



HM Courts &
Tribunals Service

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Annual Report and Accounts

2014-15



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HM Courts & Tribunals Service is an executive agency of the Ministry of Justice.

Annual Report presented to Parliament pursuant to Section 1(4) of the Courts Act 2003 and Section 39(3) of the Tribunals, Courts and Enforcement Act 2007.

Accounts of HM Courts & Tribunals Service presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000.

Accounts of HM Courts & Tribunals Service presented to the House of Lords by Command of Her Majesty.

Accounts of the Criminal Injuries Compensation Appeals Panel presented to Parliament pursuant to Section 6 of the Criminal Injuries Compensation Act 1995.

Ordered by the House of Commons to be printed on 10 June 2015.

Laid before Scottish Parliament by the Scottish Ministers on 10 June 2015.



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You can download this publication online at
www.gov.uk/government/organisations/hm-courts-and-tribunals-service

Print ISBN 9781474120593

Web ISBN 9781474120609

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office.

ID: 01061525 06/15

Printed on paper containing 75% recycled fibre content minimum.

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1. Introduction

HM Courts & Tribunals Service is responsible for the administration of the criminal, civil and family courts in England and Wales, tribunals in England, and non-devolved tribunals in Wales, Scotland and Northern Ireland.

This has been an important year of transition. Funding for the HM Courts & Tribunals Service Reform Programme was agreed by HM Treasury during 2014, to design and deliver a better and more efficient system for the administration of justice. Significant work to deliver this system is underway. The aim is to make changes which are essential to meet the needs and expectations of those who use courts and tribunals, both now and well into the future, while continuing to deliver services as changes are made.

Running in parallel, extensive work has continued to improve processes and performance, within the current limitations. This work has been the result of collaborative working between the administration and the judiciary as well as other partners across the justice system.

There have been some particular achievements in the last year. These include:

- the introduction of the single Family Court and the introduction of the single County Court, removing geographical boundaries and enabling better performance and more efficient working;
- progress on work to digitise criminal court processes, a step towards reform;
- increasing the capacity of the Tax Chamber to meet the anticipated increase in demand following the Finance Act 2014; and
- a further rise in employee engagement.

These achievements are a tribute to the commitment and professionalism of the judiciary and of HM Courts & Tribunals Service staff.

We are pleased to introduce this Annual Report which sets out the achievements of the last year in further detail. It also sets out some of the foundations laid for Reform. The Reform Programme will be the focus over the coming year. It aims to deliver:

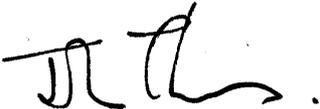
- better technology to improve processes, access and efficiency for customers and other users;
- modernisation of our estate including better facilities for all who access our services; and
- better courtroom utilisation and better case progression.

We also welcome Natalie Ceeney, the new Chief Executive of HM Courts & Tribunals Service, and look forward to working with her to develop and deliver this plan to transform the administration of justice.

Finally, we would like to thank HM Courts & Tribunals Service staff for their continued commitment to deliver the best possible service. This has been evident both within the limitations of the technology and estate they currently have, and in working towards a reformed service.



The Rt. Hon.
Michael Gove MP
Lord Chancellor and
Secretary of State for
Justice



The Rt. Hon.
The Lord Thomas
of Cwmgiedd
Lord Chief Justice of
England and Wales



The Rt. Hon.
Sir Jeremy Sullivan
Senior President
of Tribunals

2. Forewords from the Chairman and Chief Executive

Foreword from the Chairman

This report records the fourth year since the formation of HM Courts & Tribunals Service. In those four years the performance of the service has been improved and the cost of providing the service has been materially reduced. This has been achieved by the professionalism of our staff and managers and good cooperative working with both the judiciary and the Ministry of Justice. I thank them all.

The successes of the year just ended are described in more detail in the report that follows but I would particularly like to highlight the continuing success of reducing hearing times and case disposals in the Family Court.

As Independent Chairman of HM Courts & Tribunals Service, I have advised both the Lord Chancellor and the Lord Chief Justice that although the creation of HM Courts & Tribunals Service from the old services of the Tribunals Service and HM Courts Service has been a success, the scope for further improvement in what we provide to the public, as well as further cost savings, is now very limited unless we take a very radical look at how some of our services are delivered, invest significantly in IT and rationalise our estate. Without this our ability to run an 'efficient and effective' courts and tribunals system will be significantly impaired. And no assurance could be given that the Rule of Law will be upheld.

I am therefore very glad that that in principle both HM Government and the judiciary understand and agree with the case for change and that there is every prospect of new capital being available from the Treasury to support it. The development and implementation of this Reform Programme will form the next phase of our work.

The successful merger of the Tribunals Service and HM Courts Service, was led by Peter Handcock, our first chief executive. Peter retired at the end of 2014. He did an excellent job and on behalf of all his colleagues I would like to thank him for his long service to the courts and tribunals of our country. He was a pleasure to work with and I now hope that he enjoys his well-earned retirement.

We were fortunate to recruit Natalie Ceeney as Peter's successor. Natalie started on 5 January 2015 and is already making her own very strong impact on our work. I look forward to working with her as we embark on the next phase of the story of HM Courts & Tribunals Service and its response to the public expectations of how justice should be done in the twenty-first century.



Robert Ayling
Chairman

Foreword from the Chief Executive

I'm delighted to be writing my first foreword for the HM Courts & Tribunals Service Annual Report.

Although I have only been here a matter of months, I have been hugely impressed by the positivity and culture of the organisation I'm now leading – in every one of the visits I've made to courts and tribunals up and down the UK I've seen passionate and committed staff determined to support the delivery of justice, and to do so in a customer focused way. The culture within the organisation hasn't been created by accident – my predecessor, Peter Handcock, has championed customer focus and continuous improvement throughout his period of leadership. I'd like to formally thank Peter for all he achieved as HM Courts & Tribunals Service's first Chief Executive and for the extremely positive improvement-focused culture he has left.

Without doubt, HM Courts & Tribunals Service as an organisation has achieved a huge amount over the past year. Our people have responded superbly to some major changes in family justice, have driven improvements in waiting times across many of our jurisdictions, and worked hard to keep costs constrained in challenging times. This has all happened with rising levels of staff engagement – challenging given that our staffing numbers have continued to fall. We could not achieve what we do without the extraordinary commitment and goodwill of our staff – and I would also like to say a huge thank you to all our people and for what they have achieved for us over the past year.

My focus since joining, and for the years ahead, is HM Courts & Tribunals Service Reform. As much as I've seen commitment and customer focus in our staff, I've also seen frustration, and a strong desire for change. Our paper processes are outdated, disappoint and annoy our users and staff alike, and are expensive to operate. In today's world, court and tribunal users (whether the parties or their legal representatives) expect to be able to see documents online, use video conference rather than travelling long distances for a brief meeting, and expect to interact with us in ways and at times which suit them. Positively, the foundations for this change have been being laid over the past year, with the launch of our Common Platform Programme in January – which will develop a digital infrastructure for the operation of criminal trials – and some digital exemplars which are already live and working. We've got a huge amount to do, but with an increasingly clear vision for where we're heading.

The path ahead will be challenging – we will need to operate better services for lower costs, and develop completely new approaches which will challenge today's operating models completely. However, with the foundations laid since HM Courts & Tribunals Service was created in 2011, and in particular, over the past year, I'm increasingly confident that we can meet that challenge.



Natalie Ceeney CBE
Chief Executive and Accounting Officer

3. Strategic report

About us

HM Courts & Tribunals Service was created in 2011 as an executive agency of the Ministry of Justice (MoJ). The Agency operates as a partnership between the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals as set out in our Framework Document.

HM Courts & Tribunals Service is responsible for the administration of the criminal, civil and family courts and tribunals in England and Wales and non-devolved tribunals in Scotland and Northern Ireland. It supports a fair, efficient and effective justice system delivered by an independent judiciary.

The MoJ is one of the largest government departments bringing together areas responsible for the administration of the courts, tribunals, legal aid, sentencing policy, prisons, the management of offenders and matters concerning laws and rights.

HM Courts & Tribunals Service Board (as of 1 April 2015)

Non-executive members:

- Robert Ayling (Chairman)
- Victoria Cochrane (Chair of HM Courts & Tribunals Service Audit and Risk Assurance Committee)
- Rachel Osborne
- Ian Playford

Executive members:

- Natalie Ceeney, CBE (Chief Executive, HM Courts & Tribunals Service)
- Steve Gillespie (Director of Finance and Governance for HM Courts & Tribunals Service)
- Kevin Sadler (Service Development Director, HM Courts & Tribunals Service)
- Guy Tompkins (Director of Crime, HM Courts & Tribunals Service)

Judicial members:

- Lord Justice Sullivan (Senior President of Tribunals)
- Lord Justice Gross (Senior Presiding Judge for England and Wales)
- District Judge Michael Walker, CBE

HM Courts & Tribunals Service Senior Management Team (as of 1 April 2015)

- Natalie Ceeney, CBE (Chief Executive)
- Steve Gillespie (Director of Finance and Governance)
- Kevin Sadler (Service Development Director)
- Guy Tompkins (Director of Crime)
- Paul Harris (Interim Director of Civil, Family and Tribunals)
- Julie Nerney (Programme Director, Transformation)
- Rod Davis (Interim Director of Human Resources)
- Paul Shipley (Information Technology Director)

Vision, objectives and priorities

Our vision

To run an efficient and effective courts and tribunals system, which enables the rule of law to be upheld, and provides access to justice for all.

Our objectives are set out in the Framework document for HM Courts & Tribunals Service and are as follows:

Objectives

- To provide the supporting administration for a fair, efficient and accessible courts and tribunal system
- To support an independent judiciary in the administration of justice
- To drive continuous improvement of performance and efficiency across all aspects of the administration of the courts and tribunals
- To collaborate effectively with other justice organisations and agencies, including the legal professions, to improve access to justice
- To work with government departments and agencies, as appropriate, to improve the quality and timeliness of their decision making in order to reduce the number of cases coming before courts and tribunals.

Business priorities

Our priorities were published in the Business Plan for 2011-15 and over this period have been as follows:

- Establish our long-term vision
- Increase efficiency and reduce cost
- Work with justice system partners to increase performance.

Looking towards 2015-16 and beyond our priorities are to:

- Develop, agree and share a future vision for HM Courts & Tribunals Service in 2020 which delivers better justice at lower costs
- Develop the people and capability of HM Courts & Tribunals Service
- Develop a greater customer focus within HM Courts & Tribunals Service and improve customer focussed delivery
- Deliver operational performance to agreed levels
- As part of this work develop a new five year transformation plan for HM Courts & Tribunals Service.

Performance against objectives

Workload and performance summary

As part of the MoJ's Information Strategy and the Government's Transparency Agenda, we publish information about the operation of the courts and tribunals to assist the public in understanding how we are performing. These indicators identify service inputs and the impact on our performance. The Table below sets out the workload of our courts and tribunals in 2013 and 2014, and our impact indicators. Data for the whole of 2014-15 had not been published as Official Statistics at the time of publishing this report.

The Ministry of Justice publishes quarterly workload and performance statistics for courts and tribunals in the following Official Statistics:

Civil Justice Statistics Quarterly at <https://www.gov.uk/government/collections/civil-justice-statistics-quarterly>

Tribunals Statistics Quarterly at <https://www.gov.uk/government/collections/tribunals-statistics>

Family Court Statistics Quarterly at <https://www.gov.uk/government/collections/family-court-statistics-quarterly>

And Criminal Courts Statistics Quarterly at <https://www.gov.uk/government/collections/criminal-court-statistics>

The calendar for publishing these statistics is at <https://www.gov.uk/government/statistics/announcements>

Workload	Impact indicators
Crown Court	
Forecast receipts 2014-15 – all cases ¹ : 136,501	The average number of weeks it takes to commence ² trial cases from receipt in the Crown Court – Triable either way: 2014: 17.6 weeks 2013: 14.3 weeks Triable on indictment only: 2014: 20.0 weeks 2013: 18.3 weeks
Actual receipts during 2014 – all cases: 137,442	
Receipts during 2013 – all cases: 139,922	
Forecast receipts 2014-15 – trial cases: 94,974	
Receipts during 2014 – trial cases: 94,741	
Receipts during 2013 – trial cases: 92,130	

¹ Includes trial cases, committals for sentence, and appeals against magistrates' decisions

² A case commences at the start of the first main Crown Court hearing. A main hearing is one where the defendant enters a plea to all charges or the jury is sworn in.

Workload

Magistrates' courts

Forecast adult indictable and triable either way completed proceedings 2014-15: 335,348

Adult indictable and triable either way proceedings completed in 2014: 393,642
Adult indictable and triable either way proceedings completed in 2013: 381,152

Forecast summary completed proceedings 2014-15: 1,077,322

Summary proceedings completed in 2014: 1,094,944

Summary proceedings completed in 2013: 1,067,485

Impact Indicators

The average number of weeks it takes to complete³ all cases from first listing –

2014: 2.9 weeks

2013: 3.0 weeks

The average number of working days it takes to result court registers –

2014: 1.3 days

2013: 1.3 days

Financial penalties:

Amount of cash collected

2014: £299 million

2013: £289 million

Outstanding balance in arrears

December 14: £565 million

December 13: £556 million

Percentage of accounts closed or compliant within 12 months of imposition⁴:

2014: 72%

2013: 69%

Tribunals

All tribunals:

Forecast receipts 2014-15: 837,248

Cases received in 2014: 344,237

Cases received in 2013: 867,338

Social Security and Child Support:

Forecast receipts 2014-15: 516,949

Cases received in 2014: 108,335

Cases received in 2013: 524,606

Employment:

Forecast receipts 2014-15: 150,300

Claims received in 2014: 52,062

Claims received in 2013: 152,573

The average number of weeks it takes to dispose of cases across the Social Security and Child Support Tribunal –

2014: 26 weeks

2013: 19 weeks

The average number of weeks it takes to dispose of claims across the Employment Tribunal –

2014: 178⁵ weeks

2013: 117 weeks

First tier Immigration and Asylum (First & Upper Tiers):

Forecast receipts 2014-15: 93,284

Cases received in 2014: 97,944

Cases received in 2013: 114,628

Mental Health:

Forecast receipts 2014-15: 37,321

Cases received in 2014: 31,469

Cases received in 2013: 30,363

The average number of weeks it takes to dispose of cases across the first tier Immigration and Asylum Tribunal –

2014: 29 weeks

2013: 24 weeks

The average number of weeks it takes to dispose of Section 2 cases across the Mental Health Tribunal –

2014: 1 week

2013: 1 week

Other:

Forecast receipts 2014-15: 39,394

Cases received in 2014: 37,338

Cases received in 2013: 39,296

³ A case is completed in the magistrates' courts either when it is disposed of or it is transferred to the Crown Court.

⁴ Accounts closed or compliant by the end of the same month the following year, for example those imposed in April 2012 and closed or compliant by the end of April 2013.

⁵ 2014 data are skewed due to number of very large multiple claims disposed during the year.

Workload

Impact Indicators

Civil and Family Justice

Civil courts –

All receipts:

Forecast receipts 2014-15: 1,497,343

Cases received in 2014: 1,585,275

Cases received in 2013: 1,445,339

Money claims:

Forecast receipts 2014-15: 1,100,885

Cases received in 2014: 1,272,652

Cases received in 2013: 1,105,455

Repossession:

Forecast receipts 2014-15: 244,309

Cases received in 2014-15: 201,560

Cases received in 2013-14: 224,110

Insolvency (return of goods):

Forecast receipts 2014-15: 26,562

Cases received in 2014: 25,362

Cases received in 2013: 30,508

Other:

Forecast receipts 2014-15: 125,587

Cases received in 2014: 111,063

Cases received in 2013: 115,774

Civil – The average number of weeks it takes to hear cases from when the claim was received at court – (average time between issue and hearing/trial)

Small claims:

2014: 31.5 weeks

2013: 30.2 weeks

Fast and multi track trials:

2014: 56.9 weeks

2013: 59.2 weeks

Workload

Family courts –

All cases:

Forecast receipts 2014-15: 212,341

Cases received in 2014: 241,836

Cases received in 2013: 265,954

Adoption:

Forecast receipts 2014-15: 14,244

Cases received in 2014: 13,075

Cases received in 2013: 14,799

Public law receipts:

Forecast receipts 2014-15: 17,000

Cases received in 2014: 14,952

Cases received in 2013: 15,098

Private law receipts:

Forecast receipts 2014-15: 55,001

Cases received in 2014: 42,426

Cases received in 2013: 54,950

Family Law Act (Domestic violence) receipts:

Forecast receipts 2014-15: 18,128 to 22,536

Cases received in 2014: 20,296

Cases received in 2013: 19,744

Divorce receipts:

Forecast receipts 2014-15: 114,415

Cases received in 2014: 113,296

Cases received in 2013: 118,299

Impact Indicators

Family⁶ – The average number of weeks it takes to achieve a final outcome for the child in care and supervision cases –

2014: 26

2013: 32

The average number of weeks it takes to achieve a final outcome for the child in private law cases –

2014: 9

2013: 9

Corporate and other financial indicators

- The number of complaints recorded by HM Courts & Tribunals Service in 2014: 15,866
- The percentage of complaints concluded by the first tier in HM Courts & Tribunals Service in 2014: 91.5%
- The average number of working days it took to finalise the answering of complaints in 2014: 11.5 working days
- All spending and contracts over £25,000: Details of all spending and contracts over £25,000 for HM Courts & Tribunals Service and across the MOJ are published monthly at: <https://www.gov.uk/government/publications/hmcts-spend-over-25000-2014>

⁶ These measures, along with measures from the Legal Services Commission and the Children and Family Court Advisory and Support Service (CAFCASS), form part of a cross system measurement framework

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) investigates complaints from individuals who have received poor service from government departments, other public organisations and the NHS in England. It has the power, in law, to investigate and make the final decision on complaints about public services for individuals. It can also recommend how mistakes can be put right and ask organisations to produce action plans to show how they will be implemented.

In the calendar year 2014 (the reporting period used by the PHSO) the Ombudsman accepted 66 complaints against HM Courts & Tribunals Service for investigation; of these 51 were completed in 2014.

The results of these investigations were as follows.

	Number	Percentage
Investigation completed	51	100
Upheld complaints against HM Courts & Tribunals Service	8	14
Partly upheld complaints against HM Courts & Tribunals Service	17	34
Complaints not upheld against HM Courts & Tribunals Service	26	52

HM Courts & Tribunals Service takes all complaints seriously and is committed to reducing the number that result in PHSO investigations. We are keen to learn from the findings of investigations to improve our services and have adopted the PHSO's principles when considering complaints. These principles relate to: good administration; good complaint handling; and principles for remedy. The six key points below relate to each of the three principles.

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement

In November 2014 we issued an improved complaint handling guide for staff and delivered a number of workshops around the country to support staff dealing with complaints. This has enabled us to reinforce the importance of good complaint handling. We also plan to publish case studies for staff.

Delivering performance during change

The family jurisdiction

The single Family Court was launched on 22 April 2014 and brought judges and magistrates together in a single jurisdiction for the first time. There are dedicated points of entry for applications, a single and consistent allocation process and unified administration teams. The single jurisdiction has also enabled us to establish specialist divorce centres using legal advisers to assist District Judges in handling uncontested divorce cases.

Performance in care and supervision (public law) cases has continued to improve over the course of the year. The average case duration reduced to 28.7 weeks for the period October to December 2014. This continues the trend of year on year improvement since 2011 when the Family Justice

Board reported that average case duration was 56 weeks. Around 60% of cases are now completed within 26 weeks.

This continued focus on improving public law case duration, and an increase in the proportion of litigants in person (people representing themselves) following legal aid changes in April 2013, has not affected performance in child arrangements (private law) cases. Average case duration for private law cases is now 15.3 weeks for the period October to December 2014.

In response to the increase in litigants in person in private law cases we have worked with Cafcass, MoJ and the advice sector to improve significantly the support and assistance available.

The civil jurisdiction

The single County Court was launched on 22 April 2014, removing the geographical boundaries of the 172 existing county courts and moving to one national County Court jurisdiction. It was also a year of significant modernisation with the successful launch of two new customer-focused IT systems:

- **Fee Account** introduced a payment by account function for civil and family fees; and
- **Secure Data Transfer** provides a safe method for our users to transfer data electronically from their systems to ours.

Both these systems make it easier for our customers and other users to work with us, particularly those who deal in high volumes of claims. They have also delivered significant efficiencies for HM Courts & Tribunals Service. 2014-15 also saw more work being moved into our business centres, including the centralised management of the Small Claims Mediation Service.

More widely within the jurisdiction:

- changes meant its equity jurisdiction was increased to £350,000 and nominated County Court judges can now grant freezing orders;
- a new system was established for managing Certificated Bailiff applications; and
- key European-wide regulations were introduced in respect of civil and commercial judgments and protection measures.

The jurisdiction continued to deal with very high volumes of work with 1.6 million claims issued in 2014, an increase of 10% on 2013. Despite this increase, business centres and courts continued to manage the workload in a timely manner and improving customer service remained a priority.

Tribunals

The last year has seen tribunal receipts reduce by 60% as various reforms bed down across government. This has helped tribunals significantly to reduce outstanding caseloads, down to the lowest number for over seven years. The total cost of tribunals has fallen from £401.7 million in 2013-14 to £346.2 million in 2014-15 as a result of this reduction in volumes, reflecting that much of the staffing capacity freed up from the reduction was reinvested in reducing waiting times. Further cost saving measures are being implemented to take advantage of the fall in receipts as the outstanding caseloads reduce. Alongside this the unified system of tribunals has continued to grow with 33 new appeal rights in the last year.

Civil Justice Council Report

The publication, on 13 February 2015, of a report by the Civil Justice Council's Online Dispute Resolution Advisory Group has been very timely as we develop the HM Courts & Tribunals Service Reform Programme. We welcome the publication of this important and thought-provoking report, and aim to build many of the principles advocated into our service future design.

Social Security and Child Support Tribunal

This has been a year in which there has been significant volatility in workloads coming into the tribunal, with appeals falling by 80% following the government's welfare reforms. This has provided an opportunity to focus on clearing older cases and reducing waiting time for users. At the end of

June 2013 the tribunal had 221,601 outstanding cases which reduced by over 80% to 40,734 at the end of December 2014, with the tribunal disposing of 114% more appeals than we received during 2014. This is the lowest caseload since statistics were first published in 2007/08. As older cases were cleared at the start of 2014 the average number of weeks to disposal increased, as reported in the workload and performance summary above. However, by the end of 2014, new appeals were being listed for hearing in less than 16 weeks.

Immigration and Asylum Chamber

This has been a significant year of change and reform for the Immigration and Asylum Chambers. The Immigration Act 2014, which removes a number of appeal rights and changes processes, was successfully implemented in March 2014. We have also introduced the changes to support reforms to the First-tier Tribunal Procedure Rules which simplifies the system for users. The biggest challenge for the First-tier is the recent increases in asylum and managed migration appeal volumes with the tribunal disposing of 16% more cases than we received in 2014. As a result of this increased workload the average number of weeks to disposal was longer in 2014 than 2013.

Employment Tribunal

We have continued to listen to user feedback and improve the service we offer to apply to an employment tribunal online. This can often be difficult and stressful for users so it is very rewarding to see the service become the fourth digital exemplar for the MoJ, and now 81% of claims are issued online. The introduction of early conciliation, the uneven nature of multiple claims, employment growth and fees have all had implications for the size and nature of the Employment Tribunal's workload. The tribunal received 52,062 claims in 2014, and disposed of 337,131 claims with a number of large multiple claim cases being cleared. Resolving these older cases caused the increase in average number of weeks to disposal reported in the workload and performance summary, but this will reduce substantially in 2015.

Mental Health

The tribunal has continued to focus on reducing its waiting times and ensuring statutory timelines for hearing cases are complied with. The outstanding caseload stood at 3,288 at the end of December 2014, which is the lowest on records since 2008-09 with the most important cases continuing to be listed for hearing within seven days of receipt.

Tax Chamber

The Tax Chamber has been very busy over the year preparing for the increases in workload expected from the government's reforms to tax avoidance. This has seen a national processing team established in a single HM Courts & Tribunals Service business centre in Birmingham, vastly improved case management systems to simplify the process and additional salaried and fee-paid judges appointed. Work now continues on increasing administrative resources and the number of tribunal rooms in London available for tax cases.

New tribunal jurisdictions

The unification of tribunal appeals continues with 33 new appeal rights introduced into the First-tier Tribunal system in 2014-15.

Crime

HM Courts & Tribunals Service is working with partners across the criminal justice system (CJS) to develop an IT enabled business change programme, which will enable CJS agencies to be more efficient and deliver a better service for victims, witnesses and defendants. These programmes are the Common Platform Programme and the Criminal Justice Efficiency programme. There is more information on these programmes on pages 16 and 17.

Criminal fines collection remains a priority for us and, together with HM Revenue & Customs (HMRC), we have developed processes to share information on fine accounts. Where employment details are provided by HMRC an attachment of earnings order can be created, enabling criminal fines to be more effectively and efficiently enforced. We have continued our work proactively to review all live accounts to ensure that the most appropriate enforcement action is taken. We have

also undertaken extensive work in-year to explore alternative models for improving the effectiveness of fine collection, which we aim to take forward into delivery over 2015/16.

We continue to support the Transforming Summary Justice programme currently rolling-out across England and Wales. This will help to further ensure that cases set for trial in magistrates' courts are robustly case managed before the trial date, reducing the number of unnecessary adjournments and increase the number of effective trials on the day. HM Courts & Tribunals Service has worked with CJS partners and the judiciary to make changes to listing patterns, brigading cases into anticipated guilty and anticipated not guilty plea cases and ensuring appropriate numbers of cases are listed in court sessions. This should reduce the number of hearings per case. The majority of this programme will be implemented by the end of May 2015.

Timeliness in magistrates' courts has improved. 81% of criminal cases moved from first listing to committal or completion within four weeks in 2014, compared to 79% in 2013. The effective trial rate has been maintained at 45% over the last two years, and has been steadily improving for some time. Workload volumes in the magistrates' courts have increased in 2014, with receipts up 5% at 1.61 million, disposals up 1% at 1.57 million and outstanding caseload up 13% at 0.33 million.

The outstanding number of trial cases in the Crown Court increased to a level of 47,000 at the end of December 2014, 13% more than the 42,000 at the end of 2013. This follows a 3% increase in receipts to 95,000, particularly in violence against the person and sexual offences cases. This has increased the average waiting time by 3.3 weeks for either-way cases and 1.7 weeks for indictable only cases between 2013 and 2014.

Either-way cases are mid-range crimes which can be tried in a magistrates' court or the Crown Court according to the magistrates' direction or the defendant's preference. In 2012 there were around 4,000 either-way cases received in the Crown Court per month; in 2013 this had risen to 4,700 cases per month and in 2014 to 5,100 per month. In 2014 there were around 4,700 either-way trial cases dealt with per month, a 15% increase on the 4,100 per month in 2013. These increases were due in part to changes in case mix and the introduction of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, which introduced changes to bail and the courts' powers to remand adult unconvicted defendants in custody.

Sir Brian Leveson's Review of Efficiency in Criminal proceedings

The recommendations from the Review of Efficiency in Criminal Proceedings carried out by Sir Brian Leveson, published in January 2015, are wide-ranging – and challenge the criminal justice system to be more radical in the use of digitally-enabled approaches. We have begun work with the judiciary and criminal justice system partners on planning a programme of work, linking with existing initiatives, to address the need for progress in the short and longer-term, balanced against the effective use of available resources.

In February 2014 new local Judicial Business Groups (JBGs) were created. These JBGs are responsible for ensuring appropriate local arrangements are in place for the conduct of the judicial business of the area, and to ensure there is regular consultation with HM Courts & Tribunals Service Cluster Managers around the operation of the courts. The JBG provide a forum for the judiciary and HM Courts & Tribunals Service to come together to consider, and better ensure national initiatives, such as Transforming Summary Justice, are implemented in a way that is consistent and complementary to their local requirements.

HM Courts & Tribunals Service has successfully increased the use of video technology. The number of prison to court video links went from 53,487 hearings in 2013 to 72,201 hearings in 2014 reducing the number of prisoner movements. We have also been testing alternative video solutions in the courts around internet based video services, and providing more opportunities for civilian and police witnesses to give evidence via video links, including from abroad. For example in September 2014 arrangements were made for a video link to an internet-enabled conference room in Basra for use by the Iraqi Judicial Investigation.

HM Courts & Tribunals Service is working with CJS partner agencies and the judiciary to deliver a more efficient service through digital working. This work is referred to on pages 16 and 17.

E-enabling our justice system

Background

HM Courts & Tribunals Service has a vision for a new business model that uses modern technology to provide more cost-effective and efficient justice services. This is to enable:

- business transactions at the lowest possible cost per case
- the right information at the right time for the right people, and
- a higher quality service for the public.

During 2014-15 we, together with partners across the justice system, have made considerable progress in delivering IT enablers to support change. We have begun ambitious programmes to digitise and e-enable the justice system; both to bring immediate benefits and to underpin the HM Courts & Tribunals Service Reform Programme.

In parallel we continue to support existing IT services to ensure that operations can continue to operate effectively throughout the incremental change process.

The Criminal Justice System Efficiency Programme

The programme is working with the police, Crown Prosecution Service and HM Courts & Tribunals Service to pave the way for the digitisation of the criminal justice system. This is through the introduction of digital case files and key software and hardware to allow the use of digital files in the courtroom.

In 2014-15 the Programme delivered the following.

- Installation of professional court user Wi-Fi in 10 early adopter areas, with rollout to a number of further of sites underway. We plan to install in over 300 criminal court sites by March 2016.
- In-court presentation solutions to over 400 courtrooms with positive feedback from court users who are routinely using the equipment to present digital evidence. We plan to complete rollout to magistrates' courts in 2015 and planning has started for a similar system in the Crown Court.
- A new cloud-based store to provide storage of all court-related digital documents. This has been successfully tested at two sites. We plan to make this available across all criminal courts by the summer of 2015.
- User-testing in Birmingham is underway for the introduction of devices for magistrates to get timely access to digital files. These will be refined on the basis of user feedback before national rollout, planned between June and November 2015.
- Contracts for the provision of the digital Crown Court solution were procured in March 2015 planning for deployment across all Crown Courts centres by early 2016. This solution will allow all parties to upload, access and present their evidence in court.
- Increased provision and use of video links between parties. The use of prison to court video links was greatly increased, along with increased deployment of other forms of remote links to increase access for victims and witnesses. Pilots of the pre-recording of cross-examination of vulnerable witnesses have been completed and tests of internet based video services were successfully carried out with the aim of making these more widely available in 2015-16.
- Finally, the Programme has also developed a digital case file which will allow police forces to send case files in a data format that can be used on the common platform to prevent rekeying and duplication.

The Criminal Justice System Common Platform

The Common Platform is an IT-enabled business change programme that will support business transformation across the Crown Prosecution Service and HM Courts & Tribunals Service. It will bring essential information about crime together so it can be used by criminal justice practitioners where and when they need to access it. Common Platform products and services will be tailored to the needs of the particular practitioner and accessed through a secure portal. We expect that much of the technology can be adapted in other areas of the business of HM Courts & Tribunals Service. The Common Platform has moved under the governance of the HM Courts & Tribunals Service Reform Programme given the overlap in scope and objectives of the two programmes.

During 2014-15 it delivered the following.

- An approved business case that outlines the benefits, costs and processes for development and implementation of the programme between now and 2019.
- A new unified crime business process, jointly developed by us and the Crown Prosecution Service, from pre-charge to disposal. This process makes the most of the opportunities for data sharing, automation and standardisation.
- A make-a-plea online portal which allows users to submit pleas online. It has been developed and tested in Manchester and Salford Magistrates' Court in partnership with the local HM Courts & Tribunals Service team, MoJ Digital Services and Greater Manchester Police. It will be rolled out nationally in 2015-16, will support the new Single Justice Procedure and will form the template for further user access to the criminal justice system.
- A successful pilot of the magistrates' rota, which allows magistrates to submit and manage their availability online was completed in October 2014. The system will be further developed and rolled out to the entire business in 2015-16.
- Work on a range of other products has been commissioned, starting the development of core areas of the process, such as in-court resulting, case progression and scheduling. The in-court resulting functionality will be tested and rolled out to the business in 2015-16. The programme has also initiated a defence portal project, which will enable defence practitioners to access the Common Platform online and retrieve key case information. This project is in its early stages and will be developed with defence practitioners throughout 2015 and 2016.

Civil, Family and Tribunals IT

In preparation for the changes that will be delivered through the HM Courts & Tribunals Service Reform Programme, a review of the IT services that currently support the civil and family courts and tribunals has identified initiatives to maximize the benefits and use of services across jurisdictions.

A new case management system is also being successfully deployed to the Chancery and Technology and Construction Courts.

Maintaining business as usual

HM Courts & Tribunals Service has also made a wide range of changes to existing IT systems to:

- ensure compliance with changing legislation
- improve efficiency and support new ways of working, and
- improve access for the public.

Legacy systems will continue to provide the core of services for us for at least the next three years. Particular developments that support future ways of working include the following.

- The launch of the single court, one jurisdiction for civil courts and one for family courts, with the largest IT change ever made in this area.
- Secure data transfer, which digitised the application and tracking process for users who make large numbers of civil money claims – 72% of all money claims are now made digitally through Money Claim Online.

Ensuring our estate is fit for purpose

Background

HM Courts & Tribunals Service currently has an estate of around 500 buildings in England and Wales. This estate is a result of a series of organisational mergers which culminated in the creation of HM Courts & Tribunals Service in 2011. There are 236 magistrates' courts; 172 county courts; 76 main Crown Court centres (and another 15 Crown Court 'satellite' centres); and tribunals sit at around 100 locations.

The hearing estate we provide for our users is very diverse. It contains a number of excellent modern facilities and some well maintained and effective older buildings. However the standard of buildings we offer the public to attend is variable. We often have multiple sites in one city or town offering identical services. This is confusing for users, causes wasted time and unpredictable delay and is costly to maintain. The infrastructure of our courts and tribunals is aging and suffers from a lack of investment. Buildings frequently have a small number of hearing rooms which do not allow us to operate them in an efficient way. All of these factors have led to overcapacity and inflexibility in the estate which carries unnecessary costs.

Through the HM Courts & Tribunals Service Reform Programme, we have the opportunity to invest in improving our estate to make it fit for purpose for users. The final programme of estate investment is still in development, and we are committed to planning this in conjunction with IT and process changes to make sure we have an estate that enables our new ways of delivering services.

It is also clear that we will need to make sure the estate can support more effective listing. Hearing rooms will become increasingly multi-functional, allowing different court and tribunal jurisdictions to share space. And we will ensure that we explore the potential to use digital technology to revisit what is done in a building versus remotely – as identified by both the Leveson review and Civil Justice Council review. We will continue to conduct detailed local level analysis to ensure that access to court and tribunal services for residents in rural areas is assessed in a robust manner, to ensure that access to justice is preserved regardless of geographical location.

These changes to be brought about by the HM Courts & Tribunals Service Reform Programme will ensure:

- listing practices can be much more flexible, making the administration of justice more efficient
- there will be a reduced maintenance bill, and
- better compliance with the Equality Act 2010.

This will ensure a better experience for court users, victims, witnesses and the judiciary.

Achievements

During 2014-15 a total of 22 properties were sold realising capital receipts of around £16.4 million.

In addition to closing courts with inadequate facilities, we have continued to modernise the court estate. For example, the design and construction of the East London Family Court, located in Canary Wharf, was completed during 2014. It was officially opened by the President of the Family Division, Sir James Munby, and the Rt Hon Simon Hughes MP, Minister of State for Justice and Civil Liberties on 12 December 2014. As a 12 courtroom centre it deals with a variety of family work and has been specially designed and equipped to support video-linked hearings in four of the courts for the benefit of vulnerable witnesses.

The Board agreed to invest in judicial chambers to make sure that the security and safety of users could be protected during hearings. This followed concerns identified in local security audits and in feedback from individual judges. The programme of work has been monitored closely by the Board and was almost complete at the end of March 2015.

Maintaining an operational, fit-for-purpose court estate is an important part of day-to-day operations. During 2014-15 MoJ Estate Directorate, on our behalf, completed 177 estate-related projects with a further 497 underway. The implementation of recycling stations across the estate saw HM Courts & Tribunals Service win a prestigious Green Apple Environment Award for Environmental Best Practice.

More efficient justice

Continuous improvement

We have continued to drive efficiency by building the capability of our teams to use continuous improvement techniques to eliminate waste and reduce failure demand in our systems. One of our teams, in the Probate Service, has developed a workload management tool which captures the information needed to concentrate resources on the activity which adds value for the customer and other users. This is also used to make sure we have the right skills to provide the service. We are planning to introduce this more widely.

Through the use of networks and other learning activities people have shared experiences of solving problems and developed their understanding of how to make improvements to customer service by using continuous improvement techniques. This has not only delivered efficiencies but has laid foundations for our ability to respond to our customers and other users as we develop deeper insight into their needs.

Increase utilisation to ensure capacity aligned with workload

We continue to identify and test initiatives to improve the way we utilise our court and tribunal hearing rooms. Efficient use of our estate is important so we can continue to deliver value for money and operate within our financial means. These initiatives will also help us to understand how we can best deliver our operational practices in line with our future strategic intentions. More information on our estate is on page 18.

Our National Business Centres (NBCs) continue to deliver efficient and effective services which focus on delivering an improved experience for users. This year has seen them take on responsibility for first contact calls for a number of courts, including the County Court at Central London, in direct response to user feedback. Since taking on this service and delivering it with a 30% reduction in resource there has been a significant improvement in the average time taken to answer calls (32 seconds) and an increase in positive customer feedback.

The NBCs have also led the way in terms of performance, with an increase of specified money claims going through the two civil business centres and being processed above the key performance indicator (96.8% of work is processed within time, the key performance indicator is 94%). Moving forward the NBCs will be looking to take on further work with the Tax Tribunal processing function, which will expand significantly, joining in April 2015.

Criminal enforcement

HM Courts & Tribunals Service continues to look at more efficient ways to increase the collection of criminal financial impositions and improve compliance and enforcement. In July 2013 we started a procurement process to identify an external provider to deliver these services. By summer 2015, we anticipate having awarded the contract to the successful bidder. The service will include the majority of compliance and enforcement activity with regards to criminal financial impositions. This would bring the necessary investment and technology needed to achieve the aspiration of a more streamlined and efficient service in the future. It is expected that the project will achieve benefits as a consequence of greater revenue generation from more effective enforcement; lower total resource costs from more efficient administration and enforcement; and enhance confidence in the criminal justice system through the successful collection of financial impositions.

Change ahead

The way people access services, products and information has changed and continues to do so. The public expect to access services quickly and conveniently, at times and in ways that suit them.

Many people now choose to do their weekly shop from the comfort of their own home, complete bank transactions on-the-go and renew their car insurance with a few clicks of a mouse. In just over two decades the internet has become a huge part of our everyday lives. Today 84% of adults in the UK are online and completing transactions online has become second nature.

Organisations, whether in the public or the private sector, have recognised that flexibility and adaptability is critical in light of increasingly rapid advances in technology and changing customer and other user preferences. HM Courts & Tribunals Service is no different. But, to date we have failed to respond sufficiently to these changes in customer behaviour. Staying as we are or making small scale incremental changes is not enough to ensure that HM Courts & Tribunals Service continues to meet the needs of the users of our services. It will also enable the courts to maintain their internationally renowned litigation services.

Like any service provider, our success depends on the quality of the service we provide and how we perform in meeting user expectations in the modern age. We know the level of service currently received at a court or tribunal is at best inconsistent and, at worse, frustrating, despite the continuing great efforts of our staff and the judiciary.

Accessing our service today often involves filling in paper forms, travelling to one of our buildings to complete a simple process or arranging face-to-face meetings to get basic guidance. This can lead to unnecessary complexity, confusion and delay for our users.

Even where we have tried to introduce more digital ways of working, we often rely on digitised versions of paper-based business processes, layered on top of legacy IT systems, some of which are over 30 years old. They were not designed with a digital service in mind, being built to replicate paper forms and processes rather than taking advantage of opportunities to pre-populate or respond to users' selections. We have outdated back-end systems, adding to delay, inefficiency and failure in the system. Our services have often been designed in silos, rather than developed in a consistent approach to improve our user experience across our service. It follows that our user experience is inconsistent and unnecessarily confusing, particularly for our vulnerable users.

Transforming HM Courts & Tribunals Service by focussing on our customers and other users

It is, of course, impossible to predict with complete accuracy what changes the future will bring. But we must ensure that we explore these emerging trends so that the service we provide in the future is flexible and agile enough to meet the changing and wide variety of needs of the court and tribunal users we serve.

In 2014 we agreed gross funding of over £700 million that we will invest to radically transform and improve the service we deliver. This transformation will challenge the way we deliver our service. In particular it ensures that the future HM Courts & Tribunals Service is fundamentally redesigned to meet the changing needs of our users and provide services in a way that works for them, rather than asking them to adapt to us. We will ensure that all citizens and users receive timely access to justice according to their different needs, whether as a victim or witness of crime, a consumer in debt, a child at risk of harm, a business involved in a commercial dispute or as an individual asserting their employment rights.

These fundamental reforms will be accompanied by a new set of key performance indicators to provide better quality information for users about the quality and effectiveness of the services we deliver. Pending the development of the new suite of outcome indicators we have not included all of the input information previously included in annual reports, as we have found our previous indicators increasingly unhelpful in assessing and managing performance.

The HM Courts & Tribunals Service Reform Programme will deliver:

- a better service to users
- fair and transparent justice
- improved and modern access channels, and
- a future-proofed infrastructure that is sustainable, and is flexible enough to adapt to future requirement.

As a result we expect to be able to deliver a better service at a lower net cost.

Wider change

At the same time that we make these fundamental changes to the way we deliver our services, we will remain flexible and ready to meet the needs of the new government. This encompasses policy development in both the MoJ and in other government departments which may also have a substantial impact on the way we operate. We will also continue to work closely with our partners in the criminal and family justice systems whose policies have direct effects on the courts and tribunals system.

Finance

Management commentary

The Annual Accounts of HM Courts & Tribunals Service for 2014-15 are on pages 53 – 100. The accounts have been prepared in accordance with the Accounts direction issued by HM Treasury on 18 December 2014 under section 7(2) of the Government Resources and Accounts Act 2000.

The Accounting Officer for the MoJ has designated the HM Courts & Tribunals Service Chief Executive as the Executive Agency's Accounting Officer. The Accounts were authorised for issue on the same date the Comptroller and Auditor General certified the Accounts.

Overall financial performance

The continued focus we have placed on implementing streamlined management and delivery structures has enabled us to deliver our key business priorities while continuing to reduce our operating cost from £1,229 million in 2013-14 to £1,097 million in 2014-15. Administration costs in 2014-15 have reduced by £4 million compared to the previous year, while programme costs have reduced by £67 million compared to 2013-14. We have also generated increased levels of income with an increase of £60 million recorded during 2014-15.

Further information on our major cost categories is set out below.

Staff and judiciary costs

The average number of permanent, full time equivalent staff fell for the fourth year in a row; HM Courts & Tribunals Service employed 17,033 staff in 2014-15 compared to 19,704 in 2011-12. Total staff and judicial costs have reduced by £36 million to £959 million in 2014-15 compared to £995 million in 2013-14.

Operating costs

Non-cash costs have decreased from £213 million to £153 million, a decrease of £60 million. This is attributable to upward movements in the valuation of property and equipment measured using prices of tenders for building contracts.

Other operating costs have increased by £18 million from £640 million in 2013-14 to £658 million in 2014-15. This is mainly due to an increase in IT service costs and contracted service costs of £10 million and £14 million respectively. The increase in IT service costs is due to HM Courts & Tribunals Service settling a service discount in 2014-15. This was a one off transaction which will not recur. The increase in contracted service costs is due to increased bailiff fees which are fully recovered as income (see income paragraph below).

