



Tribunals Service

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Annual Report and Accounts 2010-11



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Annual Report and Accounts 2010-11

An executive agency of the Ministry of Justice

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Foreword

by the Chief Executive



1 April 2011 saw the creation of HM Courts & Tribunals Service, bringing together the Tribunals Service with HM Courts Service to deliver an effective and efficient courts and tribunals system, enabling the rule of law to be upheld, and providing access to justice for all.

This is, therefore, the final Annual Report and Accounts of the Tribunals Service. During 2010-11, the Agency continued its development and built on past years' performance through increasing its output to meet the continuing and unprecedented high number of appeals and claims. The number of cases dealt with during the year at over 700,000, was an increase of 28% on 2008-09, and during the year we also improved our productivity further by over 9%.

The impact of the claims volumes, however, has been an inevitable increase in the time some of our customers have had to wait for their hearing, a situation we regret and a challenge for HM Courts & Tribunals Service during 2011-12.

I am very proud of the achievements of the Tribunals Service during its five years as a government agency. It joins HM Courts & Tribunals Service with a robust operational infrastructure, a strong leadership culture and employee engagement levels above the benchmark for Civil Service organisations of a similar size. My thanks go to the staff who have continued to deliver as volumes have risen and to the Tribunals judiciary with whom we have worked so closely.

Kevin Sadler

1 Overview

Purpose, vision and values

Purpose

The primary tasks of the Tribunals Service were to:

- provide a responsive and efficient tribunals administration;
- promote and protect the independence of the judiciary;
- contribute to the improvement of the quality of decision-making across government; and
- reform the tribunals' justice system for the benefit of its customers and the wider public.

Vision

In delivering our primary tasks we aimed to be a modern, customer-focused organisation that delivers excellent performance in improving the quality of original decision making and the resolution of tribunals disputes. To achieve this we aimed to:

- work effectively in partnership with the judiciary and others;
- drive up standards of original decision making;
- use creativity and innovation to transform service delivery;
- provide customers with choice, where possible, in the way they access services;
- engage with everyone - staff, customers and other stakeholders - at each stage of the business; and
- use resources efficiently and effectively.

Values

We valued:

- customers - putting our customers first;
- achievement - valuing our people and their contributions to service delivery;
- leadership and teamwork - giving people the freedom and support to succeed;
- personal responsibility - doing as we promise and making a difference; and
- diversity - recognising that we are all different.

Our business

The Tribunals Service	2010-11	2009-10
Number of appeals and claims disposed of in-year	714,500	639,600
Staff as at 31 March (excluding consultants and agency)	3,045	2,922
Gross cost of operations	£366m	£357m

Created in April 2006, the Tribunals Service formed a key part of the justice system in the United Kingdom, receiving over 800,000 appeals and claims during 2010-11. Many of the disputes in these cases involve society's most vulnerable people and relate to a diverse range of social and regulatory matters including:

- immigration and asylum
- social security and pensions
- employment
- social care and mental health
- special educational needs
- criminal injuries compensation
- property and land
- finance and tax
- transport
- information rights

The Tribunals Service strove to provide an effective, efficient and user-focused service by bringing together the administrative and judicial functions of its various jurisdictions. The administration and the judiciary worked in partnership with one another to ensure that the public had the opportunity to exercise their rights and to seek effective redress against government decisions. We also helped to settle disputes between employers and employees.

The need to reform the tribunals system was initially set out in a review conducted by Sir Andrew Leggatt, 'Tribunals for Users - One System One Service'. The Tribunals, Courts and Enforcement (TCE) Act 2007 created a unified two-tier structure for tribunals with the establishment of the First-tier Tribunal and Upper Tribunal alongside the Employment tribunals and the Employment Appeal Tribunal. Upon transfer into the First-tier or Upper Tribunals, individual tribunals were abolished thereby streamlining the process and subsequent appeal route. The primary objective in making these changes was to improve the tribunal services provided to our customers by:

- making clear the complete independence of the judiciary, and their decision making, from government;
- speeding up the delivery of justice;
- making processes easier for the public to understand;
- bringing together the expertise from each tribunal; and
- making our processes more effective and efficient and reducing their costs.

As set out in our Business Plan published in March 2010, our **business priorities** for 2010-11 were:

- Performance: Deliver best possible performance in the face of unprecedented levels of demand for our services.

- Resources: Use our resources effectively and efficiently, driving up productivity and driving down overhead costs.
- Improvement: Continue our journey towards becoming a Lean organisation.
- Decision Making: Work in partnership with others to improve the quality of original decision making and reviewing the end-to-end processes from a customer perspective.
- Engagement: Engage honestly with our people, building commitment and capability through listening and acting upon what they say.

