



Ministry of
JUSTICE

Government Response to the Justice Committee's Second Report of Session 2012-13

The budget and structure of the
Ministry of Justice

October 2012



**Government Response to the Justice Committee's
Second Report of Session 2012-13:
The budget and structure of the Ministry of Justice**

Presented to Parliament
by the Lord Chancellor and Secretary of State for Justice
by Command of Her Majesty

October 2012

© Crown copyright 2012

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: psi@nationalarchives.gsi.gov.uk

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at Jacqueline Tedd, Board Secretariat, Ministry of Justice, Tel: 020 3334 4527 or email Jacqueline.tedd@justice.gsi.gov.uk

This publication is available for download at www.official-documents.gov.uk and on our website at www.justice.gov.uk

ISBN: 9780101843324

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID 2516578 10/12

Printed on paper containing 75% recycled fibre content minimum.

Contents

Foreword	3
Response to the Justice Committee's Conclusions and Recommendations	4
Part 1: Introduction	4
Part 2: Commentary and Recommendations	5
The Departmental Board	5
Sponsored Bodies	5
Cultural Change through Transforming Justice	9
The Creation of the Ministry of Justice and Prison Service and Probation Service relations	10
Change of emphasis – understanding the business	11
Benefiting from experiences overseas	13
Addressing poor financial management	14
Working with others	19
Financial planning model and the new Operating model	20
Smaller estate	24
Targeted IT changes	27
Income generation	29
Outsourced services	31
The Ministry's long-term policies	38
Payment by results	38
The next stage of Transforming Justice	39

**Government Response to the Justice Committee's Second Report of Session 2012-13:
The budget and structure of the Ministry of Justice**

Foreword

The Justice Committee's report into the budget and structure of the Ministry of Justice (MoJ) focuses on many of the changes the Department has made to bring us closer to the goal of delivering a justice system that is more effective, less costly, and more responsive to the public.

At a time of continued financial pressure, finding ways that improve services while delivering even greater value for money is of paramount importance. It is for this reason that we have streamlined our own structures and processes, and put a renewed focus on improving financial management across the entire Department.

The Departmental Board has provided a useful forum for the Ministerial team, Non-Executives and lead officials to scrutinise the Department's performance and discuss the key issues that the MoJ is facing.

The Department knows that while a great deal has already been achieved there is still much to do to improve the efficiency and the effectiveness of the justice system.

Many of the matters raised in the Committee's report – such as our work on Payment by Results and commissioning services – will be integral to delivering a reformed system. The Department is committed to driving forward its ambitious reform agenda and is looking forward to working with the new Ministerial team to deliver their vision of a transformed justice system.

Response to the Justice Committee's Conclusions and Recommendations

Part 1: Introduction

This document is the Ministry of Justice's response to the Justice Committee's Second Report of the 2012-13 Session on the budget and structure of the Ministry of Justice.

The Justice Committee's report was published in July 2012 following the completion of its inquiry into the budget and structure of the Ministry of Justice.

The Ministry of Justice is grateful to the Justice Committee for its analysis of these issues and has given careful consideration to its findings and recommendations.

Part 2: Commentary and Recommendations

In this part of this paper the Ministry of Justice replies to the conclusions and recommendations made by the Justice Committee in its report. Where recommendations have a common theme the Department has responded to these together.

The Departmental Board

The Ministry of Justice has taken a pragmatic approach by adapting its top level structure to ensure all delivery agencies have a seat on the Departmental Board. These changes will speed up internal processes, and allow all agencies to have a direct input into Departmental decision making, which now rightly involves ministers directly. We commend this flexible approach and wish to see it continue: if circumstances or demands change, it might be necessary for the composition of the Board also to change. (Paragraph 23)

The Department agrees with the Committee's conclusion that the inclusion on the Board of the full executive team – Permanent Secretary, Directors General and Chief Executive Officers (CEOs) of NOMS, HMCTS and the LSC – has enabled the Board to have more productive and strategic dialogue about the future direction of the Department. Additionally, the inclusion of the Agency CEOs has improved the quality of Board level discussion and scrutiny of pan-Departmental performance.

The Departmental Board conducts an annual Board Effectiveness Review. As part of this process the Department assesses whether it is necessary to change the composition of Board membership to respond effectively to any changes in circumstances. The Department will inform the Committee of any changes to the Board's membership.

Sponsored Bodies

We note the concerns of the Chief Inspectors of Prisons and Probation and the Prisons and Probation Ombudsman. As they have a role as watchdogs it is particularly important that they have independence from the Department. We call on ministers to discuss these concerns with the Inspectors and Ombudsman, and in response to this Report to outline what steps they are taking to allay fears regarding their independent status. (Paragraph 29)

Where the function of an Arm's Length Body requires it to be protected from political influence, it is important that the appropriate arrangements are in place so that this is the perception as well as the reality. We recommend that, where necessary, the Ministry of Justice establish or

revise Framework Documents so that they recognise the importance of real and perceived independence. (Paragraph 30)

The difficulties in recruitment raised by the Chief Inspectors of Prisons and Probation and the Prisons and Probation Ombudsman are a matter for concern. In the response to this Report the Ministry must explain why previously agreed posts had subsequently been withdrawn. The Chief Inspectors and Ombudsman have a role as watchdogs and, although they will also be subject to efficiency savings, they must be able to recruit the staff they require in a reasonable fashion. (Paragraph 139)

The Department acknowledges that improvements needed to be made in the provision of support services to the Inspectorates of Prison and Probation and to the Prisons and Probation Ombudsman. The Department has therefore worked to develop a greater understanding of what independence means in practice and has sought to deliver improvements in how it engages with these three organisations. We recognise that as 'watchdogs', they have a distinct role whereby their independence and the perception thereof is of vital importance to the delivery of their business. Ministers will be discussing this in forthcoming introductory meetings. The Department has put in place processes to embed an improved understanding of the nature of the independence of these bodies. A tailored and appropriate appraisal process has been agreed with the Inspectors and the Ombudsman.

Within the constraints of the Estates Strategy, the Department is committed to maintaining as far as possible separate headquarter locations for these three organisations. The Department also recognises the value in a distinct web presence and has worked with Cabinet Office to enable these bodies to have separate websites in the future. The Department is working with the Inspectorates and the Ombudsman to agree financial allocations for next financial year in good time.

The Department is putting in place processes to enable the three organisations to recruit staff within more appropriate governance controls. The tailored Framework Documents for 2013/14 will cover these arrangements.

The staff of the Chief Inspectors of Prisons and Probation and of the Prisons and Probation Ombudsman are primarily civil servants. This requires them to follow the Cabinet Office's requirements when hiring civil servants.

The Department has not rejected any business cases for staffing resources from the Chief Inspectors of Prisons and Probation and the Prisons and Probation Ombudsman. The evidence submitted by the Inspectorates and the Ombudsman may refer to a business case from the Ombudsman which was challenged and has since been approved.

We do recognise that there can be delays in processing the business cases, and are working to speed up the process. However, the recruitment controls the Department has put in place are there to ensure that the Department maintains a strong grip on the number of staff it is employing.

Where there is no requirement for the function of an Arm's Length Body to be protected from political influence, it is important that ministers are held accountable, and have influence on the performance of that function. Notwithstanding retention of the Youth Justice Board as a Non-Departmental Public Body, we recommend the Ministry ensures that the YJB works as efficiently as it would as an Agency, with similar accountability requirements. (Paragraph 35)

Following the government's decision to retain the Youth Justice Board as a Non-Departmental Public Body, the Department has worked with the YJB to agree a Framework Document which sets out the broad framework within which the organisation will operate.

The purpose of the Framework Document is to support the YJB as an Arm's Length Body in achieving its aims and functions as set out in legislation. The document aims to assist the YJB and the Ministry of Justice in their shared aim to secure improvements to the youth justice system within the overall statutory aim of reducing offending by children and young people.

The assumption is that the relationship between the YJB and the Department will be approached by both organisations in a spirit of cooperation. The Document sets out the roles and responsibilities of both organisations including holding quarterly performance meetings which are chaired by the Head of the ALB Governance Division. These performance meetings enable the Department to hold the YJB to account for delivery of their business plan commitments.

Ministers and the Permanent Secretary meet regularly with the Chair and Chief Executive of the YJB to communicate their priorities for the strategic direction of the youth justice system and government priorities and to listen to the YJB's advice on the operation and provision of services of that system. For example, a number of meetings have been held over recent months to discuss the current and future use of the youth secure estate. The Transforming Justice Committee – a committee of the Departmental Board – also oversees and scrutinises any of the YJB's major change programmes that form part of the Transforming Justice Portfolio. Currently the YJB have two programmes in the Portfolio. These are the Secure Training Centre Programme and the Youth Justice System Changes Programme.

The YJB's corporate plan for 2012-15 reflects the Department's wider strategic aims and has been agreed by Ministers. This includes increasing the use of restorative justice and supporting the implementation of the provisions of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 that will improve the use of out of court disposals and give local authorities greater financial responsibility for the secure remand of children.

We note that the Ministry of Justice will be reviewing regularly the functions of its Arm's Length Bodies, and wish to be informed of any proposals to alter governance arrangements. (Paragraph 36)

The Department has agreed with the Minister for the Cabinet Office a programme of Triennial Reviews to review the function, delivery mechanism and governance arrangements of Non-Departmental Public Bodies (NDPBs) and other Arm's Length Bodies as directed by the Executive Management Committee of the Board. The purpose of this is to provide a robust challenge of the continuing need for individual NDPBs – both their functions and their form; and where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

The Department's former Parliamentary Under Secretary of State wrote to the Committee in January 2012 informing them of the Department's overall timetable of Triennial Reviews and to confirm that, as required by Cabinet Office guidance, the Committee will be given the opportunity to input into individual reviews and scrutinise their outcomes. To this end, the Department will continue to inform the Committee of the commencement of individual reviews and provide the Committee with a copy of all the relevant reports. The Department will also inform the Committee of any proposed significant alterations to a body's governance arrangements should they occur outside this process.