Income

There has been an increase of £60 million in income recorded in 2014-15 compared to 2013-14. This is a result of increases in fee income and bailiff fees of £77 million and £14m respectively offset by a decrease in recoveries from other government departments of £31 million. The increase in fee income is predominantly due to the introduction of cost recovery fee reforms which came into force on 22nd April 2014.

Non-current assets

The total value of non-current assets has increased by £199 million primarily due to an increase in the value of property and equipment held by HM Courts & Tribunals Service of £205 million. The increase in the value of property and equipment is due to increases in the valuation of our assets of £178 million, plus additions and transfers in of £45 million offset by the depreciation and impairment charges.

Pensions

Details of how pension costs and liabilities are treated can be found in note 1 to the Accounts, and further information relating to pensions is included in note 3 to the Accounts and in the Remuneration Report.

Going concern

The future financing of MoJ liabilities will be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming. We are therefore working on the assumption that the activities of HM Courts & Tribunals Service will be funded in future financial periods. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Charitable donations

The Agency made charitable donations totalling £15,000 in 2014-15 (2013-14: £15,000). These donations were made to charitable organisations to support activities related to the Agency's operations.

Payments

HM Courts & Tribunals Service's policy is to pay suppliers within five days of receipt of a valid invoice at the correct billing address.

For 2014-15, 89.5% of invoices were paid within these terms against the cross-government target of 80% (2013-14: 87.4% against a target of 80%).

Capital structure

HM Courts & Tribunals Service's net assets were represented entirely by taxpayers' equity, consisting of the General Fund and the Revaluation Reserves as detailed in the Statement of Changes in Taxpayers' Equity.

Auditor

The Accounts, comprising the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Changes in Taxpayers' Equity and Statement of Cash Flows are audited by the National Audit Office on behalf of the Comptroller and Auditor General. The auditor's remuneration for the audit of the Accounts of HM Courts & Tribunals Service for 2014-15 was £0.32 million (2013-14: £0.35 million), which is disclosed in note 4 to the accounts. No non-audit work was performed in 2014-15 or 2013-14.

As the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Principal risks and uncertainties

HM Courts & Tribunals Service faced challenges and risks to the achievement of its business objectives as highlighted in the Governance Statement. A detailed risk management strategy has been in place throughout the year in relation to each of these risks to ensure organisational risks were effectively managed.

Future developments

In March 2014 HM Treasury agreed new investment averaging up to £75 million each year over five years from 2015-16 – subject to the agreement of a transformative business case in 2015. This investment will enable HM Courts & Tribunals Service to undertake a reform programme which will deliver a more effective, efficient and high performing courts and tribunals administration through the use of modern technology, an improved estate, and modernisation of current working practices.

Funding for this work has been secured from the financial year 2015-16 and supplements the funding already provided through the MoJ for the criminal justice system IT and Common Platform programmes and to support the upgrading of the estate. Work to finalise our ongoing reform strategy is underway, and we are confident that we can present the case to HM Treasury for the full investment in modernisation.

The Reform Programme will give the administration of justice a sustainable and affordable infrastructure for the future and will deliver a more efficient and high-performing courts and tribunals administration, meeting the needs of the public, as well as providing significant benefits to the taxpayer and legal profession.

Events after the reporting period

In accordance with IAS 10 'Events After the Reporting Period', accounting adjustments and disclosures are considered up to the point the Accounts are authorised for issue. The Accounts were authorised for issue on the same date the Comptroller and Auditor General certified the Accounts. Further details are provided in Note 22.

Equality and diversity

HM Courts & Tribunals Service is committed to ensuring that we consider the diverse needs of our staff and all those who use our services. We promote a culture where staff and service users are treated with fairness and respect. We ensure we are sensitive to the needs of those who are vulnerable or socially excluded.

We work hard to ensure equality for disabled staff and users. We have a reasonable adjustment policy under which advice, support and guidance are provided on how to consider and make reasonable adjustments so disabled people can access our services. Guidance on supporting disabled staff and providing reasonable adjustments is incorporated in the MoJ Ability Manual. The department is an authorised user of the Two Ticks Scheme and participates in the Guaranteed Interview Scheme for candidates with a disability.

Our Welsh Language Scheme 2013-16 sets out how HM Courts & Tribunals Service operates under the principle that in the conduct of public business and the administration of justice in Wales, it will treat the Welsh and English languages on a basis of equality. Our scheme outlines how we are responding to an ever changing context in Wales in terms of our Welsh language services and provision across the wider justice system. In implementing the scheme during the reporting year we saw our Welsh Language Unit deal with an ever increasing workload in terms of its translation work, further increasing its customer base. Our Welsh Language Helpline service also expanded playing an important role in improving customer service and reducing Welsh language related complaints.

As part of the MoJ family we have appointed Diversity Champions who provide visibility and leadership to focus on our strategy for equality and diversity issues. They work in partnership with staff networks to promote and raise awareness and understanding of diversity, equality and inclusion across the organisation. We successfully embrace the mental health charities' Time to Change programme and also encourage our staff to become Dementia Friends.

All staff receive guidance and training to make sure they understand how to meet the legal requirements of the Equality Act 2010 in their daily work in all areas of our business.

The general equality duty introduced by the Equality Act 2010 requires public bodies to consider the needs of all individuals when developing policy and delivering services in relation to their own employees and users. We demonstrate the necessary due regard to this duty by assessing equality impacts at the start of and during the phases of policy development and major change projects. This makes sure that the right steps are taken by the right people at the right time.

At 31 March 2015, the breakdown of employees by gender was as follows:

	Male	Female	Total
Executive and non-executive Board members	6 (66.6%)	3 (33.3%)	9
Senior Managers (Senior Civil Servants)	17 (59%)	12 (41%)	29
Other Employees	5,160 (29%)	12,906 (71%)	18,066
Total	5,183 (29%)	12,921 (71%)	18,104

Directors: Board member, (includes non-executive Board members)

Senior Managers: SCS, (non Board members)

Other Employees: Band A and below.

At 31 March 2015, the breakdown of staff by ethnicity was as follows:

New government grade	Ethnicity		
	BME	White	Undeclared
SCS	3%	84%	13%
Band A	5%	80%	15%
Band B	13%	72%	15%
Band C	12%	75%	13%
Band D	13%	70%	17%
Band E	16%	62%	22%
Band F	10%	64%	26%
Fast Streamer	0%	0%	100%
Grand total	14%	66%	20%

At 31 March 2015, the breakdown of staff declaring a disability was as follows:

New government grade	Disability		
	Yes	No	Undeclared
SCS	0%	87%	13%
Band A	2%	76%	22%
Band B	3%	80%	17%
Band C	3%	79%	18%
Band D	3%	76%	21%
Band E	4%	73%	23%
Band F	5%	71%	24%
Fast Streamer	0%	0%	100%
Grand total	4%	74%	22%

At 31 March 2015, the breakdown of staff by age group was as follows:

Age band	Total headcount	Senior Civil Servants only
Age between 16 to 19	0%	0%
Age between 20 to 24	2%	0%
Age between 25 to 29	8%	0%
Age between 30 to 34	11%	7%
Age between 35 to 39	10%	14%
Age between 40 to 44	12%	21%
Age between 45 to 49	15%	25%
Age between 50 to 54	16%	18%
Age between 55 to 59	13%	11%
Age between 60 to 64	8%	4%
Age between 65 to 69	3%	0%
Age 70 and Over	1%	0%
Grand total	100%	100%

Sustainability report

Introduction

This is the fourth Sustainability Report HM Courts & Tribunals Service has prepared in accordance with 2014-15 guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at:

<http://www.gov.uk/government/publications/government-financial-reporting-manual/>

This report matches the scope and details laid out in the Greening Government Commitments (GGC). GGC forms the primary Sustainable Development (SD) driver across government and carries a series of improvement targets against areas such as carbon from energy, waste, water and biodiversity.

The MoJ's sustainability focus is on achieving these government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and waste to landfill. Further details on GGC can be found at:

<https://www.gov.uk/government/policies/making-sustainable-development-a-part-of-all-government-policy-and-operations>

Scope, exclusions and estimations

This report covers 480 buildings. Shared occupations are not accounted for due to the limitations of extrapolating reliable sustainability data from service charge data. 80 shared occupation buildings existed during 2014-15. As these are modest in size and because shared occupations are reported by the major occupier there is little benefit in extrapolating their sustainability data. This is consistent with wider government practice and with last year's report. We do not consider that the exclusion of these areas has a material impact on sustainability reporting as a whole. Except for 'Expenditure on official business travel', where full year results were available, three months of results are estimated based on 2013-14 fourth quarter performance due to not possessing the actual performance data at the reporting date.

Business Plan commitments and Overall Sustainable Development Strategy

The MoJ Business Plan 2012-15 commitments that relate to sustainability are set out in the Business Plan annex and are as follows.

- i) Assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making. MoJ demonstrates a commitment to embedding SD principles into day-to-day working practices across all departments. To effectively enable this, MoJ holds monthly SD Board meetings, chaired by a Board level SD Champion, to steer and agree programmes of work and improve working practices across the different disciplines of each department.
- ii) Implement the department's plan to deliver on the GGC, supplying quarterly information and contributing to an annual report on progress. GGC was launched on 1 April 2011 and requires government departments to take action to significantly reduce their environmental impact by 2014–15 (compared to a 2009–10 baseline). GGC objectives are a key priority of the MoJ Estates Directorate which are managed, reviewed and monitored by the MoJ SDT.
- iii) Sustainable procurement: Procure from small businesses with the aspiration that 25% of contracts should be awarded to Small and Medium Enterprises (SMEs).

Our Overall Sustainable Development Strategy includes the following elements.

Climate change adaptation: The SDT continues to manage and review its high risk buildings database, which highlights buildings and sites susceptible to the effects of climate change such as temperature increases, rise in sea levels, flooding, and other adverse climactic conditions. This enables the MoJ to evaluate risks to programme delivery on vulnerable flood plains, prioritise its management of high risk sites, and establish a strategic process by which MoJ can put in place measures necessary to adapt to future climate change.

Social and environmental awareness: The MoJ, through the SD team, encourages external partnerships, through Memorandums of Understanding, to promote learning and skills training in all SD work streams therefore promoting restorative justice, reducing reoffending and supporting the government's SD strategy.

Sustainable construction: All major refurbishments and new builds are required to be Building Research Establishment Environmental Assessment Method (BREEAM) assessed to a standard of 'very good' for refurbishments and 'excellent' for new builds. In addition the Department is committed to reducing construction waste to landfill and ensures that all major refurbishment and new build projects have clauses requiring details on waste streams. In 2014-15 a total of three new builds were completed or registered as 'excellent'.

Rural proofing: As part of a continuing MoJ estate rationale, new estate management contracts highlighted where pastoral, countryside and local transport impacts are of prime importance to rural proofing. Transport plans have been an important aspect of our environmental strategy, through local planning requirements on new build properties. Establishing public transport routes and negotiating transport timetables is one aspect of how both carbon footprint and social and community plans can be effective in rural proofing across the MoJ estate.

Decisions to site new buildings is challenging to both the custodial and non-custodial estate, whether regarding local planning policy statements or nature and heritage requirements; all of which may impact on both local leisure and tourism industries.

Every aspect including nature, archaeological, tourism, leisure and rural diversification are assessed in the early stages of planning and design for all new builds across the MoJ estate as part of our rural proofing policy.

Biodiversity action planning

MoJ continues to support the government's transparency targets for biodiversity, and is also working towards the UK Biodiversity 2020 outcomes by managing HM Courts & Tribunals Service at a landscape scale with priority species in mind; while incorporating community and partnership lead action plans, that are striving to reduce the loss and decline of priority species and habitats.

MoJ is continuing with its programme of implementing local Biodiversity Action Plans (BAP) and in support of this, has drafted a strategy and policy for biodiversity across the whole of the MoJ estate, with specific regards to sensitive designated sites such as Snaresbrook Crown Court which lies within Epping Forest Site of Special Scientific Interest (SSSI).

The MoJ SD Ecology Team have signed and agreed Memorandums of Understandings with its partners on national species and habitat projects which also support the UK Biodiversity 2020 outcomes. As the MoJ continues with its local BAP programme, the internal BAP audit system challenges both actions and targets and strives to keep an agreed industry standard at all of its designated sites.

As the MoJ embed these important environmental programmes across the HM Courts & Tribunals Service estate; integrally, ecosystem services will be supported and maintained and community and rural proofing will be managed inherently.

Performance 2014-15

Greenhouse gas emissions		2014-15	2013-14	2012-13	2011-12	2010-11
Non-Financial Indicators (tCO ₂ e)	Scope 1 (Direct) Site based emissions and owned transport.	32,938	34,797	41,151	30,336	36,528
	Scope 2 (Indirect) Supplied energy (Electricity and heat)	65,954	59,393	60,779	60,274	66,373
	Scope 3 (Other indirect) Business travel and transmission losses from supplied energy.	8,558	8,430	8,131	5,152	5,554
	Total gross GHG emissions	107,450	102,620	110,061	95,762	108,455
	Electricity: green/renewable	16,330	14,698	15,002	15,060	16,086
	Total net GHG emissions	91,120	87,922	95,059	80,702	92,369
Non-financial (MWh)	Electricity: Grid, CHP and non-renewable	99,124	98,984	101,032	101,421	110,649
	Electricity: Renewable	33,039	32,993	33,675	33,805	36,110
	Gas	169,388	173,686	200,730	162,768	193,177
	Other energy sources	4,507	5,395	6,471	1,614	8,248
	Total energy	306,058	311,058	341,908	299,608	348,184
Financial indicators	Expenditure on energy (including CRC) (m)	£23.62	£26.15	£23.76	£22.16	£18.61
	Expenditure on official business travel (including GCOF) (m)	£7.79	£12.74	£12.50	£11.09	£8.01

The greenhouse gas target is to reduce emissions by 25% from a 2009-10 baseline of 102,722 tCO₂e. The above figures show a 11.3% reduction during this period against the baseline. Emissions have increased slightly compared to 2013-14 when a 14.4% reduction was achieved against the 2009-10 baseline. Electricity consumption has increased very slightly compared with the previous year but maintains a 17.3% reduction in consumption against the 2009-10 baseline of 119,860 MWh. Gas consumption shows a 12% reduction against the 2009-10 baseline of 192,293 MWh, and a 2.5% reduction from the previous year. 358 projects relating to reducing emissions were implemented in 2014-15 but many of them will be completed at the end of the reporting period. The benefits, therefore, will not be realised until 2015-16. The introduction of the pan-government travel system continues to improve the quality of travel data including costs. Normalised performance against full time equivalents (FTE): 2009-10: 21,116 FTE's and 102,722 (tCO₂e) = 4.86 tCO₂e per employee. 2014-15: 15,864 FTE's and 91,120 (tCO₂e) = 5.74 tCO₂e per employee.

Delivering cost and carbon savings is a HM Courts & Tribunals Service priority. Sustainable development and energy reduction targets are mandated at site, region and corporate level. Projects including estate rationalisation, voltage and boiler optimisation, lighting upgrades and awareness campaigns continue to deliver savings.

Waste type (tonnes)			2014-15	2013-14	2012-13	2011-12	2010-11
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	2,517	3,045	3,334	20,116	20,763
		To recovery (AD and composting)	154	9	0	0	0
		To incineration	5	5	60	0	0
		Reused/recycled waste	5,913	5,613	4,979	3,564	7,396
		Energy from waste	963	1,388	1,136	0	0
	Total waste arising	9,552	10,060	9,509	23,680	28,159	
Financial indicators	Total costs (£000)	2,645	2,090	2,332	1,806	1,787	

The Government's Greening Government Commitments target for waste management is to achieve a 25% reduction in the amount of waste generated in comparison to a 2009-10 baseline of 30,458 tonnes and to achieve this by 2015. Total waste arising in 2014-15 was 9,552, which is a 69% reduction on the baseline. Across the HM Courts & Tribunals Service estate, waste management performance is driven towards meeting this target and initiatives, such as installing recycling stations at all sites and introducing food waste recycling in the South East, South West and London regions. In 2014-15 74% of total waste arising was diverted away from landfill to preferred options such as recycling, composting, and energy from waste. This is a marked improvement in performance compared to 2009-10 when only 24% of total waste was diverted from landfill. Please note the above data excludes 16 Private Finance Initiative (PFI) sites.

Detailed waste management data is sourced directly from the Facility Management (FM) contractors. To account for reporting gaps, material tonnages and costs have been up-lifted.

The MoJ Procurement Team engages with suppliers regarding Government Buying Standards (GBS) for efficiency, sustainability and cost reduction. HM Courts & Tribunals Service staff are encouraged to reduce waste through in-house publications such as 'Sustainability Matters', behavioural change initiatives and campaigns such as 'Climate Week'.

Water		2014-15	2013-14	2012-13	2011-12	2010-11
Non-financial indicators	Total water consumption (cubic meters- ^{m3})	734,613	805,947	877,924	655,560	655,534
Financial indicators	Total water supply costs (m)	£2.24	£2.34	£2.36	£1.97	£2.24

HM Courts & Tribunals Service targets are led by the Government's Greening Government Commitments which requires a reduction in water consumed between the 2009-10 baseline and 2014-15. Not all water consumption data is held centrally although Total Facilities Management (TFM) continues to engage with water companies to enhance the quality of data and further improving this area of reporting.

Delivering cost and water savings remains a priority for HM Courts & Tribunals Service. There are limitations to the quality of the data that is reported and therefore water consumption is estimated and based on sites where annual costs and consumption figures are known; figures are uplifted against cost details which are taken from the purchase ledger. The cost figures include consumed water and waste water. The water strategy centres around monitoring and targeting, automated meter readings, awareness campaigns, installation of controlled devices, borehole extraction, rainwater harvesting for gardening and aerated shower heads where applicable.

MoJ Procurement engages with suppliers to improve monitoring and reporting, and the GBS in relation to efficiency, sustainability and cost reduction. Water reporting systems will be upgraded to enhance our monitoring in line with targets set by government.

Paper	2014-15	2013-14	2012-13	2011-12	2010-11
Cost (£m) ex. VAT	£1.08	£1.58	£1.71	£1.20	£0.00

HM Courts & Tribunals Service commenced the use of mandatory pan- Government Office Supplies contract (GOSG) in October 2011. Under the terms of the contract, Management Information (MI) data is distributed by the Government Procurement Service. The above figure shows a 31.2% reduction in costs compared to 2013-14 which can be partly attributed to the estate rationalisation and awareness campaigns.

Natalie Ceeney CBE
Chief Executive and Accounting Officer
8 June 2015

4. Accounting Officer's Report

Our staff

Our staff are at the heart of our success. We know that those who use the courts and tribunals form an impression of our service by how they are treated by staff. We know that it is our staff who often make the difference in a witness or victim's experience. Our system depends every day on our staff going the extra mile to resolve problems, deal with extremely sensitive issues, and generally keep the service working well.

We also know that we are going to change significantly over the coming few years. Automation of many of our processes and digitisation of our systems will mean that we will need a smaller workforce in the future. As digital technology allows video and online working, it is likely that we will need significantly fewer buildings requiring fewer staff. Managing the change while keeping an engaged, high performing workforce will be a challenge; but is essential for us to do.

Change does not start in the future. It has already started, with changes to many processes this year, requiring a lot of adaptation for staff across HM Courts & Tribunals Service. Positively, our annual staff engagement survey (taken in October 2014) showed a 1% increase in our overall engagement index score to 53%. While we recognise there is room for improvement, we are pleased that engagement levels have risen, not fallen, over this period.

Over the year we have remained focused on creating a high performance culture, embedding the new civil service wide performance management system. This puts a focus on both outcomes and behaviours and gives managers the skills and tools to challenge poor performance effectively.

We have also continued to embed talent management and succession planning across the business, providing the tools and development opportunities for talented, ambitious individuals to be identified and equipped to reach senior management levels. Our 'Future Leaders Scheme' ran for the third year and saw participants engaged on a variety of projects that combine creativity and business knowledge for continuous improvement of our service.

In April 2014 we developed and launched a comprehensive capability strategy and plan along with number of recommended actions and tools, such as a Business Acumen learning package to raise commercial awareness. This is to ensure we utilise resources effectively and offer learning products that meet organisational objectives. A review of skills levels in October 2014 and staff pulse survey showed that skills had improved against all capability priority areas.

In line with this strategy, we developed and promoted a set of qualifications, many in conjunction with the civil service wide Operational Delivery Profession, that are externally recognised and transferable across the civil service. These include business specific qualifications that focus on operational business skills and good customer service. 1,057 staff are currently undertaking one of these qualifications, and 705 participated in a development programme in 2014-15.

The delivery of all face-to-face business skills learning is achieved through a network of 1,078 accredited Business Skills Coaches and Trainers. Over 2,500 days of business skills learning has been delivered by this resource in 2014-15. Conversion of business skills products and learning to e-learning, where appropriate, has continued throughout 2014-15 with 40% of our business skills learning now available electronically. Staff have accessed more than 6,000 learning and training opportunities in 2014-15.

Work to support and enable managers in dealing with staff sick absence and address staff wellbeing has also continued. After two years of reduction, the average working days lost has reached a plateau in the second half of the year at 8.7 days per person (including leavers): a reduction from 9.21 days at the end of 2012-13. We still feel, however, that these levels are too high, and are exploring how best to reduce these absence levels further.

As we look to the future, through support for national and local business change programmes and strong workforce planning we have seen a reduction of 800 full-time equivalent posts in financial year. We exceeded the Spending Review savings set in 2010 through rigorous resource planning in light of budget constraints and workload changes. Therefore, a total reduction of 3,744 full-time equivalent posts was achieved in the Spending Review period 2010-15 and the yearly pay bill reduced by £131 million at March 2015.

Information on equality and diversity is on page 23.

Senior management structure

When HM Courts & Tribunals Service was created in 2011, a senior management structure was created which was focused on meeting the challenges of the period 2011-2015 – and with a particular focus on bringing together the tribunals service and court service into a combined entity. This management structure has served the organisation well to date. However, the challenges ahead are different.

On joining HM Courts & Tribunals Service in January, I started to review the senior management structure to ensure that it was fit for the challenge ahead – one with a stronger focus on service development and change, on customer centricity, and on a joined up courts and tribunals model – given the success of bringing the jurisdictions together.

The new senior management structure was announced in March 2015. As of 1 April 2015, the structure was in transition, with some members of the team moving to new roles, and other people joining the organisation. The senior management structure for HM Courts & Tribunals Service going forward will be:

Service Development Director (combining crime and civil, family and tribunals jurisdictions) – filled by Kevin Sadler from 30 March.

Operations Director (a new role, overseeing all operational delivery) – filled by Guy Tompkins from mid April.

Programme Director – Transformation (to lead our reform programme) – filled by Julie Nerney from 30 March.

Digital Change Director (to lead the development of our future digital infrastructure) – Kevin Gallagher joining in June.

Finance Director – to be filled by Lynne Hamilton from 13 April

HR Director – currently out to external recruitment.

Customer Engagement Director – currently out to external recruitment.

Natalie Ceeney CBE
Chief Executive and Accounting Officer
8 June 2015

5. Remuneration report

The tables in this Remuneration Report have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Board members' Remuneration Report

The Remuneration Report has been prepared in accordance with the requirements of the Government Financial Reporting Manual (FRm) as issued by HM Treasury.

The Prime Minister sets the remuneration policy of senior civil servants following independent advice from the Senior Salaries Review Body. The salaries of HM Courts & Tribunals Service Board members were set following discussions between the Permanent Secretary of the MoJ and her Director Generals in accordance with the rules of the Civil Service Management Code.

HM Courts & Tribunals Service does not have a Remuneration Committee. The key functions of this Committee are dealt with through the MoJ Workforce Committee.

The following sections provide details of the remuneration and pension interests of HM Courts & Tribunals Service Board members who served during 2014–15.

Table 1 – Remuneration payments to HM Courts & Tribunals Service Board members during the period 1 April 2014 to 31 March 2015

	2014-15					2013-14				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid	Pension related benefits (to nearest £1000)	Total	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid	Pension related benefits (to nearest £1000)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Robert Ayling, Independent Chairman	15 – 20	Nil	Nil	Nil	15 – 20	15 – 20	Nil	Nil	Nil	15 – 20
Peter Handcock, Chief Executive (retired 31 December 2014)	115 – 120 (145 – 150 ₅ FYE)	1.2	Nil	N/A ⁴	115 – 120	145 – 150	1.8	Nil	N/A ⁴	145 – 150
Natalie Ceeney, Chief Executive (appointed 5 January 2015)	40 – 45 (175 – 180 ₅ FYE)	Nil	Nil	8	50 – 55	Nil	Nil	Nil	Nil	Nil
Steve Gillespie, Director, Finance and Governance	90 – 95	Nil	Nil	53	145 – 150	90 – 95	Nil	Nil	54	140 – 145
Guy Tompkins, Director, Crime	85 – 90	15.9	Nil	19	115 – 120	80 – 85	12.3	5 – 10	70	175 – 180

	2014-15					2013-14				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid (to nearest £1000)	Pension related benefits	Total	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid (to nearest £1000)	Pension related benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Kevin Sadler, Director, Civil, Family and Tribunals	95 – 100	Nil	10 – 15	18	130 – 135	95 – 100	Nil	10 – 15	5	115 – 120
Francis Dobbyn, Non-Executive Director (until 31 March 2015)	10 – 15	3.6 ³	Nil	Nil	15 – 20	15 – 20 ²	4.2 ³	Nil	Nil	20 – 25
Rachael Osborne, (appointed 1 August 2014) Non-Executive Director	5 – 10 (10 – 15 FYE) ⁵	Nil	Nil	Nil	5 – 10	Nil	Nil	Nil	Nil	Nil
Ian Playford, (appointed 1 August 2014) Non-Executive Director	5 – 10 (10 – 15 FYE) ⁵	0.6 ³	Nil	Nil	5 – 10	Nil	Nil	Nil	Nil	Nil
Victoria Cochrane, (appointed 1 November 2014) Non-Executive Director	0 – 5 (10 – 15 FYE) ⁵	0.1 ³	Nil	Nil	5 – 10	Nil	Nil	Nil	Nil	Nil
Lord Justice Sullivan, Senior President of Tribunals	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
Lord Justice Gross, Senior Presiding Judge	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
District Judge Michael Walker, Judicial Representative	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹

¹ Judicial members are remunerated as judges and received no additional payments as directors of HM Courts & Tribunals Service.

² Includes payments for additional work completed during 2012-13 which were approved and paid during 2013-14.

³ Comprises of reimbursements for travel expenses to required business meetings.

⁴ Peter Handcock chose not to be covered by the civil service pension arrangements during the reporting year and prior year.

⁵ Full year equivalent

Salary

Salary covers both pensionable and non-pensionable amounts and includes, but may not necessarily be confined to: gross salaries; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation. The figures shown do not include amounts that are a reimbursement of expenses directly incurred in the performance of an individual's duties. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2013-14 and the comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2014-15	2013-14
Band of highest paid director's total remuneration (£000)	175 – 180	145 – 150
Median total remuneration (£)	20,050	20,043
Ratio	8.9:1	7.4:1

Change in ratio is due to change of the most highly paid director following the appointment of the new Chief Executive. Remuneration ranged from £10,000-15,000 to £175,000-£180,000 (2013-14: £5,000-10,000 to £145,000-£150,000).

In 2014-15, two employees received remuneration in excess of the highest paid director (2013-14: Nil).

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

Service contracts

The Constitutional Reform and Governance Act 2010 require civil service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

The officials covered by this report hold appointments which are open-ended, with the exception of Non-Executive Directors who are appointed for a term of three years. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Table 3 HM Courts & Tribunals Service Board members' contracts

Name	Contract start date	Unexpired term	Notice period
Robert Ayling	1 April 2011	3 months	1 month
Peter Handcock ¹	4 January 1971	To retirement	3 months
Natalie Ceeney	5 January 2015	To retirement	3 months
Steve Gillespie	22 November 1976	To retirement	3 months
Guy Tompkins	7 November 2005	To retirement	3 months
Kevin Sadler	10 September 1984	To retirement	3 months
Francis Dobbyn	1 April 2011 ³	Nil	1 month
Rachael Osborne	1 August 2014	2 years and 4 months	1 month
Ian Playford	1 August 2014	2 years and 4 months	1 month
Victoria Cochrane	1 November 2014	2 years and 7 months	1 month
Lord Justice Sullivan ²	N/A	N/A	N/A
Lord Justice Gross ²	N/A	N/A	N/A
District Judge Michael Walker ²	N/A	N/A	N/A

Notes:

¹ Contract was extended from 1 August 2014 until retirement on 31 December 2014..² Judicial members do not operate under contracts.³ Contract was extended from 1 October 2014.**Pension benefits****Table 4 – HM Courts & Tribunals Service Board members' pension benefits and the cash equivalent transfer values (CETV) of those benefits during and at the end of the financial year**

Name	Accrued pension at pension age as at 31/3/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/15 £'000	CETV at 31/03/14 £'000	Real increase in CETV £'000
Robert Ayling Independent Chairman	N/A	N/A	N/A	N/A	N/A
Peter Handcock Chief Executive	N/A ³	N/A ³	N/A ³	N/A ³	N/A ³
Natalie Ceeney Chief Executive	0-5 plus lump sum of 0	0-2.5 plus lump sum of 0	7	–	3.2
Steve Gillespie Director, Finance and Governance	45-50 plus lump sum of 135-140	2.5-5 plus lump sum of 7.5-10	925	836	47
Guy Tompkins Director, Crime	30-35 plus lump sum of 100-104	0-2.5 plus lump sum of 2.5-5	629	586	14
Kevin Sadler, Director, Civil, Family and Tribunals	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	720	671	13
Francis Dobbyn	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Rachael Osborne	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Ian Playford	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

Name	Accrued pension at pension age as at 31/3/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/15 £'000	CETV at 31/03/14 £'000	Real increase in CETV £'000
Victoria Cochrane	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Lord Justice Sullivan Senior President of Tribunals	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
Lord Justice Gross Senior Presiding Judge	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
District Judge Michael Walker Judicial Representative	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

Notes:

¹ No pension contributions are made on behalf of HM Courts & Tribunals Service Non-Executive Board members.

² Judicial members are remunerated as judges and received no additional pension entitlements as directors of HM Courts & Tribunals Service.

³ Peter Handcock chose not to be covered by the civil service pension arrangements during the reporting year.

Pension benefits are provided through the civil service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% for **classic** and 3.5% and 6.85% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the civil service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It is worked out using common market valuation factors for the start and end of the period.

Natalie Ceeney CBE
Chief Executive and Accounting Officer
8 June 2015

6. Statement of Accounting Officer's responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury directed HM Courts & Tribunals Service to prepare for each financial year a statement of accounts (the Accounts) in the form and on the basis set out in the Accounts Direction issued by HM Treasury on 18 December 2014. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing HM Courts & Tribunals Service's Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the Accounts, and
- prepare the Accounts on a going concern basis.

The principal Accounting Officer for the MoJ has designated the HM Courts & Tribunals Service's Chief Executive as HM Courts & Tribunals Service's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding HM Courts & Tribunals Service's assets and for preparing HM Courts & Tribunals Service's Accounts, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

Natalie Ceeney CBE
Chief Executive and Accounting Officer
8 June 2015

7. Annual governance statement

1 Introduction

- 1.1 This Governance Statement is provided in my role as Accounting Officer for HM Courts & Tribunals Service, a role that I took on upon taking up post as Chief Executive on 5 January 2015. This followed the retirement of the previous Chief Executive and Accounting Officer, Peter Handcock CBE on 31 December 2014. With transitional arrangements in place and having completed a detailed, formal handover process, I am confident that all assurances detailed within this statement were in place before this date.
- 1.2 HM Courts & Tribunals Service is an agency of the Ministry of Justice (MoJ). Our key aim is to run an efficient and effective courts and tribunals system which enables the rule of law to be upheld and provides access to justice for all.
- 1.3 The former Chief Executive and Accounting Officer established a governance framework and management structure for the organisation to support the management of our key risks. Together with the Senior Management Team, I have reviewed the senior management structure and work is underway to refine the governance structure (see below) throughout 2015-16. I am satisfied that I have the necessary systems and processes in place to maintain an effective system of internal control which supports the achievement of policies aims and objectives whilst safeguarding the public funds and assets for which I am personally accountable.
- 1.4 HM Courts & Tribunals Service operates in accordance with our published Framework Document which sets out the basis of an operating partnership between the Lord Chancellor (Secretary of State for Justice) and the Lord Chief Justice. The framework document was revised and laid before Parliament in July 2014 following the recruitment of three new Non-Executive Director board members.
- 1.5 As Chief Executive I am responsible both, for the day-to-day operations and administration of the agency and leadership of its staff. As Chief Executive and Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer and ultimately to Parliament.
- 1.6 During the current reporting year the HM Courts & Tribunals Board (the Board), the former Chief Executive and I have overseen and monitored our performance against key strategic objectives. This has been by way of regular updates being provided by senior managers at all levels within the existing structure to the Board whenever they meet. A report on our performance can be found on page 8. In addition, the Board has received regular updates on key change programmes throughout the year and in particular the Reform Programme. Further detail on this programme designed to transform fundamentally the way we deliver our business in the future can be found on page 20.
- 1.7 The remainder of this statement sets out how we have managed a number of significant risks and control issues this year and the control framework that we have in place that has enabled us to do so effectively.

2 Governance framework and management structure

- 2.1 Significant aspects of the management structure and framework are detailed below. To ensure continual effectiveness, self-assessment reviews have been carried out during April and May 2015.
- 2.2 **HM Courts & Tribunals Service Board** – the Board provides a vital role in shaping and directing the organisation ensuring we are equipped to deliver high quality and cost effective services to court and tribunal users. It provides leadership on the strategic direction for the organisation in delivering the aims and objectives agreed by the Lord Chancellor and the Lord Chief Justice. The Board has overall responsibility for Corporate Governance within HM Courts & Tribunals Service.
- 2.3 The Board operates within the parameters of the Framework Document and the agreed Terms of Reference. Both of these documents are published on the organisation's intranet. The Framework Document is also available on the GOV.UK website.
- 2.4 An independent evaluation of the effectiveness of the Board was carried out by the MoJ Head of Internal Audit and Assurance in April 2014 and the summarised results were presented to the Board. It was agreed that improvement activities during 2014-15 should focus on encouraging continued effective relationships with MoJ, and to establish a clearer framework for delegations from the Board, which is underway.
- 2.5 There has been an improved and more effective working relationship with the MoJ during this period. MoJ colleagues have been invited to attend the Board for specific agenda items and provided updates on areas of interest or concern. These discussions have been focussed and specific with clear decisions and actions arising. The Board agreed a revised framework for delegating authorities at its April meeting, detailing matters that are reserved to the Board, the Chief Executive and the Executive. Early in 2015-16, the Executive and internal delegations will be reviewed and refined to ensure they are aligned with the Board decision.
- 2.6 The Board will carry out its annual effectiveness review at its meeting in May and an action plan of improvement activities will be taken forward in 2015-16.
- 2.7 During 2014-15 there were three formal sub-Committees to the Board: The Audit and Risk Assurance Committee; the Change and Modernisation sub-Committee; and the Health and Safety Committee, all of which are detailed below. Following the approval of the Delegation of Authority it has been agreed that the structure will be refined from May 2015. There will remain three Board sub-committees, which will include the Audit and Risk Assurance Committee but the Change and Modernisation sub committee will be renamed the HM Courts & Tribunals Service Change Board and the HM Courts & Tribunals Service Reform Programme Board will now feature explicitly. We are reviewing the governance structures we need at executive level to ensure strong and effective governance across all our activities and the Health and Safety and Security arrangements will be key to that.
- 2.8 **The Audit and Risk Assurance Committee** – this Committee is an advisory body which supports me as Chief Executive in my role as Accounting Officer, and the Board for their responsibilities for risk management, control and governance. The Committee reviews the comprehensiveness of assurances from internal and external audit, executive management and other sources, and reviews the reliability and integrity of those assurances. The Chair of the Committee provides a report highlighting and escalating issues to the Board after each quarterly meeting.
- 2.9 In May 2014, MoJ Head of Internal Audit and Assurance facilitated a discussion with Committee members on its annual self-assessment effectiveness review, and a number of key actions were identified for further improvement during 2014-15, including:

- sharing with the Committee the change portfolio for HM Courts & Tribunals Service and MoJ major change programmes relevant to the Agency.
 - developing and sharing with the Committee the induction programme and arrangements for the new non-executive members, and
 - future audit reports should provide greater visibility on any joint working between internal and external audit.
- 2.10 These actions have been addressed during the course of this year and the National Audit Office facilitated the annual effectiveness review session in April 2015. Identified improvement activity will form the basis of an action plan to take forward during 2015-16.
- 2.11 **The Change and Modernisation sub-Committee** – the Committee has overall responsibility for developing and promoting change to deliver the strategic objectives for the organisation on behalf of the Board, supporting the Board in its delivery of the agency strategy, policies and services.
- 2.12 In April 2014, Committee members were invited to discuss the effectiveness of the Committee and to identify any actions for further improvement. Improvement activities were incorporated into an action plan for taking forward during 2014-15.
- 2.13 Progress was monitored by way of action point updates at regular intervals. However, due to a review of the portfolio and portfolio support, full implementation of all improvement activity was deferred to 2015-16. This was to allow for an enhanced and appropriate support and governance structure to be introduced and will be central in reviewing the on-going governance structures.
- 2.14 **The Health and Safety Committee** – the Committee is an advisory body that supports the Chief Executive as Accounting Officer and the Board in their responsibilities for managing risk and establishing effective control for health and safety. The Committee promotes health and safety throughout the organisation and ensures we meet agreed standards including legal obligations.
- 2.15 An annual effectiveness review was carried out in February 2014 and all attendees were satisfied with the operation of the Committee. The only improvement action identified was that all Delivery Plans should be shared and these documents are now circulated with the papers for each meeting and discussed as necessary.
- 2.16 Full details of the membership and attendance records of the Board and its sub-Committees are shown in the schedule in the Appendix.
- 2.17 In addition to the formal governance structure HM Courts & Tribunals Service has an executive management structure in place to support day to day operational business. Given the fundamental programme of change and reform on which the organisation is embarking the Senior Management Team has been restructured in order to provide the appropriate resource and leadership as we move forward in to the new-year. The restructure will be implemented formally during the early part of 2015-16.

Corporate Governance in Central Government Departments - Code of Good Practice

- 2.18 This code applies to MoJ directly however HM Courts & Tribunals Service has adopted key principles as best practice. A review this year has confirmed we remain compliant with material requirements with the exception of the Nominations Committee as reported in previous years. Key functions of this Committee are provided through MoJ Workforce Committee and the HM Courts & Tribunals Service Board.

3 Risk management

- 3.1 Risk management systems are in place to identify, assess and prioritise risk efficiently and effectively and to ensure risk is managed to an acceptable level.
- 3.2 We had in place throughout the year a risk management framework to identify, monitor, manage and report the risks or threats to the achievement of our objectives. The risk policy encompasses regional, central directorate and corporate level and enables risks to be managed at the appropriate level, escalating where necessary.
- 3.3 My senior management team and the HM Courts & Tribunal Service Board have devoted a significant proportion of time to the management of risk and assurance on performance and delivery of day to day business and the change portfolio. I highlight here the four areas which received most attention during this period.
- We rely heavily on the effective delivery of essential corporate services from central MoJ and from business delivered through contracted suppliers. Effective joint working with colleagues in the department has driven improvements in live ICT services and is helping to shape the delivery of future services through new contract models. Improving contract management capability and our relations with external suppliers has been a priority with actions addressed as part of an overall departmental improvement programme
 - We have managed the challenging financial position through the HM Courts & Tribunals Service Board, using a variety of reporting tools and to track expenditure and identify new pressures so we can ensure that operational and change priorities are delivered within budget
 - We have continued to operate a comprehensive framework of policies and controls to ensure the safety and security of staff, judiciary and users are protected
 - The organisation has embarked upon a significant programme of Reform which will deliver fundamental transformation of our services with a substantial financial investment. More information can be found in the Annual Report on page 20. The Reform Programme Board which reports to the HM Courts & Tribunals Service Board is responsible for ensuring the management of risks associated with this programme.

Significant control issues

- 3.4 A small number of the most significant issues faced by the agency during this period warrant further disclosure, subject to restrictions necessary to protect current investigations. These include:
- 3.5 **Magistrates' expenses** – An internal audit found control weaknesses in our systems for processing magistrates' expenses, which could lead to inconsistencies and errors in the processing of claims. Management has agreed all recommendations for improved controls and implementation of actions is underway, including transition to a new centralised approach.
- 3.6 **Data Security** – despite a framework of controls HM Courts & Tribunals Service suffered a number of data loss incidents during the year. While the number is small relative to the volume of transactions we process, we deal with very sensitive personal information on behalf of people involved in hearings and we take very seriously our responsibility to ensure this information is protected.

- 3.7 **Data loss** – A court unknowingly disclosed to a respondent with alleged domestic violence history, the address of the petitioner in a petition for nullity case, which had been ordered by a judge not to be disclosed to the respondent. We acted immediately to move the petitioner to a place of safety and there have been no issues involving her former husband. The Regional Delivery Director and senior court staff have respectively apologised in writing and in person.
- 3.8 Our policy is to self-refer all significant data incidents to the Information Commissioner's Office (ICO) and we continue to work closely with the ICO and other agencies to further improve our systems and learn lessons. We do not wait for the Annual Report to disclose significant incidents but will always report them subsequent to completing investigations undertaken by the ICO in year.
- 3.9 **Disclosure and Barring Service (DBS) checks for key staff** – a problem related to the implementation of a new HR system resulted in a failure to provide managers with a prompt to renew DBS checks for staff at their expiry point. Urgent action is in hand to correct the weakness and ensure that all staff maintain security vetting checks proportionate to their role, in line with HM Courts & Tribunals Service policy.

Update on control issues reported in 2013-14

- 3.10 **Civil bailiff activities** – following a review of the control and organisational structure which governs the work of our civil bailiffs, we are on track to implement recommendations including new controls through the Standard Operating Control mechanism. A separate police investigation into irregularities identified during the handling of a case in the Royal Courts of Justice is ongoing.
- 3.11 **Processing motor convictions** – as previously reported, the police continue to investigate the resulting of motoring convictions in a number of our magistrates' courts and charges have been brought against staff and members of the public. Controls have been improved and management teams in the affected courts have been strengthened and additional support provided to give assurance of compliance with mandatory controls. Separately, work has been commissioned from MoJ policy colleagues to change the legal process for making statutory declarations, to reduce the risk of abuse.
- 3.12 **Pentip enforcement system** - previous issues following the implementation of the Pentip fixed penalty system by the Home Office have been fully addressed. Technical issues affecting system reliability have been resolved and some functional changes have been made. As a result the system is fully operational and delivering planned benefits.
- 3.13 The backlogs in financial reconciliations have been cleared. These backlogs arose because of the system issues and which impacted the C&AG's opinion on the HM Courts & Tribunals Service Trust Statement for 2012-13. Consequently, the C&AG was able to provide an unqualified audit opinion on the HM Courts & Tribunals Service Trust Statement for 2013-14, which was laid in Parliament in December 2014.
- 3.14 **Review of long term leasing contracts** - HM Courts & Tribunals Service commissioned Internal Audit to investigate the circumstances of a number of historic property transactions by its predecessor organisation, which appeared to represent poor value for money. The review was conducted with external support.

The HM Courts & Tribunals Service Audit and Risk Assurance Committee and Board have considered the findings, which do not warrant further investigation of the specific transactions and indicate that controls now operating in HM Courts & Tribunals Service should prevent a recurrence. The appropriate accounting adjustments have been made in the HM Courts & Tribunals Service statutory accounts. Some additional work is under way to give additional assurance to the Board that current governance is sufficient to support best decisions on all future estates transactions.

3.15 **Contract for interpreter services** - concerns had previously been raised regarding the underperformance of interpreter services provided through a contract with Capita ALS. The Chief Executive of HM Courts & Tribunals Service and the Department's Director General, Finance, Assurance and Commercial appeared before the Committee for Public Accounts on 27 January 2014 to give further evidence following a report from the National Audit Office (NAO) on the progress made since the previous year's report. Since the implementation of a revised contract package, performance has improved. Spend on interpreters outside of the contract has also continued to fall substantially.