Section 2 of this document sets out our progress against these business priorities, and Section 3 reports our progress against the work programme associated with them, summarised under our five **strategic objectives** for 2010-11 which were to:

- deliver effective services within the tribunals;
- focus on customers and the wider community;
- make efficient use of available resources and infrastructure;
- build our capacity to deliver through our people; and
- work effectively with the judiciary and other stakeholders.

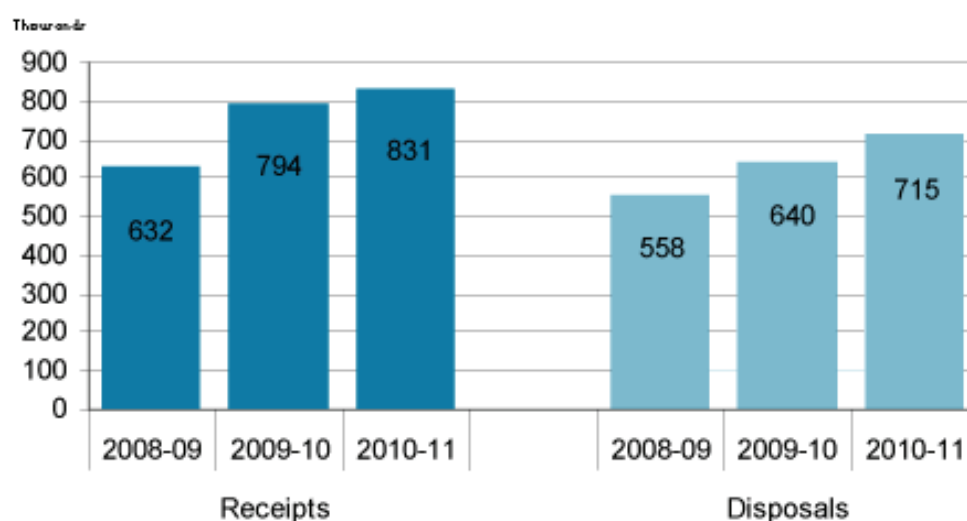
2 Progress against our Business Priorities

Performance: Delivering best possible performance

The demand for our services and our response

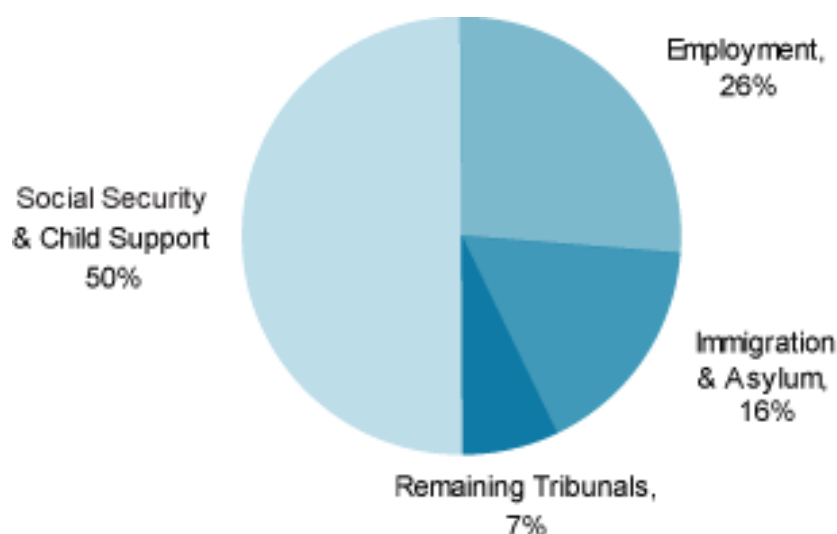
Our primary focus for 2010-11 was to respond effectively to the high volumes of appeals and claims we received. A number of factors, but in particular policy changes in other central government departments, meant that the Tribunals Service saw a continuing, though slowing, upward trend in the number of appeals and claims received. Overall, receipts increased by 5% compared with 2009-10 (and by over 31% when compared with 2008-09).

Number of appeals and claims received (receipts) and cases cleared (disposals) in 2008-09 to 2010-11



Over 90% of appeals and claims were made in our largest three jurisdictions.