We acknowledge the improvements that the MoJ has made to its oversight of Arm's Length Bodies. However, these are improvements from a situation that the Committee of Public Accounts described as “a matter of concern for the Ministry”. (Paragraph 40)

We welcome the establishment of the Arm's Length Bodies' Governance Division. This Division should endeavour to support and monitor the ALBs so that poor performance and duplicated processes, as previously seen in the LSC, are not repeated elsewhere. (Paragraph 41)

We recommend that the MoJ report to us on a regular basis – perhaps twice a year – on the work of the ALB Governance Division, drawing on its risk-based approach, and flagging up any significant risks identified, and the mitigating steps taken to manage those risks. (Paragraph 42)

The Department responded swiftly to the Committee of Public Account's concerns about oversight of its Arm's Length Bodies and is grateful that the improvements which have been put in place have been acknowledged by the Committee.

As well as establishing the ALB Governance Division, which has responsibility for driving up standards of sponsorship across the Department, it has put in place financial governance and performance monitoring, following a risk-based approach.

The Permanent Secretary now meets with a wider group of ALB Chief Executives on a regular basis which reinforces the engagement with ALBs which takes place at multiple levels through the Department.

The ALB Governance Division is supporting sponsors throughout the Department to monitor performance proportionately and has recently initiated a review of the current sponsorship model in the Department, working with other Government Departments and liaising with the Institute for Government to develop best practice.

The Head of the ALB Governance Division will be pleased to write to the Justice Committee on a bi-annual basis. This will include an overview of the work of the ALB Governance Division and the governance and arrangements put in place proportionate to the annual moderated risk analyses process. The first report will be sent to the Justice Committee by June 2013.

Cultural Change through Transforming Justice

There has been a historical tendency throughout government to favour policy at the expense of delivery. We welcome the change in culture in the Ministry, with an increasing recognition of the importance of programme management as well as policy. We recommend that greater efforts be made to alter the balance from policy creation to its implementation. It should be a prerequisite that officials at a senior level have had hands-on experience of delivery or project management. (Paragraph 47)

The Department recognises the importance of its programme and project management capability to the successful delivery of our policy and other initiatives. We have a programme in place aimed at building upon our current project delivery capability across the whole of the department, including arms length bodies. The programme covers a broad range of areas, including our project delivery framework, sharing best practice and continuous professional development for our staff. Staff in the Department's policy group are fully engaged with the programme and its activities.

The Department's Head of Project Delivery Profession and central project delivery staff regularly engage with other government departments and professional organisations to share ideas and best practice on improving capability. We also work jointly on developing the range of learning and development opportunities available to our project delivery community and other staff who need to have awareness of the methodologies, tools and techniques. We are supporting members of staff on the programme run by the Major Projects Leadership Academy (MPLA) – to build the skills of senior project leaders to deliver complex projects.

We will continue to identify the requirements for individual roles and ensure employees in posts where there is a requirement have the necessary capabilities. Through our workforce planning process we will recruit, develop or bring in short term capability to ensure that the Department can continue to deliver. Work is ongoing under the head of profession for Programme and Project Management to capture the current capability within this area and to investigate the benefits of operating to a flexible resource model in order to maximise the impact of this group.

The Creation of the Ministry of Justice and Prison Service and Probation Service relations

We agree with the objectives set out at the formation of the Ministry of Justice, and believe there are benefits in having a separate Ministry of Justice dedicated to achieving them. We welcome the emphasis the Department places on re-offending, but believe the Department still has structures in place which do not assist in achieving that objective. (Paragraph 6)

We have long argued that the difficulties NOMS has experienced in reducing reoffending are inherent in its current structure and that there should be a more ambitious integrated system of offender management involving the commissioning of both prison and probation services in defined geographical areas. While we appreciate that efforts have been made to bring prisons and probation closer together, such efforts amount to little more than a sticking plaster; they do not address the fundamental structure of NOMS, which is currently inadequate to fulfil its aspirations. As such, the rigidities in the current structure militate against doing what works. Furthermore, probation does not enjoy the same status as prisons in NOMS, which reflects the fact that non-custodial sentences do not have the same status as custodial sentences throughout the system. (Paragraph 52)

The Department welcomes the Committee's acknowledgement that there have been benefits in bringing together, within the Ministry of Justice, responsibility for the courts, tribunals, prisons and probation services. The Department also agrees that one of its core priorities is to reduce reoffending. However, the Department does not agree that it does not have the structures in place to achieve this objective.

In 2010 the Department created a new Operating Model Blueprint. The Department is now structured around four Business Groups: Justice Policy Group (JPG); Corporate Performance Group (CPG); HMCTS; and NOMS. From April 2013 this will also include the new Legal Aid Agency.

The Department's Operating Model Blueprint seeks to ensure that: all policy is undertaken in a single Business Group and is focused on Ministerial priorities or changes required by delivery bodies; wherever appropriate, corporate services are provided on a shared or combined basis, including to ALBs; there is a small strategic core that supports Ministers, provides a strategic framework and ensures governance; and delivery bodies can focus on their core mission of leading the delivery of services.

In addition, NOMS has taken widespread action to ensure knowledge of probation is captured at its headquarters. NOMS works extensively with the Probation Association and the Probation Chiefs Association on policy development and implementation. Senior NOMS staff, including the Chief Executive and Director of Probation and Contracted Services, regularly brief Probation Chief Executives and Board Chairs. NOMS has also established a

Probation Consultative Forum which includes interested groups from across probation, including trade unions.

Probation experience across NOMS has been strengthened significantly since NOMS was formed. The NOMS Community Commissioning Group is headed by a former probation chief officer and includes Senior Commissioners and staff with probation experience. All NOMS Senior Community Managers who oversee the management and relationships of Trust contracts were probation staff and a non-executive with substantial probation experience (including as Chief Officer in West Yorkshire and Chief Executive of London) has been appointed to the Agency Board.

NOMS community commissioners work closely with custodial commissioners and co-commissioning colleagues, and with Probation Trusts. The Probation Trusts have responded positively to NOMS Commissioning Intentions which include joint community and custodial commissioning and co-commissioning intentions, designed to improve coordination and integration across the system at national and local levels.

As previously stated in the Government Response to the Justice Committee's Report: 'The role of the Probation Service', while we see the attraction of combined local commissioning arrangements, we believe this underestimates the difficulty of ensuring that custodial places are provided immediately in response to demand, and the unacceptable risks that would be involved in attempting devolution to local level.

Managing the prison population at national level, NOMS is able to maximise public value and efficiency in responding to the needs of both the courts and offenders. This model allows us maximum flexibility to manage the custodial population, making best use of capacity to meet changing court demand, as well as providing specialist regimes to meet the needs of specific groups, such as women offenders, young adult offenders and older offenders. This model also makes it possible for regimes to be shaped to meet specific needs – which might not be economical if places were commissioned at local level. While we will continue to commission prison places on a national basis we are strengthening our ability to ensure that local activity to reduce reoffending more closely matches the needs of the particular prison population in a specific location, and we will continue to devolve as much commissioning of local services, particularly from local organisations, to Governors as we can.

Change of emphasis – understanding the business

We recommend that the Ministry provides a follow-up response to our 2011 conclusion on the dearth of evidence on legal aid expenditure and its outcomes, so that we can use it as a case study of the progress the Department has made. We note the inclusion for the first time in the 2011-12 Annual Report of figures for the average cost per case of legal aid accounting; we welcome this progress. (Paragraph 57)

The Department welcomes the Committee's continued interest in this area. An increasing amount of data and evidence on legal aid expenditure and its outcomes is now available or likely to be available in the near future. Average cost per case data is now published quarterly as a key input indicator in MoJ's Quarterly Data Summary.

The Legal Services Commission (LSC) separately publishes an annual Statistical Information Pack¹ providing detailed breakdowns of legal aid expenditure data. This will soon be supplemented by LSC publication of additional data on new matter starts, on provider fund take, and on peer review, relating to the LSC's ongoing programme of work to improve and share key management information.

Further developing our understanding of outcomes associated with legal aid spending is an important part of both the MoJ's and Legal Services Research Centre (LSRC)'s research plans. These include a number of projects which are now underway which examine the outcomes of legal aid expenditure on both clients - including court users - and providers. Final research papers will be published.

We welcome the improvements made in modelling and the use of analytical techniques. We recommend that the Department further improves its analytical function, and its evidence base, so that evidence of effectiveness can lead policy. The Department should bring together all its analytical and policy capacity, both in the MoJ and in NOMS, to provide a central strategic function. The Department should further develop its work with other departments to take account of the wider social and economic costs of crime, particularly with a view to reducing the number of people entering the criminal justice system and the inherent demands upon it. (Paragraph 63)

We recommend that the Department further improves its analytical function so that any future policy proposals are supported by high quality Impact Assessments that enable the fullest public scrutiny. We recommend that the Impact Assessment contains a statement of how the policy proposal fits with the label "better for less".

We reiterate that in the longer term, the Department should consider how best it can work with other departments so that Impact Assessments take into account the wider social and economic costs of a policy proposal. (Paragraph 246)

The Department continually seeks to improve its analytical function, working closely with policy and operational colleagues across the department. This is highlighted by the various improvements noted in the Committee's report as well as other recognitions such as the award received by our statistics unit

¹ http://www.legalservices.gov.uk/archive/archive_about.asp

from the Royal Statistical Society for their ground-breaking work during last summer's riots, for which they have also been nominated for a Civil Service Award. This is an ongoing effort, however, and we continue to work to improve the evidence base through our analytical and research programmes.

The majority of analysts in the Department are in the Analytical Services directorate located in the Corporate Performance Group. A number of analysts also work in some of our delivery bodies, such as NOMS, where it is advantageous for them to engage closely with operational colleagues. Although located in different business groups, analysts work very closely with policy, operational, finance and other colleagues across the Department to ensure the evidence base informs our reform agenda. It is not practical to bring all these different experts into a single function but is crucial to ensure they work together effectively as a team.

The Department also works closely with the Home Office and many other departments on a range of criminal justice issues, including the wider social and economic costs of crime. Analysts in the Department and the Home Office, for example, share and agree the evidence and analysis on criminal justice measures that is included in Impact Assessments. We also work closely with other departments that have a significant role in the criminal justice system, such as DfE on youth justice, DH on drugs rehabilitation and DWP on employment programmes.

More widely, if another department is considering introducing or widening a criminal sanction as part of a measure they are taking forward, they must clear this through Criminal Justice Gateway in the Department and assess the effects on the justice system through the Justice Impact Test in the Impact Assessment, working jointly with the Department's analysts to agree this assessment. This process helps the Department to manage the demand on the criminal justice system arising from new criminal sanctions and to seek financial redress where appropriate.

The Department's analysts works closely with policy colleagues to ensure that the Impact Assessments produced follow government guidance to provide the best assessment of the expected impacts given the available evidence. The purpose of Impact Assessments is to present the government's assessment of the likely costs and benefits and associated risks of a proposal that might have an impact on public, private or civil society organisations. Therefore, the assessment of how a measure contributes to "better for less" in the Department would not be appropriate for inclusion in an Impact Assessment, although it is important that this assessment is made and communicated appropriately.

Benefiting from experiences overseas

Whilst there are difficulties in making straight comparisons between different jurisdictions, the MoJ should continue to draw on examples of innovative or efficient practice in other justice systems. We recommend that the Department takes note of the National Audit Office's briefing,

Comparing International Criminal Justice Systems, which indicates where further work may be beneficial. This includes in particular: research into prison systems, such as those in the Netherlands and

Finland, which have seen reductions in the prison population; a comparison of fine collection rates, which is an area where further improvement is required; and improved sharing of positive experiences across jurisdictions of how services have been provided at a lower cost. There are also potential lessons to be learned by comparing the distinct criminal justice systems in Scotland and Northern Ireland with that of England and Wales. The Department should, in its response, set out how, if at all, it intends to learn lessons from other jurisdictions. (Paragraph 69)

We agree that we should continue to draw on international best practice in developing the Government's policy agenda, and we are grateful to the Committee for its recommendations in this area. Officials are regularly in touch with counterparts in other jurisdictions, and recent examples of cross-jurisdictional analysis undertaken within the Department include comparison of legal aid systems and evaluation of international evidence relating to the effectiveness of electronic monitoring, as well as consideration of different schemes for compensation for criminal injuries. We will continue to make full use of such research work in determining our policy approach across the range of MoJ's responsibilities.

Addressing poor financial management

Not adhering to the deadline for submitting departmental accounts, agreed across Government, is unacceptable. It creates the impression that the Ministry of Justice is a poor-performing Department with poor financial controls. (Paragraph 74)

In 2010-11, there were two significant issues that prevented the Department from adhering to HMT's Clear Line of Sight (CLOS) reporting deadline.

First, the MoJ's largest Executive Agency, the National Offender Management Service (NOMS) is required to consolidate the audited accounts of each of its 35 Probation Trusts (each an NDPB in its own right). As the NAO has recognised, this is in itself unusual for an Agency and increases the production time for their accounts.

Second, under CLOS, the MoJ was required to consolidate the audited accounts of its largest NDPB, the Legal Services Commission (LSC), for the first time. To meet the timetable for laying the MoJ accounts pre-summer recess, the LSC delivered its accounts more than three months earlier than it did in 2010-11.

The NAO were aware of the significant challenges that we faced, and the consequent impact these had on the time available to them to complete their audit before the summer recess. As such, it was determined that it was

unrealistic and unachievable for the Department to meet the CLOS deadline in 2011-12.

Although the Department was unable to meet the CLOS deadline, the 2011-12 accounts of the Department, its Agencies and NDPBs were all laid in Parliament on or before the 12th July a significant improvement on 2010-11.

The strong financial controls of the Department were evident in that it was one of only seven major Departments that received an unqualified audit opinion and laid its accounts prior to summer recess in 2011-12.

We continue to work closely with the NAO to further improve the accounts production process and this has enabled the development of a timetable which targets the laying of accounts prior to the current CLOS deadline of 30 June 2013.

The Legal Services Commission must establish a clear plan for how it intends to reduce significantly its error rate. The ongoing qualification of the LSC's accounts raises concerns that public expenditure is being used inappropriately. (Paragraph 80)

As the committee has noted in its report, the level of extrapolated error reported by the National Audit Office (NAO) has fallen each year since 2009-10. In that year the level of reported error stood at £78.6 million while by 2011-12 the figure has fallen significantly to £35.6 million (a 55 per cent reduction). Because the reported error is an extrapolation of individual errors identified on samples of cases even the smallest of overpayments can have a significant impact on the reported error figure.

The LSC has been delivering a clear programme designed to reduce error levels and this has been central to the significant improvements to its systems, processes and controls during the period of the qualification which have driven the reduction in irregular payments. The LSC also works closely with legal aid providers and their representative groups to reduce the level of errors. In many of the areas of legal aid work the level of reported error is well below the 1 per cent materiality level that the NAO uses.

Building on the improvement already delivered the LSC is implementing a further detailed Action Plan during 2012-13, to address the remaining causes of errors across all its legal aid schemes. The LSC is targeting its work to improve further its controls and to recover overpayments made to legal aid providers. The LSC's assessment of providers generates profiles of risk, enabling the LSC to target areas of greatest concern and to improve performance through an ongoing programme of engagement and audit testing, including guidance and training, and the use of contract sanctions. To improve the LSC's processing of bills it has significantly enhanced its Quality Control processes across its case working teams and has improved staff training.

For civil certificated work, which is the LSC's single largest area of on-line expenditure, it is introducing a new Case Management System which will

further reduce the scope for error on the part of the LSC and legal aid providers. The LSC is investigating the scope for extending this approach to our other areas of expenditure.

In its report on the 2011-12 accounts the NAO reported that "the Commission has made significant improvements in the level of total irregular expenditure reported in 2011-12." The LSC remains committed at all levels of the organisation to continuing to improve its financial and operational controls and to further reduce the levels of error.

We acknowledge the difficulties presented in producing the HMCTS Trust Statement for 2010–11. We note the progress made to provide robust evidence for 2011–12 for fines and confiscation orders. If the 2011–12 Trust Statement does not demonstrate significant improvements we will require ministers and officials to explain to us why the Department is failing in this respect. (Paragraph 86)

The HMCTS Trust Statement for 2011-12 is due to be published in October 2012.

We have made substantial progress, despite the limitations in our legacy case management systems. Although the systems are fully fit for their operational enforcement and recording purpose, they were never designed to provide the accounting information required by the new Trust Statement and we do not consider that further investment in those systems would represent good value for money.

We have worked with suppliers to extract additional information and have been able to provide a more comprehensive transactions listing for audit purposes. Although NAO have not as yet confirmed their audit opinion, we are confident that the information has provided a much more robust basis for audit scrutiny.

We recognise the progress being made in improving financial management, but this comes from a low base. It seems to us that, until recently, there has been an unacceptable complacency about the Department's performance. We fear that there is still a defeatist mindset within the MoJ on this issue, exemplified by the outgoing Permanent Secretary's apparent dismissal of the possibility of meeting the Government's own deadline of laying accounts by 30 June. This is not acceptable. If the circumstances of the MoJ are genuinely unique—which we doubt—the Department should negotiate different arrangements with HM Treasury. If they are not, then repeated failure to meet deadlines is unprofessional and shoddy. It should be a priority objective for the new Permanent Secretary to sort this out, and her performance should be measured against it. (Paragraph 93)

The Department welcomes the Committee's recognition that financial management is improving. This fact was also recognised by the Committee for

Public Accounts in their report "Ministry of Justice Financial Management" in March 2012.

However, the Department does not accept that there was a defeatist attitude to meeting the Government's Clear Line of Sight (CLOS) deadline for laying its 2011/12 accounts by 30 June 2012. The Department will always aim to meet any deadlines stipulated by Government, however, we believe that any timetables that are developed should be realistic and achievable.

Following the laying of the 2010-11 accounts, a review of the accounts production process was undertaken. This review outlined a number of areas that the Department needed to improve on and steps were taken to address these issues as part of the preparation of the 2011-12 accounts.

Following the implementation of a number of these improvements, including supplementing the accounts teams with additional resources, a detailed timetable was developed in conjunction with the NAO. This timetable looked to bring forward key areas of the accounts production process to allow the Department to target a pre-summer recess deadline.

The new CLOS reporting requirements required the Department to consolidate an additional 10 Non-Departmental Public Bodies (NDPBs) within the Departmental Group, including the Legal Services Commission (LSC). This, together with learning from the late laying of accounts in 2010-11, meant the Department determined it was better to aim for a realistic deadline of laying the accounts before the summer recess, rather than the earlier CLOS deadline.

The subsequent detailed planning undertaken in close conjunction with the NAO allowed the Department to develop a timetable that was achievable and resulted in our accounts being laid in Parliament prior to the summer recess on 11 July 2012, less than 2 weeks after the CLOS target and before a significant number of other Government Departments.

Given the significant improvements that were made in 2011-12, the Department is now in a position to develop a timetable targetting the current CLOS deadline of 30 June 2013. It is our intention for the new Permanent Secretary to communicate this timetable to HM Treasury in the coming weeks.

We welcome the progress made through the Specification, Benchmarking and Costing Programme in NOMS, and the activity-based costings in HMCTS. Both are further examples of how the Ministry of Justice's financial management is gradually improving, and how knowledge of its costs is providing the basis for decisions throughout the Department. We await further details about the benefits these programmes are bringing, and whether similar work can be done elsewhere in the MoJ. (Paragraph 96)

The Committee requested further details about the benefits which programmes such as Activity Based Costing are bringing in HM Courts and

Tribunal Service. Activity Based Costings had been used for some time in the previous HMCS to allocate resources and as a basis for fee charging. The approach has been further refined and is now embedded as the basis for establishing the resources required in courts and tribunals to deliver anticipated workloads. As a result, HMCTS was able to deliver a headcount reduction of 976 people with savings of almost £37m in 2011/12.

Benchmark information highlighting the relative cost of similar business units is now provided to operational managers on a quarterly basis. This is used alongside other performance data to highlight outliers, as part of HMCTS commitment to continuous improvement and to drive further improvement in value for money.

The Specification, Benchmarking & Costing (SBC) Programme was formally closed in April 2012, having completed (on time and under budget) and published 58 costed service specifications for all services funded by NOMS and delivered to offenders, defendants, victims and courts. The service specifications are being maintained and updated in the light of changes in legislation, policy and commissioning priorities, by the NOMS Commissioning Support Unit.

For 2012-13, all probation trusts and public prisons were commissioned, through contracts and service level agreements, to deliver the specified services. Private prisons run under existing contracts are being required to review compliance with the service specifications and agree actions to address any non-compliance. The service specifications are being used in current competitions for prisons and probation services.

The implementation of the service specifications has contributed to delivery of the operational savings required from prisons and probation trusts as a result of the 2010 Spending Review. Providers have been addressing over-delivery against the legal, safe, secure and decent minimums in the service specifications as one route to identifying savings. The non-mandatory operating models and costings, created to support the service specifications, are being used by public sector providers to benchmark their delivery to identify efficiencies to deliver further savings. The framework of service specifications is being used to support investment and disinvestment decisions in the commissioning and financial planning process for 2013-14.

The PREview (probation) and INview (prisons) costing systems use the service definitions from the NOMS service specifications to collect management information on the expenditure on each specified service from each probation trust and each public prison. PREview information based on actual expenditure on services in 2011-12 is being used to inform commissioning of services for 2013-14 and, subject to quality assurance, will form the basis for probation "input indicators" (on the cost of pre sentence reports, community sentences and supervision on licence) to be published in autumn 2012. INview information is now starting to become available for all public sector prisons and reports and processes are being developed to enable its use to support future commissioning rounds.

Working with others

If the potential benefits of having joint ministers working across departments are to be realised, they require the allocation to joint ministers of an appropriate range of responsibilities, giving them a realistic opportunity to be effectively involved in both departments. (Paragraph 107)

We recommend that the Ministry of Justice and the Home Office establish a single team to support their responsibilities for European and international justice and home affairs issues. This is an obvious area of unnecessary duplication. (Paragraph 110)

The Department agrees with the Committee's analysis that it is necessary for joint ministers to have responsibilities that enable them to work effectively in both of their departments.

The Department also agrees with the Committee that it is sensible to avoid duplication of effort. In practice, the two international teams collaborate very closely across the range of EU and international business in justice and home affairs to minimise any risk of that. Where work contains elements of both Departments' policy responsibilities, for example promoting the rule of law internationally, we have set up a joint project team drawing on expertise from both the MoJ and HO. However, it is not clear that establishing a single team would actually reduce overall resourcing levels, since each Department has responsibility for distinct policy areas which require an appropriate level of expertise to be developed and maintained - either within the international team or elsewhere within the relevant Department.

However, the Department continues to keep the level of resourcing of its policy functions under review to reduce spend and improve co-ordination wherever possible. With effect from October 2012, the post of International Director has been merged into the role of Director, Law and Rights. This lowers SCS headcount further and, by bringing together international work into a single Director portfolio with the MoJ's responsibilities for international human rights and information law issues, should help further improve co-ordination.

The current system for the collection of confiscation orders appears muddled. The administrative responsibility for a confiscation order, or other type of fine or penalty, should fall on the organisation whose duty it is to collect it. This would be a clear and transparent approach. We recommend that those confiscation orders that are not HMCTS's responsibility to collect are removed from their accounts. (Paragraph 114)

Since 2010-11 the Department (specifically HMCTS) has been charged by HMT with preparing a Trust Statement for fines and impositions administered via the court system. This currently includes all Confiscation Orders, regardless of which body has responsibility for enforcement and collection of

the Order. The Department itself is responsible for enforcing only 22% of the current amount of outstanding debt, and the remaining amount is the responsibility of other Criminal Justice Partners, notably the CPS and the SFO.

The Trust Statement makes clear which organisation has lead responsibility, but we agree that the current arrangements do not accurately reflect accountabilities for the collection of Confiscation Orders and other penalties and more could be done to improve the clarity of reporting to the public.

The Minister for HM Courts and Tribunals Service wrote to the Home Office Minister, who chairs the Criminal Finance Board, to suggest a number of areas for improvement which the Board could take forward, following the Public Accounts Committee Report on the Ministry of Justice's Financial Management published in March 2012. One particular point the Minister raised was that accounting arrangements for confiscation orders should also be reviewed, with the relevant debt transferring to the balance sheet of the lead agency responsible for its collection.

As part of the Criminal Finance Working Group, which supports the Ministerial Criminal Finance Board, the Department will work with officials in the asset recovery agencies and HM Treasury to consider how this can best be taken forward.

We note the inevitable tensions between the Lord Chancellor and the Lord Chief Justice on funding for the courts and tribunals service, but welcome the annual dialogue in relation to the allocation of financial resources. We believe that this is the appropriate mechanism through which any concerns about funding can be raised, and agreement reached. Essential though judicial independence is, we agree with the Secretary of State that that does not mean the judiciary can set its own budget without reference to the constraints on overall public expenditure. (Paragraph 119)

We welcome the Committee's opinion that the mechanism of raising concerns about judicial funding through annual dialogue between the Lord Chancellor and Lord Chief Justice is appropriate, and its agreement that the judicial budget should be set with reference to the constraints on overall public expenditure.

Financial planning model and the new Operating model

As well as having good financial control over what it has spent, the Ministry also needs to have detailed knowledge and budgetary control of its future spending plans. This is particularly the case as the Ministry is susceptible to shocks in demand as seen following the riots in the summer of 2011. The steps the Ministry has taken in this area should help to mitigate this risk. (Paragraph 129)

The Department welcomes recognition of the progress it has made in developing and delivering robust financial planning processes. The Department's financial planning model looks beyond the current SR period to enable to assess its financial position, pressures and opportunities across the medium-term horizon. As required by the Treasury, and being good practice in financial management, the Department's plans allow for some flexibility in allocations including a limited level of contingency that provides some mitigation of the financial consequences of unexpected impacts on the Department's operations.

We welcome the introduction of the new operating model which has enabled corporate and back office functions to be shared by all parts of the Ministry to avoid duplication. However, we believe that further integration is required so that the MoJ is a single delivery body. (Paragraph 133)

The MoJ has taken the correct approach by focusing the highest proportion of job losses in senior management grades in order to safeguard frontline jobs. We call on the Ministry to go further in removing unnecessary layers from their management structures in order to free up resources for the front line. (Paragraph 138)

The Department welcomes recognition of the approach it took when restructuring the Department. A full review of the Operating Model was undertaken, and a new one designed. The Department's new Operating Model Blueprint has significantly reduced management layers and the cost of our back office functions. The principles of our new OMB are to:

- provide shared strategic leadership based around a clear governance framework, delivering a common performance framework, assuring the delivery of a coherent change portfolio;
- provide prioritised and targeted use of policy resource: within a single area, focused on the key changes needed to deliver Ministerial priorities;
- provide shared and grouped common functions delivering an efficient and effective service; and
- reduce the burden on the front-line through streamlining the tiers of management needed to monitor and assure delivery.

The Department is committed to reviewing the OMB in the coming months and will inform the Committee of the outcome of this review.

Concerns have been raised with us that the Ministry does not have the skills in place to meet the increased demands of commissioning and contract management. This places the Department, and the public purse, in a dangerous position when it enters into negotiations with private sector firms. We call on the Department to demonstrate in its response that it has the necessary skills to deliver its plans in this area, and to set

out the steps it has already taken and will be taking to ensure its workforce has the necessary capabilities. (Paragraph 142)

MoJ is due to publish its Transforming Justice People Plan imminently, which has "building capability" as a priority area – this reflects the emphasis the Department puts on ensuring our people are equipped with the generic and business specific skills we need now, and those that will be essential in the future.

The Department is also taking a strategic approach to building capability through the work of the Transforming Justice Capability Steering Group – a sub-group of the Department's Workforce Committee. This Group is building a plan to address skills gaps across the Department. The main gaps were also highlighted as a priority in the Civil Service Reform Capabilities Plan, therefore the MoJ is working in alignment with cross-civil service reform. Solutions will include tailored targeted development through a range of learning interventions in addition to action learning sets; workshops; Academy for Justice Commissioning events; and the Cabinet Office Academy Programme.

Findings from the Capability Steering Group identified an impressive amount of activity and depth in plans to tackle capability needs on all fronts. For example the Financial Improvement Programme has supported the Department in making considerable improvement in its financial management which has been recognised by the National Audit Office. Similarly the work NOMS has been doing on its commissioning capability strategy leading to ground-breaking schemes such as payment by results in prisons.

The Department understands that capability is about more than just learning and development – it is also about how we develop our people: for example using talent management and succession planning more effectively to ensure we have talent pools of people ready to apply for business critical roles. The Transforming Justice People Plan outlines our plans for enhancing our development offer for staff, including standardising and widening access to our talent programmes; alongside rigorous and effective succession planning for critical posts and secondments in from private and third sectors and business areas.

The National Offender Management Service also has a commissioning capability strategy in development which, as well as strengthening our capability to run competitions, will ensure that NOMS has the capabilities required across the whole range of its commissioning activity, including commissioning services for offenders directly from public sector prisons and probation trusts, co-commissioning through partnerships across government and developing new commissioning models.

The relevant functions in the Department have also taken concrete action to develop their skills and capabilities to contribute to successful competitions. For example, the Department's commercial legal team has been expanded to bring in additional expertise from the private sector. NOMS has established a portfolio office to integrate assurance, reporting, and risk management across its competition projects. Following organisational restructure, NOMS Finance has embedded qualified accountants in project teams to offer a dedicated financial service to competitions. The Procurement Directorate is in the

process of a reorganisation that will provide a flexible pool of fully qualified procurement staff to meet the fluctuating demand of strategic procurement activity. Most of these staff have attained the Chartered Institute of Purchasing and Supply (CIPS) Graduate Diploma. Additional training in Category Management has also been deployed and staff are now in the process of receiving LEAN procurement training as part of a wider Cabinet Office procurement capability improvement initiative.

As part of the restructuring of NOMS, we have established a new Directorate of Probation and Contracted Services, with the aim of bringing together the management of NOMS' contracts with a variety of public and private sector providers, so that expertise is shared and lessons from particular areas of work are applied more widely. NOMS is working with Civil Service Learning to develop professional skills by bringing together operational and contracted management expertise.

Under the government's Open Public Service agenda, the volume of competition activity in the Department is expected to increase. A key consideration, as the Department develops its programme of future competitions, is to ensure that its capacity and capability to run competitions is aligned with the planned level of activity. The workload can vary significantly based on the number of competitions running and the stage in their lifecycles. A flexible resourcing approach supports the Department in managing this fluctuation – for example, the ICT Directorate has established managed service contracts, enabling resources to be adjusted as required to fit work demands. On the prison competitions programme, NOMS has made use of operational secondees, operating within clear 'ethical walls' guidelines, to meet demand at key stages in the process, such as evaluations.

As competition for the Ministry's services increases there will be greater opportunities for staff to move from the public to the private sector and vice versa. This experience should be beneficial for individuals and the Department as a whole. Whilst it is not clear that the Department has a problem in attracting staff, we recommend that it creates a strategy for attracting and retaining talented individuals. (Paragraph 145)

The Department is currently formulating a resourcing strategy for implementation in December 2012. This will enable the Department to source the right workers with the right skills in the right place at the right time. The strategy encompasses the following HR strategies and activities, and provides the means by which the Department can deliver its aims and objectives:

- Recruitment
- Talent Management
- Succession Planning
- Learning and Development
- Reward

- Workforce Change and Planning

There are certain professional areas where we know that staff retention is a particular issue and we are actively working with the relevant Heads of Professions to put retention strategies in place.

The Department has made some progress in reducing its previously high levels of spending on agency staff. Given that the Department has assessed its structures and introduced new operating models, it should have a clear idea where the capability gaps amongst staff are. We recommend that the Department redeploys and retrain its existing permanent staff where possible to fill current gaps. If there are full-time vacancies then the Department itself should seek to recruit. Consultants and agency staff should only be required on specialised projects and during seasonal or unexpected peaks in work. We expect the expenditure in this area to continue to decrease significantly. (Paragraph 147)

The Ministry of Justice only commits to the use of temporary staff through recruitment agencies when there is an operational necessity to do so (frontline and business critical posts) having first considered redeploying staff that are without a permanent position. We are currently developing a talent programme for IT staff in order that they can fill roles previously occupied by consultants. Additionally we are seeking to have a 'skills transfer' clause incorporated in all our future framework agreements for consultants.

Recruitment agencies supply contractors, interims and agency staff for a fee, which includes the cost of the sourced labour and an element for their administration. These external resources are only sourced to meet skills, capacity and capability shortages in frontline and business critical roles. They are deployed in temporary positions when it has been established that there are no suitable internal resources available. When doing so, the Department ensures that it receives value for money and complies with procurement legislation, HM Treasury's rules and Cabinet Office Efficiency and Reform Group requirements.

Smaller estate

There remains significant scope for rationalising and improving the prison estate, which should continue to be pursued while taking full account of the available evidence of the impact of prison location on the effectiveness of rehabilitation. It is essential that when the Ministry chooses to sell off parts of its estate it receives the best possible value. Furthermore, it should ensure that where land or property may appreciate it has in place appropriate claw-back provisions in all cases. (Paragraph 153)

The Department notes the Committee's finding and will continue to ensure that it has an estate of appropriate capacity to meet business need. The

Department agrees that it should seek to maximise value from sales of surplus property and have in place appropriate clawback provisions where land or property is likely to increase in value. For all substantial disposals the Department, using professional advisors, seeks to include clawback/overage provisions in the Freehold Sale Agreement.

These provisions have proved beneficial in that arising from the sale of the former HMP Aldington (Kent) £1.1million was received in 2008/09; the former Uxbridge County Court realised an extra £195,000 in 2007/08 and the former Clerkenwell County Court realised an extra £243,000 in 2010/11.

While our emphasis in this Report is on managerial and operational issues, we need to re-iterate a policy concern which lies at the heart of the MoJ's work. The Government appears to be locked into the 'predict and provide' model of prison provision which characterised its predecessors. There is a disturbing anomaly at the core of our criminal justice system: if a sentence says that a criminal is to be imprisoned, the Government accepts as an unarguable imperative that a prison place must be provided. No such imperative exists in relation to non-custodial sentences. Despite Parliament legislating for the provision of a plethora of non-custodial options, sentencers are routinely restricted from stipulating that these options should be attached to sentences, because the money is not available to pay for them. This approach demonstrates indifference to the views of legislators and an unacceptable curtailment of judicial choice. The present Departmental structure needs to be reformed so that it does not inhibit effective sentencing, be that custodial, noncustodial, or a combination of the two. Proper consideration should be given to the possibility of local commissioning of both custodial and non-custodial provision. (Paragraph 159)

There is no requirement on the courts to consider whether a prison place is available before imposing a custodial sentence. If the court has determined that the seriousness of the offence merits a custodial term and it is available for the offence the Government and its agencies have a duty to carry out the order of the court. When an offender is sentenced to immediate custody the Government is required to detain an offender in a place designated as a prison. The Government in any event does have a policy of providing a prison place for those the courts decide should go to prison.

It should be noted that whilst it is for the courts to impose a custodial sentence and to decide the length of that sentence, it is for the executive to decide, within the legal framework, where that offender is imprisoned and, for example, the security category of that offender.

The legal framework for community sentences is however different to that governing immediate custodial sentences. When imposing a community sentence the court will consider which requirements to impose as part of that sentence. Under the Criminal Justice Act 2003, which contains the main provisions governing the imposition of community sentences, some of these requirements cannot be imposed unless certain conditions are met. These

conditions can include a requirement on the court to consult with probation staff before imposing the requirement; to ascertain from probation staff whether the offender is suitable for the requirement; or to be satisfied that local arrangements are in place to enforce the requirement imposed by the court.

NOMS expects providers to meet the court's demand for community sentences and to have in place liaison arrangements to address any issues raised by sentencers about their local capacity. Through its commissioning intentions and negotiations, NOMS ensures that providers are contracted to make available to sentencers appropriate provision for non-custodial sentences that reflects local volumes and the risk and needs profile of their offender population.

The reality is that public spending constraints will continue to present challenges to NOMS, partners and providers, and we need to work together with sentencers to ensure that best use is made of the resources to ensure that court demand for community sentences can be met.

The government's consultations on Effective Community Sentences and Effective Probation Services, which were published in March 2012, sought views on devolving commissioning. The government's response, due towards the end of 2012, will include proposals to ensure that community sentences which provide robust punishments are available to the courts.

This recommendation covers similar ground to that covered in paragraph 52 of the Committee's report and thus this response should be read in the light of our response to that recommendation.

Consolidating the MoJ's headquarters is a good idea. First, it will free up unnecessary office space that can then be disposed of. Second, as more bodies use the main headquarters they too can draw on the shared services facilities available. Third, it should help the separate bodies, agencies and the core Department collaborate more effectively and reduce any possible barriers that physical distance may bring. We recommend that the Department speeds up its consolidation of headquarters, bringing in all appropriate NDPBs. (Paragraph 161)

The Department welcomes the Committee's acknowledgement that consolidating the MoJ headquarters is a good idea. The Department agrees with the Committee's recommendation and is speeding up its consolidation of the headquarters estate which has realised savings to date of over £25m pa.

Through the efforts of the MoJ's Estate Transformation Programme, MoJ is a much leaner organisation and has already further revised its ambitions to reduce the core number of buildings within central London from four to a maximum of three within the next three years. In addition the Department has reached agreement to bring forward the move of the Legal Services Commission from Exchange Tower to 102 Petty France by two years and in doing so will save £2.5million over the remaining term of the agreement.

The Department is very keen to accelerate the programme and is already considering further opportunities to optimise use of the remaining headquarters estate and will work with key enablers such as ICT and by exploring innovative and more flexible ways of working.

Targeted IT changes

We welcome the Ministry's commitment to securing 'better for less' from its ICT and the improvements that are already in hand. For the future, we recommend that ICT should be an integral part of the MoJ's business strategy. At a time when funds are scarce it is essential that the MoJ knows where to target improvements so that the greatest benefit can be achieved through the minimum cost. (Paragraph 172)

The Department supports the recommendation that ICT should be an integral part of MoJ's business strategy. There is more work to do to ensure seamless integration in a complex business and technical landscape. However, MoJ ICT is working with business units in a number of ways to ensure alignment and business value in all ICT enabled initiatives:

- The Transforming Justice Portfolio incorporates and monitors progress against the Department's key change programmes. The Portfolio includes many programmes with a significant ICT element but also ICT specific programmes such as Future IT Sourcing (FITS) and infrastructure programmes supporting prisons, probation and courts.
- The three IT Directors for NOMS, HMCTS and HQ respectively are responsible for developing the relationship between business units and ICT. The HQ portfolio includes the Criminal Justice System as well as digital and information strategies. In addition to the focus on current service issues and development projects, each of the IT Directors has a post with specific responsibilities for strengthening the interdependencies between business and ICT strategy.
- The development of our enterprise architecture is increasingly focused on the business layer as well as technology, information and application layers. This provides a basis for discussion between business and ICT whether it is cross referencing ICT strategy in the HMCTS Future Operating Blueprint or considering the impact of competition policy and the change in the mix of public/private sector service provision in NOMS.
- MoJ ICT is already responsible for the provision of IT services to NOMS, HMCTS and a number of Arms Length Bodies. This allows economies of scale and cross business synergies to be explored with a view to reducing overall costs and providing a common user experience across the Department. The concept is being enhanced by the transition of ICT service provision for the Legal Services Commission and Youth Justice Board to MoJ ICT.
- FITS will further facilitate a shared service approach to the provision of ICT services by putting in place contracts which serve the whole of MoJ rather than specific business units, e.g. an integrated approach to the provision of

data centres, network communications and end user devices, while remaining aware of emerging opportunities such as cloud computing and the consumerisation of IT tools.

- The MoJ's CIO is in a strong position to reinforce the alignment between business and ICT strategy through reporting lines to the Director General of Finance and Corporate Services and in his dual role as both MoJ and Government CIO.