Fraud and irregularity risk management

3.12 The overall value and number of incidents of identified fraud within HM Courts & Tribunals Service is low given the nature and size of the organisation and volume of transactions undertaken daily. We have however seen a year on year increase in the number of reported frauds. An identifiable and contributory factor for this increase has been the national delivery of fraud awareness sessions by our Investigations Team leading to an improved and increased level of reporting.

3.13 We operate a zero tolerance toward fraud and irregularity and the Investigations Team work closely with the Finance and Governance Directorate to further reduce all aspects of fraud and irregularity. To do this we have in place:

- an effective control framework containing fraud risk controls that are designed to prevent, detect and deter fraudulent activity
- an active counter fraud strategy which includes a fraud response plan, a whistle-blowing policy, and a well managed incident management and investigation process focussed on financial recovery
- representation on the MoJ department-wide Counter Fraud Group
- a team of specialist officers dedicated to managing and investigating incidents of fraud and irregularity
- a pan-government mandatory training package and assessment that all staff and managers are required to undertake, and
- a single point of contact within the City of London Police at "Action Fraud" to ensure the smooth running of all referred investigations and single points of contact in other government agencies, Arms Length Bodies and organisations to support sharing of information and intelligence.

Health, fire safety and security risk management

3.14 We are committed to ensuring the safety and security of all our users, staff and judicial office holders and also protecting our buildings and equipment from human and environmental threats which pose a risk to our operations. The management system is based on a framework recommended by the Health and Safety Executive (HSG 65) and the Government Security Policy Framework.

3.15 There is a central Security and Safety Team which supports a network of regional teams providing professional advice to staff, managers and judicial post holders to manage effectively security, health and safety and fire risks across the organisation. Security and Safety training and guidance is provided to local staff to assist them to discharge their responsibilities.

3.16 There is a requirement for courts and tribunals to undertake regular security and safety inspections and escalate significant issues and risks to Delivery Directors. Performance is regularly reviewed at both regional and national levels, including twice yearly updates to the HM Courts & Tribunals Service Board and the Audit and Risk Assurance Committee.

- 3.17 Throughout this year progress has been made to address previously identified weaknesses including:
- engaging with judiciary to take forward a Judicial Security Action plan
 - implementing the requirements of the Tribunals Security Order 2014 which provides Tribunal Security Officers with the same powers as their Court Security Officer counterparts, and
 - delivering improvements to court hearing room security to ensure consistent application of standards across the estate.

Business continuity risk management

- 3.18 Business Continuity plans are in place for all HM Courts & Tribunals Service sites and locations. We have business continuity arrangements in place for County Court Money Claims Centre and other National Business Centres that effectively mitigate the risk of any potential loss of operations in the future. National Business Centre arrangements will be subject to a review in 2015-16 due to changes within our estate.
- 3.19 The effectiveness of our business continuity and disaster recovery planning has been tested recently following the underground cable fire in Kingsway, Central London, which led to power cuts in the area, loss of IT and telephony and IT network disruption over a wider part of the MoJ estate. Buildings including the Royal Courts of Justice and Victory House had to be evacuated and highly sensitive material moved quickly to other secure locations.
- 3.20 The bi-annual assurance process enables progress to be monitored on compliance with the requirements of the plans. A number of sites have successfully dealt with business continuity incidents during this year.

Information risk management

- 3.21 We are committed to ensuring public data is appropriately protected and work is continually ongoing to ensure we fulfil our obligations to the public.
- 3.22 Key controls that we have in place to manage our information assurance responsibilities include the following.
- The Senior Information Risk Owner, leads and directs information assurance to ensure compliance with the mandatory government standards set out in the Security Policy Framework and is supported by a dedicated and specialist information assurance team.
 - The Information Security Group has senior managers appointed from key strategic positions within the organisation. The group provides assurance and ensures that our Information Security Management System supports effective operations and is compliant with legal and HM Government requirements.
 - The Head of HM Courts & Tribunals Service Information Assurance is a member of a number of significant boards and committees that influence how Information Assurance is shaped within the organisation.
 - Mandatory annual refresher training is in place for all staff and awareness sessions are delivered to all our regions annually. This is verified at all levels in the organisation. In addition Nominated Information Asset Owners complete mandatory and targeted training in relation to their roles.
 - On an annual basis Information Asset Owners review and assess their information assets with the assistance of the central team.
 - A comprehensive and ongoing review of the Information Asset Register.
 - Data Sharing Agreements with our suppliers, other government departments and research bodies to share personal information that has been entrusted to us.

- Ongoing compliance reviews within courts and tribunals to review the effectiveness of policies, guidance, procedures and processes.
- Effective data incident procedures that ensure losses are reported, escalated in a timely manner and dealt with at the appropriate level within the organisation.
- Strong working relationships across MoJ and within HM Courts & Tribunals Service ensures appropriate and proportionate involvement in all projects and change initiatives affecting our data.

4 Oversight and assurance

- 4.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of my executive managers. They have the responsibility for the development, maintenance and reporting of the internal control framework, together with observations and recommendations made by internal and external auditors in their management letters and other reports.
- 4.2 The organisation has in place control processes to provide executive management with assurance over financial and operational risks. These processes are subject to continuous improvement and review to ensure they remain current, effective and relevant. These processes are set out below.
- 4.3 Standard Operating Controls (SOC) self assessment tool** – the SOC is an assurance tool designed to report the level of compliance with mandatory controls set out in Standard Operating Procedures (SOPs) in place at operational level. As reported last year a newly designed SOP template has been developed to increase the quality of service to our customers by ensuring that appropriate key controls are embedded into the SOP.
- 4.4 To increase consistency in testing, evidence gathering and reporting, key control check sheets are issued to staff. Reporting the level of assurance is then captured via a standardised drop down menu with in the SOC tool.
- 4.5 To provide for current risk-based assurance, entry onto the SOC is via the application of a risk based criteria and is reviewed and updated quarterly. These quarterly releases provide the means to embed the new style SOPs and further enhanced quality and consistency of assurance for the organisation. This is a large piece of work covering all the major jurisdictions across HM Courts & Tribunals Service. A lot of progress has been made this year, particularly across the crime, civil and family jurisdictions. Work remains to be completed across a number of tribunals and this will continue onto the new reporting year.
- 4.6 Director level Quarterly and Annual Governance Statements** – all Central and Regional (Delivery) Directors submit quarterly statements, including control issues raised by directorate and regional management teams and escalated and reviewed by senior management. These statements include reporting on sources of internal control and this in turn provides assurance of management's compliance with operational policies, procedures and established key controls. Issues highlighted through these statements are reported through to the Audit and Risk Assurance Committee each quarter.
- 4.7 In addition, the Board and I gain assurance through the following.
- Up-to-date and comprehensive reports on performance and finance and performance at all Board meetings by the Senior Management Team.
 - Financial and administrative procedures which includes delegations of financial authority and segregation of duties on key financial processes.
 - MoJ provides a number of services to the agency, to improve value for money and to support the development of consistent professional corporate services. In the areas of human resources, information technology, procurement services and estates management, HM Courts & Tribunals Service draws assurance of adequacy and effectiveness from MoJ.

- The Board being updated on the risk profile and effectiveness of the systems of internal control through the receipt of minutes from the Audit and Risk Assurance Committee, through review of the HM Courts & Tribunals Service performance reports and through direct feedback from the Chair of the Audit and Risk Assurance Committee. The Board has been provided with the risk register on a six monthly basis and in future, a risk summary will be provided monthly for each Board meeting.
 - The Audit and Risk Assurance Committee oversees the adequacy and effectiveness of the risk management processes and the system of internal control for the organisation. The Committee regularly reviews the corporate risk register and the production of the Annual Report and Accounts for the agency. The Audit and Risk Assurance Committee Chair has free and confidential access to the MoJ Audit and Risk Assurance Committee Chair, the Internal Audit and Assurance Division and the external auditors as required.
 - Value for Money and other reports produced by the National Audit Office (NAO). The report Confiscation Orders HC 738 17 December 2013 report focussed on the leadership and governance of confiscation orders and the efficiency and effectiveness of the process. Following the recommendations made by both the NAO and the Public Accounts Committee, the Criminal Finances Board (CFB), a Home Office led Board chaired by Ministers and with MoJ and HM Courts & Tribunals Service Membership, developed an improvement plan, which was agreed by all member agencies and organisations including HM Courts & Tribunals Service. The plan currently contains a mixture of medium and longer term objectives aimed at improving the efficiency and effectiveness of confiscation activity. The Criminal Finances Board, which meets quarterly, tracks the progress of the plan to ensure agencies meet their commitments and milestones are delivered. The impact of progress against the medium term objectives is starting to be seen (such as the concerted multi-agency effort on the enforcement of outstanding confiscation orders), and progress against longer term objectives is steady.
- 4.8 One of the key sources of independent assurance within the agency comes from the activities of its internal audit service provided by MoJ Internal Audit and Assurance, which meets the Public Sector Internal Audit Standards. The internal audit programme is closely linked to the key risks to the agency and arrangements are in place to ensure that the Accounting Officer is made aware of any significant issues which indicate that key risks are not being effectively managed.
- 4.9 The Head of Internal Audit provided an annual opinion of Moderate Assurance on the adequacy and effectiveness of the system of governance, risk management and control. Although the majority of audit reports were rated 'moderate' or 'substantial', Internal Audit noted a recurring theme of a lack of compliance with system controls.

5 Conclusion

- 5.1 I am satisfied that we have effective governance, risk management and assurance arrangements in place as set out in this statement. Arrangements are kept under continuous review as the organisation continues to evolve and there will be further changes in the forthcoming year.
- 5.2 Where significant control issues have been identified within this statement I am satisfied they are subject to rigorous review and appropriate, effective and proportionate mitigating activity put in place to manage those issues.

Natalie Ceeney CBE
Chief Executive and Accounting Officer
 8 June 2015

Attendance at HM Courts & Tribunals Service Board and Committees 2014-15

	HM Courts & Tribunals Service Board		Audit and Risk Assurance Committee		Change and Modernisation sub Committee		Health and Safety Committee	
	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings
Robert Ayling – Independent Chairman	11	12						
Francis Dobbyn – Non-Executive Board Member and Chair of Audit and Risk Assurance Committee (from 1 April to 31 March)	11	12	6	6				
Victoria Cochrane – Non-Executive Board Member (From 1 November 2014)	6	6	1	1				
Rachel Osborne – Non-Executive Board Member (From 1 August 2014)	6	8						
Ian Playford – Non-Executive Board Member (From 1 August 2014)	8	8						
Lord Justice Sullivan – Senior President of Tribunals ⁷	9	12						
Lord Justice Gross – Senior Presiding Judge	11	12						
District Judge Michael Walker – Judicial Member	12	12	6	6				
Peter Handcock – Chief Executive (From 1 April to 31 December 2014)	8	8	3	5				
Natalie Ceeney – Chief Executive (From 5 January 2015)	4	4	1	1				
Steve Gillespie – Director of Finance and Governance	12	12	6	6	7	7	2	2
Guy Tompkins – Director of Crime	9	12			6	7		
Kevin Sadler – Director Civil, Family and Tribunals	12	12			7	7		
Sarah Albon – Director of Strategy and Change to January 2015					6	7		

⁷ The Senior President of Tribunals was represented by HHJ Sycamore, with full delegated authority, at two Board meetings

	HM Courts & Tribunals Service Board		Audit and Risk Assurance Committee		Change and Modernisation sub Committee		Health and Safety Committee	
	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings	No. of meetings attended	No. of eligible meetings
Dileeni Daniel-Selvaratnam – Deputy Director of Strategy and Change					5	7		
Chris Ball – HR Director to Oct 14					3	5		
Rod Davies – HR Director from Nov 14					2	2		
Paul Shipley – IT Director					6	7		
HHJ Sycamore – Judicial Representative to July 14					3	4		
Judge John Aitken from Sept 14					2	3		
Lucy Garrod – Delivery Director, Midlands					7	7		
Project Office Management representative					7	7		
Judge Nick Warren – Judicial Member (From 1 April to 31 December 2015)			5	5				
Judge Brian Doyle (From 5 January 2015)			1	1				
Penny Seera – Head of Financial Accounts and Governance and Assurance			4	6				
Andrea Emms – Head of Risk and Assurance			3	4				
Tim Watkinson – Head of MoJ Internal Audit and Assurance			6	6				
National Audit Office			6	6				
Representative Change Finance					7	7		
Representative North East Region							2	2
Representatives of North West							2	2
Representative Midlands Region							2	2
Representative South West Region							2	2
Representative South East Region							2	2
Representative London Region							1	2
Representative for Wales							2	2

8. The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of HM Courts & Tribunals Service for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of HM Courts & Tribunals Service and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HM Courts & Tribunals Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the affairs of HM Courts & Tribunals Service as at 31 March 2015 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

9 June 2015

National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

9. Accounts

Statement of comprehensive net expenditure for the year ended 31 March 2015

	Notes	2014-15	2013-14
		£000	£000
Administration costs:			
Staff and judiciary costs	3	16,222	16,083
Other administration costs	4.1	47,974	52,499
		64,196	68,582
Income	5	(500)	(807)
Net administration costs		63,696	67,775
Programme costs:			
Staff and judiciary costs	3	942,499	978,539
Other programme costs	4.1	762,963	801,117
Finance costs	4.2	25,105	18,358
		1,730,567	1,798,014
Income	5	(696,778)	(636,834)
Net programme costs		1,033,789	1,161,180
Net operating cost		1,097,485	1,228,955

Other comprehensive expenditure

	Notes	2014-15	2013-14
		£000	£000
Net operating cost		1,097,485	1,228,955
Net (gain) on revaluation of property, equipment and intangible assets		(187,371)	(147,934)
Actuarial loss on pension scheme liabilities	14.2	221	504
Total comprehensive expenditure		910,335	1,081,525

The notes on pages 57 to 100 form part of these accounts.

Statement of financial position as at 31 March 2015

	Notes	31 March 2015	31 March 2014
		£000	£000
Non-current assets			
Property and equipment	6	3,164,065	2,958,991
Intangible assets	8	43,770	49,683
Trade and other receivables	10	43	188
Total non-current assets		3,207,878	3,008,862
Current assets			
Assets held for sale	7	9,673	17,854
Trade and other receivables	10	105,945	83,854
Cash and cash equivalents	11	22,602	25,691
Total current assets		138,220	127,399
Total assets		3,346,098	3,136,261
Current liabilities			
Trade and other payables	12	(292,799)	(256,611)
Provisions for liabilities and charges	14	(10,865)	(11,866)
Total current liabilities		(303,664)	(268,477)
Total assets less current liabilities		3,042,434	2,867,784
Non-current liabilities			
Trade and other payables	12	(399,836)	(421,807)
Provisions for liabilities and charges	14	(136,387)	(133,378)
Total non-current liabilities		(536,223)	(555,185)
Total assets less total liabilities		2,506,211	2,312,599
Taxpayers' equity			
General fund		1,894,355	1,864,611
Revaluation reserves		611,856	447,988
Total taxpayers' equity		2,506,211	2,312,599

Natalie Ceeney
Chief Executive and Accounting Officer
8 June 2015

The notes on pages 57 to 100 form part of these accounts.

Statement of cash flows for the year ended 31 March 2015

	Notes	2014-15	2013-14
		£000	£000
Cash flows from operating activities			
Net operating costs		(1,097,485)	(1,228,955)
Adjustments for notional and non-cash transactions	13	293,224	353,898
Finance costs	4.2	25,105	18,358
(Increase) in trade and other receivables		(98,431)	(36,405)
Increase / (decrease) in trade and other payables		202,842	130,178
Utilisation of provisions	14	(8,133)	(12,535)
Net cash outflow from operating activities		(682,878)	(775,461)
Cash flows from investing activities			
Purchases of property and equipment	13.1	(43,902)	(66,470)
Proceeds from disposal of property and equipment and assets held for sale		16,159	18,180
Purchase of intangible assets	8	(5)	(339)
Net cash outflow from investing activities		(27,748)	(48,629)
Cash flows from financing activities			
Funding from the MoJ		729,000	930,000
Capital element of Private Finance Initiative (PFI) contracts		(8,926)	(8,926)
Capital element of finance leases		(109)	46
Repayments of Local Authority loans		(2,717)	(3,191)
Interest paid	4.2	(9,711)	(10,754)
Net cash inflow from financing activities		707,537	907,175
Net increase / (decrease) in cash and cash equivalents in the period	11	(3,089)	83,085
Cash and cash equivalents as at the beginning of the period	11	25,691	(57,394)
Cash and cash equivalents as at the end of the period	11	22,602	25,691

The notes on pages 57 to 100 form part of these accounts.

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

	Notes	General fund	Revaluation reserves	Total
		£000	£000	£000
Balance as at 31 March 2013		1,805,047	315,875	2,120,922
Funding from the Ministry of Justice (MoJ)		930,000	–	930,000
Intercompany settlement with MoJ		114,155	–	114,155
Net operating cost	6	(1,228,955)	–	(1,228,955)
Adjustments in respect of non current assets: Transfers in from other public bodies		3,627	–	3,627
Notional costs:			–	
Consolidated fund judicial salaries	13	140,846	–	140,846
External auditors' remuneration	13	350	–	350
Departmental recharge	13	84,224	–	84,224
Revaluation of property, equipment and investment property		–	147,934	147,934
Actuarial gain on pension scheme liabilities	14.2	(504)	–	(504)
Reclassification from revaluation reserves		15,821	(15,821)	–
Balance as at 31 March 2014		1,864,611	447,988	2,312,599
Funding from the MoJ		729,000	–	729,000
Intercompany settlement with MoJ		132,146	–	132,146
Net operating cost		(1,097,485)	–	(1,097,485)
Notional costs:			–	
Consolidated fund judicial salaries	13	140,520	–	140,520
External auditors' remuneration	13	320	–	320
Departmental recharge	13	101,961	–	101,961
Revaluation of property, equipment and intangible assets			187,371	187,371
Actuarial gain on pension scheme liabilities	14.2	(221)		(221)
Reclassification from revaluation reserves		23,503	(23,503)	–
Balance as at 31 March 2015		1,894,355	611,856	2,506,211

The notes on pages 57 to 100 form part of these accounts.

Notes to the Accounts for the year ended 31 March 2015

1 Statement of accounting policies

These accounts have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HM Courts & Tribunals Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by HM Courts & Tribunals Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

HM Courts & Tribunals Service accounts have been prepared under the historical cost convention modified to account for the revaluation of property and equipment and intangible assets and certain financial assets and liabilities.

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates (see note 1.26). It also requires management to exercise its judgement in the process of applying the accounting policies.

1.2 HM Courts & Tribunals Service administration and programme

The statement of comprehensive net expenditure (SoCNE) is analysed between administration and programme income and expenditure. The classification of income and expenditure as administration and programme follows the definition of administration costs as set out in the Spending Review by HM Treasury. Administration expenditure reflects the cost of support activities such as business support services and administration. Programme expenditure reflects costs directly related to frontline service delivery.

1.3 Changes in accounting policy, and disclosures

a) Changes in accounting policies

HM Courts & Tribunals Service did not have any changes in accounting policies during the year.

b) New and amended standards adopted

IFRS 10 'Consolidated Financial Statements' was issued jointly with IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', and amendments to IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. The FReM's adaptation of these standards for public sector application is effective from 1 April 2014.

The above new and amended standards are not relevant to HM Courts & Tribunals Service for the year ended 31 March 2015.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2014 and not early adopted

New standards which are not yet effective are not expected to have a material impact on HM Courts & Tribunals Service's future accounts.

1.4 Income

Operating income is income that relates directly to the operating activities of HM Courts & Tribunals Service and is therefore recognised as revenue in the SoCNE.

It principally comprises fee income for services provided to customers and the recovery of costs from other government departments. Other operating income includes bailiff fees, rental income and miscellaneous receipts (for example sale of publications). Income is stated net of VAT.

Funding from the MoJ is credited directly to the General Fund in line with FReM requirements.

1.5 Fee income

Fee income consists of amounts for services rendered to civil, family court and tribunals users. The value of income where payment has been received but work has yet to be completed are recognised in the Statement of Financial Position (SoFP) as deferred income. The deferred income is subsequently recognised as income upon completion of the service.

The point at which the revenue is recognised depends upon the nature and circumstances of the individual service which is provided. For most income streams, the service provided by HM Courts & Tribunals Service is the initiation of the application, which occurs immediately on receipt of the application. The accompanying application fee is therefore recognised as income immediately on receipt.

For certain fee income streams, such as warrants and assessments, an estimate is made of the time period in which the application is made (typically one week) and the deferred element is thus determined.

For other fee income streams, such as petitions, appeals and probate, specific records are maintained in respect of the outstanding services and the deferred income is directly determined based upon these.

Fee income is stated net of fee remissions and exemptions (REMEX). The REMEX scheme is prescribed in the Fee Orders approved by Parliament and remitted fees are not collected by HM Courts & Tribunals Service. The financial objective of full cost recovery net of REMEX is agreed with HM Treasury to ensure that individuals are not denied access to justice through inability to afford the prescribed fees.

1.6 HM Courts & Tribunals Service Trust Statement

HM Courts & Tribunals Service, as the Executive Agency of the MoJ responsible for collecting fines and financial penalties imposed by the criminal justice system, prepares a stand-alone Trust Statement that should be read in conjunction with the HM Courts & Tribunals Service Annual Report and Accounts.

The Trust Statement accounts for fines and penalties imposed by the criminal justice system as revenue ultimately payable to the Consolidated Fund, on a gross basis. It also accounts for the cash and balances payable to the Consolidated Fund and third parties in relation to the collection of the fines and penalties amounts.

1.7 Non-cash charges

Non-cash charges in the SoCNE include external auditors' remuneration, which represents the National Audit Office's cost for the audits of HM Courts & Tribunals Service's accounts and HM Courts & Tribunals Service's Trust Statement, and departmental overhead recharges which are recharged to the HM Courts & Tribunals Service from the MoJ.