Breakdown of Receipts (of appeals and claims) by jurisdiction in 2010-11



The Tribunals Service responded to this continuing high demand for our services by increasing our output - disposing overall of 12% more appeals and claims than during 2009-10 (and 28% more than in 2008-09).¹

Across our largest jurisdictions:

- In the Social Security and Child Support jurisdiction of the Social Entitlement Chamber, reflecting reforms within the benefit system, appeal receipts were 23% up on the preceding year (and 72% more than in 2008-09). As the Tribunals Service built its capacity to respond to these unforecast increases, disposals also rose sharply. 380,200 disposals were made in this jurisdiction during 2010-11, a 36% increase on 2009-10 and an increase of 55% on 2008-09 levels.
- In Employment tribunals, the number of claims overall decreased by 8% compared with 2009-10, but was still 44% higher than in 2008-09. 'Multiple' claims (in simple terms, where there is more than one claimant in an action²) fell by 4% on the preceding year and 'single' claims by 15%. The Employment tribunal disposed of 122,800 claims, 9% more than in 2009-10, and nearly 33% more than in 2008-09, with outstanding 'single' claims falling steadily since October 2009.
- In the third large jurisdiction (the Immigration and Asylum Chamber of the First-tier Tribunal) receipts were 14% lower than in 2009-10. While the number of disposals also fell, they exceeded receipts by nearly 18,000. The outstanding caseload within this jurisdiction has halved since the end of 2008-09.

Achievements against Key Performance Indicators

Our performance framework for 2010-11 included three targets to measure key aspects of our business:

- *Speed of service.* Our primary target was to deal with 75% of single, first-instance tribunal applications within target time (target times vary across different tribunals – our full set of Primary Performance Indicators are in Table B at the end of this Section). Tribunals Service performance during 2010-11 remained steady throughout the year, showing an overall performance against the target of 51%, a small improvement on the 2009-10 figure. The shortfall in performance was the result of sustained and unprecedented high levels of receipts over time, and the inevitable impact of that on the age of the caseload.
- *Customer satisfaction.* Our Business Plan for 2010-11 anticipated a full third year of the use of a customer survey to monitor levels of satisfaction, and set a target of 72%. However, early in the year it became apparent that such a survey would not be best use of resources given the Tribunals Service would be part of HM Courts & Tribunals Service by the time the results were available. Moreover, the customer feedback from earlier surveys already provided a consistent picture of customer insight. To monitor key customer service issues arising during 2010-11, and to maintain insight, the Customer Service Board received regular reports on customer complaints. There were 2,709 complaints in the year. While this represents an increase of 13% on 2009-10 (reflecting a greater number of receipts and a larger number of appeals outstanding), the proportion of complaints to total receipts remained the same as last year at 0.3%. Against a target of 90%, 91% of complaints

¹ Full details of receipts and disposals, across all jurisdictions, are at the end of this Section in Table A.

² Claims to the Employment tribunals may be classified into two broad categories, singles and multiples. Multiple cases are where two or more people bring cases, involving one or more jurisdiction(s) usually against a single employer but not necessarily so, for instance in cases of Transfer of Undertakings (Protection of Employment) (TUPE), and always arising out of the same or very similar circumstances. As a multiple, the cases are processed together.

were replied to within 10 working days of receipt (with the Chief Executive replying to 100% of complaints made to him within 10 days). 89% of all complaints were resolved at the first point of contact. Causes of complaint were analysed during the year and detailed feedback provided to Area Managers so that these causes could be addressed locally. In addition, insight provided by the 2,842 customer comment forms¹ received during the year will be analysed and acted upon wherever possible. Performance against the full set of customer service indicators is at Table C at the end of this section.

Resources: Making efficient and effective use of our resources

The third target for 2010-11 set out in our Business Plan was for us to *deliver a real reduction in our net operating costs*, adjusted for inflation and workloads.

In overall terms, our financial efficiency/productivity is measured by comparing total costs with a combined index of receipts and disposals. Using this measure, for 2010-11, we achieved efficiency/productivity savings equivalent to £34.8m (9.3%), considerably in excess of our target. This was achieved through a combination of continuously bearing down on support and general administrative costs and maximising the use of our resources. Examples of this were the introduction of evening and weekend sessions, thus making more intensive use of buildings and other facilities, and increases in the number of hearings planned and held in a session day, in a number of tribunals.

Improvement: Developing into a Lean organisation

Lean is the methodology that we have chosen to help us continuously improve the way our business operates. The Tribunals Service covered considerable ground in developing its Lean capability in little more than 18 months, with it becoming a key part of the organisation's leadership practice bringing benefits internally, and in our work with other government departments.

During 2010-11, we built upon the events held in the previous year which involved many of our people, and helped us to identify ways in which we can improve the way we do things and bring consistency to the operating processes across the tribunals' different jurisdictions. We have designed Standard Operating Procedures for our largest jurisdictions so that they can be introduced across the organisation as national versions. Standard Operating Procedures are now in use in our Social Security and Child Support and Mental Health jurisdictions; such procedures for Employment, and Immigration and Asylum, jurisdictions are currently under review and will be implemented in the first half of 2011-12.

To support this, our Lean agents became embedded into area teams to focus on: delivering improvement events; sustaining improvements; and building capability of managers and staff to use Lean in everyday work. In addition we have:

- set up a Beacon Office to test and evaluate new approaches to Lean and Continuous Improvement;
- led Value Stream Mapping activity with partner agencies to improve business processes;
- delivered a 'