – due to two main factors:

- £1.5m was allocated to the SCTS in 2015-16 for the purchase of land to develop the Inverness Justice Centre. Towards the end of the financial year it became clear that the land purchase would take place in the 2016-17 financial year. With Scottish Government agreement, £0.8m of these monies were redirected

towards backlog maintenance across the SCTS estate and additional investment in court room technology. The remaining £0.7m is reflected in the underspend of £2m.

- The balance of £1.4m is caused by an underspend against the depreciation budget due to timing differences in capital expenditure and greater clarity on the nature of expenditure. As depreciation is a non-cash element of the budget this underspend could not be utilised in other areas.

The over spend of £0.46m on AME relates to the dilapidations on buildings owned by Scottish Government which were transferred to SCTS as part of the merger with the Scottish Tribunals Service.

Total non-current assets at the year-end increased from £429m to £432m.

A notional charge of £82k was made by Audit Scotland for audit services. No non-audit work was carried out in the year.

SCTS observed the principles of the Government-backed Better Payment Practice Group, [www.payontime.co.uk](http://www.payontime.co.uk). In line with Treasury guidance the SCTS 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 2016, 97.5% (2014-15: 96.5%) of invoices were paid within 10 days of the presentation of a valid invoice.

## Financial Performance Summary

|   | 2015-16         |                  | 2014-15          |
|---|-----------------|------------------|------------------|
|   | Budget<br>£'000 | Outturn<br>£'000 | Outturn<br>£'000 |
| Capital                                     | 9,280           | 9,233            | 8,670            |
| Revenue - DEL                               | 85,031          | 83,082           | 65,349           |
| <b>Net outturn before exceptional costs</b> | <b>94,311</b>   | <b>92,315</b>    | <b>74,019</b>    |
| Exceptional costs                           | -               | -                | 931              |
| <b>Net outturn after exceptional costs</b>  | <b>94,311</b>   | <b>92,315</b>    | <b>74,950</b>    |
| Auditors remuneration                       | -               | 82               | 82               |
|   | <b>94,311</b>   | <b>92,397</b>    | <b>75,032</b>    |
| Capital - AME                               | -               | -                | 820              |
| Revenue - AME                               | 40              | 498              | (879)            |
| <b>Total</b>                                | <b>94,351</b>   | <b>92,895</b>    | <b>74,973</b>    |



### 1.1.4 Key Issues, Risks and Future Trends

The majority of the business that the SCTS manages is demand-led. Whilst it is possible to predict levels to a reasonable degree of certainty we must always be ready to balance demand with the availability of court and tribunal hearings.

Timescales between certain key points in court and tribunal processes are closely monitored to ensure that delays do not become excessive and that court and tribunal programmes are properly matched to business need – this is reflected in the organisational KPIs reviewed by the Board.

The **changing nature and complexity** of criminal cases (with increasing numbers involving domestic abuse and sexual offence allegations) adds pressure to the system. A greater proportion of these cases tend to progress through the system to the point of trial – and those trials can often be lengthy – resulting in increased demand which cannot be captured through the measurement of case volumes alone.

The **scale and pace of change** and reform across the justice system remains significant. Major reforms to both civil and criminal justice have been introduced over the past year and will continue to be implemented over the coming years. Scotland's devolved tribunals will begin to transfer into a new structure and planning is under way for the

devolution of reserved tribunals, the administration of which will transfer to SCTS as the functions are devolved.

These issues have been identified as part of our planning process – ensuring that we continue to anticipate the needs of the wider justice system and develop and innovate wherever possible to meet them within existing resources. A more detailed analysis of our operating environment and future priorities can be found in our **Business Plan for 2016-17**<sup>5</sup>.

In managing the day-to-day business and developing our approach for the future the SCTS Board considers the key areas of **risk** to successful delivery. These are reviewed by both the Board and its Audit and Risk Committee over the course of the year, with an annual workshop session held that considers the strategic risk categories and major corporate risks facing the organisation, requiring ongoing management and control. The last such workshop took place in February 2016 and a summary of the strategic risks identified as a result of the workshop is provided overleaf.

There are a number of trends and factors that will have a bearing on the future performance of the SCTS:

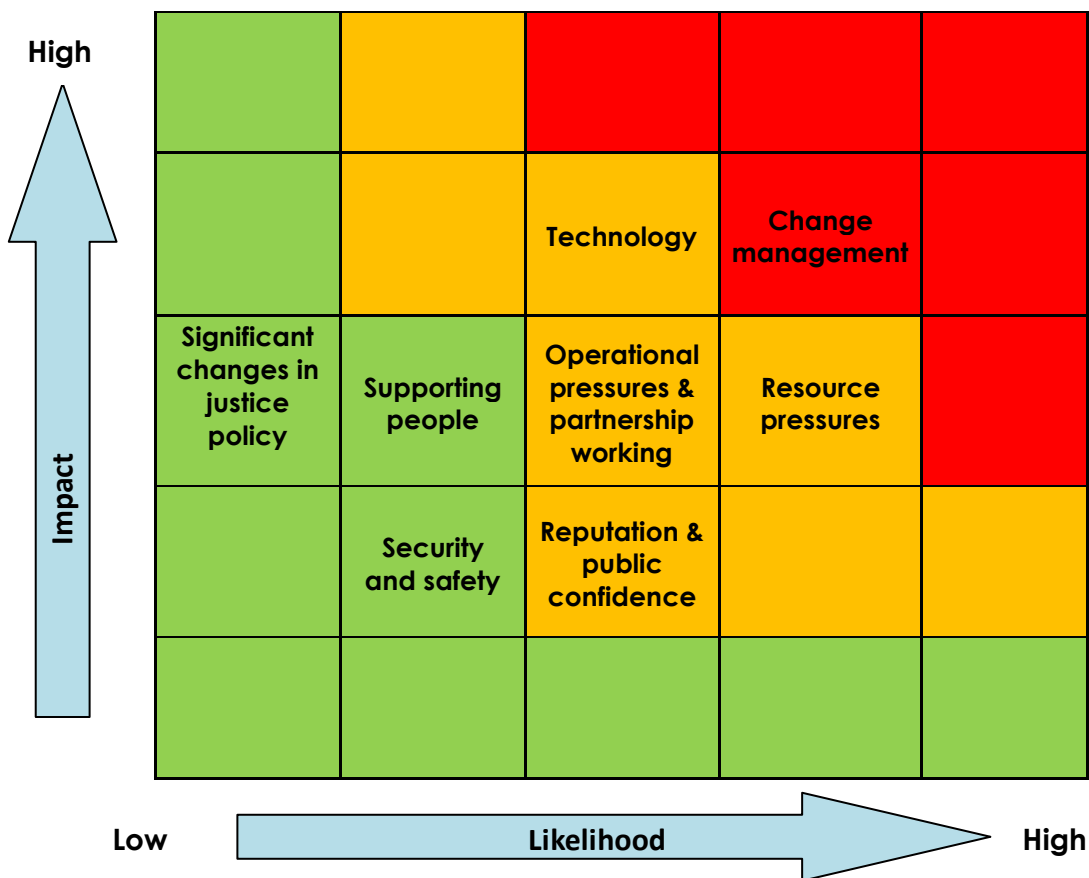
- continued budgetary constraint will maintain the pressure to deliver business as effectively as possible, managing day-to-day caseloads whilst protecting resources and capacity to deliver further reform and innovation.
- continuing implementation of reforms already underway will present opportunities and challenges – e.g. the introduction of the civil simple procedure towards the end of 2016, based on new court rules developed by the Scottish Civil Justice Council, combined with the roll-out of a new integrated civil case management system, will facilitate online case submission and management.
- as already outlined changes such as the devolution of the administration of reserved tribunals will impact on the future size, resources and responsibilities of the SCTS. The drive to make greater use of digital technology to deliver services efficiently and effectively will also increase, directed by the Justice Digital Strategy<sup>6</sup> and innovations identified by the organisation, such as the proposals advanced in the Evidence and Procedure Review<sup>7</sup>.

<sup>5</sup>Available at: <http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/publications/scts-business-plan-2016-17.pdf?sfvrsn=2>

<sup>6</sup> Available at: <http://www.gov.scot/Resource/0045/00458026.pdf>

<sup>7</sup> Op. Cit. Note 4.

**Strategic Risk Categories – Identified and Mapped by the SCTS Board (February 2016)**



| Strategic Risk Category                          | Corporate Risk(s) monitored by SCTS Board and Audit & Risk Committee   |
|--|--|
| 1. Change Management                             | Scale and pace of change exceeds capacity to deliver<br>Ability to effectively deliver business and/or reform falls due to budget constraint<br>Operational and delivery structures do not adapt to realise full benefits of reform  |
| 2. Technology                                    | Loss of Business due to failure of ICT /breach in cyber security arrangements<br>New IT infrastructure and/or systems do not allow full realisation of benefits  |
| 3. Resource Pressures                            | Ability to effectively deliver business and/or reform falls due to budget constraint<br>Failure to maintain right level of skilled & knowledgeable staff to deliver SCTS business  |
| 4. Operational Pressures and Partnership Working | Essential court business and services compromised due to staff/building shortages<br>Failure of information management controls leading to data loss<br>Loss of business due to failure of ICT<br>Partnership working fails to maximise system efficiency or realise full benefits of reform |
| 5. Supporting People                             | Failure to maintain right level of skilled & knowledgeable staff to deliver SCTS business<br>Lack of staff engagement  |
| 6. Significant Changes in Justice Policy         | Scale and pace of change exceeds capacity to deliver<br>New IT infrastructure and/or systems do not allow full realisation of benefits   |
| 7. Reputation and Public Confidence              | Loss of personal or sensitive data<br>Loss of business due to failure of ICT/cyber security<br>Essential court business and services compromised due to staff/building shortages<br>Scale and pace of change exceeds capacity to deliver   |
| 8. Security and Safety                           | Significant health and safety or security breach   |

## 1.2 Performance Analysis

### 1.2.1 Performance Measures – Business Plan Outcomes & KPIs

Throughout the year the SCTS Board monitored on-going delivery of the outcomes detailed in its 2015-16 SCTS Business Plan<sup>8</sup>. Of the 36 outcomes set in that plan some 30 were fully completed during the year, 5 remain on track to be completed and 1 was put on hold (the development of a specific talent management programme for middle managers)<sup>9</sup>. More detailed information on a number of these outcomes is provided in the development and performance section of this report.

In addition to reviewing performance against the delivery of these outcomes the Board also appraised the overall performance of the organisation using its scorecard of **key performance indicators** (KPIs) which is updated and reviewed quarterly. A summary of the KPI measures can be found overleaf and the scorecard for 2015-16 is published on the SCTS website<sup>10</sup>.

The scorecard allows Board members to review how the organisation is managing key operational and corporate processes. The majority of the scorecard indicators reported as green throughout the course of the year, with the principal exception being those relating to waiting periods in summary criminal cases. Tackling case backlogs in this area has been a priority for the SCTS over the course of the year and significant improvements have been made (further detail on this can be found in the development and performance section of this report).

Detailed statistics and commentary on business levels can be found at Annex 1 –

including statistics on the business of Scotland's devolved tribunals, the administration of which have been the responsibility of the SCTS since 1 April 2015. Statistical detail is provided for the current financial year and the two financial years immediately preceding (although it should be noted that, in relation to the devolved tribunal statistics, the SCTS was not responsible for the delivery of their business in 2013-14 or 2014-15).

A more detailed report providing information on significant developments during 2015-16 follows in the development and performance section of this report (pages 13-24) broken down by strategic priority.

A WELL SUPPORTED JUDICIARY

SATISFIED COURT & TRIBUNAL USERS

SKILLED ENGAGED & MOTIVATED PEOPLE

A WELL MANAGED ESTATE

EFFICIENT BUSINESS PROCESSES

DIGITAL INNOVATION

PURPOSEFUL COLLABORATION

FUNDING AND BEST VALUE

<sup>8</sup>

<http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/publications/scts-business-plan-2015-16.pdf?sfvrsn=2>

<sup>9</sup> A summary of progress against all the 2015-16 Business Plan outcomes as at the end of the reporting year is available on the SCTS website at:

<http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/publications/copy-of-business-plan-delivery-report---end-year-assessment-for-scts-board.xlsx?sfvrsn=4>

<sup>10</sup> The Board scorecard can be accessed at:

<http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and->

<data/publications/scts-board-scorecard-2015-16.xlsx?sfvrsn=4>

A document providing full descriptions and definitions of the scorecard KPIs can be accessed at:

<http://www.scotcourts.gov.uk/docs/default-source/scs-board/scts-board-scorecard-measures-for-2014-17.pdf?sfvrsn=2>

## Summary of SCTS Key Performance Indicators

Performance against the KPI measures is monitored quarterly by the SCTS Board, using its Performance Scorecard, which assesses a range of measures relating to delivery of the SCTS Strategic Priorities. These are summarised below.

### 1. A WELL SUPPORTED JUDICIARY

1a Judicial Satisfaction levels (assessment of most recent judicial attitudes survey plus qualitative assessment by SCTS Executive Team).

### 2. SATISFIED COURT & TRIBUNAL USERS

2a User Satisfaction levels (based on SCTS Court User Survey Data and ratings provided in independent Customer Service Excellence analysis).

2b Percentage of summary criminal cases disposed of within 26 weeks (based on official justice system statistics).

### 3. SKILLED ENGAGED AND MOTIVATED PEOPLE

3a Employee engagement levels (indicator based around staff turnover, absence levels and survey data).

3b Delivery of staff development (indicator based around skills assessment tool and index rating).

### 4. A WELL MANAGED ESTATE

4a Investment in the Estate (assessment of investment levels to ensure that backlog maintenance is being managed effectively).

### 5. EFFICIENT BUSINESS PROCESSES

5a Sheriff summary criminal waiting periods (assessment of the length of time between pleading and trial diets, based on court system data).

5b JP Summary criminal waiting periods (assessment of the length of time between pleading and trial diets, based on court system data).

5c Summary trials adjourned with no evidence led (proportion of trials called where the substantive business cannot proceed, based on court system data).

5d Court business waiting times (non-summary). An analysis of 12 key waiting indicators across a broad range of court business, assessing whether waiting times in relation to that business remain within optimal levels

5e Effective Tribunals Operations – an assessment of 14 key administrative targets monitored by Tribunals Operations Directorate, to ensure that tribunals are effectively administered.

## 6. DIGITAL INNOVATION

6a Proportion of applicable transactions carried out on-line (measure to assess and drive greater use of on-line systems, such as online fines payment).

6b IT system availability (% of time that core systems are available for use).

## 7. PURPOSEFUL COLLABORATION WITH JUSTICE BODIES

7a Assessment of collaboration with other justice bodies and through the Justice Board for Scotland.

## 8. FUNDING & BEST VALUE

8a Managing expenditure (comparison of actual expenditure with profiled expenditure to ensure robust budgeting).

8b Managing income (comparison of actual fines and fees income with profiled income to ensure robust profiling).

9a Programme and Project Delivery (assessment of delivery of business change activity).

The Board scorecard can be accessed at: <http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/publications/scts-board-scorecard-2015-16.xlsx?sfvrsn=4>

## 1.2.2 Development and Performance – 2015-16

### A WELL SUPPORTED JUDICIARY STRATEGIC PRIORITY 1

**We aim to ensure that the right technology, systems and processes will be in place to assist the judiciary to implement the justice reforms including the move to judicial specialism and case management, with high quality staff directly supporting the judiciary.**

**Civil Court Reform** continued at pace over 2015-16 with a number of the provisions of the Courts Reform (Scotland) Act 2014<sup>11</sup> coming into force, realising the most significant changes in the operation of Scotland's civil justice system for over a century.

The **all-Scotland personal injury jurisdiction** commenced in September 2015, within a specialist court facility developed in Edinburgh. The newly created **Sheriff Appeal Court** took on its criminal jurisdiction from September 2015 and its civil jurisdiction from January 2016. These courts realise a number of significant reform objectives – freeing up capacity in the Supreme Courts whilst creating specialist functions that will support the delivery of justice.

The management and introduction of these changes has been delivered by the SCTS, through its leadership of the *Effective Courts and Tribunals Programme* – part of the Scottish Government's broader *Making Justice Work* initiative. Effective transitional arrangements ensured that the SCTS was successful in

migrating business and supporting the judiciary, staff and court users through change. The work of the new courts continues to develop and the SCTS will continue to engage with the judiciary and all court users to ensure it is a success.



**First sitting of the new Sheriff Appeal Court**

2015-16 has been the first year in which the SCTS has been responsible for providing administrative support to the judiciary responsible for Scotland's **devolved tribunals**. The establishment of a Tribunals Operations Unit, reporting to the Chief Operating Officer, has ensured that the unique elements of support required to manage tribunal business have been maintained whilst the organisation has been able to pool resources and expertise to provide Scotland's judicial office holders with dedicated, independent support – realising the ambitions set out ahead of the transfer.

Enacted in January 2016, the **Criminal Justice (Scotland) Act 2016** will introduce significant changes to solemn criminal procedure by placing a statutory obligation on the Crown and defence to engage earlier and to provide information to the court on the state of preparation of a case in a written record. This will support more effective judicial case management. In advance of these provisions being enacted later in 2016 a **Practice Note**<sup>12</sup> was issued by the Lord Justice Clerk which came into force in December 2015. SCTS is supporting the process set out in that note, which ensures that the Crown communicate with the defence ahead of the first diet and the that both parties produce a written record on the state of preparation of the case, ensuring that informed decisions can be taken to make best use of available resources.

<sup>11</sup> <http://www.legislation.gov.uk/asp/2014/18/contents/enacted>

<sup>12</sup> <https://www.scotcourts.gov.uk/docs/default-source/rules-and-practice/practice-notes/criminal-courts/criminal-courts-pn-no3-of-2015.pdf?sfvrsn=12>

Throughout the course of the year arrangements were made to ensure that Scotland's courts could make best use of the first new judicial tier to be introduced into Scotland's justice system for over a century.

The office of **Summary Sheriff** was created to ensure that cases in Scotland's courts are heard at the appropriate level in the court structure. Summary Sheriffs will be able to hear summary criminal cases and some types of civil cases in the sheriff court, freeing up Sheriffs to manage other court business. The first appointments to the new office were made in April 2016 – those taking up office were immediately engaged in managing court business.

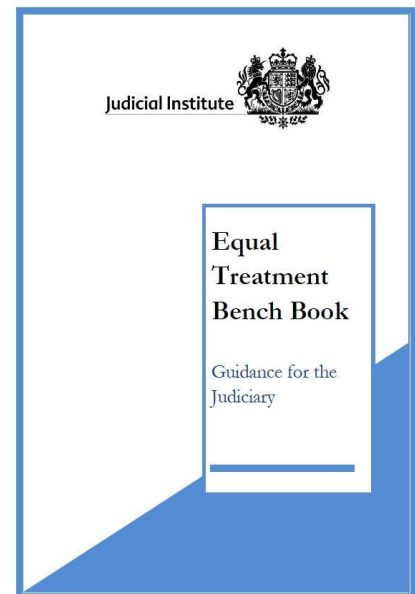
In addition to supporting the judiciary in court, the SCTS supports the Judicial Institute for Scotland which provides training and associated resources for Scotland's judiciary. In October 2015 the Judicial Institute were awarded the **Crystal Scales of Justice Prize**, organised by the Council of Europe, to recognise innovative practices by European judicial institutions aimed at improving both quality and access to justice<sup>13</sup> for **digital innovation**

The prize was awarded for the development of the **Judicial Hub** – a ground-breaking custom-built platform designed to meet the information, learning, collaboration and communication needs of all judges, sheriffs, and justices of the peace in Scotland<sup>14</sup>.

The Judicial Institute were also awarded Public Body Initiative of the Year<sup>15</sup> at the inaugural Equality Network's Scottish LGBTI Awards. This was in recognition of the review of **the Equal Treatment Bench Book**<sup>16</sup> conducted by the Institute, to ensure its terms were fully inclusive. The reward was made in recognition of the positive contribution made by the initiative to lesbian, gay, bisexual, transgender equality and human rights in Scotland over the past year.



**Judicial Institute  
accepts its award on  
European Day of Justice  
25 October 2015**



**The Equal Treatment Bench Book  
provides guidance on how to support  
all those appearing before the court**

<sup>13</sup> <http://tinyurl.com/c3pb48m>

<sup>14</sup> <http://www.scotland-judiciary.org.uk/25/1510/%E2%80%98Judicial-Hub-wins-2015-Crystal-Scales-of-Justice-Prize>

<sup>15</sup> <http://www.equality-network.org/scottish-lgbti-awards/winners/> -

<sup>16</sup> <http://www.scotland-judiciary.org.uk/Upload/Documents/EqualTreatmentBenchBookMay2014.pdf>

## SATISFIED COURT & TRIBUNAL USERS STRATEGIC PRIORITY 2

**We aim to provide the best possible service to all court and tribunal users, seeking views on the quality and effectiveness of the services we provide, and using feedback to inform improvements to our future service delivery.**

Our desire to improve service delivery through court users' insight was recognised as we maintained our **Customer Service Excellence**<sup>17</sup> accreditation. SCTS is assessed over a three year rolling programme against 57 elements grouped under the headings: customer insight, culture of the organisation, information and access, delivery, and timeliness and quality of service. This tests our ability to genuinely understand our customers and take the right steps to meet their needs, highlighting the importance of developing insights into different user groups.

The results of the 2015 assessment built upon the strong performance of previous years with an increase in 'compliance plus' rating in three areas, and a reduction by one in 'partially compliant' areas compared with the 2014 assessment results. The assessors particularly recognised a clear commitment on delivering customer focused services to a high standard in good facilities by staff demonstrating genuine caring attitudes.

Whilst these results are strong we must continue to build our understanding of the needs and views of our users. The

<sup>17</sup> Customer Service Excellence Standard, [http://www.customerserviceexcellence.uk.com/CSE\\_Standard.pdf](http://www.customerserviceexcellence.uk.com/CSE_Standard.pdf)

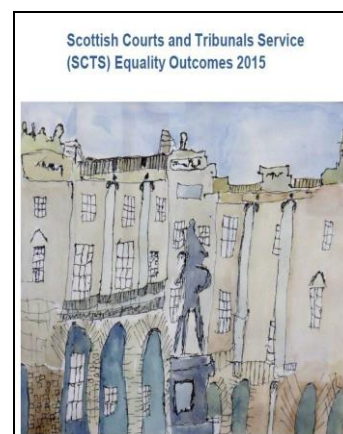
independently conducted **biennial court user's survey**<sup>18</sup> carried out between May and July 2015 was the first such survey commissioned by the SCTS since the completion of a programme of court closures in January 2015. It indicated increasing levels of user satisfaction, with 89% of respondents being satisfied overall, matching previous levels achieved in 2013 and a rise in the proportion of users who were "very satisfied" - up by 3% to 64%.

Key predictors of overall satisfaction levels were satisfaction with the standards of information given around waiting times and the helpfulness of the information provided by staff. Areas where overall satisfaction was high included helpfulness for jurors and the accuracy of information provided. We continue to use feedback to inform improvements in our service quality and will consider how best to capture feedback from tribunal users over the coming year, to ensure that their feedback can also to be used to drive further improvements.

As an organisation we remain committed to fulfilling our

<sup>18</sup> [http://www.scotcourts.gov.uk/docs/default-source/scs---court-users/20151203\\_court-satisfaction-survey-report\\_final-report.pdf?sfvrsn=2](http://www.scotcourts.gov.uk/docs/default-source/scs---court-users/20151203_court-satisfaction-survey-report_final-report.pdf?sfvrsn=2)

equality duties by promoting and mainstreaming the equalities agenda. The SCTS **Equality Advisory Group** and **Protected Characteristics Group** have led activities over the course of the past 12 months, supporting justice by building SCTS as a diverse place of work and ensuring that the rights of all are respected and upheld. Our **Mainstreaming Equality Report**<sup>19</sup> provides an update on implementation of the equalities duties and our **Equalities Outcomes 2015**<sup>20</sup>, set out the further steps we will take and how we will measure progress.



**Equality Outcomes Report**

<sup>19</sup> Mainstreaming Equality Report 2015 <https://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/mainstream-report-2015.pdf?sfvrsn=10>

<sup>20</sup> <https://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/equalities-outcomes-2015-pdf.pdf?sfvrsn=4>



Our approach to equality is developed in close liaison with the SCTS Equality Advisory Group, which provides support by sharing experiences of people with special characteristics. Group members helped the SCTS build on the outcomes by creating clear and well-focussed work streams aimed at improving the experience of staff and service users alike.

The extension of deemed vulnerability set out in the **Victims and Witnesses (Scotland) Act 2014**,<sup>21</sup> granting entitlement of standard special measures in court to a larger range of victims and witnesses, was successfully introduced in 2015. The extension of this legal entitlement allowed a larger group of court users access to special measures such as giving evidence by TV link, the use of a screen or a supporter in court. From September 2015 these measures were available to all victims and witnesses under 18, victims of sexual offences, domestic abuse, trafficking and stalking. In preparation for this the SCTS undertook careful planning to ensure increased uptake could be managed. A new and comprehensive training package was put in place for staff, to help them better understand victim experience during the different stages of the criminal justice process.

Initial indications suggest that the extension is proving successful, with over a doubling in requests for special measures compared with

levels experienced a year previously. We will continue to monitor the volume and use of special measures over the course of this year to ensure appropriate arrangements are in place.

The 2014 Act also made provision for new **standards of service for victims and witnesses**<sup>22</sup>. These were produced in conjunction with justice partners and came into effect in April 2015. The standards will be reviewed annually in order to learn lessons from the experience to date. Standards adopted by the SCTS include ensuring that those requiring support services are directed to these on arrival at court; providing hourly updates on case progress to witnesses; access to refreshments; and familiarisation visits.

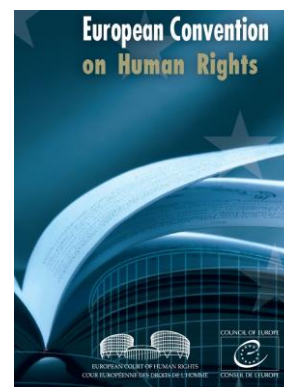
The SCTS worked with partner criminal justice organisations and the Scottish Government to develop the **Victims' Code for Scotland**<sup>23</sup> which sets out clearly and simply the rights of



<sup>22</sup> Available at <https://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/standards-2015.pdf?sfvrsn=4>

<sup>23</sup> <https://www.mygov.scot/victims-code-for-scotland/victims-code-for-scotland.pdf?inline=true>

victims, throughout their experience of the criminal justice system.



Scotland's courts and tribunals continue to play a central role in ensuring that fundamental **human rights** are observed. These include:

- The right to recognition as a person before the law
- The right to be treated as equal before the law
- The right to an effective remedy for acts violating a person's human rights
- The right to a fair and public hearing before an independent and impartial tribunal
- The right to be presumed innocent until proved guilty in a public trial.

Article 6 of the **European Convention of Human Rights**<sup>24</sup> makes clear that the right to a fair and public hearing within a reasonable time, in a place open to the public is a fundamental human right. Through its continuing effective stewardship of Scotland's courts and tribunals the SCTS is responsible for ensuring that Scotland's citizens are able to exercise that right – ensuring both that justice is done and can be seen to be done.

<sup>21</sup> The act as passed is available at : <http://www.legislation.gov.uk/asp/2014/1/contents>

<sup>24</sup> [http://www.echr.coe.int/Documents/Convention\\_ENG.pdf](http://www.echr.coe.int/Documents/Convention_ENG.pdf)

## SKILLED ENGAGED AND MOTIVATED PEOPLE STRATEGIC PRIORITY 3

**We aim to maintain a skilled, engaged and motivated workforce supporting the judiciary and providing excellent customer service across the courts, Office of the Public Guardian (OPG) and the tribunals.**

The results of the **annual staff survey** administered by the UK Cabinet office showed that the SCTS had an overall engagement index of 62% - 4% above the UK Civil Service average for 2015. This was the first SCTS survey including staff responsible for the administration of Scotland's devolved tribunals. It was encouraging to note that their engagement index of 64% was up 7% on the previous year, suggesting that the majority of staff had experienced the merger process positively<sup>25</sup>.

The SCTS Executive Team continued its series of **engagement events** ensuring that staff in every court and business unit had the opportunity to be updated by and ask questions of a member of the team face-to-face. Local and sheriffdom training, planning and engagement events continued throughout the year – allowing all staff to contribute to the way in which their area is managed.

Preparatory work was undertaken during 2015 to develop a new **People Strategy** setting out key priorities for maintaining and developing the SCTS workforce over the coming 3-5 years. The strategy

will be published by January 2017.

Ensuring that the skills of our staff are recognised and can be captured, developed and passed on is critical if we are to sustain performance and develop our people. A new **Sheriff Clerk SVQ qualification** has been developed and awaits formal approval by the Scottish Qualification Authority and the organisation appointed its first **Modern apprentices** in the IT Unit. The appointment of further apprentices is planned in 2016.



**SCTS IT Apprentices**

The biennial **SCTS Carers Conference** provided the opportunity for staff with caring responsibilities to share and discuss their experiences. Attendees heard personal testimonies from staff, underlining the importance of the SCTS carer's policy and the provisions which allow those with caring responsibilities to continue to work. Following last year's level 2 **Carer Positive Kitemark** award, the SCTS became only the third employer in Scotland to

achieve the level 3 Exemplary Award since it was launched in June 2014.



**Receiving the Carer Positive Kitemark level 3 award**

**Coaching** remains a key engagement theme for SCTS, and following feedback the coaching hub, introduced in 2014, has been refreshed to provide access to relevant guidance and support.

Over the course of the year more than 90 staff were recognised for achieving vocational qualifications accredited by the **Institute of Leadership and Management**. Their achievements were recognised at the annual Celebration of Success event. In 2016 we also launched our **Learner of the Year Award** where nominees will be asked to demonstrate how their learning has made a difference to their work. We recognise the value of learning through work, and continue to focus on providing high quality training and support.

<sup>25</sup> Detailed survey results for SCTS and for the wider UK Civil Service can be found at: <https://www.gov.uk/government/publications/civil-service-people-survey-2015-results>



## A WELL MANAGED ESTATE

### STRATEGIC PRIORITY 4

**We aim to deliver a court estate that is fit for purpose for the 21st century and supports the pyramid structure of ensuring that cases are heard at the right level in an environment that is safe, secure, sustainable and fully meets our equality obligations.**

Covering the whole of the Scottish mainland together with the Islands, the court estate comprises the Court of Session which operates from Parliament House in Edinburgh; the High Court which has dedicated centres in Edinburgh, Glasgow and Aberdeen; the Sheriff and JP courts which are based in 39 locations; tribunal administration centres in Glasgow, Edinburgh and Hamilton and the Office of the Public Guardian (OPG) in Falkirk. A map showing estate locations is provided at Annex 2.

The estate comprises **71 buildings** including courts, administrative offices and vulnerable witness suites. It is an important part of Scotland's architectural heritage containing twenty-eight listed buildings. Our responsibility is to ensure it is fit for purpose, safe, secure, sustainable and meeting our equality obligations – balanced against the need to invest sensibly.

Our **Estates Strategy**<sup>26</sup> sets out the approach we take to development, maintenance and investment in our estate – ensuring that the assets we hold support the operation of

a modern, innovative justice system. The estate is principally valued by the Depreciated Replacement Cost (DRC) method of valuation. Due to the specialist nature of court buildings open market valuations are not suitable. The total holding value of the SCTS estate at 31 March 2014 was £411 million. A formal - evaluation of the estate is undertaken every five years with the next evaluation scheduled for 2019.



**The new Personal Injury Court  
– based in Edinburgh**

Court Buildings are valuable assets, but are also very specialist. Court locations are regulated and can only be changed by an order of the Scottish Parliament.

Alternative uses for the estate are, therefore, limited and our focus is on ensuring the estate is maintained, used and developed effectively. Following completion of the court structures project in January 2015 our strategy has been to realise the benefits

from consolidation of High Court sitting locations, continue to move towards the establishment of specialist sheriff and jury centres across the court estate and explore the potential for the development of Justice Centres, as noted below.

Over the course of 2015-16 we have made a number of significant developments across the estate, including:

- The Completion of accommodation works in Parliament House and Lawmarket supporting the national Sheriff Appeal Court.
- A reconfiguration in Edinburgh Sheriff Court to accommodate Personal Injury court business and improve juror facilities.
- Works and alterations completed at Europa House, Glasgow, and Bothwell House, Hamilton to ensure that administrative support to tribunals can be provided effectively.

In March 2016 we announced plans to develop and build a **Justice Centre in Inverness**. Building on the proposals set out in *Shaping Scotland's Court Services*<sup>27</sup> to create

<sup>26</sup> Estates Strategy available at <http://www.scotcourts.gov.uk/about-the-scottish-court-service/reports-data>

<sup>27</sup> Shaping Scotland's Court Services Report available at (pto):

these facilities in population centres across Scotland, the Justice Centre will accommodate a range of partners working alongside courts and tribunals staff to provide a unique centre of community justice and support services for witnesses, victims, accused and all court users<sup>28</sup>. It is anticipated that the Justice Centre will open in 2018-19, freeing up the current court accommodation at Inverness Castle to be put to other uses for Inverness and the highlands.



**SCTS will move from Inverness Castle when the Justice Centre opens**

The provision of **shared services** continued to generate significant income. £3.073 million was raised through the provision of accommodation and associated services to various public bodies in 2015-16. This best use maximises the benefits to us, and the organisations that engage with our services. Notably, the annual staff saving for SCTS and COPFS was £180,000, and the transfer

[http://www.scotcourts.gov.uk/docs/default-source/scs-consultation-court-structures/response\\_to\\_the\\_consultation\\_and\\_recommendationspdf.pdf](http://www.scotcourts.gov.uk/docs/default-source/scs-consultation-court-structures/response_to_the_consultation_and_recommendationspdf.pdf)

<sup>28</sup> Link to announcement: <https://www.scotcourts.gov.uk/about-the-scottish-court-service/scs-news/2016/03/04/plans-announced-for-inverness-justice-centre>

of contracted facilities management and cleaning services to COPFS provided them with £150,000 savings.

With an extensive estate to manage tackling **backlog maintenance** remains both a significant priority and challenge. Prioritised works to maintain and improve the estate continued throughout the year. By the end of 2015-16 this had reduced the level of assessed backlog maintenance to £37 million – a reduction of £2 million on the previous year and down from £60 million in 2011/12.

### Sustainability and Environmental Performance

Transition to lower carbon emission remains an integral part of our approach to meet climate change targets. By 2020 target emission reductions are set at 42%, and 80% by 2050.

The SCTS continued to support delivery of the Scottish Government's strategy to reduce emissions and tackle climate change. Following the conclusion of our 5-year programme to reduce energy consumption by 25% in 2015 a revised 2.5% year on year target was approved by the SCTS Estates committee. This has been exceeded during 2015-16 and the SCTS has retained its **Carbon Trust Standard Accreditation**.



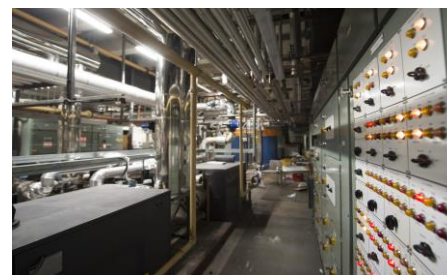
**Maintaining accreditation is part of our sustainability strategy**

We participated in the Earth Hour initiative to mark our support for a more sustainable future and our Sustainability Team published a Staff Handbook providing guidance on how to deliver business in more sustainable ways.



**Earth hour is about small changes making big differences**

Detailed sustainability reporting for relevant Scottish public sector bodies is published on the Sustainable Scotland Network website<sup>29</sup>.



**Efficient heating systems in place in Glasgow Sheriff Court**

<sup>29</sup> Reporting published at: <http://www.keepsotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/201516-reporting/>

## EFFICIENT BUSINESS PROCESSES

### STRATEGIC PRIORITY 5

**We aim to create the right platforms for court processes and court users to interact with the SCTS electronically and we will continue to develop our services that are “digital by design”. Our processes will make sure that business through the courts and OPG will be highly effective, reliable and economical to deliver.**

We continue to examine the systems and processes used day-in, day-out by staff to ensure that these are simple, effective and offer the best possible service to court and tribunal users, utilising technology where appropriate to improve efficiency and effectiveness.

Citing **Jurors** to be involved in both civil and criminal cases is an important and intensive process for the SCTS. In 2014 and 2015 we piloted use of a more streamlined **one stage citation** process reducing the number of people cited to attend for jury service using first class mail as opposed to recorded delivery, to send out a postal citation, and encouraging those cited to respond via a dedicated web portal.

The results of the pilot have been impressive. A survey canvassing jurors' experience and satisfaction levels reported that 92% found the information they received easy to understand, with 93% satisfied that the single stage citation contained all the information they required. 84% found it “very or fairly easy” to respond online and throughout the pilot no cases fell due to an insufficiency of jurors.

Savings of over £120,000 were achieved in 2015-16 through

removing the need to cite jurors by first class recorded post.

By combining this approach with our new **hybrid mail system** we have made further efficiencies. Hybrid Mail allows users to send jury documents directly and securely from their computer to an external mail service provider. The item is printed, enveloped and mailed on a 2-3 day definite service, freeing up staff time. The task of citing a jury, which previously took in the region of 45 minutes now takes around 3 minutes.

National implementation of the one stage citation process and hybrid mail systems is planned for 2016-17.

**Fines collection rates** remain strong with offenders favouring the choice to pay their fines round the clock either through our automated telephone service or through the secure website. Automated transaction volumes continue to grow and during the last year almost £9 million worth of transactions were fully automated. We will continue to work with Police Scotland to expand the range of fixed penalty fines that can be paid via telephone and online. Some 49% of all fines transactions are now processed through either automated systems or the use

of our centralised postal collection function.

**Levels of business** across the courts remain high, with summary criminal business continuing to represent the highest caseload. 72,242<sup>30</sup> cases were registered through 2015-16, and recognising this we continue to use technology to deliver our services. We expanded the range of **court to prison video links** for full committal hearings to include Dumfries, Stranraer, Kirkwall, Lerwick, Aberdeen, Peterhead, Glasgow, Elgin, Kirkcaldy and Perth Sheriff Courts. Lerwick Sheriff Court successfully conducted its first intermediate diet by video link to Grampian prison in March 2016, and works completed throughout 2015-16 will allow an estimated 2,000 prison to court hearings to be held by video link in 2016-17.



**Video conferencing**

<sup>30</sup> A detailed summary of business levels for 2015-16 (and the 2 preceding years) is provided at Annex 1.

The high levels of court business have led to several of our KPIs reporting as amber or red<sup>31</sup>. Concerted action has been taken to address this. A **workload programme** was agreed between SCTS, Police Scotland, the Crown Office and Procurator Fiscal Service and the Scottish Government – this has allowed additional court business to be managed, bringing waiting periods between a case first calling and the trial diet back down to around the 16-week period, which is considered to be the optimal level of time, balancing speed of disposal with adequate time to prepare.

Timescales in the Justice of the Peace Courts remain above the optimal levels (around 20 weeks at the end of 2015-16). Action to address this is ongoing and is now leading to a reduction in the waiting periods. **High Court and sheriff court solemn business** have experienced only modest increases in case numbers, but the workload of these courts has risen due to a greater proportion of cases registered proceeding to trial. Action is under way to build capacity in these areas, including the construction of 2 new court rooms in Glasgow High Court.

In addition to taking action to ensure that business is effectively processed under the current rules of criminal procedure, the SCTS has played a leading role in

developing proposals for reform that have the potential to improve both the efficiency and effectiveness of Scotland's justice system in the longer term.

The work of the **Evidence and Procedure Review**<sup>32</sup> led by the SCTS contains significant proposals to modernise Scotland's criminal trial procedures by exploring the best way to ascertain truth in the context of trials, given the technology now available. Following publication of the initial report in March 2015, SCTS carried out extensive consultation<sup>33</sup> and development work with interested organisations and individuals, holding a series of workshops over the course of the summer and autumn of 2015.

This programme of consultation and development culminated in the publication of the Evidence and Procedure "**Next Steps**"<sup>34</sup> report in February 2016, which recommends both a new approach to ensure children and vulnerable witnesses are protected from further trauma while giving evidence and radical digital transformation of the summary criminal justice system.

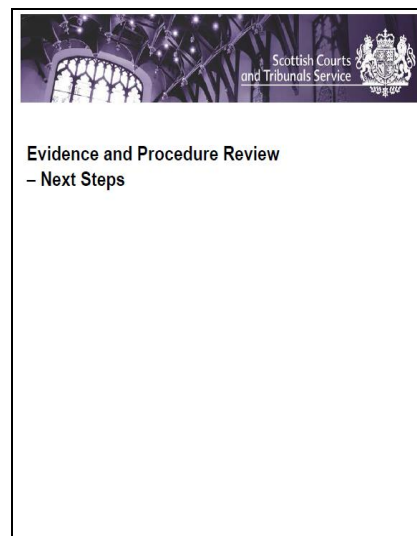
<sup>32</sup> Available at: <http://www.scotcourts.gov.uk/docs/default-source/aboutscs/reports-and-data/reports-data/evidence-and-procedure-full-report---publication-version-pdf.pdf?sfvrsn=2>

<sup>33</sup> More detail on the consultation activity carried out can be found at: <http://www.scotcourts.gov.uk/about-the-scottish-court-service/scs-news/2016/02/26/evidence-and-procedure-review---next-steps>

<sup>34</sup> Available at: <http://www.scotcourts.gov.uk/docs/default-source/SCS-Communications/evidence-and-procedure-report---next-steps---february-2016.pdf?sfvrsn=2>

The report raises important questions including whether witnesses should be required to attend trials to testify in person when their evidence is available digitally and will not be challenged in court.

Development of these proposals will be a significant longer-term undertaking, requiring legislation and reform across the justice sector – but they have the potential to transform the system, improving both its effectiveness and efficiency. SCTS is committed to working with the Scottish Government and justice partners to develop an improved model based around these recommendations.



<sup>31</sup> Indicators 2b, 5b and 5d – more information on the indicators can be found at pages 11-12 and at the SCTS Board scorecard, note 10, above.

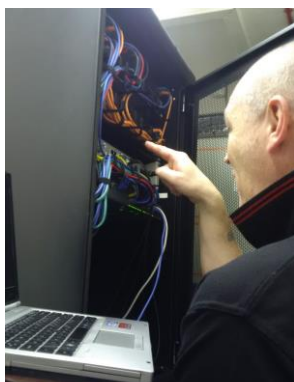
## DIGITAL INNOVATION STRATEGIC PRIORITY 6

**We aim to place digital innovation at the centre of our service delivery, making sure that courts maximise the opportunities afforded by technology to create better processes, provide easy access and sharing of information, and provide courtrooms with the technology to minimise physical appearance and support quicker outcomes.**

A strong digital infrastructure supporting high-quality systems and services that allow us to work effectively is our goal as we continue to invest in digital innovation. Significant steps towards realising that goal were made over 2015-16.

### Infrastructure Development

Improving speed, security and resilience is at the heart of our infrastructure development. Work on upgrading our **Wide Area Network** was completed during 2015-16 (with the exception of 4 small courts) delivering considerably improved speed and security across the estate. The roll-out of a new **Local Area Network** was completed in 2015 improving network services and resilience. System availability has continued to be stable throughout 2015-16 with our core IT systems functioning for over 99.9% of the time across the reporting year.



**The final LAN switch is connected in Stornoway Sheriff Court – Dec 2015**

**Wifi** points were installed in Parliament House, Glasgow and Edinburgh Sheriff Courts – a roll-out across all courts is under way and the wireless network should be in place for staff, judiciary and justice partners by the summer of 2016.

Facing up to an increasing level of cyber threats, our ICT team invested significant time and effort in reviewing system security, introducing improvements and updating old or end of life systems. This was recognised in the award of **Public Services Network (PSN) Accreditation**<sup>35</sup> which ensures that the SCTS can securely transfer data and sensitive case information with Police Scotland, the Crown and other organisations we engage with on a daily basis



**SCTS gains PSN accreditation**

### Technology Development

Building upon last year's work we have continued to **upgrade courtroom technology**, introducing a rolling programme of court upgrades

to support greater use of video conferencing, digital audio recording and digital evidence presentation. This work will continue over the coming years to ensure that our courts can manage changes and innovations in procedure.

The next such innovation will be the introduction of our new integrated **civil case management system**. Following the award of a contract in 2015 significant planning, engagement and development has taken place this year – this has involved extensive consultation with court staff, the judiciary, and external users, ensuring that the system will be both user friendly and meet the needs of all users. The system remains on-track to go live in the autumn of 2016. Over time it will allow parties to raise, manage and track cases electronically, pay fees and access documents online. The system provides the platform on which future improvements to our case management systems will be developed and aligned.

Our programmes of infrastructure and technology development will continue to deliver over the coming year, in line with the priorities set out in the Scottish Government's **Justice Digital Strategy**<sup>36</sup>.

<sup>35</sup> Detailed information on PSN at: <https://www.gov.uk/government/groups/public-services-network>

<sup>36</sup> Available at: <http://www.gov.scot/Resource/0045/00458026.pdf>

## PURPOSEFUL COLLABORATION WITH JUSTICE BODIES

### STRATEGIC PRIORITY 7

**We aim to work with other justice bodies to keep under broad review how the justice change agenda is being managed and communicated and to work on collaborative initiatives to reduce costs and to drive improvement in the efficient delivery of justice.**

The work of the SCTS remains integral to the delivery of the **Strategy for Justice in Scotland**<sup>37</sup>. At the national level SCTS participates fully in the work of the Justice Board for Scotland<sup>38</sup>. Across Scotland we support the effective operation of the Local Criminal Justice Boards, bringing partners together to consider the effective delivery of business in each Sheriffdom.

Changes to policy and legislation over the course of 2015-16 have required collaborative working to ensure that court users benefited from reforms. In partnership with **Victim Support Scotland**, SCTS successfully delivered a comprehensive training package for court officers on the practical implications of changes introduced by the **Victims and Witnesses (Scotland) Act 2014**<sup>39</sup>.

This allowed court staff not only to be trained on the application of special measures, but also to deepen their understanding of the perspective of victims of crime and the support that can make their court experience as positive as possible.



**The Victims and Witnesses training team**

Established in October 2015 **The Scottish Sentencing Council**<sup>40</sup> is an independent advisory body responsible for producing guidelines to promote sentencing consistency in Scotland, raising public awareness and confidence in sentencing practice, and publishing guideline judgements.

The Council is an independent body; its twelve members consisting of judicial, legal and lay persons. Administrative and secretariat support for the Council is provided by the SCTS and, in the run up to its establishment, SCTS staff managed the process of formation, recruitment, launch and the provision of support to the inaugural meeting. SCTS will continue to support the Council as it develops its work programme.

Courts sit in the centre of a number of Scotland's towns and cities and the SCTS opens

its doors throughout the year to those communities for a range of events and engagements. There were 353 **community events** held in 2015-16. Glasgow Sheriff and Justice of the Peace court was recognised for its long-standing commitment to **Doors Open Day**, receiving an award from the Glasgow Building Preservation Trust. More than 1800 people visited the court during this year's open day giving the public the opportunity to learn about the court's history and work.

The second annual Parliament House exhibition attracted nearly 3,500 visitors as part of the **Edinburgh Fringe**.



**Parliament Hall exhibition**

Dundee Sheriff Court played host to 80 law students from the USA who spent a day learning how our court system works. Work with local universities continued in Glasgow, giving 200 law students the opportunity to appear in a mock court before a sheriff. And in Edinburgh mini-trials were organised giving school children a chance to be involved in a court case.

<sup>37</sup> Strategy for Justice – available at <http://www.gov.scot/Resource/0040/00401734.pdf>

<sup>38</sup> Information on the Justice Board: <http://www.gov.scot/Topics/Justice/justicestrategy/justice-board>

<sup>39</sup> Victims and Witnesses (S) Act 2014, <http://www.legislation.gov.uk/asp/2014/1/contents>

<sup>40</sup> <https://www.scottishsentencingcouncil.org.uk/>



## FUNDING AND BEST VALUE

### STRATEGIC PRIORITIES 8 & 9

**We aim to provide a stable, efficient, proportionate financial base that will allow us to implement the justice reforms, continually improve our services and be sustainable in the long term.**

The financial statements incorporated in this report provide the detailed picture on our income and expenditure in 2015-16. We continue to operate in a tight financial environment, where the pursuit of efficiency and best value is crucial if we are to deliver a high quality service. Our financial reporting and analysis was used by the Scottish Government to support the passage of revised court fees orders in June 2015.

In order to improve our strategic analysis capabilities a review of our finance function was concluded in early 2015. This has been implemented over the course of 2015-16, resulting in a restructuring of teams and the introduction of **business partners** providing dedicated support to specified business areas.

We continue to develop our approaches to project management and risk, introducing a more rigorous **pre-project approval process** to ensure that we fully understand the implications and impact of new proposals before committing to them. Corporate projects continue to report to the relevant programme boards, ensuring oversight of their work and promoting a clear understanding of the wide range of changes under way.

Capturing and making use of best practice and ideas for improvement is essential to drive continuous improvement at a time of constrained budgets. Our people are our greatest asset and often the best ideas for improving processes and systems can come from those using them on a daily basis. To ensure that we make use of the resourcefulness and ideas inside the organisation all staff are able to recommend improvements to our

**Technology and Innovation Group** – a staff forum that assesses and prioritises improvement ideas with support from our Business Development team. The “TIG” meets quarterly, and in the past year 24 ideas were presented to it 9 of which were accepted and developed.

We also seek to benchmark our performance – seeking good practice from other organisations and jurisdictions. The **Office of the Public Guardian** hosted a UK-wide public guardians' conference where professionals from across the sector were able to share best practice in supporting adults with incapacity. This provided the opportunity for discussion around compliance with the United Nations' convention on the rights of people with disabilities, which was a major piece of work for OPG in 2015-16.



**OPG plays host to UK guardian's conference**

Looking to the future the SCTS anticipates further additions to its responsibilities for administering courts and tribunals. The **Smith Commission**<sup>41</sup> included proposals to devolve responsibility for the administration of UK-wide reserved tribunals operating in Scotland. Once devolved it will be the SCTS that supports their administration. A programme board, led by SCTS, has been formed to work with colleagues in the Ministry of Justice and HM Courts and Tribunals Service to develop proposals for the transfer, including associated transfers of funding.

Eric McQueen  
Chief Executive  
29 August 2016

<sup>41</sup> <https://www.smith-commission.scot/>

## 2. Accountability Report

### 2.1 Corporate Governance Report

#### 2.1.1 Directors' Report

##### Membership of the SCTS Board

The Lord President of the Court of Session, the Rt. Hon. Lord Carloway is Chairman of the SCTS Board. The Board includes 13 other members – 7 members selected from the judiciary and 6 non-judicial members.

##### Members of the SCTS Board 2015-16

###### Judicial Members

- The Rt. Hon. Lord Gill, Lord President (Chairman) to 31 May 2015
- The Rt. Hon. Lord Carloway, Lord Justice Clerk - Deputy Chairman until 31 May 2015, Acting Chairman from 1 June 2015 to 7 January 2016 (during vacancy in the office of Lord President). Appointed Lord President and SCTS Chairman from 8 January 2016)
- The Rt. Hon. Lady Smith
- Sheriff Principal Duncan Murray
- Sheriff Grant McCulloch
- Sheriff Iona McDonald
- Mrs Johan Findlay OBE, JP
- Dr Joseph Morrow QC (from 1 May 2015)

###### Non-judicial Members

###### Chief Executive

Mr Eric McQueen

##### Advocate Member

Dr Kirsty J Hood QC

##### Solicitor Member

Mr Simon Catto

##### Members external to the justice system

Professor Hugh MacDougall  
Mr Joe Al-Gharabally  
Mr Anthony McGrath (to 31 December 2015)  
Col. David McIlroy (from 1 January 2016)

At the end of 2015-16 thirteen of the 14 Board positions were filled – the ex officio role held by the Lord Justice Clerk was vacant due to a vacancy in that role. Lady Dorrian was installed as the Lord Justice Clerk on 26 April 2016 and is now a Board member.

##### Board Meetings & Operation

The SCTS has made Standing Orders<sup>42</sup> under which it conducts its business and has established Standing Committees to provide specific assurance and scrutiny of performance and advice to the full SCTS Board. Over the course of 2015-16 these committees were:

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

The SCTS Board met on 7 occasions in 2015-16. Committees met quarterly, with the exception of the Remuneration Committee which met once to review the remuneration of SCTS members who are not salaried public servants. Copies of the minutes of meetings and Committee remits can be found at [www.scotcourts.gov.uk](http://www.scotcourts.gov.uk).

<sup>42</sup> SCTS Standing Orders – available at: <http://www.scotcourts.gov.uk/docs/default-source/scs-board/scts-standing-orders---april-201526d5cea6898069d2b500ff0000d74aa7.pdf?sfvrsn=6>



**The SCTS Board (as at March 2016)**

Standing row (left to right – Eric McQueen, Dr Kirsty J Hood QC, Sheriff Principal Duncan Murray, Sheriff Grant McCulloch, Dr Joseph Morrow QC, Johan Findlay JP OBE, Col. David McIlroy

Seated row (left to right) - Professor Hugh MacDougall, Rt. Hon. Lady Smith, Rt. Hon. Lord Carloway (Chair), Sheriff Iona McDonald, Simon Catto, Joe Al-Gharabally

### Board Members' Register of Interests

The following offices and interests were held by members who served on the Board in 2015-16:

| Name  | Directorships  | Appointments <i>ex officio</i>  | Trusteeships   | Other Appointments and Interests  |
|---|--|---|--|---|
| <b>Rt. Hon. Lord Gill</b> (from 1 April to 31 May 2015) | <p>Director of Scottish Redundant Churches Trust, a company limited by guarantee registered in Scotland (SC162884)</p> <p>Director of the Royal School of Church Music, a company limited by guarantee registered in England (Reg'd No 250031)</p> | <p>President of the Royal Society for Home Relief to Incurable, Edinburgh</p> | <p>Trustee of the Columba Trust: a trust for the benefit of the Roman Catholic Church in Scotland</p> <p>Trustee of the Royal Conservatoire of Scotland Endowment Trust: a trust for the benefit of RCS and its students</p> <p>Trustee of the Royal Conservatoire of Scotland Trust: a trust for the benefit of the RCS and its students</p> <p>Trustee of the Royal School of Church Music: a registered charity for the promotion of church music in the Christian Churches (Reg No 312828)</p> | <p>Vice President of the Royal Conservatoire of Scotland</p> <p>Chairman of Council, Royal School of Church Music</p> |



| <b>Name</b>                            | <b>Directorships</b> | <b>Appointments ex officio</b>  | <b>Trusteeships</b>  | <b>Other Appointments and Interests</b>   |
|--|----------------------|---|--|---|
| <b>Rt. Hon. Lord Carloway</b>          | None                 | None  | Trustee, Scottish Arts Club  | None  |
| <b>Rt. Hon. Lady Smith</b>             | None                 | None  | Chair and Trustee - Royal Scottish National Orchestra Foundation<br><br>President and Trustee - Friends of the Music of St Giles Cathedral | Honorary Bencher - Gray's Inn   |
| <b>Sheriff Principal Duncan Murray</b> | None                 | Commissioner, Northern Lighthouse Board<br><br>Trustee Kibble Education and Care Centre | None   | None  |
| <b>Sheriff Iona McDonald</b>           | None                 | Deputy Lieutenant for Ayrshire and Arran  | None   | Partner in property rental firm   |
| <b>Sheriff A Grant McCulloch</b>       | None                 | Chair West Fife Education Trust   | None   | Chair Relationship Scotland - Couple Counselling Fife<br><br>Committee Member Cammo Residents Association<br><br>Chair - Discipline Committee ICAS                                    |
| <b>Johan Findlay JP OBE</b>            | None                 | Honorary Sheriff<br><br>Justice of the Peace  | None   | None  |
| <b>Dr Joseph Morrow QC</b>             | None                 | Lord Lyon King of Arms<br><br>Member of Judicial Council                                | Trustee, Munday Trust, Dundee<br><br>Trustee, Kidney Trust, Dundee<br><br>Trustee, Tealing Community Hall                                  | Legal Assessor, South Episcopal Church<br><br>President, Society of Messengers at Arms<br><br>President, Scottish Genealogical Society<br><br>Patron, Scottish Family History Society |
| <b>Dr Kirsty J Hood QC</b>             | None                 | None  | None   | Self Employed Advocate<br><br>Regular ad hoc employment with the  |



| Name   | Directorships       | Appointments <i>ex officio</i> | Trusteeships   | Other Appointments and Interests  |
|--|---------------------|--------------------------------|--|---|
|  |                     |                                |  | <p>University of Edinburgh – delivering seminars on one of the LLB courses</p> <p>Regular ad hoc employment with the University of Glasgow - delivering lectures/seminars on one of the LLB courses</p> <p>Contributor of updates to “Scottish Lawyers Factbook” (W Green. Publishers)</p> <p>Clerk of Faculty - Faculty of Advocates (non-remunerated)</p> <p>Member of the Scottish Committee of Franco-British Lawyers Society (non-remunerated)</p> |
| <b>Simon J D Catto</b>   | None                | None                           | None   | <p>Member Gateley (Scotland) LLP: Head of Litigation</p> <p>Member of Cornerstone Exchange LLP</p> <p>Member of Cornerstone Exchange No2 LLP</p>  |
| <b>Professor R Hugh MacDougall</b>                             | None                | None                           | <p>Eriska Trust</p> <p>Cunningham Trust</p> <p>Cross Trust</p> <p>St Columba's Hospice</p> | <p>Visiting Professor University of Edinburgh</p>   |
| <b>Joe Al-Gharabally</b>                                       | Ernst & Young       | None                           | None   | None  |
| <b>Anthony McGrath</b> (from 1 April 2015 to 31 December 2015) | Saltire Taverns Ltd | None                           | None   | <p>Consultation and mentoring assignment with Cantrell &amp; Cochrane PLC. This includes sitting on the commercial Board of a subsidiary called The Shepton Mallet Cider Mill based in</p>  |

| Name  | Directorships | Appointments ex officio                      | Trusteeships | Other Appointments and Interests |
|---|---------------|--|--------------|----------------------------------|
|   |               |  |              | Somerset.                        |
| <b>Col. David McIlroy</b> (from 1 January 2016) | None          | None   | None         | Independent Prison Monitor       |
| <b>Eric McQueen</b>                             | None          | Member of the Scottish Civil Justice Council | None         | None                             |

The SCTS Board has responsibility for directing and controlling the major activities of the SCTS. Delivery of business in accordance with agreed plans is delegated to the Chief Executive and the **SCTS Executive team** which, in 2015-16, included Richard Maconachie (Chief Finance Officer), David Fraser (Acting Chief Operations Officer) and Stephen Humphreys, Executive Director, Judicial Office for Scotland – who has overall responsibility for the management the Judicial Office for Scotland<sup>43</sup> and is accountable to the Lord President for the functions of that office.

### SCTS Executive Team 2015-16



Note – David Fraser was Acting Chief Operations Officer over 2015-16, carrying out the role held by Cliff Binning, who was absent due to long-term illness. David was substantively appointed to the role on 14 April 2016.

<sup>43</sup> The Judicial Office for Scotland was established to support 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. For more information see <http://www.scotland-judiciary.org.uk/23/0/Judicial-Office-for-Scotland>

### Information Security

Information management is a key area of focus. The risk of loss of sensitive or personal data is a key corporate risk. All courts, tribunals and business units maintain Information Asset Registers that are reviewed regularly. Assurance is sought from Directors on the effectiveness of relevant controls annually.

The risks associated with information management are mitigated through appropriate certification of key systems and regular reviews of current and emerging issues. The SCTS Executive Team receives regular updates on information management risks and any potential breaches are reported to them in early course.

Two data breaches known to have originated within the SCTS were self-reported to the Information Commissioner's Office (ICO) during the year to March 2016. The ICO also investigated one complaint by a member of the public. Each of these cases has been resolved, with the Information Commissioner ruling that no enforcement action was necessary. Improvement steps made in relation to one incident were specifically welcomed.

A further data breach was reported by the SCTS, although responsibility has not been established. This case remains the subject of police and ICO investigation. The breach may have occurred after the material in question passed outwith SCTS control.

The investigation will cover each of the justice sector organisations where a data breach may have occurred.

The SCTS remains committed to enforcing robust standards for information management and to ensuring compliance with data protection and other legal requirements.

A new data incident reporting process was adopted in spring 2015 and is operating well. A new Data Security Policy was launched in February 2016 and a draft Records Management Policy has been submitted to the Keeper of the National Records of Scotland. A bespoke e-learning package on Protecting Information, featuring content on freedom of information, data protection and records management was launched in April 2016. Completion of this is mandatory for all staff.

| <b>Date</b>                            | <b>Data Incident</b>  | <b>Information</b>   | <b>Outcome</b>  |
|--|---|--|---|
| Data Subject complaint to ICO May 2015 | Claim that CCTV footage improperly wiped  | Personal information (image)                                 | ICO concluded it was likely that SCTS complied with the DPA. No further action required   |
| Self-referral, August 2015             | Accidental inclusion of information on one court case within papers issued for a different case             | Personal information (attendance on a rehabilitation course) | ICO concluded no further action required: a breach had occurred, but information was relatively limited and its disclosure appeared unlikely to cause significant detriment |
| Self-referral, August 2015             | Case papers provided to a journalist for routine reporting erroneously included restricted case information | Personal information (court case)                            | ICO took no enforcement action and welcomed remedial steps adopted by SCTS  |
| Referral, August 2015                  | Photograph of part of a bail order posted on Facebook   | Personal information (court case)                            | ICO investigation underway  |



## 2.1.2 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 SCTS'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 SCTS to prepare a statement of accounts for each financial year in the form and on the basis set out in the direction on page 78 at the end of these accounts.

The accounts are prepared on an accruals basis and must give a true and fair view of the SCTS'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 comply with the requirements of the Government Financial Reporting Manual and in particular 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 as set out in the Government Financial Reporting Manual 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 SCTS will continue in operation.

The Principal Accountable Officer of the Scottish Administration has designated the Chief Executive of the SCTS as the Accountable Officer for the SCTS. 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.



### 2.1.3 Governance Statement

#### Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of governance that supports the achievement of SCTS 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 SCTS and is chaired by the Lord President, who is also Head of the Scottish Judiciary. The SCTS is established as a part of the Scottish Administration but outside of Scottish Government.

A Framework Agreement exists between the SCTS and the Scottish Ministers. This makes clear the requirement that the SCTS is to follow the principles contained in the Scottish Public Finance Manual.

#### Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the SCTS is directed and controlled. It enables the SCTS 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 SCTS's policies, aims and objectives to evaluate the likelihood of those risks being realised, the impact should they be realised, and to control and manage them efficiently, effectively and economically.

The governance framework has been in place across the SCTS for the full year ending 31 March 2016 and up to the date of approval of the statement of accounts.

#### The Scottish Courts and Tribunals Service Governance Framework

Details of the Governance arrangements can be found in the Director's Report, pages 25-30. These structures are supported by the risk and control framework in place across the organisation.

#### Risk and Control framework

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

corporate risks and controls annually at a workshop session (the most recent session took place in February 2016).

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 the corporate risk management framework. Risk registers are reviewed regularly through agreed corporate processes to ensure that assessments and mitigations are current and appropriate. Part of this regular review entails identifying risks that should be escalated to corporate level.

**Project and programme risks** are managed through formal project management disciplines under the aegis of the SCTS Project Control Framework, which is maintained by the corporate Portfolio Office. A key component of the framework is the assurance role carried out by the organisation's 4 programme boards, namely:

- the Effective Courts and Tribunals programme board;
- the Infrastructure Board;
- the People programme board; and
- the Innovation and Process Improvement programme board.

## Governance Statement (cont.)

### 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 system. 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 under the same categories used by internal audit (substantial, reasonable, limited or insufficient) 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 financial management, 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.
  - **The Health and 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 – and monitors any actions required to address those issues.
  - **Internal Audit**, who attend all SCTS Audit and Risk Committee meetings. They provide regular reports including 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 reasonable assurance in overall terms.
  - **External Audit** who report to the Audit and Risk Committee on our controls through management letters and other reports.
- The review, detailed above, provides substantial assurance of the effectiveness of the SCTS's system of governance and internal control arrangements and compliance with generally accepted best practice principles and relevant guidance.

### Whistleblowing Arrangements

SCTS has arrangements in place that set out the way in which employees can raise any concerns they have about fraud, misconduct or wrongdoing by employees and/or management of the SCTS – and how those concerns will be dealt with. SCTS maintains a whistleblowing policy which is accessible to all staff. The policy is kept under periodic review. It was last updated in autumn 2015 and was considered by the SCTS Audit and Risk Committee in February 2016. An update on the content, operation and any instances of use of the policy features as a standing item on the work programme of the SCTS Audit and Risk Committee, ensuring that the subject is considered at least annually.

The SCTS Board has identified a lead member with responsibility on whistleblowing – the chair of the SCTS People Committee, Johan Findlay JP, OBE. Any issues raised under the policy will be brought directly to the attention of the lead Board member, ensuring that both the SCTS Board and the SCTS Audit and Risk Committee can be updated whenever significant issues are raised.

These arrangements are considered to be effective and will be kept under review – both periodically through the SCTS Audit and Risk Committee and in response to any issues being raised.



No instances of whistleblowing were reported in 2015-16.

### **Significant governance issues**

There have been no other governance issues identified during the year in relation to the overall governance framework. Data breaches reported to the Information Commissioner's Office during the year to March 2016 are detailed in the table on page 30.

As part of our ongoing work and as part of the assurance processes, we continue to identify areas for improvement in our governance and internal control frameworks. Following the successful merger with the Scottish Tribunal Service, work continued during the year to ensure that systems of control between the two organisations were effectively aligned.

## 2.2 Remuneration and Staff Report

### Remuneration Report

#### Remuneration Policy

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)) and with independent advice from the Senior Salaries Review Body (SSRB)<sup>44</sup>.

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, and 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<sup>45</sup>.

The remuneration of staff below senior civil service level is determined by the SCTS. 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 SCTS as a whole. Progression within the SCTS 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 SCTS, including those SCTS Board members and Committee members who are

not otherwise salaried public servants, are taken by the SCTS Remuneration Sub-Committee.

#### Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

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

<sup>45</sup> Further information on Senior Civil Service pay and performance can be found at <http://www.civilservice.gov.uk/recruitment/working/pay-and-reward/scs-pay>

<sup>44</sup> [www.ome.uk.com](http://www.ome.uk.com)

**Remuneration (Salary and Pension Details)**

| Board Members                            | Salary  |         | Pension Benefits <sup>46</sup> |         | Total Remuneration |         |
|--|---------|---------|--------------------------------|---------|--------------------|---------|
|  | 2015-16 | 2014-15 | 2015-16                        | 2014-15 | 2015-16            | 2014-15 |
|  | £'000   | £'000   | £'000                          | £'000   | £'000              | £'000   |
| Mr Eric McQueen                          | 100-105 | 105-110 | 30                             | 19      | 130-135            | 120-125 |
| Mrs Johan Findlay JP OBE                 | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Mr Anthony McGrath (to 31 December 2015) | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Professor Hugh MacDougall                | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Dr Kirsty J Hood                         | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Simon J D Catto                          | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Mr Joe Al-Gharabally                     | 0-5     | 0-5     | -                              | -       | 0-5                | 0-5     |
| Col. David McIlroy (from 1 January 2016) | 0-5     | -       | -                              | -       | 0-5                | -       |

| Executive Directors  | Salary                                |                                     | Pension Benefits |         | Total Remuneration                     |                                      |
|--|---------------------------------------|-------------------------------------|------------------|---------|--|--------------------------------------|
|  | 2015-16                               | 2014-15                             | 2015-16          | 2014-15 | 2015-16                                | 2014-15                              |
|  | £'000                                 | £'000                               | £'000            | £'000   | £'000                                  | £'000                                |
| Mr Stephen Humphreys                                       | 70-75                                 | 65-70                               | 23               | 14      | 90-95                                  | 80-85                                |
| Mr Cliff Binning   | 40-45<br>(70-75 full year equivalent) | 70-75                               | 23               | 8       | 65-70<br>(95-100 full year equivalent) | 75-80                                |
| Mr Richard Maconachie                                      | 65-70                                 | 65-70                               | 27               | 25      | 95-100                                 | 90-95                                |
| Mr David Fraser (from 11 March 2015)                       | 70-75                                 | 0-5<br>(70-75 full year equivalent) | 46               | 3       | 120-125                                | 5-10<br>(70-75 full year equivalent) |
| Band of Highest Paid Director's Total Remuneration (£'000) | 100-105                               | 105-110                             |                  |         |  |                                      |
| Median Total Remuneration (£)                              | 19,815                                | 19,415                              |                  |         |  |                                      |
| Ratio  | 5.03                                  | 5.54                                |                  |         |  |                                      |

<sup>46</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Salary

Salaries in the above tables relate to SCTS employment only and do not include any other earnings from positions elsewhere in the Civil Service. Salary includes gross salary and any allowances. There were five members of Committees out with the Board who each received remuneration of £1,224 in 2015-16 (£1,212 in 2014-15). The judicial Board members are remunerated by Scottish Government.

## Bonus Payments and Benefits in Kind

No bonus payments or benefits in kind were paid during the year

## Median Pay

The banded remuneration of the highest-paid Director in the SCTS in the financial year 2015-16 was £95,000 - £100,000 (2014-15, £105,000 - £110,000). This was 5.03 times (2014-15, 5.54) the median remuneration of the workforce, which was £19,815 (2014-15, £19,415).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service Pension

Details of the civil service pension scheme are included in the Staff Report.

|                       | Accrued pension at pension age as at 31/03/16 and related lump sum | Real increase in pension and related lump sum at pension age | Employer contribution to partnership pension account |
|-----------------------|--|--|--|
|                       | £'000  | £'000  | Nearest £100   |
| Mr Eric McQueen       | 40-45 plus lump sum of 120-125                                     | 0-2.5 plus lump sum of 2.5- 5                                | -  |
| Mr Stephen Humphreys  | 30-35 plus lump sum of 100-105                                     | 0-2.5 plus lump sum of 2.5- 5                                | -  |
| Mr Cliff Binning      | 35-40 plus lump sum of 105-110                                     | 0-2.5 plus lump sum of 2.5- 5                                | -  |
| Mr Richard Maconachie | 0-5 plus lump sum of 0-5   | 0-2.5 plus lump sum of 0- 2.5                                | -  |
| Mr David Fraser       | 25-30 plus lump sum of 85-90                                       | 0-2.5 plus lump sum of 5-7.5                                 | -  |

|                       | CETV at 31/03/16 | CETV at 31/03/15 | Real increase in CETV |
|-----------------------|------------------|------------------|-----------------------|
|                       | £'000            | £'000            | £'000                 |
| Mr Eric McQueen       | 767              | 681              | 23                    |
| Mr Stephen Humphreys  | 735              | 664              | 21                    |
| Mr Cliff Binning      | 777              | 702              | 22                    |
| Mr Richard Maconachie | 45               | 22               | 15                    |
| Mr David Fraser       | 574              | 492              | 38                    |

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits

accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the

scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme

and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension

benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The CETV are shown above.

#### Real increase in CETV

This reflects the increase in CETV that is 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.

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.

## Staff Report

As at 31 March 2016 there were 1,731 Staff in post and 11 Non-Executive Directors. The split across grades, gender and business areas is detailed in the tables below.

| Grade                                      | Number of Staff (Headcount) | Female       | Male       |
|--|-----------------------------|--------------|------------|
| CEO & Executive Directors <sup>47</sup>    | 5                           | -            | 5          |
| Director                                   | 12                          | 4            | 8          |
| Senior Manager                             | 43                          | 27           | 16         |
| Senior Executive Officer                   | 118                         | 68           | 50         |
| Higher Executive Officer                   | 157                         | 97           | 60         |
| Executive Officer                          | 443                         | 315          | 128        |
| Administrative Officer & Clerk/Typist      | 606                         | 460          | 146        |
| Typists                                    | 6                           | 6            | 0          |
| Administrative Assistants & Support Grades | 341                         | 175          | 166        |
| <b>Total</b>                               | <b>1,731</b>                | <b>1,152</b> | <b>579</b> |
| Non-Executive Director                     | 11                          | 5            | 6          |
| <b>Total</b>                               | <b>1,742</b>                | <b>1,157</b> | <b>585</b> |
| Percentages of total                       |                             | 66.4%        | 33.6%      |

<sup>47</sup> Staff at this level are of an equivalent grade to senior civil service staff in the core civil service.



The table below details the average number of whole-time equivalent persons employed during the year ended 31 March 2016.

| Area of Business                                      | 2015-16<br>No | 2014-15<br>No |
|---|---------------|---------------|
| Headquarters and support units                        | 156           | 141           |
| Supreme Courts  | 163           | 163           |
| Judicial Office                                       | 31            | 27            |
| Office of the Public Guardian and Accountant of Court | 73            | 74            |
| Sheriff and JP Courts and Tribunals                   | 1,089         | 987           |
| Inward secondments                                    | 14            | 18            |
| Agency Staff  | 19            | 17            |
| <b>Total</b>  | <b>1,545</b>  | <b>1,427</b>  |

The table below shows the staffing costs for the year ended 31 March 2016 along with the prior year comparisons.

|  | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|------------------|------------------|
| Wages and salaries                       | 36,606           | 33,103           |
| Social security costs                    | 2,423            | 2,200            |
| Other pension costs                      | 7,264            | 6,761            |
|  | <b>46,293</b>    | <b>42,064</b>    |
| Inward secondments                       | 962              | 665              |
| Agency, temporary and contract staff     | 914              | 587              |
| Early departure costs                    | -                | 313              |
| Early retirement costs                   | 2                | 110              |
|  | <b>48,171</b>    | <b>43,739</b>    |
| Pension harmonisation costs provided for | -                | (2,782)          |
| <b>Total</b>                             | <b>48,171</b>    | <b>40,957</b>    |

|                                    | 2015-16<br>£'000 | 2014-15<br>£'000 |
|------------------------------------|------------------|------------------|
| <b>Contributions paid to PCSPS</b> | <b>7,167</b>     | <b>5,757</b>     |

|  | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|------------------|------------------|
| <b>Contributions paid to partnership pension</b> | <b>99</b>        | <b>79</b>        |





**Consultancy costs**

In addition to the above staff costs, £2,873k was spent on consultancy costs in 2015-16 all related to ICT projects. The new Integrated Case Management Service accounted for £1.7m of the costs along with the cost of a new Wireless Area Network and Local Area Networks as well as the cost of obtaining PSN accreditation.

**Staff Loans**

A total of approximately £76k (2014-15: £73k) is outstanding from 66 members of staff (2014-15: 64).

**Sickness Absence Data**

In 2015-16 a total of 21,963 days (2014-15: 19,179 days) were lost through absence equating to a lost time rate of 3.9% (2014-15: 3.5%).

**Staff Employment Policies**

The SCTS is an equal opportunities employer. Our resourcing policy and practices are consistent with the requirements of the Civil Service Commissioners and we promote the guaranteed interview scheme for candidates with a disability who meet the minimum essential selection criteria for an advertised vacancy. An e-learning training tool on “Unconscious Bias” was made available to members of our regional recruitment teams during early 2016.

Our policies and procedures for occupational health mean that

for staff with a disability we carry out workplace assessments and make reasonable and practical adjustments to enable individuals to make a full contribution at work. The SCTS has a protected characteristics staff group which ensures that staff members with a disability have a voice about issues which may affect them. During the year the Department’s Dignity at Work initiative was promoted.

The SCTS has a formal annual appraisal system which covers all staff. This appraisal permits a discussion between manager and staff member about

career development and training opportunities. It also allows discussion about organisational values including the requirement that all staff treat everyone with courtesy, consideration and dignity.

The SCTS selection and promotion policy stresses that selection decisions are made purely on merit. An initiative launched in January 2015 is designed to improve the data held by the organisation about the protected characteristics of staff. This will enable improved monitoring of career development of disabled staff within the SCTS.

### Compensation for loss of office

No members of staff were offered Voluntary Exit terms through the course of the year. 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 SCTS has agreed early departures, the additional costs are met by the SCTS and not by the Civil Service Pension Scheme.

| Exit package cost band               | Number of compulsory redundancies | Number of other departures agreed | 2015-16 Total number of exit packages by cost band | 2014-15         |
|--------------------------------------|-----------------------------------|-----------------------------------|--|-----------------|
| <£10,000                             | Nil                               | Nil                               | Nil  | 2               |
| £10,000 - £25,000                    | Nil                               | Nil                               | Nil  | 2               |
| £25,000 - £50,000                    | Nil                               | Nil                               | Nil  | 2               |
| £50,000 - £100,000                   | Nil                               | Nil                               | Nil  | 3               |
| £100,000 - £150,000                  | Nil                               | Nil                               | Nil  | Nil             |
| £150,000 - £200,000                  | Nil                               | Nil                               | Nil  | Nil             |
| <b>Total number of exit packages</b> | Nil                               | Nil                               | Nil  | <b>9</b>        |
| <b>Total resource cost</b>           |                                   |                                   |  | <b>£312,679</b> |

### The Civil Service Pension Scheme

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension

earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a

similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension



may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit schemes but Scottish Courts and Tribunals Service is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation here: <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2015-16, employers' contributions of £7,167k were payable to the PCSPS (2014-15 £5,757k) at one of four rates in the range 16.7% to 25.8% (2014-15 16.7% to 25.8%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions, usually every four years, following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £99k (2014-15, £79k) were paid to one or more of the panel of three

appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £4k (2014-15 £7k) 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.



## 2.3 Accountability and Independent Auditor's Report to the Scottish Courts and Tribunals Service, the Auditor General for Scotland and the Scottish Parliament

### Accountability Report

The Budget Act 2015 supplemented by Autumn and Spring Budget Reviews, allocated a total DEL expenditure budget of £129.3m to the SCTS for the year ended 31 March 2016. The regularity of this expenditure is reported on in the Auditor's Report on page 45

Despite the pressure on budgetary expenditure, in the longer term net expenditure is expected to increase with the further devolution of Tribunals and the expansion of new Justice Centres along with increased digitalisation.

It is a legislative requirement for the SCTS to charge court fees at various stages of proceedings including, but not exclusively, registration, lodgement of motions, legal debates and proofs in the Court of Session and the Sheriff Court as well as Commissary lodgements. Fees are also charged for work undertaken by the Office of the Public Guardian which includes, but not exclusively, issuing of Powers of Attorney and Guardianship and by the Accountant of Court. Fees are also charged by the Lands Tribunal for appeals.

The Fee Memorandum Trading Account in Note 4 shows the cost of delivering business in the Civil Courts. Full details of all chargeable fees are found at [www.scotcourts.gov.uk/taking-action/court-fees](http://www.scotcourts.gov.uk/taking-action/court-fees)

Eric McQueen  
Chief Executive  
29 August 2016

## Independent Auditor's Report to the Scottish Courts and Tribunals Service, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Courts and Tribunals Service for the year ended 31 March 2016 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity, the Statement of Costs by Strategic Departmental Objective and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, 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 and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, 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 2016 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 2015/16 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 and Staff 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 Performance Report 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 and Staff 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.

Angela Cullen  
 Assistant Director  
 Audit Scotland  
 4<sup>th</sup> Floor  
 102 West Port  
 Edinburgh  
 EH3 9DN

31 August 2016

### 3. Financial Statements

#### Statement of comprehensive net expenditure for the year ended 31 March 2016

|  | Note                | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|---------------------|------------------|------------------|
| <b>Expenditure</b>   |                     |                  |                  |
| Staff costs  |                     | 48,171           | 40,957           |
| Other administration costs                                   | <a href="#">3</a>   | 40,162           | 35,702           |
| Depreciation and amortisation                                | <a href="#">5,6</a> | 12,921           | 11,731           |
| Impairment   | <a href="#">5</a>   | -                | 820              |
| Operational costs  | <a href="#">3</a>   | 19,419           | 11,481           |
| <b>Total Expenditure</b>                                     |                     | <b>120,673</b>   | <b>100,691</b>   |
| <b>Income</b>  |                     |                  |                  |
| Operating income   | <a href="#">4</a>   | (3,100)          | (3,397)          |
| Income from fees and retained fines                          | <a href="#">4</a>   | (33,911)         | (31,921)         |
| <b>Total Income</b>  |                     | <b>(37,011)</b>  | <b>(35,318)</b>  |
| <b>Net outturn prior to exceptional costs</b>                |                     | <b>83,662</b>    | <b>65,373</b>    |
| Exceptional costs  |                     | -                | 543              |
| <b>Net Outturn after exceptional costs</b>                   |                     | <b>83,662</b>    | <b>65,916</b>    |
| <b>Items that will not be reclassified to profit or loss</b> |                     |                  |                  |
| (Loss)/Gains on property revaluation                         | <a href="#">5</a>   | 6,130            | 10,120           |
|  |                     | <b>6,130</b>     | <b>10,120</b>    |
| <b>Other comprehensive income for the year, net of tax</b>   |                     | <b>6,130</b>     | <b>10,120</b>    |

The notes on pages 52 to 71 form part of these accounts.



**Statement of financial position as at 31 March**

|  | Note                  | 2016<br>£'000  | 2015<br>£'000  |
|--|-----------------------|----------------|----------------|
| <b>Non-current assets</b>  |                       |                |                |
| Property, plant and equipment                                    | <a href="#">5</a>     | 425,806        | 424,511        |
| Intangible assets  | <a href="#">6</a>     | 5,911          | 4,233          |
| Trade and other receivables falling due after one year           | <a href="#">7</a>     | 72             | 84             |
| <b>Total non-current assets</b>                                  |                       | <b>431,789</b> | <b>428,828</b> |
| <b>Current assets</b>  |                       |                |                |
| Trade receivables and other current assets                       | <a href="#">7</a>     | 3,918          | 3,294          |
| Cash and cash equivalents  | <a href="#">8</a>     | 2,066          | 939            |
| Assets classified as held for sale                               | <a href="#">5c</a>    | -              | 50             |
| <b>Total current assets</b>                                      |                       | <b>5,984</b>   | <b>4,283</b>   |
| <b>Total assets</b>  |                       | <b>437,773</b> | <b>433,111</b> |
| <b>Current liabilities</b>                                       |                       |                |                |
| Payables and other current liabilities                           | <a href="#">9</a>     | (6,796)        | (4,158)        |
| Provisions for liabilities and charges due within one year       | <a href="#">10</a>    | (104)          | (14)           |
| <b>Total current liabilities</b>                                 |                       | <b>(6,900)</b> | <b>(4,172)</b> |
| <b>Total assets less current liabilities</b>                     |                       | <b>430,873</b> | <b>428,939</b> |
| <b>Non-current liabilities</b>                                   |                       |                |                |
| Payables and other liabilities                                   | <a href="#">9</a>     | (281)          | (296)          |
| Provisions for liabilities and charges due in more than one year | <a href="#">10</a>    | (1,966)        | (853)          |
| <b>Total non-current liabilities</b>                             |                       | <b>(2,247)</b> | <b>(1,149)</b> |
| <b>Assets less liabilities</b>                                   |                       | <b>428,626</b> | <b>427,790</b> |
| <b>Taxpayers' equity</b>   |                       |                |                |
| General fund   | <a href="#">SOCTE</a> | 331,440        | 335,397        |
| Revaluation reserve  | <a href="#">SOCTE</a> | 97,186         | 92,393         |
| <b>Total taxpayers' equity</b>                                   |                       | <b>428,626</b> | <b>427,790</b> |

Chief Executive

The Accountable Officer authorised these financial statements for issue on 29 August 2016.  
The notes on pages 52 to 71 form part of these accounts.

**Cash flow statement for the year ended 31 March**

|   | Note                     | 2016<br>£'000   | 2015<br>£'000   |
|---|--------------------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                 |                          |                 |                 |
| <b>Net outturn</b>  | <a href="#">SCNE</a>     | <b>(83,662)</b> | <b>(65,916)</b> |
| <i>Adjustments for non-cash transactions</i>                |                          |                 |                 |
| Depreciation and amortisation                               | <a href="#">SCNE</a>     | 12,921          | 11,731          |
| Impairment  | <a href="#">SCNE</a>     | -               | 820             |
| Notional audit fee  | <a href="#">3</a>        | 82              | 82              |
| Loss/(Profit) on disposal of property, plant and equipment  | <a href="#">3,4</a>      | (8)             | 37              |
| <i>Movements in working capital</i>                         |                          |                 |                 |
| (Increase)/decrease in receivables and other current assets | <a href="#">18</a>       | (612)           | 688             |
| Increase/(decrease) in trade and other payables             | <a href="#">18</a>       | 2,358           | (4,978)         |
| Increase/(decrease) in provisions                           | <a href="#">18</a>       | 449             | (2,783)         |
| <b>Net cash flow from operating activities</b>              |                          | <b>(68,472)</b> | <b>(60,319)</b> |
| <i>Cash flows from investment activities</i>                |                          |                 |                 |
| Purchase of property, plant and equipment                   | <a href="#">5,18</a>     | (6,465)         | (12,219)        |
| Purchase of intangible assets                               | <a href="#">6,18</a>     | (2,503)         | (1,113)         |
| Proceeds of disposal of property, plant and equipment       | <a href="#">3,4,5,18</a> | 4               | (22)            |
| Proceeds of disposal of assets held for sale                | <a href="#">5c</a>       | 54              | 125             |
| <b>Net cash flow from investment activities</b>             |                          | <b>(8,910)</b>  | <b>(13,229)</b> |
| <b>Cash flows from financing activities</b>                 |                          |                 |                 |
| From Scottish Consolidated Fund                             | <a href="#">SOCTE</a>    | 78,507          | 73,569          |
| <b>Cash flows from financing activities</b>                 |                          | <b>78,507</b>   | <b>73,569</b>   |
| <b>Net increase in cash and cash equivalents</b>            |                          | <b>1,125</b>    | <b>21</b>       |
| Cash and cash equivalents at beginning of period            | <a href="#">8</a>        | 939             | 918             |
| Transfer in from Scottish Tribunal Service                  |                          | 2               | -               |
| Cash and cash equivalents at beginning of period            | <a href="#">8</a>        | 941             | 918             |
| Net increase on cash and cash equivalents                   |                          | 1,125           | 21              |
| <b>Cash and cash equivalents at end of period</b>           | <a href="#">8</a>        | <b>2,066</b>    | <b>939</b>      |

The notes on pages 52 to 71 form part of these accounts.

**Statement of changes in taxpayers' equity for the year ended 31 March 2016**

|   | Note              | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>£'000  |
|---|-------------------|--------------------------|---------------------------------|-----------------|
| <b>Balance at 1 April 2015</b>  |                   | <b>335,397</b>           | <b>92,393</b>                   | <b>427,790</b>  |
| Transfer in from Scottish Tribunal Service                              |                   | (286)                    | 65                              | (221)           |
| <b>Balance at 1 April 2015</b>  |                   | <b>335,111</b>           | <b>92,458</b>                   | <b>427,569</b>  |
| <b>Total comprehensive expenditure for the year ended 31 March 2016</b> |                   | <b>(83,662)</b>          | <b>6,130</b>                    | <b>(77,532)</b> |
| Total non-cash charges – auditor's remuneration                         | <a href="#">3</a> | 82                       | -                               | 82              |
| Transfers between reserves  |                   | 1,402                    | (1,402)                         | -               |
| <b>Net parliamentary funding drawn down</b>                             |                   | <b>78,507</b>            | <b>-</b>                        | <b>78,507</b>   |
| <b>Balance at 31 March 2016</b>   |                   | <b>331,440</b>           | <b>97,186</b>                   | <b>428,626</b>  |
| <b>Net increase/(decrease) during the year</b>                          |                   | <b>(3,671)</b>           | <b>4,728</b>                    | <b>1,057</b>    |

The notes on pages 52 to 71 form part of these accounts.

**Statement of changes in taxpayers' equity for the year ended 31 March 2015**

|   | Note              | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>£'000  |
|---|-------------------|--------------------------|---------------------------------|-----------------|
| <b>Balance at 1 April 2014</b>  |                   | <b>326,429</b>           | <b>83,506</b>                   | <b>409,935</b>  |
| <b>Total comprehensive expenditure for the year ended 31 March 2015</b> |                   | <b>(65,916)</b>          | <b>10,120</b>                   | <b>(55,796)</b> |
| Total non-cash charges – auditor's remuneration                         | <a href="#">3</a> | 82                       | -                               | 82              |
| Transfers between reserves  |                   | 1,233                    | (1,233)                         | -               |
| <b>Net parliamentary funding drawn down</b>                             |                   | <b>73,569</b>            | <b>-</b>                        | <b>73,569</b>   |
| <b>Balance at 31 March 2015</b>   |                   | <b>335,397</b>           | <b>92,393</b>                   | <b>427,790</b>  |
| <b>Net increase/(decrease) in year</b>                                  |                   | <b>8,968</b>             | <b>8,887</b>                    | <b>17,855</b>   |

The notes on pages 52 to 71 form part of these accounts.

**Statement of costs by strategic departmental objective for the year ended 31 March 2016**

|   | 2015-16<br>£'000 | 2014-15<br>£'000 |
|---|------------------|------------------|
| <b>Allocation of resources and assets</b> |                  |                  |
| Net expenditure                           | 83,662           | 65,916           |
| Assets less liabilities                   | 428,626          | 427,790          |

The work of the SCTS 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 52 to 71 form part of these accounts.



## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FRoM) issued by HM Treasury and the Accounts Direction issued by Scottish Ministers (Annex 3). 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 Scottish Courts and Tribunals Service (SCTS) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SCTS 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 SCTS by reference to their current costs.

As at 1 April 2015 the Scottish Court Service merged with the Scottish Tribunal Service to become the Scottish Courts and Tribunals Service (SCTS). The accounting treatment used for the merger was the absorption basis.

#### 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 Courts and Tribunals Service Corporate Body. Non-current assets are stated at their purchase price together with any incidental expenses of acquisition and are revalued each year either using inflation indices, provided by GVA James Barr (as published at [www.statistics.gov.uk](http://www.statistics.gov.uk)), or as described below.

All the freehold properties were valued as at 31 March 2014 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 Current Value.

Properties regarded by SCTS as operational were valued on the basis of Depreciated Replacement Cost (DRC), subject to the prospect and viability of the occupation and use. Birnie House, Hamilton consists of converted office spaces and so has been valued at Open Market Value.

Where a DRC figure has been provided, the Valuation Certificate also provides an open market valuation (allowing for alternative uses) and this is 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 Expenditure. 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 revalued 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 £5,000) 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 less open market value in equal instalments over their expected useful lives, which are normally in the following ranges:

|                                   |                        |
|-----------------------------------|------------------------|
| Buildings                         |                        |
| <i>Sub &amp; super structure</i>  | not exceeding 80 years |
| <i>Fittings &amp; furnishings</i> | not exceeding 50 years |
| <i>Other Buildings</i>            | not exceeding 40 years |
| Vehicles                          | 3 years                |
| ICT Systems (computers)           | 3 years                |
| Equipment                         | not exceeding 10 years |
| Fixtures & Fittings               | 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 Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their current value less costs to sell.

### 1.4 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 and their estimated useful life.

### 1.5 Financial instruments

All financial assets held by the SCTS, have been classified as loans and receivables and are held at carrying value. All financial liabilities are held at carrying value.

As the cash requirements of the SCTS 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 the expected purchase and usage requirement and the SCTS has therefore little exposure to credit, liquidity or market risk.

### 1.6 Operating Income

The SCTS is not a trading organisation. Income primarily comprises court fees for civil cases. Fee income is recognised as court fees are due.

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



### 1.7 Value added tax (VAT)

Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure 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.

### 1.8 Operating leases

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

### 1.9 Notional charges

Certain central costs and overheads (e.g. auditor's remuneration) are charged on a notional basis to SCTS and they are charged to the Statement of Comprehensive Net Expenditure and credited as a movement on the general fund.

### 1.10 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.

### 1.11 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.

### 1.12 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. SCTS 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 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, SCTS 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 are recognised for untaken holiday days, holiday pay, and flexi balances at 31 March 2016. As a result an accrual has been made for time earned but not taken.

### 1.13 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:

#### IFRS 16 – Leases

Effective no earlier than 1 January 2019. This standard proposes to eliminate current operating lease categorisation for virtually all leases except short term leases. Assets and liabilities will be recognised on a 'right of use' basis.

#### IFRS 15 – Revenue from contracts with customers (IAS 18 replacement – Revenue recognition and liabilities recognition)

Effective no earlier than 1 January 2018. The adoption of this standard will affect the determination of when revenue is recognised in the financial statements.



## 2. Staff numbers and costs

Due to changes in the required reporting format all relevant disclosures relating to staff are included in the remuneration and Staff Report (pages 35-43).

## 3. Non-staff expenditure

### Other administration expenditure

|  | <b>2015-16</b><br><b>£'000</b> | <b>2014-15</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Accommodation                          | 14,778                         | 14,463                         |
| Other                                  | 11,347                         | 10,054                         |
| Buildings' maintenance and impairment  | 9,626                          | 7,821                          |
| Rentals under operating leases         | 3,368                          | 2,439                          |
| Travel, subsistence and hospitality    | 961                            | 806                            |
| Audit fee                              | 82                             | 82                             |
| Loss on disposal of non-current assets | -                              | 37                             |
| <b>Total</b>                           | <b>40,162</b>                  | <b>35,702</b>                  |

### Operational costs

|                     | <b>2015-16</b><br><b>£'000</b> | <b>2014-15</b><br><b>£'000</b> |
|---------------------|--------------------------------|--------------------------------|
| Judicial costs      | 11,572                         | 4,295                          |
| Payments to jurors  | 4,944                          | 4,743                          |
| Interpreters' costs | 1,248                          | 1,116                          |
| Other               | 1,655                          | 1,327                          |
| <b>Total</b>        | <b>19,419</b>                  | <b>11,481</b>                  |



## 4. Income

### Operating income

|   |              |
|---|--------------|
| Shared service income from other government departments | 3,028        |
| Profit on disposal of non-current assets                | 8            |
| Income from rent receivable and court hire              | 59           |
| Other income  | 5            |
| <b>Total</b>  | <b>3,100</b> |

| 2015-16<br>£'000 | 2014-15<br>£'000 |
|------------------|------------------|
| 3,028            | 3,131            |
| 8                | -                |
| 59               | 51               |
| 5                | 215              |
| <b>3,100</b>     | <b>3,397</b>     |

### Income from fees and retained fines

|                |               |
|----------------|---------------|
| Fees charged   | 26,919        |
| Retained fines | 6,992         |
| <b>Total</b>   | <b>33,911</b> |

| 2015-16<br>£'000 | 2014-15<br>£'000 |
|------------------|------------------|
| 26,919           | 24,713           |
| 6,992            | 7,208            |
| <b>33,911</b>    | <b>31,921</b>    |

### Fees memorandum trading account

|   | Sheriff Courts<br>£'000 | Supreme Courts<br>£'000 | Office of the Public Guardian and Accountant of Court<br>£'000 | 2015-16 Total<br>£'000 | 2014-15 Total<br>£'000 |
|---|-------------------------|-------------------------|--|------------------------|------------------------|
| Gross fees raised   | 18,961                  | 5,933                   | 4,294  | <b>29,188</b>          | 26,986                 |
| Less: Fee exemptions  | (1,760)                 | (719)                   | -  | <b>(2,479)</b>         | (2,273)                |
| <b>Net fee income</b>   | 17,201                  | 5,214                   | 4,294  | <b>26,709</b>          | 24,713                 |
| Total costs allocated   | 28,479                  | 11,509                  | 2,590  | <b>42,578</b>          | 38,448                 |
| Less: Subsidy   | (3,881)                 | (2,880)                 | (29)   | <b>(6,791)</b>         | (6,101)                |
| <b>Apportioned costs</b>  | 24,598                  | 8,629                   | 2,561  | <b>35,787</b>          | 32,347                 |
| <b>Shortfall from full cost recovery</b>                                    | (5,637)                 | (2,696)                 | 1,733  | <b>(6,599)</b>         | (5,361)                |
| <b>% cost recovery (gross fees raised divided by net recoverable costs)</b> |                         |                         |  | <b>82%</b>             | 83%                    |



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). Fees for the Lands Tribunals totalling £0.2m are excluded from the calculation.

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**

|   | <b>Land<br/>£'000</b> | <b>Buildings<br/>£'000</b> | <b>Vehicles<br/>£'000</b> | <b>Equipment<br/>£'000</b> | <b>ICT<br/>systems<br/>£'000</b> | <b>Fixtures<br/>and fittings<br/>£'000</b> | <b>Assets under<br/>construction<br/>£'000</b> | <b>2015-16<br/>Total<br/>£'000</b> |
|---|-----------------------|----------------------------|---------------------------|----------------------------|----------------------------------|--|--|------------------------------------|
| Opening balance at 1 April 2015                               | 31,823                | 596,885                    | 264                       | 2,528                      | 10,714                           | 4,739                                      | -  | <b>646,953</b>                     |
| Transfer in from Scottish Tribunal Service                    | -                     | 1,673                      | -                         | 56                         | 25                               | -  | -  | <b>1,754</b>                       |
| <b>Opening Balance at 1 April 2015</b>                        | <b>31,823</b>         | <b>598,558</b>             | <b>264</b>                | <b>2,584</b>               | <b>10,739</b>                    | <b>4,739</b>                               | -  | <b>648,707</b>                     |
| Additions   | -                     | 3,273                      | -                         | 16                         | 2,920                            | 409  | 98   | <b>6,716</b>                       |
| Disposals   | -                     | -                          | (14)                      | -                          | -                                | -  | -  | <b>(14)</b>                        |
| Revaluation   | 470                   | 8,744                      | -                         | -                          | -                                | -  | -  | <b>9,214</b>                       |
| <b>At 31 March 2016</b>                                       | <b>32,293</b>         | <b>610,575</b>             | <b>250</b>                | <b>2,600</b>               | <b>13,659</b>                    | <b>5,148</b>                               | <b>98</b>                                      | <b>664,623</b>                     |
| <b>Depreciation</b>   |                       |                            |                           |                            |                                  |  |  |                                    |
| Opening balance at 1 April 2015                               | -                     | 210,542                    | 177                       | 1,486                      | 7,652                            | 2,585                                      | -  | <b>222,442</b>                     |
| Transfer in from Scottish Tribunal Service                    | -                     | 1,284                      | -                         | 52                         | 15                               | -  | -  | <b>1,351</b>                       |
| <b>Opening Balance at 1 April 2015</b>                        | <b>-</b>              | <b>211,826</b>             | <b>177</b>                | <b>1,538</b>               | <b>7,667</b>                     | <b>2,585</b>                               | -  | <b>223,793</b>                     |
| Charged in year   | -                     | 9,842                      | 78                        | 154                        | 1,547                            | 333  | -  | <b>11,954</b>                      |
| Disposals   | -                     | -                          | (14)                      | -                          | -                                | -  | -  | <b>(14)</b>                        |
| Revaluation   | -                     | 3,084                      | -                         | -                          | -                                | -  | -  | <b>3,084</b>                       |
| <b>Balance at 31 March 2016</b>                               | <b>-</b>              | <b>224,752</b>             | <b>241</b>                | <b>1,692</b>               | <b>9,214</b>                     | <b>2,918</b>                               | <b>-</b>                                       | <b>238,817</b>                     |
| <b>Net book value current year</b>                            | <b>32,293</b>         | <b>385,823</b>             | <b>9</b>                  | <b>908</b>                 | <b>4,445</b>                     | <b>2,230</b>                               | <b>98</b>                                      | <b>425,806</b>                     |
| Net book value prior year                                     | 31,823                | 386,343                    | 87                        | 1,042                      | 3,062                            | 2,154                                      | -  | <b>424,511</b>                     |
| Transfer in from Scottish Tribunal Service                    | -                     | 389                        | -                         | 4                          | 10                               | -  | -  | <b>403</b>                         |
| Net book value prior year including Scottish Tribunal Service | 31,823                | 386,732                    | 87                        | 1,046                      | 3,072                            | 2,154                                      | -  | <b>424,914</b>                     |

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.

**5b. Property, plant and equipment prior year**

| <b>Cost or valuation</b>              | <b>Land<br/>£'000</b> | <b>Buildings<br/>£'000</b> | <b>Vehicles<br/>£'000</b> | <b>Equipment<br/>£'000</b> | <b>ICT<br/>systems<br/>£'000</b> | <b>Fixtures<br/>and fittings<br/>£'000</b> | <b>Assets under<br/>construction<br/>£'000</b> | <b>2014-15<br/>Total<br/>£'000</b> |
|---------------------------------------|-----------------------|----------------------------|---------------------------|----------------------------|----------------------------------|--|--|------------------------------------|
| Opening balance at 1 April 2014       | 30,589                | 577,624                    | 275                       | 1,866                      | 8,454                            | 4,271                                      | 1,664  | <b>624,743</b>                     |
| Additions                             | -                     | 4,572                      | -                         | 714                        | 2,274                            | 468  | -  | <b>8,028</b>                       |
| Transfers                             | 499                   | 1,165                      | -                         | -                          | -                                | -  | (1,664)  | -                                  |
| Transfer to/from assets held for sale | (23)                  | (672)                      | -                         | -                          | -                                | -  | -  | <b>(695)</b>                       |
| Disposals                             | -                     | -                          | (11)                      | (52)                       | (14)                             | -  | -  | <b>(77)</b>                        |
| Revaluation                           | 758                   | 14,196                     | -                         | -                          | -                                | -  | -  | <b>14,954</b>                      |
| <b>At 31 March 2015</b>               | <b>31,823</b>         | <b>596,885</b>             | <b>264</b>                | <b>2,528</b>               | <b>10,714</b>                    | <b>4,739</b>                               | -  | <b>646,953</b>                     |
| <b>Depreciation</b>                   |                       |                            |                           |                            |                                  |  |  |                                    |
| Opening balance at 1 April 2014       | -                     | 196,387                    | 109                       | 1,419                      | 6,649                            | 2,279                                      | -  | <b>206,843</b>                     |
| Charged in year                       | -                     | 9,321                      | 79                        | 105                        | 1,016                            | 306  | -  | <b>10,827</b>                      |
| Transfers                             | -                     | -                          | -                         | -                          | -                                | -  | -  | -                                  |
| Transfer to/from assets held for sale | -                     | -                          | -                         | -                          | -                                | -  | -  | -                                  |
| Disposals                             | -                     | -                          | (11)                      | (38)                       | (13)                             | -  | -  | <b>(62)</b>                        |
| Revaluation                           | -                     | 4,834                      | -                         | -                          | -                                | -  | -  | <b>4,834</b>                       |
| <b>Balance at 31 March 2015</b>       | -                     | <b>210,542</b>             | <b>177</b>                | <b>1,486</b>               | <b>7,652</b>                     | <b>2,585</b>                               | -  | <b>222,442</b>                     |
| <b>Net book value current year</b>    | <b>31,823</b>         | <b>386,343</b>             | <b>87</b>                 | <b>1,042</b>               | <b>3,062</b>                     | <b>2,154</b>                               | -  | <b>424,511</b>                     |
| Net book value prior year             | 30,589                | 381,237                    | 166                       | 447                        | 1,805                            | 1,992                                      | 1,664  | 417,900                            |

**5c. Assets classified as held for sale**

The following assets have been presented for sale by the Scottish Courts and Tribunals Service. The completion date for sale is expected to be within 12 months. Assets classified as held for sale are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their current value less costs to sell.

Assets classified as held for sale are not subject to depreciation or amortisation.

|                         | Property<br>£'000 | Total<br>£'000 |
|-------------------------|-------------------|----------------|
| At 1 April 2015         | 50                | <b>50</b>      |
| Disposals               | (50)              | <b>(50)</b>    |
| <b>At 31 March 2016</b> | -                 | -              |

| Prior Year                       | Property<br>£'000 | Total<br>£'000 |
|----------------------------------|-------------------|----------------|
| At 1 April 2014                  | 300               | <b>300</b>     |
| Transfer from non-current assets | 695               | <b>695</b>     |
| Impairments                      | (820)             | <b>(820)</b>   |
| Disposals                        | (125)             | <b>(125)</b>   |
| <b>At 31 March 2015</b>          | <b>50</b>         | <b>50</b>      |

**6a. Intangible assets**

|  | <b>Software licences<br/>£'000</b> | <b>ICT software<br/>£'000</b> | <b>Assets under construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|------------------------------------|-------------------------------|--|------------------------|
| <b>Cost or valuation</b>   |                                    |                               |  |                        |
| Balance at 1 April 2015  | 3,230                              | 7,552                         | 227  | 11,009                 |
| Transfer in from Scottish Tribunal Service                             | 13                                 | 212                           | -  | 225                    |
| <b>Balance at 1 April 2015</b>   | <b>3,243</b>                       | <b>7,764</b>                  | <b>227</b>                                 | <b>11,234</b>          |
| Additions  | 446                                | 395                           | 1,676                                      | 2,517                  |
| <b>At 31 March 2016</b>  | <b>3,689</b>                       | <b>8,159</b>                  | <b>1,903</b>                               | <b>13,751</b>          |
| <b>Amortisation</b>  |                                    |                               |  |                        |
| Balance at 1 April 2015  | 1,847                              | 4,929                         | -  | 6,776                  |
| Transfer in from Scottish Tribunal Service                             | 7                                  | 90                            | -  | 97                     |
| <b>Balance at 1 April 2015</b>   | <b>1,854</b>                       | <b>5,019</b>                  | <b>-</b>                                   | <b>6,873</b>           |
| Charged in year  | 388                                | 579                           | -  | 967                    |
| <b>At 31 March 2016</b>  | <b>2,242</b>                       | <b>5,598</b>                  | <b>-</b>                                   | <b>7,840</b>           |
| <b>Net book value as at 31 March 2016</b>                              | <b>1,447</b>                       | <b>2,561</b>                  | <b>1,903</b>                               | <b>5,911</b>           |
| Net book value as at 31 March 2015                                     | 1,383                              | 2,623                         | 227  | 4,233                  |
| Transfer in from Scottish Tribunal Service                             | 6                                  | 122                           | -  | 128                    |
| Net book value as at 31 March 2015 including Scottish Tribunal Service | 1,389                              | 2,745                         | 227  | 4,361                  |

**6b. Intangible assets prior year**

|   | <b>Software licences<br/>£'000</b> | <b>ICT software<br/>£'000</b> | <b>Assets under construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|------------------------------------|-------------------------------|--|------------------------|
| <b>Cost or valuation</b>                  |                                    |                               |  |                        |
| Balance at 1 April 2014                   | 2,863                              | 7,115                         | -  | 9,978                  |
| Additions                                 | 367                                | 437                           | 227  | 1,031                  |
| <b>At 31 March 2015</b>                   | <b>3,230</b>                       | <b>7,552</b>                  | <b>227</b>                                 | <b>11,009</b>          |
| <b>Amortisation</b>                       |                                    |                               |  |                        |
| Balance at 1 April 2014                   | 1,567                              | 4,305                         | -  | 5,872                  |
| Charged in year                           | 280                                | 624                           | -  | 904                    |
| <b>At 31 March 2015</b>                   | <b>1,847</b>                       | <b>4,929</b>                  | <b>-</b>                                   | <b>6,776</b>           |
| <b>Net book value as at 31 March 2015</b> | <b>1,383</b>                       | <b>2,623</b>                  | <b>227</b>                                 | <b>4,233</b>           |
| Net book value as at 31 March 2014        | 1,296                              | 2,810                         | -  | 4,106                  |

## 7. Trade receivables and other assets

### Amounts falling due within one year

Trade receivables  
Other receivables  
Prepayments  
Accrued income

#### Total as at 31 March

### Amounts falling due in more than one year

Other receivables

#### Total as at 31 March

#### Total as at 31 March

| As at<br>31 March 2016<br>£'000 | As at<br>31 March 2015<br>£'000 |
|---------------------------------|---------------------------------|
|                                 |                                 |
| 1,529                           | 1,343                           |
| 89                              | 84                              |
| 2,039                           | 1,299                           |
| 261                             | 568                             |
| <b>3,918</b>                    | <b>3,294</b>                    |
|                                 |                                 |
| 72                              | 84                              |
| <b>72</b>                       | <b>84</b>                       |
| <b>3,990</b>                    | <b>3,378</b>                    |

### Receivables are shown net of impairments as follows:

At 1 April  
Charge for the year  
Unused amount released  
Utilised during the year

#### As at 31 March

| For the year ended<br>31 March 2016<br>£'000 | For the year ended<br>31 March 2015<br>£'000 |
|--|--|
| 106  | 111  |
| 145  | -  |
| -  | -  |
| (92)   | (5)  |
| <b>159</b>                                   | <b>106</b>                                   |

### Intra-Government balances

#### Amounts falling due within one year

Balances with other central government bodies  
Balances with local authorities  
Balances with NHS Bodies

#### Total: Intra-governmental balances

Balances with bodies external to government

#### Balance as at 31 March

| For the year ended<br>31 March 2016<br>£'000 | For the year ended<br>31 March 2015<br>£'000 |
|--|--|
|  |  |
| 69   | 45   |
| 44   | 80   |
| 2  | 5  |
| <b>115</b>                                   | <b>130</b>                                   |
| 3,803  | 3,164  |
| <b>3,918</b>                                 | <b>3,294</b>                                 |

#### Amounts falling due in more than one year

Balances with bodies external to government

#### Balance as at 31 March

| 2015-16<br>£'000 | 2014-15<br>£'000 |
|------------------|------------------|
|                  |                  |
| 72               | 84               |
| <b>72</b>        | <b>84</b>        |
| <b>3,990</b>     | <b>3,378</b>     |

#### Total as at 31 March



**8. Cash and cash equivalents**

Balance at 1 April  
 Transfer in from Scottish Tribunals Service  
 Balance at 1 April including Scottish Tribunal Service  
 Net change in cash and cash equivalent balances  
**Balance at 31 March**

**The following balances at 31 March were held at:**

Commercial banks and cash in hand  
**Balance at 31 March**

|  | <b>2015-16<br/>£'000</b> | <b>2014-15<br/>£'000</b> |
|--|--------------------------|--------------------------|
|  | 939                      | 918                      |
|  | 2                        | -                        |
|  | 941                      | 918                      |
|  | 1,125                    | 21                       |
|  | <b>2,066</b>             | <b>939</b>               |
|  |                          |                          |
|  | 2,066                    | 939                      |
|  | <b>2,066</b>             | <b>939</b>               |



## 9. Trade payables and other current liabilities

|  | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b>       |                  |                  |
| Trade payables                                   | 995              | 441              |
| Accruals   | 5,786            | 3,704            |
| Deferred income                                  | 15               | 13               |
| <b>Total as at 31 March</b>                      | <b>6,796</b>     | <b>4,158</b>     |
| <b>Amounts falling due in more than one year</b> |                  |                  |
| Deferred income and accruals                     | 281              | 296              |
| <b>Total as at 31 March</b>                      | <b>281</b>       | <b>296</b>       |
| <b>Total as at 31 March</b>                      | <b>7,077</b>     | <b>4,454</b>     |

|   | As at 31 March<br>2016<br>£'000 | As at 31 March<br>2015<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Intra-Government balances</b>              |                                 |                                 |
| <b>Amounts falling due within one year</b>    |                                 |                                 |
| Balances with other central government bodies | 2                               | -                               |
| Balances with local authorities               | 86                              | 26                              |
| <b>Total: Intra-governmental balances</b>     | <b>88</b>                       | <b>26</b>                       |
| Balances with bodies external to government   | 6,708                           | 4,132                           |
| <b>Total as at 31 March</b>                   | <b>6,796</b>                    | <b>4,158</b>                    |

|  | As at 31 March<br>2016<br>£'000 | As at 31 March<br>2015<br>£'000 |
|--|---------------------------------|---------------------------------|
| <b>Amounts falling due in more than one year</b> |                                 |                                 |
| Balances with bodies external to government      | 281                             | 296                             |
| <b>Balance as at 31 March</b>                    | <b>281</b>                      | <b>296</b>                      |
| <b>Total as at 31 March</b>                      | <b>7,077</b>                    | <b>4,454</b>                    |

During the year the SCTS paid 97.5% of invoices within the Scottish Government's 10 day target (SCS 2014-15: 96.5%) and 99.4% of invoices within 30 days (SCS 2014-15: 98.7%).

**10. Provisions for liabilities and charges**

|  | Property and dilapidations<br>£'000 | President pension costs<br>£'000 | Compensation<br>£'000 | Early departure costs<br>£'000 | 2015-16 Total<br>£'000 |
|--|-------------------------------------|----------------------------------|-----------------------|--------------------------------|------------------------|
| Balance as at 1 April 2015                   | 773                                 | -                                | 79                    | 1                              | 853                    |
| Add: element reported as due within one year | -                                   | -                                | 4                     | 10                             | 14                     |
| Transfer in from Scottish Tribunal Service   |                                     | 688                              | -                     | 66                             | 754                    |
| <b>Total as at 1 April 2015</b>              | <b>773</b>                          | <b>688</b>                       | <b>83</b>             | <b>77</b>                      | <b>1,621</b>           |
| Provided for in year                         | 443                                 | 40                               | 65                    | -                              | 548                    |
| Provisions not required written back         | -                                   | -                                | (33)                  | -                              | (33)                   |
| Provisions utilised in year                  | -                                   | (20)                             | (8)                   | (38)                           | (66)                   |
| <b>Total as at 31 March 2016</b>             | <b>1,216</b>                        | <b>708</b>                       | <b>107</b>            | <b>39</b>                      | <b>2,070</b>           |
| Payable within one year                      | (66)                                | (20)                             | (2)                   | (16)                           | (104)                  |
| <b>At 31 March 2016</b>                      | <b>1,150</b>                        | <b>688</b>                       | <b>105</b>            | <b>23</b>                      | <b>1,966</b>           |

Analysis of expected timing of any resulting outflows of economic benefits:

|                                  | Property and dilapidations<br>£'000 | President pension costs<br>£'000 | Compensation<br>£'000 | Early departure costs<br>£'000 | 2015-16 Total<br>£'000 |
|----------------------------------|-------------------------------------|----------------------------------|-----------------------|--------------------------------|------------------------|
| Payable in 1 year                | 66                                  | 20                               | 2                     | 16                             | 104                    |
| Payable between 2 and 5 yrs      | 591                                 | 79                               | 67                    | 23                             | 760                    |
| Payable between 6 and 10 yrs     | -                                   | 99                               | 38                    | -                              | 137                    |
| Thereafter                       | 559                                 | 510                              | -                     | -                              | 1,069                  |
| <b>Total as at 31 March 2016</b> | <b>1,216</b>                        | <b>708</b>                       | <b>107</b>            | <b>39</b>                      | <b>2,070</b>           |

Includes £754k of provisions brought onto the balance sheet following the merger with the Scottish Tribunal Service.

**10. Provisions for liabilities and charges - Prior year**

|   | Property<br>And<br>dilapidations<br>£'000 | Compensation<br>£'000 | Early<br>departure<br>costs<br>£'000 | Pension<br>transfer<br>deficit<br>£'000 | Total<br>£'000 |
|---|---|-----------------------|--------------------------------------|---|----------------|
| Balance as at 1 April 2014                      | 764                                       | 66                    | 11                                   | -                                       | 841            |
| Add: element reported as due<br>within one year | -   | 13                    | 14                                   | 2,782                                   | 2,809          |
| <b>Total as at 1 April 2014</b>                 | <b>764</b>                                | <b>79</b>             | <b>25</b>                            | <b>2,782</b>                            | <b>3,650</b>   |
| Provided for in year                            | 9   | 83                    | -                                    | -                                       | 92             |
| Provisions not required written<br>back         | -   | (60)                  | -                                    | (1,842)                                 | (1,902)        |
| Provisions utilised in year                     | -   | (19)                  | (14)                                 | (940)                                   | (973)          |
| <b>Total as at 31 March 2015</b>                | <b>773</b>                                | <b>83</b>             | <b>11</b>                            | <b>-</b>                                | <b>867</b>     |
| Payable within one year                         | -   | (4)                   | (10)                                 | -                                       | (14)           |
| <b>At 31 March 2015</b>                         | <b>773</b>                                | <b>79</b>             | <b>1</b>                             | <b>-</b>                                | <b>853</b>     |

Analysis of expected timing of any resulting outflows of economic benefits:

|                                  | Property<br>and<br>dilapidations<br>£'000 | Compensation<br>£'000 | Early<br>departure<br>costs<br>£'000 | Pension<br>transfer<br>deficit<br>£'000 | Total<br>£'000 |
|----------------------------------|---|-----------------------|--------------------------------------|---|----------------|
| Payable in 1 year                | -   | 4                     | 10                                   | -                                       | 14             |
| Payable between 2 and 5 yrs      | 252                                       | 53                    | 1                                    | -                                       | 306            |
| Payable between 6 and 10 yrs     | -   | 26                    | -                                    | -                                       | 26             |
| Thereafter                       | 521                                       | -                     | -                                    | -                                       | 521            |
| <b>Total as at 31 March 2015</b> | <b>773</b>                                | <b>83</b>             | <b>11</b>                            | <b>-</b>                                | <b>867</b>     |



## Details of provisions

### President pension

This relates to the pension contributions for the Presidents of the Mental Health Tribunal.

### 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 for material claims for compensation against the SCTS from court users. The amounts provided are based on an assessment of the amounts 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 SCTS, 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 SCTS over the period of the lease.

## 11. Capital commitments

As at 31 March, contracted capital commitments for which no provision has been made were as follows:

|  | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| <b>Property, plant and equipment</b>     |               |               |
| Local Area Network (LAN)                 | -             | 1,241         |
| Wide Area Network (WAN)                  | 345           | 183           |
| Other                                    | 566           | 281           |
| <b>Intangible Assets</b>                 |               |               |
| Integrated Case Management System (ICMS) | 736           | 2,854         |
| <b>Total</b>                             | <b>1,647</b>  | <b>4,559</b>  |

There were no authorised but not contracted capital commitments at the end of the year.

## 12. Commitments under operating leases

As at 31 March, total future minimum lease payments under operating leases are given in the table below:

|  | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|------------------|------------------|
| <b>Buildings</b>                       |                  |                  |
| Within one year                        | 3,158            | 2,332            |
| Between two and five years (inclusive) | 8,427            | 8,471            |
| After five years                       | 13,421           | 14,988           |
| <b>Total</b>                           | <b>25,006</b>    | <b>25,791</b>    |



### 13. Related Party Transactions

During the year to 31 March 2016 the SCTS was a Non Ministerial Departmental Body in the Scottish Administration. During the year, SCTS 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 SCTS.

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

|  | Note  | 2015-16<br>£'000 | 2014-15<br>£'000 |
|--|-------|------------------|------------------|
| Principal Civil Service Pension Scheme     |       | (7,167)          | (5,757)          |
| Crown Office and Procurator Fiscal Service | 4     | 3,028            | 3,061            |
| Parliamentary Funding                      | SOCTE | 78,507           | 73,569           |

In accordance with the policy on 'Relocation Expenses Payable on Shrieval Transfer' set by the SCTS' Judicial Office for Scotland, the following payments were made during the financial year:

- A payment of £15,000 was made to a sheriff covering the remote island courts which related to additional costs of travel and subsistence;
- A payment of £128,296 made in 2012-13 related to relocation of a sheriff, which is being repaid over a 12 year period at £1,069.13 per month. At the end of 2015-16, £84,461 remains outstanding and is shown as a long term receivable (£72k) and short term receivable (£12k) in the SOFP and in Note 7 to the accounts.



## 14. Financial Instruments

As the cash requirements of the SCTS 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 SCTS's expected purchase and usage requirements and the SCTS is therefore exposed, to little credit, liquidity or market risk.

All financial assets are classified as loans and receivables and are held at carrying value. All financial liabilities are held at carrying value.

## 15. Losses

During the financial year there were 43 instances of cash losses totalling £1k (2014-15: £2k).

## 16. Third Party Assets

Cash balances of £28.8m (2014-15: £26.8m) 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.

These third party assets are not the property of the SCTS and are not included in the SCTS's accounts.

## 17. Outturn against Budget

|                                   | 2015-16         |                  | 2014-15          |
|-----------------------------------|-----------------|------------------|------------------|
|                                   | Budget<br>£'000 | Outturn<br>£'000 | Outturn<br>£'000 |
| Capital - DEL                     | 9,280           | 9,233            | 8,670            |
| Revenue - DEL                     | 85,031          | 83,082           | 65,349           |
| <b>Prior to exceptional costs</b> | <b>94,311</b>   | <b>92,315</b>    | <b>74,019</b>    |
| Exceptional Costs                 | -               | -                | 931              |
| <b>After exceptional costs</b>    | <b>94,311</b>   | <b>92,315</b>    | <b>74,950</b>    |
| Auditors remuneration             | -               | 82               | 82               |
|                                   | <b>94,311</b>   | <b>92,397</b>    | <b>75,032</b>    |
| Capital - AME                     | -               | -                | 820              |
| Revenue - AME                     | 40              | 498              | (879)            |
| <b>Total</b>                      | <b>94,351</b>   | <b>92,895</b>    | <b>74,973</b>    |

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 SCTS.

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

Gross DEL expenditure for the year was £129.3m. When offset by income of £37m, the net DEL outturn was £92.3m. This represented an increase of £18.3m on the preceding year's outturn driven by an increase in expenditure due to the merger with the Scottish Tribunals Service.

The over spend of £0.46m on AME related to the dilapidations on buildings leased by Scottish Government which were transferred to SCTS as part of the merger with the Scottish Tribunals Service.

**18. Movement on Working Capital Balances**

|   | Note               | Opening<br>Balances<br>As at<br>1 April<br>2015<br>£'000 | Closing<br>Balances<br>As at 31<br>March 2016<br>£'000 | 2015-16<br>Net<br>Movement<br>£'000 | 2014-15<br>Net<br>Movement<br>£'000 |
|---|--------------------|--|--|-------------------------------------|-------------------------------------|
| <b>Receivables and other assets</b>         |                    |  |  |                                     |                                     |
| Due within one year                         | <a href="#">7</a>  | 3,294  | 3,918  | (624)                               | 675                                 |
| Due after more than one year                | <a href="#">7</a>  | 84   | 72   | 12                                  | 13                                  |
| Less: Capital included in PPE               |                    | -  | -  |                                     |                                     |
| Less: Capital included in Intangibles       |                    | -  | -  |                                     |                                     |
|   |                    | <b>3,378</b>   | <b>3,990</b>   | <b>(612)</b>                        | <b>688</b>                          |
| <b>Net (increase)/decrease</b>              |                    |  |  |                                     |                                     |
| <b>Payables and other liabilities</b>       |                    |  |  |                                     |                                     |
| Due within one year                         | <a href="#">9</a>  | 4,158  | 6,796  | 2,638                               | (9,235)                             |
| Due after more than one year                | <a href="#">9</a>  | 296  | 281  | (15)                                | (16)                                |
| Less: Capital included in PPE               |                    | (720)  | (971)  | (251)                               | 4,191                               |
| Less: Capital included in Intangibles       |                    | (117)  | (131)  | (14)                                | 82                                  |
|   |                    | <b>3,617</b>   | <b>5,975</b>   | <b>2,358</b>                        | <b>(4,978)</b>                      |
| <b>Net increase/(decrease)</b>              |                    |  |  |                                     |                                     |
| <b>Provisions (current and non-current)</b> |                    |  |  |                                     |                                     |
|   | <a href="#">10</a> | 1,621  | 2,070  | 449                                 | (2,783)                             |
| Less: capital provisions included in above  |                    | -  | -  |                                     |                                     |
|   |                    | <b>1,621</b>   | <b>2,070</b>   | <b>449</b>                          | <b>(2,783)</b>                      |
| <b>Net increase/(decrease)</b>              |                    |  |  |                                     |                                     |
| <b>Net movement increase/(decrease)</b>     |                    |  |  |                                     |                                     |
|   |                    |  |  | <b>2,195</b>                        | <b>(7,073)</b>                      |

The opening balance on provisions of £867k has been adjusted to include £754k of provisions brought onto the balance sheet following the merger with the Scottish Tribunals Service.