Other non-cash charges include salary and social security costs of senior judges who, being independent of HM Courts & Tribunals Service, are funded from the Consolidated Fund. Senior judges also receive long service payments under an agreement with the MoJ. There is a provision for these payments within the MoJ resource accounts.

1.8 Operating segments

Operating segments are analysed in accordance with IFRS 8 'Operating Segments' along with the lines of information presented to the Chief Operating Decision Maker (CODM) who for the purpose of these accounts is determined to be the Chief Executive. The CODM is responsible for allocating resources and assessing performance of the operating segments.

1.9 Property and equipment recognition

Items of property and equipment, including subsequent expenditure on existing assets, are initially recognised at cost when it is probable that future economic benefits or service potential associated with the asset will flow to HM Courts & Tribunals Service and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the SoCNE during the financial period in which they are incurred.

Capitalisation threshold – individual assets

The threshold for individual assets is £10,000 (including irrecoverable VAT).

Capitalisation threshold – grouped assets

Where a significant purchase of individual assets which are individually beneath the capitalisation threshold arises in connection with a single project, they are treated as a grouped asset.

Grouped assets typically comprise:

- an integrated system of diverse equipment designed to deliver a specific solution, for example, an Information Technology (IT) equipment refresh project
- a materially significant acquisition of furniture or IT at a single site, or
- IT and furniture refresh programmes.

HM Courts & Tribunals Service threshold for grouped assets is £1m (including irrecoverable VAT). Where an item costs less than the prescribed limit, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is treated as a tangible fixed asset.

Valuation of land and buildings (including dwellings)

Subsequent to initial recognition, land and buildings (including dwellings) comprise mainly court facilities. Land and buildings are included at fair value, as interpreted by the FReM, on the basis of professional valuations which are conducted for each property at least once every five years.

Professional valuations are primarily undertaken by the Valuation Office Agency (VOA) using the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'. In between professional valuations, carrying values are adjusted by the application of indices or through desktop valuations.

Criminal courts are mostly classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued on depreciated replacement cost (DRC) to a modern equivalent basis in accordance with the Red Book, taking into account the functional obsolescence of the property. Leasehold improvements are fair valued using the Building Cost Information Service Tender Price Index as supplied by the RICS.

For other property assets in continuing use, fair value is interpreted as market value for existing use. In the Red Book this is defined as 'market value on the assumption that property is sold as part of the continuing enterprise in occupation'. The 'value in use' of a non-cash-generating asset is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Valuation of assets held for sale

Non-current assets are classified as 'held for sale' when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets held for sale are stated at the lower of their carrying amount immediately prior to classification as 'held for sale' and their 'fair value less costs to sell'. Any subsequent impairment or reversal of impairment is recognised in the SoCNE. Assets classified as held for sale are not depreciated.

Valuation of other assets

Other assets comprise information technology, equipment, furniture, fixtures and fittings. These assets are included at cost upon purchase and are restated at each reporting date using the Producer Price Index produced by the Office of National Statistics (ONS).

Other assets revaluations and subsequent costs are accounted for in a consistent manner to land and buildings above.

Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and are not depreciated. Relevant expenditure such as external consultant costs, relevant employee costs and an appropriate portion of relevant overheads is capitalised where it is directly attributable to bringing an asset into working condition.

An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation is then charged on the asset in accordance with the depreciation policy.

Revaluation

When an asset's carrying value increases as a result of a revaluation, any revaluation surplus is credited to other comprehensive expenditure and accumulated directly in taxpayers' equity under the heading of Revaluation Reserve. An exception is any gain on revaluation that reverses a revaluation decrease on the same asset previously recognised as an expense. Such gains are first credited within net operating cost in the SoCNE to the extent the gain reverses a loss previously recognised within net operating cost in the SoCNE.

When an asset's carrying amount decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential, the decrease is charged directly to 'Other Operating Costs' in the SoCNE, with any remaining Revaluation Reserves balance released to the General Fund.

When an asset's carrying amount decreases (other than as a result of a permanent diminution), the decrease is recognised in the Revaluation Reserve to the extent a balance exists in respect of that asset. Any further decrease in excess of revaluation surpluses is charged to 'Other Operating Costs' in the SoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the SoCNE and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives or, for leased assets, over the life of the lease or the period implicit in the repayment schedule. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to ensure that budgeting implications have been properly considered.

Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation commences in the month following the acquisition of a non-current asset for land, buildings and dwellings and in-month for all other non-current assets.

If an item of property and equipment comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life.

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Leasehold land	Remaining lease period
Freehold buildings (including dwellings)	Shorter of remaining life or 60 years
Leasehold buildings (including dwellings)	Shortest of remaining life, remaining lease period or 60 years
Information technology	Shorter of remaining lease period or 7 years
Equipment	Shorter of remaining lease period or 3 to 5 years
Furniture and fittings	Shorter of remaining lease period or 10 to 20 years
Assets held for sale	Not depreciated
Assets under construction	Not depreciated

Disposals

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other Operating Costs’ in the SoCNE.

When revalued assets are sold, the amounts included in Revaluation Reserve are transferred to the General Fund.

Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the SoCNE. Non-current donated assets are revalued, depreciated and subject to impairment in the same manner as other non-current assets.

1.10 Intangible assets

HM Courts & Tribunals Service’s intangibles comprise internally developed software for internal use (including such assets under construction) and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by HM Courts & Tribunals Service, such as external consultant costs, software development employee costs and an appropriate portion of relevant overheads, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- HM Courts & Tribunals Service intends to complete the software product and use it;
- there is an ability to use the software product;
- the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Purchased software licenses are recognised as assets when it is probable that future service potential will flow to HM Courts & Tribunals Service and the cost of the license can be measured reliably. Such licenses are initially measured at cost.

Subsequent to initial recognition, intangible assets are included in the accounts at fair value. As no active market exists for the intangible assets of HM Courts & Tribunals Service, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses (i.e. depreciated replacement cost).

Intangible assets in service are re-measured at the end of each reporting period using the Producer Price Index issued by the ONS.

Intangible assets are amortised using the straight-line method over their expected useful life. The useful lives of internally developed software range from three to seven years. Purchased software licences are amortised over the licence period. Intangible assets in development are not amortised until they are ready for use, at which point amortisation is then charged in accordance with the stated accounting policy.

Capitalisation thresholds – software projects

The capitalisation threshold for software projects is £1m (including irrecoverable VAT).

1.11 Impairment

An impairment reflects a permanent diminution in the value of an asset as a result of a clear consumption of economic benefits or service potential. At each reporting date, HM Courts & Tribunals Service assesses all assets for indications of impairment. If any such indication exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use'. For the purposes of the public sector, the FReM defines the 'value in use' of a non-cash-generating asset as the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Any impairment loss is charged directly to 'Other Operating Costs' in the SoCNE. If the impaired asset has previously been re-valued, any balance on the Revaluation Reserve (up to the level of the impairment loss) is transferred to the General Fund.

At each reporting date HM Courts & Tribunals Service also assesses whether there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets in question are reassessed. The reversal of an impairment loss is then recognised in the SoCNE, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. The amount of any reversal is restricted to increasing the carrying value of the relevant assets to the carrying value that would have been recognised had the original impairment not occurred (that is, after taking account of normal depreciation that would have been charged had no impairment occurred).

1.12 Leases

Leases are classified as either finance leases or operating leases based on the substance of the arrangement. The lease of land and buildings is split at inception of the lease into a separate lease of land and a lease of buildings.

Finance leases

Leases of property and equipment, where HM Courts & Tribunals Service has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property or equipment and the present value of the minimum lease payments. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short term or long-term payables, depending on the dates HM Courts & Tribunals Service is contractually obliged to make rental payments. The interest element is charged to the SoCNE over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE expenditure on a straight-line basis over the period of the lease. Any up-front payments for a leasehold interest classified as an operating lease are recognised as a lease prepayment in the SoFP and amortised over the lease term.

Lease revenue from operating leases where HM Courts & Tribunals Service is the lessor is recognised as revenue on a straight-line basis over the lease term.

Operating lease incentives

HM Courts & Tribunals Service treats lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) as an integral part of the consideration for the use of the leased asset. The incentives are accounted for as an integral part of the net consideration agreed for the use of the leased asset and are spread appropriately over the lease term.

Arrangements containing a lease

In determining whether HM Courts & Tribunals Service is party to a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing arrangements and take-or-pay contracts, are assessed to determine whether the contract contains a lease. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1.13 Service concession arrangements

Service concession arrangements, including PFI arrangements, are arrangements whereby private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. HM Courts & Tribunals Service defines such arrangements as service concession arrangements if they meet the following conditions (as stipulated in IFRIC 12 'Service Concession Arrangements', as adapted for the public sector context by the FR&M):

- HM Courts & Tribunals Service controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and
- HM Courts & Tribunals Service controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

Where these conditions are satisfied, the future payment stream is assessed to separately identify the infrastructure interest and service components.

HM Courts & Tribunals Service recognises the infrastructure asset at fair value (or the present value of the future minimum infrastructure payments, if lower) as a non-current asset in the SoFP with a corresponding liability for future payments under the agreement.

The interest element of the agreement is charged to the SoCNE over the contract period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The service element of the agreement is charged to the SoCNE in the period in which the services are rendered by the operator.

1.14 Cash and cash equivalents

Cash and cash equivalents recorded in the SoFP and Statement of Cash Flow include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.15 Third party cash balances

HM Courts & Tribunals Service holds a number of different cash balances on behalf of third parties. These consist of bail monies which are received and held while a criminal case progresses and have not been recognised in the accounts in accordance with FReM requirements. These balances do not include amounts held following the collection of fines and penalties on behalf of other bodies; these amounts are reported in a separate Trust Statement (see note 1.6).

Third party cash balances are not included in the SoFP in line with FReM requirements and a disclosure of these balances is made in note 21 to the accounts.

1.16 Financial instruments

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with HM Courts & Tribunals Service's normal purchase, sale or usage requirement, are recognised when, and to the extent which, performance occurs. All other financial assets and liabilities are recognised when HM Courts & Tribunals Service becomes party to the contractual provisions to receive or make cash payments.

A financial asset is considered for de-recognition when the contractual rights to the cash flows from the financial asset expire, or HM Courts & Tribunals Service has either transferred the contractual right to receive the cash flows from the asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. HM Courts & Tribunals Service de-recognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

1.17 Value Added Tax (VAT)

Most of the activities of HM Courts & Tribunals Service are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capital purchase cost of property and equipment and intangibles. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT.

1.18 Provisions

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when HM Courts & Tribunals Service has:

- a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation, and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense.

1.19 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 'Provisions, contingent liabilities, and contingent assets', HM Courts & Tribunals Service discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote as required by the Managing Public Money (MPM) guidelines.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS 37 are measured at discounted amounts. Contingent liabilities that are not required to be reported under IAS 37 are stated at the amount reported to Parliament.

1.20 Contingent assets

Contingent assets are disclosed where a probable asset arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within HM Courts & Tribunals Service's control.

1.21 General Fund

Funding received from the government is credited to the General Fund within the Statement of Changes in Taxpayers' Equity (SoCTE) upon receipt of the funds.

1.22 Employee benefits

Short term benefits such as salaries and wages or post-employment benefits resulting from employment and long-term benefits such as long service awards, including termination benefits (for example early departure costs) and pension benefits are recognised at the cost of providing the benefit in the period in which it is earned by the employee, rather than when it is paid or becomes payable.

IAS 19 ('Employee Benefits') requires HM Courts & Tribunals Service to recognise the expected cost of the annual leave entitlement of its employees that is accrued at the end of each financial year. HM Courts & Tribunals Service estimates this accrual by calculating the average value of outstanding leave across each payband which is then used to provide an extrapolated total.

1.23 Pensions

Most past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

Members of the judiciary are covered by the Judicial Pension Scheme (JPS). Further details of this scheme can be found in note 3.2.2.

1.24 Early departure costs

HM Courts & Tribunals Service is required to pay the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme or individual agreement is binding on HM Courts & Tribunals Service. The provision is measured at the present value of the expenditures required to settle the obligation. Where the effect is material, the estimated risk-adjusted cash flows are discounted using the nominal rate set by HM Treasury (2014-15: 3.55% and 2013-14: 4.35%). The increase in the provision due to passage of time is recognised as interest expense.

Following the introduction of a Civil Service Compensation Scheme in December 2010, the MoJ has also offered a Voluntary Early Departure (VED) scheme to selected HM Courts & Tribunals Service employees. The VED expenses reported in notes 3.1 and 3.1.3 cover amounts paid to individuals who accepted the offer of voluntary exit and who were approved to leave during 2013-14 and 2014-15. In line with the terms of the Civil Service Compensation scheme, no ex gratia amounts were paid to individuals who exited under the VED scheme.

1.25 By-analogy pension scheme

HM Courts & Tribunals Service has three by-analogy pension schemes for the Immigration and Asylum Chamber (IAC), the Criminal Injuries Compensation tribunal (CIC) and the Residential Property Tribunal Service (RPTS) which are similar to the PCSPS. These are funded from the department's vote and payments are administered by the department and Capita respectively. Payments made to the IAC pensioners are made via the payroll system.

1.26 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

HM Courts & Tribunals Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of property and equipment

Land and buildings (including dwellings) comprise mainly court facilities. Land and buildings are shown at fair value, based on professional valuations. The VOA carries out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the Red Book.

The majority of buildings are valued at depreciated replacement cost to a modern equivalent basis. All other buildings are measured at fair value determined from market-based evidence. The value of HM Courts & Tribunals Service's land and buildings fluctuates with changes in construction costs and the current market value of land and buildings. The accounting policy for land and buildings is set out in note 1.9 and information on the land and buildings is set out in note 6.

In December 2010 ministers announced the decision to close 142 courts; 93 magistrates' courts and 49 county courts. The Court Estate Reform Programme (CERP) closed courts that are underutilised and have poor facilities, reducing future routine maintenance and running costs. These courts will no longer form part of HM Courts & Tribunals Service's operational estate in the future, therefore their valuation method has been altered from depreciated replacement cost

to fair value less selling costs determined from market-based evidence. As this change in valuation method indicates a permanent diminution in value, any impairment has been taken direct to the SoCNE, with the balance of any Revaluation Reserve taken to the General Fund.

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined both the building and land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease. The accounting policy for leases is set out in note 1.12.

Dilapidations provision

A dilapidations provision is recognised for leasehold properties to the extent that obligations exist within the lease requiring HM Courts & Tribunals Service to make good any changes made to the property during the period of the lease. Where a dilapidation provision is required, HM Courts & Tribunals Service recognises a provision equal to the cost of reinstating the building condition to the state as at the date of commencement of the lease.

A dilapidation provision is recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably estimated it is classified as a contingent liability. When the effect of the time value of money is material, provision amounts are calculated on the present value of the expenditures expected to be required to settle the obligation. The present value is calculated using HM Treasury long term discount rates, as measured at the balance sheet reporting date, which have been adjusted for risks already reflected in future cash flow estimates

Onerous lease provision

An onerous lease provision is made in respect of a lease contract where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where an onerous contract is identified, the present value of the onerous portion of the contractual payment is quantified and recognised as a provision with the present value determined by using an appropriate discount rate. The onerous portion is the portion of lease payments that are not offset by some economic gain.

2. Statement of operating costs by operating segments

HM Courts & Tribunals Service is organised for management purposes into eight operational regions and a number of corporate areas.

For financial reporting purposes, the segment reporting format is determined based on the way in which the Chief Operating Decision Maker monitors the operating results of segments for the purpose of making decisions and allocating resources.

HM Courts & Tribunals Service's reportable operating segments are as follows:

- London region
- North East region
- South East region
- North West region
- Midlands region
- South West region
- Wales region
- Scotland region
- Centralised frontline
- Estates
- Other

The operating segment's net cost of operations is measured on the same basis as the corresponding amounts reported in the financial statements.

Centralised front line costs include frontline operation costs not incurred directly by Regional Directorates such as Higher Judicial Salaries and fees, the National Taxation Team and Bulk Processing Centres and Enforcement.

Other includes headquarters functions, centrally managed non-cash items and the MoJ overhead recharge.

2.1 Segment revenue and results

A description of the services from which the reportable segments derive income is provided in note 5. There were no inter-segment transactions in the year (2013-14: nil).

The following table presents the net operating costs of operations by reportable operating segments for the period ended 31 March 2015:

	2014-15	2013-14
	£000	£000
London region	256,935	256,696
North East region	100,117	107,375
South East region	117,665	116,562
North West region	103,792	112,423
Midlands region	114,901	126,553
South West region	66,024	68,063
Wales region	45,060	57,091
Scotland region	16,104	23,253
Centralised frontline	316,894	317,951
Estates	229,987	231,390
Other	427,284	449,239
Gross expenditure	1,794,763	1,866,596
Income	(697,278)	(637,641)
Net expenditure per operating cost statement	1,097,485	1,228,955

'Income' is primarily managed centrally and therefore has been shown as a separate category.

3 Staff and judiciary costs and numbers

Staff costs and numbers are separated between those attributable to employees of HM Courts & Tribunals Service and those attributable to members of the judiciary. Each category is dealt with in the following notes, with total costs summarised in the table below:

	Notes	2014-15			2013-14		
		Admin	Prog	Total	Admin	Prog	Total
		£000	£000	£000	£000	£000	£000
Staff costs	3.1	16,222	466,889	483,111	16,083	483,556	499,639
Judiciary costs	3.2	–	449,258	449,258	–	472,358	472,358
Agency staff costs	3.1	–	26,352	26,352	–	22,625	22,625
Total staff and judiciary costs		16,222	942,499	958,721	16,083	978,539	994,622

3.1 Staff costs comprise:

	2014-15		
	Permanently employed staff	Agency and contract staff	Total
	£000	£000	£000
Wages and salaries	384,803	26,352	411,155
Social security costs	24,304	–	24,304
Employer's pension contributions	66,139	–	66,139
Voluntary early departures	8,240	–	8,240
	483,486	26,352	509,838
Add: inward secondments	111		111
	483,597	26,352	509,949
Less: recoveries in respect of outward secondments	(486)	–	(486)
Total staff costs	483,111	26,352	509,463

	2013-14		
	Permanently employed staff	Agency and contract staff	Total
	£000	£000	£000
Wages and salaries	401,522	22,625	424,147
Social security costs	25,842	–	25,842
Employer's pension contributions	69,000	–	69,000
Voluntary early departures	3,087	–	3,087
	499,451	22,625	522,076
Add: inward secondments	660	–	660
	500,111	22,625	522,736
Less: recoveries in respect of outward secondments	(472)	–	(472)
Total staff costs	499,639	22,625	522,264

3.1.1 Pension scheme

The PCSPS is an unfunded multi-employer defined benefit scheme, which prepares its own accounts, but for which HM Courts & Tribunals Service is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2014-15, employer's contributions of £65.9m (2013-14: £69.0m) were payable to the PCSPS at one of four rates in the range of 16.7% to 24.3% (2013-14: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners. The employer's contribution balance also includes the By-analogy pension scheme current service cost.

3.1.2 Average number of staff employed

The average number of full time equivalent persons paid during the year was:

	2014-15		
	Permanently employed staff	Agency and contract staff	Total
Directly employed	16,162	–	16,162
Other	–	871	871
Total	16,162	871	17,033

	2013-14		
	Permanently employed staff	Agency and contract staff	Total
Directly employed	16,999	–	16,999
Other	–	830	830
Total	16,999	830	17,829

3.1.3 Reporting of civil service and other compensation schemes – exit packages

A summary of the exits are shown below:

Exit package cost	Number of compulsory redundancies		Number of other departures		Total number of exits	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<£10,000	–	–	15	4	15	4
£10,000 – £25,000	–	–	83	22	83	22
£25,000 – £50,000	–	–	95	16	95	16
£50,000 – £100,000	–	–	44	26	44	26
£100,000 – £150,000	–	–	6	5	6	5
£150,000 – £200,000	–	–	–	–	–	–
£200,000 – £250,000	–	–	–	–	–	–
£250,000 – £300,000	–	–	–	–	–	–
£300,000 – £350,000	–	–	–	–	–	–
£350,000 – £400,000	–	–	–	–	–	–
£400,000 – £450,000	–	–	–	–	–	–
Total number of exit packages by type	–	–	243	73	243	73
Total resource cost (£000)	–	–	8,240	3,087	8,240	3,087

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full when HM Courts & Tribunals Service has agreed and is committed to the departure. Where HM Courts & Tribunals Service has agreed early retirements, the additional costs are met by HM Courts & Tribunals Service and not by the PCSPS. Ill-health retirement costs are met by the pension scheme and are not included in the table.

3.2 Judiciary costs and numbers

Members of the judiciary are independent of HM Courts & Tribunals Service. Their payroll costs are met either from the Consolidated Fund, in the case of senior judiciary, or directly by HM Courts & Tribunals Service for other judiciary. All costs are included within HM Courts & Tribunals Service's Accounts to ensure that the full cost of operations is disclosed.

	2014-15				2013-14			
	Senior judiciary salaries	Other judiciary salaries	Fee paid	Total	Senior judiciary salaries	Other judiciary salaries	Fee paid	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Wages and salaries	125,272	105,391	106,855	337,518	125,353	101,848	131,153	358,354
Social security costs	15,456	12,112	11,023	38,591	15,493	12,036	13,721	41,250
Employer's pensions contribution	40,143	33,006	–	73,149	40,255	32,499	–	72,754
Total payroll costs of the judiciary	180,871	150,509	117,878	449,258	181,101	146,383	144,874	472,358

3.2.1 Average number of judiciary

The amounts in note 3.2 include salary costs for an average 950 (2013-14: 936) judicial officers and fees for 952 full-time equivalent fee paid judiciary (2013-14: 1,487). The salary costs of a further 910 members (2013-14: 914 members) of the senior judiciary were met from the Consolidated Fund.

3.2.2 Judicial Pension Scheme

The JPS is an unfunded multi-employer defined benefit scheme which prepares its own Accounts, but for which HM Courts & Tribunals Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource Accounts of the Judicial Pension Scheme at www.official-documents.co.uk.