MoJ ICT itself seeks to continually reinforce its role as a force for business improvement through its stated vision. With a primary aim of delivering 'Better For Less', MoJ ICT seeks to:

- Help the agencies jointly maximise the effectiveness of their operations through the use of ICT.
- Ensure all ICT services deliver 'value for money'.
- Be valued by our customers as trusted ICT and business advisors.
- Maintain an open and honest culture that balances work, reward and diversity for all.

We welcome the improvements made to project management, following criticisms related to the C-NOMIS project. ICT projects in central Government are renowned for their ability to be delayed, go over budget, and not deliver what was initially intended. Better project management should help to keep control of the ICT projects the MoJ chooses to proceed with. We recommend that for any future ICT projects the Project and Programme Management Leader be appointed on the basis that, wherever possible, they will follow that project from inception to implementation, and be the senior responsible owner for it. (Paragraph 173)

The ICT programme and project delivery team continues to build on the progress made in 2011/12.

- We are continuing to raise the bar in terms of delivery performance. In 2012/13 our target is to deliver 90% of newly commissioned projects on time, budget and to the agreed quality and this target is being exceeded.
- We are continuing to save the Department money by reducing our cost of delivery. We are building on the reductions achieved in 2011/12 and are on target against our aim to reduce our run rate in 2012/13 by a further 10% resulting in our gross resource budget reducing from £15.6m to £14.1m.
- Maturity of our portfolio planning capability continues to grow. A single view of the pipeline is maintained, improving our resource planning capability. Assignment of project managers and appointment of SROs is with the intention of it being for the duration of the programme or project although, particularly in respect of SROs, this is not always achieved. The initiatives contained within the pipeline are prioritised by the business which helps manage the impact of resource constraints.

There is no excuse for the Legal Services Commission's failure to implement a system of online submissions by solicitors and we recognise that the Law Society suggests providers to the MoJ are willing to adhere to a fully online process. For future contracts there should be no choice for providers but to interact with the MoJ in a way that achieves the greatest efficiency. This should be decided at an early stage, so that a clear and certain message can be delivered to providers, the minor practical problems can be overcome, and providers can be confident in making the necessary investment decisions. (Paragraph 175)

We accept the Select Committee's recommendation for the greater use of online working between the Legal Service Commission and its providers. Increasing on-line services is a priority for the LSC and we intend to become an on-line only organisation.

We are committed to maximising the use of on-line working with providers. A significant proportion of our civil and criminal work (around 60% by volume) is already mandated online, albeit in most cases these are the more simple billing transactions. Our aim is to move to working online end to end.

We are currently re-letting all contracts for civil legal aid work (due for completion by January 2013) and these will include a clause to mandate electronic working. A similar provision will be included when crime contracts are next let.

The new civil legal aid system, which will cover all elements of the end-to-end process for managing civil certificated work, will be paperless and exclusively on-line. Use of the system by solicitors and barristers will be mandated from the start of implementation. Implementation will commence later this calendar year and complete by the end of 2013/14 financial year.

We also wish to see the benefits of online working extended in criminal legal aid and will continue to work to make the remainder of crime applications available on line.

Income generation

We urge the Department to promote its shared service centres to other Government departments, in order to gain additional income. (Paragraph 177)

The MoJ is currently replacing existing multiple back office systems with a single new system for the whole department. It is intended that all MoJ units not already on current systems will migrate to the new system. The new system will then be offered to other departments, initially across the Justice sector in line with the Cabinet Office Shared Services strategy.

It is right that the Department is trying to achieve full cost recovery for court fees. However, there is a danger that higher fees can act as a disincentive for individuals seeking access to justice. Therefore we welcome the Ministry's approach to reducing costs so they match as low a fee as possible. The impact of higher fees on demand should be recorded and analysed so as to inform fully future decisions on fees. (Paragraph 180)

As is recognised by the Committee, in order to achieve full cost recovery the Department is working both to reduce costs through efficiency savings and to change fee levels where necessary. We will ensure that as efficiencies are achieved any fee changes will take into account the lower cost base. The Department is making good progress to achieve savings by centralising and standardising administrative processes in national back offices and by building a contact centre network to provide customers with a single point of contact for queries related to centralised processes.

The Department is mindful of the impact that higher court fees may have on those seeking access to justice. It is committed to the provision of a remission or fee waiver system to ensure that those individuals unable to afford court fees are able to access the civil and family court system. We will be consulting on proposals for a more streamlined remissions scheme early in 2013. In addition, the Department recognises the need for a clear understanding of the characteristics of courts users and their responsiveness to fee changes and is currently considering how best to improve our data in this area.

Although it may not generate a large amount of income, the work of the aged debt pilots seems to be having a level of success by making offenders pay. It is important that there is confidence that methods of punishment used in the justice system are carried out. In response to this Report, we ask the Ministry to set out how these pilots will be taken forward, and whether a similar approach would be beneficial in relation to other areas of fine collection. (Paragraph 182)

The Ministry of Justice is always looking to improve the effectiveness of fine recovery. The aged debt pilot was an important piece of work, and although the pilot was a small sample size the results show that aged debt can be collected. The Ministry of Justice will feed the results and lessons learned from the pilot into the development of the future strategy for dealing with outstanding aged debt.

The Ministry is taking some interesting steps in promoting both its own services and the wider justice system to an international audience. It is not clear to us whether the Department has analysed all its activities to assess which might have a commercial appeal domestically and internationally. We recommend it should do so and that a senior leader in the organisation be appointed to champion this work across all business units within it. (Paragraph 185)

The Department has noted the Committee's recommendation and as part of the development of the next phase of Transforming Justice will be undertaking further analysis of which activities the Department undertakes that may have commercial appeal. As part of this process the Department will consider which senior leader should be appointed to champion the work in this area. As the Committee is aware the MoJ's Plan for Growth, published in May 2011, set out our plans for supporting the growth of legal services in the UK. MoJ also actively promotes the UK's legal expertise and services through overseas visits and during inward visits from international delegations.

Outsourced services

We reiterate our earlier recommendation that the Department needs to convince us in its response that it has the necessary skills to deliver its plans for increased competition of services, and to set out the steps it has already taken and will be taking to ensure its workforce has the necessary capabilities. The review of how the Department commissions services should involve an independent assessment of capability by those used to implementing best practice in the private sector. We call on the Government to let us have access to the full findings of this review as soon as it is available. (Paragraph 196)

Commissioning in the Ministry of Justice takes place at national and local levels and covers services delivered by a diverse mix of providers from public, private and voluntary sectors, under a variety of commissioning arrangements including service level agreements and contracts.

The MoJ's current commissioning activity includes competitions for eight prisons and for electronic monitoring, as well as mobilisation of the recently awarded London Community Payback contract. Several MoJ functions contribute to running these competitions and the Department's increasing experience in conducting major competitions in justice services means that large numbers of staff have experience of involvement in competitions.

Please see the response to paragraph 142 of the Committee's report for details of the action the Department is taking to develop skills and capabilities in these areas.

In addition, the Department is taking a strategic approach to building capability through the Transforming Justice Strategic Skills Assessment. NOMS already has a commissioning capability strategy in development which, as well as strengthening our capability to run competitions, will ensure NOMS has the capabilities required across the whole range of its commissioning activity, including commissioning services for offenders directly from public sector prisons and probation trusts, co-commissioning through partnerships across government and developing new commissioning models.

We recommend that the Department makes use of the knowledge and expertise of its provider firms at the outset of devising a new contract. The examples of problems within the MoJ's commissioning show a tendency for them to be poorly designed. It seems clear that the Department has insufficient experience and skills to commission effectively, so the MoJ should draw upon the experience of others. (Paragraph 209)

The Department agrees that it is essential to use the knowledge and expertise from a range of sources in the development stages of a new competition. For example, in running offender services competitions, NOMS has undertaken consistent and structured engagement with bidders and current providers in order to ensure that the services resulting from competitions offer strong outcomes for the Agency. This has ensured that bidders are able to shape the nature of the service to be competed, in line with NOMS' requirements, to enable them to offer stronger outcomes for public investment, for example by allowing more scope for innovations that play to bidders' strengths. For example, the Competitive Dialogue Procurement process undertaken for the phase of Prisons Competition that concluded in March 2011 secured significant benefits for the Department. Extensive dialogue was undertaken with each of the bidders where service delivery requirements were considered in detail and, where necessary, challenged by bidders. This process helped inform and shape the final contract specifications. Bidders were also afforded the opportunity to seek formal derogations to some elements of the specification requirements where they considered it to hinder the delivery of innovative, efficient or effective service delivery solutions. One important result of this approach was that the competition produced an innovative payment by results pilot at HMP Doncaster, the first of its kind in NOMS. This novel development would have not have been possible without extensive engagement with the supplier to shape the nature of the service that they were to deliver.

Similarly, the bidders in the competition to deliver Community Payback in London were fully consulted on the Contract Specification through the dialogue process. Extensive dialogues with the bidders took place before invitations to tender and before the bidders' best and final offers were submitted. These dialogues informed the final contract specification.

Finally, in the current Electronic Monitoring competition, there has been ongoing dialogue with both existing suppliers and potential bidders from the earliest stages of developing the competition. A key aim of this competition has been to encourage innovation throughout the life of the competition and the specifications and draft contracts will include learning from these discussions. This approach should ensure that equipment and services under the new contracts will meet both operational and policy requirements and further the government's reform agenda.

Using the new LEAN procurement model recently launched by Cabinet Office, prospective suppliers will, in future, be invited to attend briefing days designed to both capture developments in the market place and ensure that a broad range of suppliers, including SMEs, are encouraged to bid.

We recommend that once the Department has designed its competition process, more is done to make the stages clear to the potential bidders. In addition every stage must be robust and transparent, and each stage must whittle the contenders down by an appropriate amount. The commissioning process involves a lot of resources both for the MoJ and the bidders, so unrealistic applications should be removed at the earliest stage, and only those with a serious chance of providing the competed service should reach the latter stages. (Paragraph 210)

Strategies for the procurement of works, goods or services are specifically tailored to deliver best value for money for the tax payer. The Department does not apply a 'one size fits all' approach to planning procurement. Where a procurement project requires a number of different stages then these are clearly set out in the notice advertising in the the procurement Official Journal of European Union (OJEU). Furthermore, strategy and stages are explained to potential bidders in Information Packs that are made available at prequalification stage. Only those bidders that can demonstrate that they have resources, competence and experience that are relevant and appropriate will be considered for inclusion on tender lists.