**19. Merger Statement of Financial Position**

|  | Scottish Court<br>Service<br>As at 1 April<br>2015<br>£'000 | Scottish<br>Tribunal<br>Service<br>As at 1 April<br>2015<br>£'000 | Scottish<br>Courts and<br>Tribunals<br>Service<br>As at 1 April<br>2015<br>£'000 |
|--|---|---|--|
| <b>Non-current assets</b>  |   |   |  |
| Property, plant and equipment                                    | 424,511   | 403   | 424,914  |
| Intangible assets  | 4,233   | 128   | 4,361  |
| Trade and other receivables falling due after one year           | 84  | -   | 84   |
| <b>Total non-current assets</b>                                  | <b>428,828</b>  | <b>531</b>  | <b>429,359</b>   |
| <b>Current assets</b>  |   |   |  |
| Trade receivables and other current assets                       | 3,294   | -   | 3,294  |
| Cash and cash equivalents  | 939   | 2   | 941  |
| Assets classified as held for sale                               | 50  | -   | 50   |
| <b>Total current assets</b>                                      | <b>4,283</b>  | <b>2</b>  | <b>4,285</b>   |
| <b>Total assets</b>  | <b>433,111</b>  | <b>533</b>  | <b>433,644</b>   |
| <b>Current liabilities</b>                                       |   |   |  |
| Payables and other current liabilities                           | (4,158)   | -   | (4,158)  |
| Provisions for liabilities and charges due within one year       | (14)  | -   | (14)   |
| <b>Total current liabilities</b>                                 | <b>(4,172)</b>  | <b>-</b>  | <b>(4,172)</b>   |
| <b>Total assets less current liabilities</b>                     | <b>428,939</b>  | <b>533</b>  | <b>429,472</b>   |
| <b>Non-current liabilities</b>                                   |   |   |  |
| Payables and other liabilities                                   | (296)   | -   | (296)  |
| Provisions for liabilities and charges due in more than one year | (853)   | (754)   | (1,607)  |
| <b>Total non-current liabilities</b>                             | <b>(1,149)</b>  | <b>(754)</b>  | <b>(1,903)</b>   |
| <b>Assets less liabilities</b>                                   | <b>427,790</b>  | <b>(221)</b>  | <b>427,569</b>   |
| <b>Taxpayers' equity</b>   |   |   |  |
| General fund   | 335,397   | (286)   | 335,111  |
| Revaluation reserve  | 92,393  | 65  | 92,458   |
| <b>Total taxpayers' equity</b>                                   | <b>427,790</b>  | <b>(221)</b>  | <b>427,569</b>   |

**20. Post Balance Sheet Events**

There are no material post balance sheet events that require to be adjusted or disclosed in the accounts.



## Annex 1 – SCTS Business Levels

### High Court

|                          | 2015-16 | 2014-15 | 2013-14 |
|--------------------------|---------|---------|---------|
| Indictments registered   | 748     | 812     | 829     |
| Trials (evidence led)    | 403     | 443     | 429     |
| Solemn appeals (lodged)  | 673     | 727     | 763     |
| Summary appeals (lodged) | 866     | 1,119   | 1,022   |
| High Court judge days    | 3,780   | 3,881   | 3,964   |

### First Instance Criminal Business

The number of indictments registered and trials where evidence has been led show a slight overall reduction over the course of the past three years. The workload of the High Court remains high however, due to the increasing complexity of cases, particularly those involving allegations of sexual offending and domestic abuse.

The average duration of a trial has increased to slightly over 7 days per trial. During the course of the last year there have been a number of high profile and lengthy trials, including one trial which lasted over 6 months.

The reduction in churn (unproductive continuation of cases) in the Preliminary Hearing court has been maintained in the last business year which has again led to a reduction in the number of court days allocated to this type of business from 300 days in 2014-15 to 250 days last year.

### Criminal Appeal Business

The number of solemn and summary appeals lodged during the last year has reduced in comparison with previous years. The criminal jurisdiction of the new Sheriff Appeal Court came into force on 22 September 2015. The implementation of the Court went smoothly with all summary appeal business continuing to be processed efficiently. Solemn and summary appeals against sentence continued to be disposed of within an average of 6 weeks from the date that leave to appeal was granted during 2015-16.

Solemn appeals against conviction were disposed of by the Criminal Appeal Court within an average of twenty-one weeks from the date that leave to appeal was granted during 2015-16. This is a reduction of seven weeks on the average compared with the previous two years.

Summary stated case appeals were disposed of within an average of 8 weeks from the date that leave to appeal was granted during 2015-16. This is a reduction of 2 weeks on the average period in 2014-15.

### Court days

The number of High Court judge days in 2015-16 declined by just over 100 compared with the previous year – a similar pattern to that of the year before. Figures will be closely monitored over the coming year to assess the impact of the Sheriff Appeal Court in its first full year of operation.

## Court of Session

|   | 2015-16 | 2014-15 | 2013-14 |
|---|---------|---------|---------|
| Ordinary civil actions registered                       | 2,864   | 3,727   | 3,242   |
| Civil petitions (registered)                            | 1,461   | 1,394   | 1,316   |
| Civil appeals / reclaiming motions                      | 238     | 236     | 243     |
| Proofs, jury trials & hearings, (J/R) (which proceeded) | 168     | 114     | 119     |
| Court of Session judge days                             | 1,968   | 1,956   | 2,071   |

## Outer House

The volume of ordinary actions registered in the Court of Session has reduced as a consequence of the introduction of the exclusive competence of the Sheriff Court to hear actions to the value of £100,000 which took effect from 22 September 2015. Since that date there has been a noticeable decrease in the number of Ordinary actions registered in the Court of Session compared with the previous year. This reduction is expected to continue, with around 70% of the case volume transferring to the Sheriff Courts.

In spite of this shift the number of cases proceeding to a substantive hearing rose quite significantly in 2015-16. In spite of this waiting periods for up to 4-day hearings improved slightly on previous years (21 week average).

The trend of a slow but steady increase in the volume of Petitions registered continued in 2015-16. Amendments to the rules in respect of Petitions for Judicial Review increased the administrative and judicial input required at the outset of these actions but should eventually lead to a more efficient and effective procedure where only those cases genuinely requiring a hearing make it to that stage.

## Inner House

The volume of appeals and reclaiming motions registered has remained broadly constant over the last 3 years. The time from the marking of a reclaiming motion or lodging of an appeal to the Court of Session to disposal of the merits continues to improve with an average period of 36 weeks reported for 2015-16.

Analysis of outstanding cases as at 31 March 2016 indicates that there are 8 cases outstanding that were lodged prior to 2015. Each of these is subject to robust administrative and/or judicial management.

The civil jurisdiction of the Sheriff Appeal Court was established on 1 January 2016. The impact of its introduction and the introduction of the requirement to apply for permission to appeal to the Court of Session will be monitored over the course of the coming year.

## Court Days

The number of Court of Session judge days remained broadly static compared to the previous year.

## Sheriff Court

| <b>Criminal - Summary</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|---------------------------|----------------|----------------|----------------|
| Complaints Registered     | 72,242         | 71,350         | 76,555         |
| Trials (Evidence Led)     | 9,425          | 8,912          | 7,866          |

| <b>Criminal - Solemn</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|--------------------------|----------------|----------------|----------------|
| Indictments Registered   | 6,460          | 6,920          | 6,033          |
| Trials (Evidence Led)    | 1,497          | 1,430          | 1,379          |

| <b>Ordinary Civil</b>                | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|--------------------------------------|----------------|----------------|----------------|
| Cases Registered                     | 23,212         | 23,628         | 24,026         |
| Proofs and Debates (Which Proceeded) | 971            | 990            | 1,146          |

| <b>Summary Cause &amp; Small Claims</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|---|----------------|----------------|----------------|
| Cases Registered                        | 49,008         | 47,977         | 48,485         |
| Proofs/Hearings (Evidence Led)          | 515            | 509            | 649            |

| <b>Commissary</b>    | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|----------------------|----------------|----------------|----------------|
| Inventories Recorded | 25,113         | 24,209         | 23,902         |

| <b>Sheriff Court Sitting Days</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|-----------------------------------|----------------|----------------|----------------|
| Number of days                    | 28,819         | 28,946         | 28,160         |

## Justice of the Peace Court

|                       | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|-----------------------|----------------|----------------|----------------|
| Complaints Registered | 54,856         | 66,819         | 67,767         |
| Trials (Evidence Led) | 3,258          | 3,151          | 2,590          |

The number of summary complaints registered in the Sheriff Courts in 2015-16 showed a slight increase of 1% compared with the previous year, while complaints registered in the Justice of the Peace Courts showed a significant decrease of 18%. The number of indictments (solemn cases) registered in 2015-16 decreased by almost 7% - these cases relate to more serious crimes prosecuted in the Sheriff Court including those involving violence or sexual offences.

Notwithstanding these fluctuations in the number of cases initially registered, the volume of evidence led trials in 2015-16 was higher than the levels in 2013-14 and 2014-15 across all summary and solemn business.

Levels of civil business in the Sheriff Courts have remained broadly stable over the past 3-year period, although there is a possibility that 2015-16 marks a decline in the overall number of cases registered, as the introduction of the exclusive competence of the Sheriff Court to hear actions to the value of £100,000 (which took effect from 22 September 2015) which has led to a decrease in the number of civil actions registered in the Court of Session has not been matched by a corresponding increase in the ordinary civil business caseload of the Sheriff Court.

## Devolved Tribunals

The Scottish Tribunals Service (STS) merged with the Scottish Court Service on 1 April 2015 to become the Scottish Courts and Tribunals Service (SCTS). The tribunals formerly supported by the STS now receive administrative support from a dedicated delivery unit within the SCTS – Tribunals Operations. Whilst not the responsibility of the SCTS at that time, case volumes for 2014-15 and 2013-14 are provided here, where available, for ease of comparison.

| <b>Additional Support Needs Tribunals</b>                       | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|---|----------------|----------------|----------------|
| Receipts  | 68             | 78             | 58             |
| Disposals   | 67             | 68             | 63             |
| Hearing Days  | 25             | 48             | 14             |
| <b>Homeowner Housing Panel</b>                                  | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 163            | 189            | 330            |
| Disposals   | 171            | 311            | 133            |
| Hearing Days  | 75             | 81             | 61             |
| <b>Lands Tribunal for Scotland</b>                              | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 240            | 194            | 261            |
| Disposals   | 367            | 243            | 1,187          |
| Hearing Days  | 93             | 68             | 69             |
| <b>Mental Health Tribunal for Scotland<sup>48</sup></b>         | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 4,239          | 3,870          | 3,715          |
| Disposals   | 4,136          | 3,816          | 3,719          |
| Hearing Days  | 3,453          | 3,381          | 3,140          |
| <b>Mental Health Tribunal (Excessive Security)<sup>49</sup></b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 23             | n/a            | n/a            |
| Disposals   | 8              | n/a            | n/a            |
| Hearing Days  | 8              | n/a            | n/a            |
| <b>Pensions Appeals Tribunals Scotland</b>                      | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 222            | 316            | 184            |
| Disposals   | 152            | 237            | 248            |
| Hearing Days  | 66             | 87             | 70             |
| <b>Scottish Charity Appeals Panel</b>                           | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 0              | 0              | 4              |
| Disposals   | 0              | 0              | 2              |
| Hearing Days  | 0              | 0              | 9.5            |

<sup>48</sup> Receipt of applications has seen a year on year increase within MHTS, giving a related increase in the number of hearing days

<sup>49</sup> The excessive security case type within MHTS came into effect in the 2015-16 business year



| <b>Tax Tribunals for Scotland<sup>50</sup></b>                        | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|---|----------------|----------------|----------------|
| Receipts  | 2              | n/a            | n/a            |
| Disposals   | 2              | n/a            | n/a            |
| Hearing Days  | 0              | n/a            | n/a            |
| <b>Private Rented Housing Panel</b>                                   | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 355            | 331            | 172            |
| Disposals   | 384            | 217            | 296            |
| Hearing Days  | 192.5          | 200            | 133            |
| <b>Private Rented Housing Panel - (3rd party access)<sup>51</sup></b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 5              | n/a            | n/a            |
| Disposals   | 0              | n/a            | n/a            |
| Hearing Days  | 0.5            | n/a            | n/a            |
| <b>Private Rented Housing Panel - (section 35)<sup>52</sup></b>       | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| Receipts  | 8              | n/a            | n/a            |
| Disposals   | 4              | n/a            | n/a            |
| Hearing Days  | n/a            | n/a            | n/a            |

### Other functions administered by Tribunal Operations

| <b>Council Tax Reduction Review Panel<sup>53</sup></b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|--|----------------|----------------|----------------|
| Receipts   | 92             | 52             | 6              |
| Disposals  | 60             | 51             | 12             |
| Hearing Days   | 11             | 8              | 0              |

### Office of the Public Guardian (OPG)

The workload of the OPG in 2015-16 continues to be high - evidencing the importance of powers of attorney in the lifestyle choices being made by Scotland's steadily ageing population.

Further information on the work of the OPG can be found on its website, <http://www.publicguardian-scotland.gov.uk>

|                     | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
|---------------------|----------------|----------------|----------------|
| Powers of Attorney  | 55,508         | 55,527         | 45,576         |
| Guardianship Orders | 2,678          | 2,500          | 2,264          |

<sup>50</sup> The Tax Tribunal for Scotland became operational in 2015-16 – no previous years' data exists

<sup>51</sup> 3<sup>rd</sup> Party access applications became operational within the business year 2015/16 following expansion of the PRHP jurisdiction

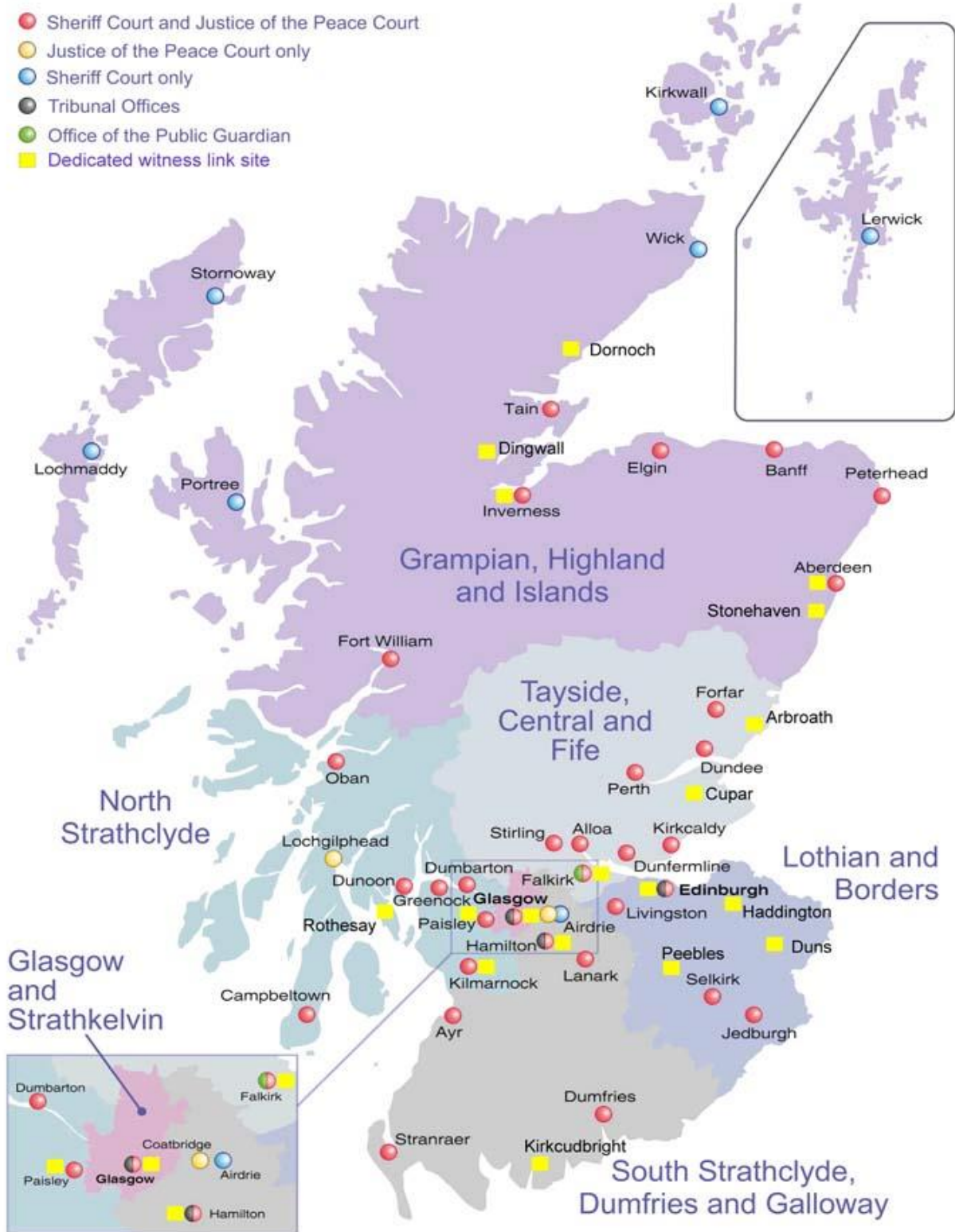
<sup>52</sup> Section 35 applications became operational within the business year 2015/16 following expansion of the PRHP jurisdiction

<sup>53</sup> The CTRP is not a formal Tribunal, but acts as a review body with administrative support provided by Tribunals Operations

# Annex 2 – SCTS Locations

## Scottish Courts and Tribunals Service locations

- Sheriff Court and Justice of the Peace Court
- Justice of the Peace Court only
- Sheriff Court only
- Tribunal Offices
- Office of the Public Guardian
- Dedicated witness link site





## Annex 3 – Accounts Direction from Scottish Ministers

### **DIRECTION BY THE SCOTTISH MINISTERS**

**In accordance with section 19(4) of the Public Finance and 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.

3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 29 March 2001 is hereby revoked.

Signed by the authority of the Scottish Minister

Dated 17 January 2006



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