Judicial pensions are paid out of the Consolidated Fund where the judicial office holder's salary was paid from that fund or the JPS where the salary has been paid from the department's supply estimate. Contributions to the JPS have been made at a rate of 32.15% (2013-14: 32.15%). The amount of these contributions is included in the table in note 3.2 shown above.

The benefits payable are governed by the provisions of either the Judicial Pensions Act 1981 for those judicial office holders appointed before 31 March 1995, or the Judicial Pensions and Retirement Act 1993 for those newly appointed or appointed to a different judicial office on or after that date.

Although the JPS is a defined benefit scheme, in accordance with FReM 6.2, HM Courts & Tribunals Services accounts for the scheme as a defined contribution scheme and recognises employer contributions payable as an expense in the year they are incurred.

Pension entitlements are provided to salaried judges under the JPS. In September 2005, a retired fee paid judicial office holder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judicial office holders by claiming pension entitlements under the Part Time Workers Regulations.

A UK Supreme Court hearing on 6 February 2013 ruled that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder. This lead case set the precedent for other stayed cases. Consistent with the accounting for salaried judicial office holders, and in accordance with FReM 6.2, HM Courts & Tribunals Service accounts for employer contributions payable to the JPS for eligible fee paid judicial office holders as they are incurred, but does not recognise a liability in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, provision for the fee paid pension entitlement is recognised in the JPS Accounts.

Provisions have been recognised in the MoJ Accounts for both the liability to fee paid judicial office holders in respect of the Judicial Service Award, and the separate element of the pension liability relating to fee paid judges, as neither of these is a liability covered by the JPS and its governing acts.

4 Operating costs

4.1 Other operating costs consist of the following:

	2014-15		
	Administration £000	Programme £000	Total £000
Accommodation, maintenance and utilities	14	247,171	247,185
Juror costs	–	41,947	41,947
PFI service charges	–	25,387	25,387
Other service charges	–	12,451	12,451
Communications, office supplies and services	148	27,010	27,158
Contracted service costs	1,399	53,176	54,575
IT services	4,691	102,151	106,842
Consultancy costs	340	6,281	6,621
Other staff costs (including travel and subsistence)	1,393	9,078	10,471
Other judicial costs (including travel and subsistence)	15	34,319	34,334
Bank charges	–	4,452	4,452
Other costs	741	4,465	5,206
Other grants	–	15	15
	8,741	567,903	576,644
Operating leases			
Property rental costs	–	79,933	79,933
Hire of equipment and machinery	1	416	417
Other expenditure	1	1,442	1,443
	2	81,791	81,793
Non-cash costs			
External auditors' remuneration – audit of the Accounts	320	–	320
Net (gain) loss on disposal of property and equipment	2	(1,864)	(1,862)
Impairment (reversal) of property and equipment	–	(87,473)	(87,473)
Impairment (reversal) of intangible assets	–	(106)	(106)
Impairment (reversal) of assets held for sale	–	(3,919)	(3,919)
Capital grants	–	615	615
Straight-line of operating lease payments	–	7,250	7,250
Amortisation of operating lease prepayment	–	5	5
Movement in provisions	–	4,983	4,983
Intra-departmental recharges	38,909	63,052	101,961
Movement in bad debt provision	–	2,254	2,254
Depreciation	–	111,304	111,304
Amortisation	–	17,168	17,168
	39,231	113,269	152,500
Total operating costs	47,974	762,963	810,937

	2013-14		
	Administration £000	Programme £000	Total £000
Accommodation, maintenance and utilities	11	251,394	251,405
Juror costs	–	39,396	39,396
PFI service charges	–	23,908	23,908
Other service charges	–	10,711	10,711
Communications, office supplies and services	95	31,200	31,295
Contracted service costs	2,118	37,966	40,084
IT services	5,498	90,972	96,470
Consultancy costs	199	6,859	7,058
Other staff costs (including travel and subsistence)	1,545	8,486	10,031
Other judicial costs (including travel and subsistence)	1,377	37,347	38,724
Bank charges	–	4,065	4,065
Other costs	807	2,410	3,217
Capital grants	–	(504)	(504)
Other grants	–	15	15
	11,650	544,225	555,875
Operating leases			
Property rental costs	–	82,333	82,333
Hire of equipment and machinery	1	620	621
Other expenditure	5	1,889	1,894
	6	84,842	84,848
Non-cash costs			
External auditors' remuneration – audit of the Accounts	–	350	350
Net loss on disposal of property and equipment	–	(1,532)	(1,532)
(Impairment reversal) of property and equipment	–	(22,061)	(22,061)
Increase in fair value of assets held for sale	–	1,796	1,796
Increase in fair value of intangible assets	–	1,382	1,382
Straight-line of operating lease payments	–	6,159	6,159
Amortisation of operating lease prepayment	–	5	5
Movement in provisions	–	20,622	20,622
Intra-departmental recharges	40,843	43,381	84,224
Movement in bad debt provision	–	(129)	(129)
Depreciation	–	105,009	105,009
Amortisation	–	17,068	17,068
	40,843	172,050	212,893
Total operating costs	52,499	801,117	853,616

Departmental recharge

The departmental recharge represents the cost of services shared with the MoJ including human resources, legal and judicial services and finance and administration.

Auditors' remuneration

The costs of the audit performed by the NAO on behalf of the Comptroller and Audit General are recognised as a non-cash charge. During the year HM Courts & Tribunals Service did not purchase any non-audit services. The cost comprises £220,000 (2013-14: £240,000) for the audit of the HM Courts & Tribunals Service Annual Report and Accounts and £100,000 (2013-14: £110,000) for the audit of the HM Courts & Tribunals Service Trust Statement Annual Report and Accounts.

4.2 Finance costs consist of the following:

	2014-15	2013-14
	£000	£000
Finance charge on Local Government Pension Scheme (LGPS) creditor	10,661	5,878
Interest on by-analogy pension scheme liability	196	158
Unwinding of discount on provisions	4,537	1,568
Total non-cash finance costs	15,394	7,604
Local authority loan interest	1,462	1,674
Finance charge on PFI and leased assets	8,249	9,080
Total cash finance costs	9,711	10,754
Total finance costs	25,105	18,358

5 Income

	2014-15	2013-14
	£000	£000
Fee income	583,673	506,666
Rental income	69	287
Recoveries from other government bodies	62,799	94,063
Bailiff fees	45,167	31,338
Miscellaneous income	5,570	5,287
Total income	697,278	637,641

Income relating to administration and programme respectively amounted to £500k (2013-14: £807k) and £696,778k (2013-14: £636,834k).

Fee income

Fee income comprises amounts received from the business streams as shown in note 5.2.

Rental income

Rental income comprises investment property rental, sub-letting and other rental paid by occupiers of the HM Courts & Tribunals Service estate.

Bailiff fees

Represents recovery of bailiff fees incurred by HM Courts & Tribunals Service in the collection of outstanding impositions.

Miscellaneous income

Miscellaneous income relates to income received from sales of publications, insurance claims, vending machine receipts, telephone boxes and casual lettings.

5.1 Consolidated Fund income

Total income does not include amounts collected by HM Courts & Tribunals Service where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are in the HM Courts & Tribunals Service Trust Statement published separately from these financial statements.

5.2 Fees and charges

HM Courts & Tribunals Service is required, in accordance with HM Treasury's 'Managing Public Money', to disclose performance results for the areas of its activities where fees and charges are made. The analysis is not intended to meet the requirements of IFRS 8 'Operating Segments' which is not applicable to HM Courts & Tribunals Service under the requirements of the FReM.

HM Courts & Tribunals Service covers the following business areas: civil and family courts, tribunal, criminal courts and other. Only the Civil and Tribunal businesses have systems for charging fees. The policy and financial objective for civil business is to recover the full costs of the processes involved less the cost of funding fee remissions. The Government is also looking at the case for charging enhanced fees, which exceed the cost of proceedings, in certain circumstances, to reduce further the cost to the taxpayer of operating the courts system. We will be bringing forward our plans for further reform in due course. The system of fee remissions exists to ensure that individuals are not denied access to the courts if they genuinely cannot afford the fee.

HM Courts & Tribunals Service reports on both the civil and tribunal business segments. Civil business contains two business streams: family (including non-contentious probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts): whilst tribunal business contains three business streams: immigration and asylum, employment and other fee charging tribunals (including lands, residential property, gambling and gender recognition).

	Gross income	Income foregone via Remission	Net income	Expenditure	Net (surplus)/ deficit	Gross (surplus)/ deficit	Fee recovery	
	£'000	£'000	£'000	£'000	£'000	£'000	Actual	Target
				Note 1			%	%
							Note 2	
Civil business								
Family [Note 3]	151,775	(8,130)	143,645	(173,834)	(30,189)	(22,059)	87%	100%
Civil [Note 4]	426,817	(7,762)	419,055	(454,248)	(35,193)	(27,431)	94%	100%
Total civil business	578,592	(15,892)	562,700	(628,082)	(65,382)	(49,490)	92%	100%
Tribunal business [Note 5]								
Asylum and Immigration	11,222	(604)	10,618	(102,826)	(92,208)	(91,604)	11%	–
Employment	12,377	(3,339)	9,038	(71,428)	(62,390)	(59,051)	17%	–
Other tribunals [Note 6]	1,344	(27)	1,317	(15,591)	(14,274)	(14,247)	9%	–
Total tribunal business	24,943	(3,970)	20,973	(189,845)	(168,872)	(164,902)	13%	–
2014-15 Total HM Courts & Tribunals Service business	603,535	(19,862)	583,673	(817,927)	(234,254)	(214,392)	74%	–
2013-14 Total HM Courts & Tribunals Service business [Note 7]	526,720	(20,054)	506,666	(809,321)	(302,655)	(282,601)	65%	–

Notes:

1. The costs above are calculated on a full cost basis, and include an allocation of overhead costs including HQ and regional offices.
2. The fee recovery target is calculated using value of fees charged against expenditure, for fee-charging jurisdictions.
3. The Court of Protection and Probate have been included within the family business line as their work is administered as part of the family division in the single court model.
4. Civil includes civil business in the county courts, higher courts, and magistrates' courts
5. Only fee charging tribunals have been included in the table above. Tribunal fees in Asylum and Immigration and Employment tribunals were originally set at 25% of cost and 33% of cost respectively, for those processes which attract fees. There were no targets for overall cost recovery in the jurisdiction for the 2014-15 financial year
6. Other tribunals includes lands, residential property, gambling and gender recognition
7. Family business was restructured to single court model on 22 April 2014 but transition is still underway.

The most current fees orders are listed below and can also be viewed at <http://www.legislation.gov.uk>

- **The Civil Proceedings Fees and Family Proceedings (Amendment) Order 2015 576 [L7]** amends:
 - The Civil Proceedings Fees Order 2008/1053[L5] – note the 2008 Fees Order was also been amended by 2008/2853[L19], 2009/1498[L15]; 2011/586[L2], 2013/1410[L13] & 2014/874[L17]
 - The Family Proceedings Order 2008/1054[L6] – note the 2008 Fees Order was also been amended by 2008/2856[L22], 2008/316[L27], 2009/1499[L16], 2010/1916[L10], 2011/587[L3], 2013/1407[L10] & 2014/877[L20]
- **The Non-Contentious Probate Fees (Amendment) Orders 2014 No.876 [L19]** amends The Non Contentious Probate Fees Order 2004/3210[L22]- note the 2004 Fees Orders was also been amended by 2007/2174[L14], 2008/2854[L20], 2009/1497[L14], 2011/588[L4], 2013/1408[L11]
- **The Magistrates' Courts Fees (Amendment) Order 2014 No.875 [L.18]** which amends The Magistrates' Courts Fees Order 2008/1052[L4] – note the 2008 Fees Order was also amended by 2008/2855[L21], 2009/1496[L13], 2010/731[L4], 2010/1917[L11], 2013/1409[L12] & 2014/875[L18]
- **The Court of Protection Fees (Amendment) Order 2009/513[L3]** which amends The Court of Protection Fees Order 2007/1745[L13]
- **The First-tier Tribunal (Immigration and Asylum Chamber) Fees Order 2011/2841.**
- **The Upper Tribunal (Immigration and Asylum Chamber) (Judicial Review) (England & Wales) Fees (Amendment) Orders 2014/878[L.21]**, which amends The Upper Tribunal (Immigration and Asylum Chamber) (Judicial Review) (England & Wales) Fees Order 2011/2344- note the 2011 Fees Order was also amended by 2013/2069
- **The Upper Tribunal (Lands Chamber) Fees (Amendment) Orders 2014 No.1904** which amends the Lands Chamber Fees Order 2009/1114 – note the 2009 Fees Order was also amended by 2010/2601 & 2013/119
- **The First-tier Tribunal (Property Chamber) Fees (Amendment) Order 2014/1182** which amends The First –tier (Property Chamber) Fees Order 2013/1179
- **The First Tier Tribunal (Gambling) Fees (Amendment) Order 2010 No.633**, which amends the First Tier Tribunal (Gambling) Fees Order 2010 No.42
- **The Gender Recognition (Application Fees) (Amendment) Order 2012/920** which amends the Gender Recognition (Application Fees) Orders 2006/758 - note the 2006 Fees Order was also been amended by 2007/839, 2008/715, 2009/489, 2011/628,
- **The Employment Tribunals and the Employment Appeal Tribunal Fees (Amendment) Order 2015 /414** which amends The Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013 No.1893

6 Property and equipment

2014-15

	Land excluding dwellings	Buildings excluding dwellings	Land for dwellings	Dwellings	Information technology	Equipment	Furniture, fixtures and fittings	Assets under construction	Total
	Notes 6.1, 6.3, 6.4	Notes 6.1, 6.3, 6.4	Note 6.2	Note 6.2					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
As at 1 April 2014	481,453	2,356,577	8,762	12,653	30,667	63,278	33,123	49,426	3,035,939
Additions	–	5,934	–	4	(3)	995	89	37,234	44,253
Disposals	(70)	(88)	–	(12)	(1,564)	(1,512)	(380)	(223)	(3,849)
Reclassification	68	49,531	–	104	(727)	533	–	(50,075)	(566)
Revaluation	48,479	127,855	549	377	296	102	–	–	177,658
Impairment	–	–	–	–	–	–	–	–	–
Reclassified to assets held for sale	(650)	(573)	–	–	–	–	–	–	(1,223)
Transfers from the MoJ	–	–	–	–	–	1,166	–	2	1,168
Transfers in from other public bodies	–	–	–	–	–	–	–	–	–
As at 31 March 2015	529,280	2,539,236	9,311	13,126	28,669	64,562	32,832	36,364	3,253,380
Depreciation									
As at 1 April 2014	–	–	–	–	(7,865)	(45,300)	(23,783)	–	(76,948)
Charged in year	(564)	(95,523)	(13)	(698)	(4,677)	(6,748)	(3,081)	–	(111,304)
Disposals	–	8	–	–	600	1,382	299	–	2,289
Reclassifications	–	–	–	–	–	–	–	–	–
Revaluations	564	95,516	13	698	(77)	(66)	–	–	96,648
Impairment	–	–	–	–	–	–	–	–	–
Transfer from the MoJ	–	–	–	–	–	–	–	–	–
As at 31 March 2015	–	1	–	–	(12,019)	(50,732)	(26,565)	–	(89,315)
Net book value as at 31 March 2015	529,280	2,539,237	9,311	13,126	16,650	13,830	6,267	36,364	3,164,065
Net book value as at 31 March 2014	481,453	2,356,577	8,762	12,653	22,802	17,978	9,340	49,426	2,958,991
Asset financing									
Owned	462,682	2,066,356	6,976	10,458	16,650	13,830	6,267	36,364	2,619,583
Finance leased	50,363	297,908	2,335	2,668	–	–	–	–	353,274
On-balance sheet PFI contracts	16,235	174,973	–	–	–	–	–	–	191,208
Carrying value at 31 March 2015	529,280	2,539,237	9,311	13,126	16,650	13,830	6,267	36,364	3,164,065

2013-14

	Land excluding dwellings	Buildings excluding dwellings	Land for dwellings	Dwellings	Information technology	Equipment	Furniture, fixtures and fittings	Assets under construction	Total
	Notes 6.1, 6.3, 6.4	Notes 6.1, 6.3, 6.4	Note 6.2	Note 6.2					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
As at 1 April 2013	459,002	2,237,361	7,756	12,373	17,770	60,732	32,941	64,722	2,892,657
Additions	69	9,874	–	501	50	732	130	50,554	61,910
Disposals	–	(5)	–	–	(2,831)	(1,500)	(166)	28	(4,474)
Reclassification	–	60,746	–	581	(469)	641	–	(61,364)	135
Revaluation	24,834	75,425	949	(256)	(322)	2,191	199	–	103,020
Impairment	4,014	(20,900)	57	(546)	(389)	–	19	(4,484)	(22,229)
Reclassified to assets held for sale	(9,565)	(7,198)	–	–	–	–	–	–	(16,763)
Transfers from MoJ	104	642	–	–	16,858	482	–	(30)	18,056
Transfers in from other public bodies	2,995	632	–	–	–	–	–	–	3,627
As at 31 March 2014	481,453	2,356,577	8,762	12,653	30,667	63,278	33,123	49,426	3,035,939
Depreciation									
As at 1 April 2013	–	–	–	–	(7,191)	(38,196)	(20,638)	–	(66,025)
Charged in year	(451)	(90,801)	(11)	(631)	(2,885)	(7,116)	(3,114)	–	(105,009)
Disposals	–	–	–	–	2,613	1,330	117	–	4,060
Revaluations	384	46,900	11	404	91	1,318	141	–	46,331
Impairment	67	43,990	–	227	14	–	7	–	44,291
Transfer from the MoJ	–	(89)	–	–	(507)	–	–	–	(596)
As at 31 March 2014	–	–	–	–	(7,865)	(45,300)	(23,783)	–	(76,948)
Net book value as at 31 March 2014	481,453	2,356,577	8,762	12,653	22,802	17,978	9,340	49,426	2,958,991
Net book value as at 31 March 2013	459,002	2,237,361	7,756	12,373	10,579	22,536	12,303	64,722	2,826,632
Asset financing									
Owned	423,544	1,912,579	6,577	10,053	22,802	17,978	9,340	49,426	2,452,299
Finance leased	42,539	275,111	2,185	2,600	–	–	–	–	322,435
On-balance sheet PFI contracts	15,370	168,887	–	–	–	–	–	–	184,257
Carrying value at 31 March 2014	481,453	2,356,577	8,762	12,653	22,802	17,978	9,340	49,426	2,958,991

Notes:

6.1 Included under land and buildings excluding dwellings are PFI contract assets with a net book value of £191.2m (2013-14: £184.2m) and depreciation charged in year of £4.4m (2013-14: £4.6m); also included are finance lease assets with a net book value of £348.3m (2013-14: £317.9m) and depreciation charged in the year of £17.2m (2013-14: £15.7m). Within buildings excluding dwellings £89.0m (2013-14: £88.2m) relates to leasehold improvements.

- 6.2 Included under land for dwellings are finance leases with a net book value of £2.3m (2013-14: £2.2m) and depreciation charged in the year of £0.01m (2013-14: £0.01m). Included under Dwellings are finance lease assets with a net book value of £2.7m (2013-14: £2.6m) and depreciation charged in the year of £0.3m (2012-13: £0.4m).
- 6.3 All assets other than 'Land and Buildings (excluding dwellings)' and 'Assets under Construction' are valued using the Producer Price Index produced by the ONS.
- 6.4 As part of an ongoing review into the optimal utilisation of the courts estate, a review of the viability of the development plans at a number of sites is being undertaken. This review has resulted in an impairment of property and equipment of £nil (2013-14: £4.5m) being recognised in the SoCNE to reflect the reduction in the value of assets under construction.

7 Assets held for sale

As part of an ongoing court rationalisation review, HM Courts & Tribunals Service has committed to a plan to sell a number of surplus properties (land and buildings) that were previously used to provide court services. An active programme to locate buyers and complete the sale of each property has commenced and estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification to assets held for sale within the SoFP.

A net profit on disposal of assets held for sale as at 31 March 2015 of £3.3m (as at 31 March 2014 - £2.3m) is included in net loss on disposal of property and equipment within Other Programme Costs in the SoCNE.

	Notes	2014-15	2013-14
		£000	£000
As at the beginning of the period		17,854	18,349
Assets reclassified from property and equipment	6	1,223	16,763
Increase in fair value of assets held for sale	4.1	3,919	–
Impairment	4.1	–	(1,382)
Disposals		(13,323)	(15,876)
As at the end of the period		9,673	17,854

8 Intangible assets

	2014-15		
	Information technology	Assets under construction	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2014	120,471	21	120,492
Additions		5	5
Disposals	(6)	(22)	(28)
Reclassifications	6,139	(5,573)	566
Impairment	–	–	–
Revaluations	1,361	–	1,361
Transfers from the MoJ	4,493	5,573	10,066
As at 31 March 2015	132,458	4	132,462
Amortisation			
As at 1 April 2014	(70,809)	–	(70,809)
Charged in year	(17,168)	–	(17,168)
Disposals	–	–	–
Reclassifications	–	–	–
Revaluations	(715)	–	(715)
Transfers from the MoJ	–	–	–
As at 31 March 2015	(88,692)	–	(88,692)
Carrying value at 31 March 2015	43,766	4	43,770
Carrying value at 31 March 2014	49,662	21	49,683
Asset financing:			
Owned	43,766	4	43,770
Finance leased	–	–	–
PFI contracts	–	–	–
Carrying value at 31 March 2015	43,766	4	43,770

	2013-14		
	Information technology	Assets under Construction	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2013	105,836	158	105,994
Additions	271	68	339
Disposals	–	(359)	(359)
Reclassifications	477	(612)	(135)
Impairment	(271)	(1,526)*	(1,797)
Revaluations	(2,584)	–	(2,584)
Transfers from the MoJ	16,742	2,292	19,034
As at 31 March 2014	120,471	21	120,492
Amortisation			
As at 1 April 2013	(52,395)	–	(52,395)
Charged in year	(17,068)	–	(17,068)
Revaluations	1,168	–	1,168
Transfers from other departments/agencies	(2,514)	–	(2,514)
As at 31 March 2014	(70,809)	–	(70,809)
Carrying value at 31 March 2014	49,662	21	49,683
Carrying value at 31 March 2013	53,441	158	53,599
Asset financing:			
Owned	49,662	21	49,683
Finance leased	–	–	–
PFI Contracts	–	–	–
Carrying value at 31 March 2014	49,662	21	49,683

*During 2013-14 HM Courts & Tribunals Service impaired development expenditure on the deployment of an existing IT system, GAPS2, to an additional business area following the reappraisal of the economic benefits of the business case.