Those bidders who are included on tender lists are invited to a competition launch where the process is explained in detail. Whittling down tenderers during a procurement process is not always beneficial. Where it is considered beneficial to the competition the process for the short-listing is made very clear to bidders at the onset. The Department has a very good track record of managing difficult and complicated procurement projects. It can clearly demonstrate that efficient use of its and the bidders' resources are a consideration in determining procurement strategies and plans. The Department can also clearly demonstrate that it has removed bidders from the procurement process to avoid wasteful expenditure of its and suppliers resources.

The Department would contend that the both the competencies and the cost of bidding are considered as part of its procurement strategies. Furthermore bidders are well briefed on the planned procurement process for each competition at the onset and throughout the competition.

We recommend that the MoJ reviews its guidance for feedback so that it is part of a meaningful process for the bidders. (Paragraph 212)

As part of the Award, Debrief and Implementation process the Ministry of Justice requires procurement staff to follow a standard bidder debrief process.

On completion of the evaluation of tenders an award/decline letter is sent to all bidders. The letter notifies bidders of the standstill period required by regulation 32A of the Public Contracts Regulations 2006. The letter also contains a report detailing the scores obtained by the winning bidder and the other bidders against the evaluation criteria. The letter provides details of the reasons for the award of their scores.

In addition, all unsuccessful bidders are offered a debriefing session which should they accept would be arranged within 15 days of their request. However if they wish the debriefing session to take place during the 10-day standstill period then they are given a deadline in which to request a meeting.

The Ministry of Justice regularly reviews its procurement processes and guidance to staff, ensuring it incorporates industry best practice and any changes to legislation. These debriefing sessions are usually very detailed and have in fact been commended by unsuccessful suppliers.

The Language Services Framework Agreement has been in place nationally for HMCTS since February 2012. It is not clear whether the very serious problems experienced at the start of the contract have been resolved, or are in the process of being resolved. We intend to take evidence on this matter in October. (Paragraph 214)

Due to shortcomings, inconsistency and inefficiency in the way in which language services were previously provided to the Ministry of Justice, the Department introduced a change to the provision of interpreter services. During the initial stages of the contract there were significant difficulties with the provision of interpretation services to Her Majesty's Courts and Tribunals Service.

Since then performance has improved; statistics published in May 2012 show that just over 90% of bookings (excluding short notice bookings) were filled in April, compared to an original fulfilment rate of 65% in February. There was also a drop in complaints from 11.95% of completed requests for bookings to 4.85%. The Department accepts that there is more work to be done to achieve the contracted level of performance for HMCTS but despite the difficulties encountered with the contract the Department is on track to achieve £15m savings in the first year. In order to continue to improve the levels of performance HMCTS has established a project team to, work in partnership with the contractor, Applied Language Solutions (ALS), to focus on a number of areas of concern.

The MoJ has provided evidence to the Justice Committee as part of their inquiry into the Interpretation and Translation services and the Applied Language Solutions contract; evidence sessions will take place at the end of October. The recent National Audit Office investigation has provided an additional opportunity to look at this issue, and we are already considering how best to take forward their recommendations. The investigation showed that ALS was fulfilling 95% of its bookings as at 12 September, when the NAO report was published.

We welcome the steps the MoJ is taking to use small and medium sized enterprises and the voluntary and community sector. In response to this Report, we request an assessment of how the MoJ has reached the figure of 33% of its Departmental spend going to small and medium enterprises. (Paragraph 218)

Accounts payable information in the MoJ is held on a number of independent finance systems, each containing a large number of legacy suppliers. When suppliers records were originally created they did not include details of the designation of the supplier. Using a contract let on behalf of government by the Government Procurement Service, we have arranged for the MoJ supplier files to be reviewed and enhanced with the addition of a unique identifier as well as the designation of each supplier. These updated supplier files are reloaded in our finance systems thereby enabling us to identify SMEs and report on spend against them. Our supplier registration documentation has also been updated to ensure that all new suppliers are similarly identified.

In 2011/12, Legal Aid providers have been included in our return. We are still in the process of reviewing and classifying these suppliers so it is expected that our figures will increase as the review progresses and more SMEs are identified.

The Department appears to be sending mixed messages about how it wants to engage with small and medium sized enterprises and the voluntary sector. On the one hand it has done some good work to increase its spending to them, and it is trying to change its processes so they can more easily do business with the Department; on the other hand, there seems to be an general impression that the Department will move to a system whereby they set a prime contract with a large organisation, leaving it to the prime contractor to interact with SMEs and the voluntary sector. We further examine the difficulties this presents, and how these can be mitigated. We call on the Ministry to give a clear message about the circumstances in which it will opt to engage directly with SMEs and the voluntary sector. (Paragraph 228)

The MoJ is taking a number of steps to better engage with small and medium sized enterprises and the voluntary sector. Contracts are broken down into appropriate lots and opportunities are widely advertised in line with government policy.

The voluntary sector engages with the MoJ through the RR3 group (previously Reducing Reoffending Action Group) chaired by Clinks, the umbrella body for not-for-profit organisations that provide services aimed at offenders and their families. The voluntary sector also interfaces with commissioning managers, procurement, and performance and contract managers across the MoJ via various forums. As recently as the 14th September 2012 two widely advertised (via Clinks) training courses were held at MoJ Offices in Clive House London for voluntary sector organisations to assist them with procurement. The content of the course covered the pre published help and assistance offered by the Cabinet Office and the MoJ and went on to give specific case study examples showing how to improve submissions when bidding for contracts. Follow up sessions will be held in October.

The MoJ will also continue to use a prime contractor model for large contracts where it can demonstrate that this is the most effective method of delivery. To ensure that Small and Medium Enterprises and Voluntary Sector providers in

the supply chain are treated fairly, the MoJ is introducing processes in line with the best of the principles of the Merlin Standards, and regularly monitors these processes to ensure that both primes and providers in the supply chain are delivering services in accordance with the contract.

Ultimately, it depends on the nature of the service and supply chains as to whether or not a prime or a direct contracting model is appropriate. It is not appropriate to have a one size fits all policy.

We recommend that the Ministry assesses how it might aid the voluntary sector in bringing together organisations to form consortia for those contracts it issues at a large scale that prohibits smaller organisations competing for them on their own. (Paragraph 231)

The MoJ has taken a number of steps to assist the Voluntary, Community, and Social Enterprise Sector. It is recognised that the strengths of the sector add value to the supply chain and recent competitions are continuing to offer very specific assistance to the sector.

MoJ procurement processes are well designed, widely advertised and ensure that time and opportunity are built in to enable Voluntary organisations to consider how best to position themselves within the supply chain, either in consortia, as sub-contractors or as primes. Good communication from MoJ procurement ensures that all potential providers are appraised of other interested bidders through the provision of networking events that we arrange both centrally and locally to maximise potential attendance.

Very specifically £1.25 million in grants, to be awarded by end of October 2012, have been obtained from the European Social Fund (ESF) to award technical assistance funding to enable organisations to form consortia. This money is to enable NOMS, via a competitive process, to give grants and support to allow organisations to form into consortia to support the aims of the NOMS Co-Financed Organisation but also to better position themselves for any future tendering opportunities for the MoJ and for wider benefits across the public sector. All of the money to be spent on planning and infrastructure development as opposed to delivery.

In total 120 consortia applications were received and 44 consortia, heavily engaged with or led by voluntary sector organisations, are now left in the competition. Fifteen grants in total will be awarded by end of October 2012: one national grant of £250k, two regional grants of £150k and two of 100k, and 10 local grants of £50k each. In addition to this each of the 45 shortlisted organisations are able to access free technical assistance from externally contracted organisations covering Social Finance and Sustainability, Social Value, Legal Constitution and Governance - this arranged in response to suggestions from the potential provider base.

In addition to all of this MoJ procurement staff are on hand prior, during and after competitions to assist current and potential providers with technical assistance.

We recommend that the Ministry of Justice assesses how its policies for suppliers compare to the Department for Work and Pensions' Merlin Standards and considers whether it too should regulate the prime to sub-contractor relationship. (Paragraph 238)

The MoJ has reviewed the Department for Work and Pensions Merlin Standards and is seeking to implement best practice from within the standards where a prime sub-contractor model is used in MoJ contracts.

Full implementation of the Merlin Standards is resource intensive and is therefore being piloted, in detail, initially on a number of ESF contracts to test the validity of extending the process further. However, elements of the standards can be found throughout MoJ contract management systems. For ESF contracts, the contract manager has devised a template designed to explore the relationship between the prime and the sub based on the principles of Merlin with the aim of promoting sustainable excellence within the supply chain. Visits to Sub-contractors are scheduled regularly (at least one per month) for each of the ESF contract supply chains. Primes know we expect them to positively support their supply chain partners to deliver contractual requirements and are aware that we are also seeking to prevent any commercial exploitation of smaller organisations. We also look at the supply chain in detail to ensure that the 'eye candy' offered prior to award stage becomes part of the delivery model.

There is a comprehensive checklist of issues covered at each visit including the contractual arrangements, support from the prime on performance issues, responsiveness of the prime to concerns of the sub, payment structure, and effective communication between the parties.

Feedback from both primes and subs has been positive to date. The pilot will be evaluated at the end of 2012.

We recommend that the Department considers how it can use prime contracts to incentivise and increase the involvement of small and medium sized enterprises. (Paragraph 239)

Where appropriate the MoJ has taken steps to increase the involvement of small and medium sized enterprises (SMEs) in the supply chain. Prime contractors are now encouraged to advertise subcontractor requirements through Contracts Finder and we have published a forward pipeline of contract opportunities to enable SMEs to position themselves, either to join with prime contractors or form consortia to bid direct. We have also facilitated a "meet the prime day" where a number of SME suppliers in the food supply chain were invited to meet prime contractors that had been short listed to receive an invitation to tender. The outcome at contract award was a significant increase of SMEs within the supply chain with indirect contracts accounting for 52% (£29.4m) of annual food spend.

The Ministry's long-term policies

As many of the costs associated with the Ministry of Justice are driven by demand for its services, at times when expenditure has to be reduced it is sensible that attempts are made to reduce demand. However, this should be balanced by other steps the Department can take to reduce spending, such as reducing costs incurred through other drivers and working in more efficient ways. (Paragraph 245)

The Department's savings plans for this Spending Review period look to drive down costs across all areas the Department. Savings plans include wide – ranging efficiencies focussed primarily in the back office but also at the front line, across all areas of spend. Plans for efficiency savings have increased since the Spending Review Settlement was agreed to make-up for the loss of policy-enabled savings and changes in demand forecasts. The Department continually reviews its financial position and savings plans both in the short and medium term to ensure that the financial plan can adapt to inevitably changing circumstances.

Payment by results

We recognise the potential benefits of payment by results, but are concerned that this potential may not be realised because of structural problems in NOMS and the MoJ which we have identified earlier in this Report. We will continue to monitor the progress of the Department's payment by results programme and call on the Department to report to us on the steps they are taking to mitigate the risks involved with this process, such as the risk that contractors will 'cherry pick' the individuals they chose to work with in order to maximise profit. (Paragraph 260)

Payment by results is a smarter approach to commissioning offender services, pursuing improved value for money by linking provider payments directly to the achievement of outcomes, with an emphasis on reducing reoffending. We are committed to increasing the efficiency and effectiveness of services by engaging a range of providers, increasing innovation by providing new flexibilities and freedoms, and applying financial incentives so as to encourage a focus on 'what works' to rehabilitate offenders.

A multi-disciplinary team from MoJ and NOMS, including a range of probation and prison expertise, has been working to introduce a programme of payment by results pilots, with the primary purpose of exploring these challenges. A number of pilots have already been launched. We are now developing firm plans for using Payment by Results to incentivise reductions in reoffending across the justice system. We have paused the commissioning of any further planned pilots so that we are able to review them against our developing implementation strategy before deciding whether to proceed.

Payment by results presents a number of challenges – the pilots that are in operation are helping to address these, and the learning that is already

emerging is helping inform the developing implementation strategy. Key challenges include the following:

- **Market appetite:** An early challenge lies in developing a market of providers able to accept the transfer of financial risk inherent in a payment by results contract. In developing and refining our approach to payment by results, we have conducted an extensive programme of engagement with potential providers. Our existing pilots are also testing approaches in different parts of the justice system and involve providers from the public, private and voluntary sectors.
- **Attribution:** Under a payment by results contract, we need to have confidence that any observed changes in reoffending rates can be attributed to the actions of the provider. If not, we run the risk of paying for changes that might have happened anyway, or failing to recognise and appropriately reward provider successes. There is no 'one size fits all' approach to achieving this. We are testing different models for measuring provider performance aimed at increasing the likelihood that the MoJ only rewards genuine success as a condition for achieving improved value for money. This will help us work towards a sustainable approach to monitoring provider performance in different parts of the justice system.
- **Savings:** Our ability to realise the financial benefits of reduced reoffending will also have a strong bearing on securing value for money. There are a number of factors that will influence the extent of any savings generated by reduced reoffending, and our ability to translate reduced demand into cashable savings. In addition to the financial savings there will be significant savings to society associated with reductions in reoffending. We currently estimate that a successful rollout of rehabilitation policies as set out in the Green Paper *Breaking the Cycle*² (including Payment by Results) could lead to societal benefits of £0.6-2bn per annum by 2016/7. The pilots in operation will provide some learning to support our strategy for improving outcomes and generating savings as we move towards wider roll out.
- **Targeting of service:** Simplifying service specifications and linking provider payments to a specific outcome will encourage providers to focus their efforts where they can achieve the greatest success. This may mean prioritising work with specific offender groups. We will consider carefully the incentives that specific targets introduce for providers when setting future payment by results contracts.

The next stage of Transforming Justice

We welcome the achievements of the Transforming Justice programme in uniting the Ministry behind this brand. This work has helped the Department to coalesce around a common purpose. We further welcome the efforts that have been made to involve front-line staff in these changes at an early stage, and found evidence of the understanding of

² Source: 'Breaking the Cycle' – Government Response Impact Assessment

and commitment to the programme among staff at every level when we toured the Ministry's and NOMS headquarters on an 'open access' basis. (Paragraph 46)

One of the pre-requisites for justice to be transformed successfully is for all involved in the delivery of services to work more effectively with other partners. The Department has made good progress in breaking down silos within its own organisation. We are not convinced, however, that sufficient energy or attention has yet been given to engaging stakeholders in other Government departments, other parts of the public sector beyond Whitehall, the voluntary sector, and the private sector. We applaud the work done on Transforming Justice to date; the Department now needs to tell us how it will build on this work to make the justice system truly joined up. (Paragraph 269)

We are pleased the Committee has noted the very good progress the Department has made on breaking down silos within the organisation. In addition to providing the over-arching strategy and the brand that staff understand and coalesce around, the Transforming Justice Programme has delivered many benefits for the MoJ. A key element of Transforming Justice is to ensure that MoJ joins up across boundaries to deliver better justice services at a lower cost to the public. However, we acknowledge that to go even further in this regard, we have to find new ways to join up with other Government departments and wider partners to achieve the right policy outcomes, particularly on reducing re-offending, and to help reduce demand where appropriate.

Examples include our work with DWP and the Cabinet Office to support the cross-government Payment by Results officials group and inter-ministerial group, and our work with DWP to fast-track offenders leaving custody onto the Work Programme from the day of release. We work closely with Health and the Home Office on offender health, mental health and substance misuse to help with our reducing re-offending agenda.

In terms of the criminal justice system we have been working with the Home Office and the CPS on reforming the system to identify service improvements and efficiencies.

To improve our services and secure efficiencies we work with DWP on tribunals workload, especially in view of increasing numbers of benefits challenges.

We collaborate with DfE on the implementation of the recommendations of the Family Justice Review to reduce delays in child care cases and ensure a more effective family justice system.

As the Committee points out, we now need to build on the foundations we have established. Given the scale of reform we are already undertaking, this challenges us to be even bolder and innovative in our engagement with all sectors, including the public sector. MoJ senior officials have been working closely with colleagues across Whitehall and with the Institute for Government

to explore those areas of common interest where closer collaboration would be of most benefit. The next phase of our Transforming Justice Strategy will go us further in terms of collaboration and innovation with other Departments and sectors. We recognise that with fewer resources available, government departments and public authorities must collaborate more effectively and actively consider pooling those resources to deliver common objectives.

We will continue to work with all sectors to help us deliver our vision of a more effective, less costly and more responsive justice system.

Achieving “better for less” is a challenge faced by all departments. The Transforming Justice Programme has made some progress on making the Department better, in terms of being more effective and efficient, but we have indicated in this Report that further structural change and integration will be needed to carry this forward. We recommend that the Ministry sets out how it will measure a “better for less” justice system from the perspective of clients or users and the wider public. (Paragraph 280)

As the Committee have noted, the Department's strategy, Transforming Justice, is widely owned by staff in the Department and staff at all levels, from the Board to the frontline, have demonstrated sustained commitment to achieving better for less when seeking to improve efficiency and effectiveness within the department. This has been particularly evident in the current phase of the Transforming Justice Programme – key achievements include:

- making greater use of technology such as video links in the criminal courts, providing improved access to courts for victims and witnesses;
- extending the use of contact centres and online systems to speed up court processes for the public and small businesses;
- creating a unified courts and tribunals agency thereby improving the level of service offered to the public and judiciary
- increasing the transparency of the courts system by publishing justice outcomes on the police.uk website;
- establishing Neighbourhood Justice Panels to allow local communities a say in the delivery of criminal justice; and
- promoting the wider use of alternative dispute resolution in civil and family cases, resulting in earlier and less costly resolution of disputes through increasing numbers of family mediations.

The Department has also:

- Integrated Her Majesty's Court Service and the HM Tribunals Service to form HMCTS. The ongoing rationalisation of their HQ and regional support unit structures delivered annual savings of £19m in 11/12 and will deliver full year savings of £56m by 13/14.

- Introduced a new Operating Model Blueprint in MoJ, moving to a shared service approach, and reducing the number of DGs by over 50%, directors by 33% and Deputy Directors by 23% since Dec 2009.
- Delivered a programme of court closures (142 courts are announced to close, 130 of them have closed already), saving £7m in 11/12 and £21m annually by 14/15 (plus capital receipts for sale of buildings).
- Closed or re-roled 5 prisons saving £37m in 11/12 and annual full year savings of £41m from 12/13 (plus capital receipts for sale of buildings).
- Delivered the Legal Aid, Sentencing and Punishment of Offenders Act which will enable legal aid savings totalling c. £320m annually by 2014/15, and sentencing savings totalling £51m by 2014/15. This Act also introduces innovative community sentencing options to reduce demand on the system.
- Run the largest competition of custodial services in Europe; competed 4 prisons with a further 9 underway.
- Competed other offender services including the Prisoner Escorting Contract, Electronic Monitoring and Community Payback.
- The Legal Aid, Sentencing and Punishment of Offenders Act (LASPO) and will ensure huge savings in the legal aid budget.

To build on this good work, we are developing the next phase of the Transforming Justice Programme to go further in reforming the justice system for the benefit of the public. We will go further on the rehabilitation revolution to drive down levels of re-offending which will be better for the public with fewer victims of crime and which will reduce demand on our services. We will continue to modernise our estate where possible to reduce operating costs but also to deliver better services for users. We are committed to further competition in offender services to drive down the cost of prisons and other offender services and to maximise our ability to reduce re-offending. We will consult on competition in the provision of legal aid.

Through greater transparency, the justice system will be more accessible, and easier to understand, and we will continue to make greater use of technology such as video links and improving the efficiency of the Criminal Justice System. We will work towards transformation to a Digital by Default Justice System.



Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, telephone, fax and email

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/general enquiries 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Houses of Parliament Shop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/general enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: shop@parliament.uk

Internet: <http://www.shop.parliament.uk>

TSO@Blackwell and other accredited agents

ISBN 978-0-10-184332-4



9 780101 843324