The net book values and remaining amortisation lives of individually material assets within intangible assets are detailed below:

Asset description	2014-15		2013-14	
	Net book value	Remaining amortisation period (years)	Net book value	Remaining amortisation period (years)
	£000		£000	
Magistrates' courts operational business systems	3,757	2	6,511	3
Software upgrade programme to case management system	14,688	2	22,053	3
Digital audio recording transcription service (DARTS) software rollout	5,824	2	8,325	3
Civil and family secure data	12,288	5	8,181	6

9 Financial instruments

IFRS 7 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the period in creating or changing risks an entity faces in carrying out its business.

As HM Courts & Tribunals Service is funded via MoJ, it is not exposed to the degrees of financial risk or market risk facing a business entity. Financial instruments also play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 primarily applies. HM Courts & Tribunals Service has no powers to borrow or invest surplus funds. Its financial assets and liabilities arise from day-to-day operational activities and are not held to hedge risks arising from these activities. HM Courts & Tribunals Service is therefore not exposed to significant liquidity, interest rate or foreign currency risk.

Credit risks arise from HM Courts & Tribunals Service's financial assets, which comprise cash and cash equivalents, trade and other receivables and other financial assets. HM Courts & Tribunals Service's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in financial loss to HM Courts & Tribunals Service.

Credit risk associated with HM Courts & Tribunals Service's receivables is minimal as most debtor balances are with other government related bodies. Credit risk in relation to receivables is also monitored by management regularly by reviewing the ageing of receivables. The maximum loss HM Courts & Tribunals Service is exposed to is the carrying value of its financial assets within the SoFP.

Fair values

The fair values of HM Courts & Tribunals Service's financial assets and liabilities as at 31 March 2015 and 31 March 2014 approximate their book values.

10 Trade and other receivables

Amounts due within one year:

	2014-15	2013-14
	£000	£000
Trade receivables	15,229	10,018
Other receivables:		
VAT recoverable	12,393	10,695
Intra-departmental debtors	47,074	29,452
Prepayments and accrued revenue	30,247	29,097
Other receivables	1,002	4,592
Total amounts due within one year	105,945	83,854

Amounts due after one year:

	2014-15	2013-14
	£000	£000
Other receivables	35	53
Prepayments	8	135
Total amounts due after one year	43	188

10.1 Analysis of receivable balances by organisational type

	2014-15		2013-14	
	Amounts due within one year	Amounts due after one year	Amounts due within one year	Amounts due after one year
	£000	£000	£000	£000
Other central government bodies	64,803	–	46,917	–
Local authorities	2,229	–	1,621	135
NHS bodies	21	–	2	–
Public corporations and trading funds	741	–	922	–
Bodies external to government	38,151	43	34,392	53
Total trade and other receivables	105,945	43	83,854	188

11 Cash and cash equivalents

	2014-15	2013-14
	£000	£000
As at the beginning of the period	25,691	(57,394)
Increase / (decrease) in cash balances	(3,089)	83,085
As at the end of the period	22,602	25,691
<hr/>		
The following balances as at 31 March were held at:		
Government Banking Service	22,526	25,603
Cash in hand	65	62
Imprests	11	26
Total cash and cash equivalents	22,602	25,691
<hr/>		

12 Trade and other payables

Amounts due within one year:

	2014-15	2013-14
	£000	£000
Other taxation and social security	26,952	16,778
Trade payables	–	3,630
Other payables	18,865	19,032
Intra-departmental creditors	63,802	44,080
Accruals and deferred revenue	146,138	137,599
Cash balances payable to the other government departments	4	–
Creditor for pension transfer deficit: amounts payable to LGPS	27,977	26,456
Finance leases	135	110
Imputed finance lease element of on-balance sheet PFI contracts	8,926	8,926
Total amounts due within one year	292,799	256,611

Amounts due after one year:

	2014-15	2013-14
	£000	£000
Capital value of PFI contracts	113,310	122,236
Other payables	119,736	115,331
Creditor for pension transfer deficit: amounts payable to LGPS	156,654	173,970
Obligations under finance leases	10,136	10,270
Total amounts due after one year	399,836	421,807

12.1 Analysis of payables by organisational type

	2014-15		2013-14	
	Amounts due within one year	Amounts due after one year	Amounts due within one year	Amounts due after one year
	£000	£000	£000	£000
Other central government bodies	118,847	–	84,988	–
Local authorities	31,170	186,822	32,580	206,855
NHS bodies	35	–	24	–
Public corporations and trading funds	29	–	451	–
Bodies external to government	142,718	213,014	138,568	214,952
Total trade and other payables	292,799	399,836	256,611	421,807

13 Notes to the statement of cash flow

Summary of notional and non-cash costs are as follows for the year ended:

	2014-15	2013-14
	£000	£000
Notional costs		
Consolidated fund judicial costs – wages and salaries	125,064	125,353
Consolidated fund judicial costs – social security costs	15,456	15,493
External auditors' remuneration	320	350
Departmental recharge	101,961	84,224
Notional costs	242,801	225,420
Non-cash costs		
Net (profit)/loss on disposal of property and equipment	(1,862)	(1,532)
Reduction/(increase) in value of property and equipment	(87,473)	(26,545)
Impairment of property and equipment	–	4,484
Impairment of intangible assets	–	1,526
Reduction/(increase) in fair value of intangible assets	(106)	270
Reduction in fair value of assets held for sale	(3,919)	1,382
Operating lease prepayment amortisation	5	5
Capital grants – property transfer	615	–
Straight-line of operating lease payments	7,250	6,159
Movement in provisions	5,187	20,781
Movement in bad debt provision	2,254	(129)
Depreciation	111,304	105,009
Amortisation	17,168	17,068
Non-cash costs	50,423	128,478
Total notional and non-cash costs	293,224	353,898

13.1 Reconciliation of property and equipment

	Notes	2014-15	2013-14
		£000	£000
Additions			
Property and equipment	6	44,253	61,910
Plus:			
Movement in capital accrual		(351)	4,560
Total additions per cash flow statement		43,902	66,470

14 Provision for liabilities and charges

	Notes	2014-15	2013-14
		£000	£000
Provision for early departure costs	14.1	114,210	112,394
Provision for by-analogy pension scheme	14.2	4,908	4,493
Dilapidations provision	14.3	19,698	19,507
Other provisions	14.4	8,436	8,850
Total provisions		147,252	145,244

Provisions for liabilities and charges fall due as follows:

	2014-15	2013-14
	£000	£000
One year	10,865	11,866
Two to five years	36,028	39,127
More than five years	100,359	94,251
Total provisions	147,252	145,244

14.1 Provision for early departure costs

	2014-15	2013-14
	£000	£000
As at the beginning of the period	112,394	109,434
Increase in provision	4,589	7,218
Unwinding of discount	4,536	4,131
Utilised in year	(7,309)	(8,389)
As at the end of the period	114,210	112,394

Provision has been made for the costs of unfunded early retirement benefits of certain magistrates' court staff. The provision represents the present value of the costs of the benefit payable to staff on Crombie and local government early retirement terms.

Also included in early departure costs is a provision for unfunded early retirement costs of HM Courts & Tribunals Service staff in the PCSPS. Provision has also been made for costs related to the reorganisation and modernisation programme.

An interest rate of 3.55% (2013-14: 4.35%) has been used to assess the interest costs of the scheme liability and future estimated payments have been discounted at a rate of 1.30% (2013-14: 1.80%).

The provision for early departure costs recorded above is separate to the VED scheme costs recorded in note 3.1.3.

14.2 By-analogy pension scheme

	2014-15	2013-14
	£000	£000
As at the beginning of the period	4,493	3,887
Increase in provision	204	159
Interest charge	196	158
Actuarial loss/(gain) on scheme liabilities	221	504
Utilised in year	(206)	(215)
As at the end of the period	4,908	4,493

The by-analogy pension scheme provision relates to three pension schemes for the Criminal Injuries Compensation (CIC) Tribunal, the Immigration and Asylum Chamber (IAC) and the Residential Property Tribunal (RPT). These schemes have 1 member, 11 members and 26 members respectively.

The schemes' liabilities were valued by the Government Actuary's Department (GAD) as at 31 March 2015 and the associated interest and current service costs have been charged to the SoCNE.

The schemes are referred to as 'by-analogy pension schemes' as they are similar to the PCSPS. However, they are funded by provisions from the department's vote and pension payments are administered by the department and made via the payroll system.

14.3 Dilapidations

	2014-15	2013-14
	£000	£000
As at the beginning of the period	19,507	8,800
Increase in provision	345	11,318
Utilised in year	(154)	(611)
As at the end of the period	19,698	19,507

14.4 Other provisions

	2014-15	2013-14
	£000	£000
As at the beginning of the period	8,850	5,569
Increase in provision	49	9,164
Utilised in year	(464)	(3,320)
Unwinding of discount	1	(2,563)
As at the end of the period	8,436	8,850

15 Capital commitments

	2014-15	2013-14
	£000	£000
Capital commitments at the end of the period not otherwise included in these accounts:		
Property and equipment	17,366	6,443
Total capital commitments	17,366	6,443

16 Operating leases

HM Courts & Tribunals Service leases various land and buildings under non-cancellable operating lease agreements. The land and buildings comprise mainly court facilities and have lease terms ranging from 2 to 40 years. The operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

HM Courts & Tribunals Service also leases vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 6 years.

The non-cancellable operating lease expenditure charged to the SoCNE during the year is disclosed in note 4.

The total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

	2014-15			2013-14		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	76,114	733	76,847	76,993	706	77,699
Later than one year but not more than five years	266,354	814	267,168	263,908	815	264,723
Later than five years	919,640	–	919,640	961,699	–	961,699
Total commitments under operating leases	1,262,108	1,547	1,263,655	1,302,600	1,521	1,304,121

17 Finance leases

HM Courts & Tribunals Service leases various buildings under non-cancellable finance lease agreements.

The total future minimum lease payments under non-cancellable finance leases for each of the following periods are as follows as at 31 March:

	2014-15			2013-14		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	812	–	812	798	–	798
Later than one year but not more than five years	3,069	–	3,069	3,126	–	3,126
Later than five years	22,969	–	22,969	23,723	–	23,723
Less: interest element	(16,579)	–	(16,579)	(17,267)	–	(17,267)
Total present value of obligations	10,271	–	10,271	10,380	–	10,380

Present value of obligations under finance leases for the following periods comprise:

	2014-15			2013-14		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	135	–	135	109	–	109
Later than one year but not more than five years	460	–	460	478	–	478
Later than five years	9,676	–	9,676	9,793	–	9,793
Total present value of obligations	10,271	–	10,271	10,380	–	10,380

HM Courts & Tribunals Service leases various buildings under non-cancellable finance lease agreements. The buildings comprise mainly court facilities and have lease terms ranging from 15 to 999 years. The finance leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

18 Private finance initiative

HM Courts & Tribunals Service has entered into eight PFI service concession arrangements. A summary of each PFI contract is set out below:

Project name	Contract start date	Duration (years)	On/off Statement of Financial Position	Initial capital value (£m)	Description
Exeter	November 2002	30	On	20.1	Provision of a courthouse comprising four criminal courts, one civil court and four District Judge hearing rooms. At the end of the contract term the building will revert to HM Courts & Tribunals Service at no cost.
East Anglia	October 2002	25	On	34.5	Provision of Crown Court centres in Ipswich and Cambridge. Ipswich consists of five criminal courtrooms; Cambridge consists of three criminal courtrooms. At the end of the contract term the buildings in Ipswich and Cambridge will revert to HM Courts & Tribunals Service at no cost.
Sheffield	November 2002	25	On	7.7	Provision of a Family Hearing Centre in Sheffield. At the end of the contract term HM Courts & Tribunals Service has the option of acquiring the under lease at the lower of its open market value or £2.0m.
Derbyshire Magistrates' Courts	August 2001	27	On	29.5	Provision of serviced accommodation for magistrates' courts at New Mills, Chesterfield and Derby. The contract term can be extended (subject to agreement of mutually acceptable terms) by up to five years.
Hereford and Worcester Magistrates' Courts	March 2000	25	On	30.6	Provision of serviced accommodation for magistrates' courts at Bromsgrove, Kidderminster, Worcester and Redditch. The contract term can be extended for another 10 years.
Manchester Magistrates' Court	March 2001	25	On	32.9	Provision of an 18-courtroom courthouse.
Humberside Magistrates' Court	March 2000	25	On	21.6	Provision of serviced magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, HM Courts & Tribunals Service has the option of taking the assets back for a nominal amount of £3.0m.
Avon and Somerset Magistrates' Court	August 2004	27	On	46.6	Provision of serviced accommodation for magistrates' courts and offices in Bristol, Weston-Super-Mare and Flax Bourton.

18.1 On Balance Sheet Contracts

Details of the imputed finance lease charges are given in the table below for each of the following periods:

	2014-15	2013-14
	£000	£000
Rentals due not later than one year	15,970	16,505
Rentals due later than one year but not more than five years	58,524	60,666
Rentals due later than five years	100,986	114,814
	175,480	191,985
Less interest element	(53,244)	(60,823)
Present value of obligations	122,236	131,162

Details of the minimum service charge element are given in the table below for each of the following periods.

	2014-15	2013-14
	£'000	£'000
Service charge due within one year	23,163	21,412
Service charge due later than one year and not later than five years	92,652	85,648
Service charge due later than five years	171,059	180,846
Total	286,874	287,906

18.2 Charge to the statement of comprehensive net expenditure

The total amount charged in the SoCNE in respect of the service element of PFI contracts and other Service Concession Arrangements recognised on the SoFP was £37.8m (2013–14: £34.6m).

19 Contingent liabilities

Fee paid judicial office holder claims:

Pension entitlements are provided to salaried judges under the JPS. In September 2005, a retired fee paid judicial office holder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judicial office holders by claiming pension entitlements under the Part Time Workers Regulations.

The UK Supreme Court ruled on 6 February 2013 that the retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. This lead case set the precedent for other stayed cases. The case was remitted to the Employment Tribunal to determine the quantum of the pension to which the judicial office holder is entitled.

During 2013-14 and 2014-15, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension and which judicial office holders were eligible to make claims.

Based on the UK Supreme Court ruling, the latest judgments from the Employment Tribunal and Employment Appeal Tribunal and pay claims processed during the 2014-15 period, an estimate of the liability to the group of fee paid judges to which the eligible claimants belong to has been prepared. The estimate comprises the pension entitlement, with a separate element of the pension liability relating to retired fee paid judges, and a Judicial Service Award which compensates retirees for the tax paid on pension lump sums paid on retirement.

The provisions recognised by JPS and the MoJ reflect the best estimate of the expenditure required to settle these claims at the end of the reporting period. Further information on these provisions is set out in Note 3.2.2.

In addition to a pension entitlement, the claims covered by the stayed cases extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, such as holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured.

These non-pension entitlement claims were dealt with in the Employment Tribunal preliminary hearing in December 2013 and a number of subsequent hearings, with judgements being made as to which non-pension entitlements were able to be claimed and which types of judicial office holders were eligible to make such claims. An estimate of the non-pension liability to the group of fee paid judges to which the eligible claimants belong to has been prepared. These non-pension entitlements have been accounted for in the MoJ Accounts.

There were a large number of stayed claims and outstanding appeals lodged which were not heard before the end of the reporting period or before these accounts were finalised. These claims remain as contingent liabilities. No estimate has been made in relation to the stayed cases as whether a stayed case is even heard will depend on the individual circumstances of the claimant, and given the large number of stayed claims and outstanding appeals, this was impracticable.

Other contingent liabilities:

HM Courts & Tribunals Service is involved in a number of legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for HM Courts & Tribunals Service is £5.6m (2013-14: £20.8m).

HM Courts & Tribunals Service has one contingent liability which is presently unquantifiable. A judicial review is underway regarding employment tribunal fees. The High Court rejected the judicial review, but it is being taken to the Court of Appeal. Given the current position of the case, it is not possible to accurately measure any potential financial liability to HM Courts & Tribunals Service.

20 Related party transactions

HM Courts & Tribunals Service is an Executive Agency of the MoJ, which is regarded as a related party. During the year, HM Courts & Tribunals Service has had material transactions with the MoJ and other entities for which the MoJ is regarded as the parent entity. HM Courts & Tribunals Service has also had material transactions with a number of other government departments and central government bodies. In accordance with the requirements of the FReM these transactions have not been reported.

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court judgments on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue received from the Registry Trust Limited in the year amounted to £0.6m (2013-14: £0.6m) with a total debtor balance due to HM Courts & Tribunals Service as at 31 March 2015 of £0.2m (2013-14: £0.2m).

A close relative of Steve Gillespie, Director, Finance and Governance, has been employed by HM Courts & Tribunals since September 2014 on a 12 month fixed term contract. No other Board Members or other related parties have undertaken any material transactions with HM Courts & Tribunals Service during 2014-15 and 2013-14.

HM Courts & Tribunals Service has a number of arrangements with the MoJ and its departmental bodies which are classified as intra-departmental recharges. These payments are for the use of assets and other services, and are expensed in the SoCNE each year as they are incurred. It is impractical to separate the payments reliably between those relating to assets, and those relating to other services. These arrangements contain no defined end date. The payments also include payments for non-lease elements in the arrangements.

21 Third party balances

HM Courts & Tribunals Service holds a number of cash balances on behalf of third parties. These consist of bail monies and monies held on behalf of court users which are received and held whilst the case progresses. At 31 March 2015 these amounted to £17,942k (2013-14: £17,360k) and have not been recognised in the accounts in accordance with FReM requirements.

22 Events after the reporting period

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General. There were no such events requiring disclosure in or adjustment to the Accounts.

23 Accountability

The following disclosures are included to comply with government accounting reporting requirements.

- There were 1,455 (2013-14: 1,911) cases of reported cash losses totalling £370k (2013-14: £354k). These primarily relate to instances where small discrepancies arise in the receipting of cash at court level.
- During the year, £11k (2013-14: £7k) relating to 61 (2013-14: 2) debts were written-off as unrecoverable. This amount had previously been recognised as an impairment expense in the SoCNE.
- During the year there were 2,077 (2013-14: 1,865) special payments, totalling £2,688k (2013-14: £1,341k). Special payments are those that go beyond administrative rules or for which there is no statutory cover or legal liability.
- During the year there were 8 payments (2013-14: 2) in respect of interest paid under the Late Payment of Commercial Debts (Interest) Act 1988 totalling £0.3k (2013-14: £1k).
- During the year a loss of £1,000k was recognised relating to settlement of a legal claim. This case was disclosed as a contingent liability in 2013-14.

24 Criminal Injuries Compensation Statement of Account as at 31 March 2015

This statement has been included in accordance with the accounts direction issued by the Secretary of State, in pursuance of section 6(3)(a)(ii) of the Criminal Injuries Compensation Act (CICA) 1995 and paragraph 4 of the Criminal Injuries Compensation Scheme 2001, after consultation with the Scottish Ministers in accordance with section 88(2) of the Scotland Act 1998 to report costs incurred by HM Courts & Tribunals Service in assessing Scottish CICA claims.

	2014-15		2013-14	
	£'000	£'000	£'000	£'000
Income *		(251)		(319)
Staff costs:				
Staff payroll costs	695		710	
Judicial payroll costs	1,269		1,412	
Total payroll costs		1,964		2,122
Other operating costs		1,211		1,410
Net cost of operations		2,924		3,213

*Includes £251k (2013-14: £319k) contribution from the Scottish Executive towards Scottish cases.

Annexes

Annex A: Data sources and data quality

This annex gives brief details of data sources for the figures given in this report, along with a brief discussion on data quality. Further information can be found in 'Court Statistics Quarterly' and 'Quarterly Statistics for the Tribunals' via the GOV.UK website at <https://www.gov.uk/government/collections/court-statistics-quarterly> and <https://www.gov.uk/government/collections/tribunals-statistics>

County courts (non-family)

This information has been produced using the Management Information System (MIS), a data warehousing facility drawing data from court-based administrative systems. County court data in MIS has been sourced from the 'CaseMan' administrative system, used by court staff for case management purposes. This contains good quality information about the incidence and dates of major events in a case's progress through the court system. Statistical quality assurance procedures include the identification and removal of duplicate entries for the same event in a case, and checks that data has been collated for all courts to ensure completeness.

Family courts

The data on the family courts was principally sourced from the county court administrative system FamilyMan (via MIS), used by court staff for case management purposes and containing good quality information about a case's progress through the family courts. Some data is also sourced from the HM Courts & Tribunals Service performance database. Statistical quality assurance procedures include the identification and removal of duplicate entries for the same case on the administrative systems, and checks that data has been collated for all courts to ensure completeness.

Crown Court

The data on the Crown Court has been sourced from the Crown Court administrative system CREST (via MIS), used by court staff for case management purposes. This contains good quality information about the incidence and dates of major events of each case's progress in the Crown Court. Statistical quality assurance procedures include the identification and removal of duplicate entries, checks of apparent anomalies and checks for completeness.

Magistrates' courts

The statistics on completed proceedings are sourced from the HM Courts & Tribunals Service performance database, which was rolled out across magistrates' courts during 2007-2008 and is populated using information contained on the Libra Management Information System and manual data collection. This contains good quality information about magistrates' courts' caseloads. Data provided by the courts must be checked and verified by court staff before being submitted onto the HM Courts & Tribunals Service performance database. The centrally collated data is subject to further checks including the investigation of apparent anomalies in the data.

Tribunals

The data on tribunals presented in this report are Official Statistics drawn from a number of administrative sources and quality checked and reconciled. Although care is taken when processing and analysing the data, the details are subject to inaccuracies inherent in any large-scale recording system and it is the best data that is available at the time of publication.

ISBN 978-1-4741-2059-3



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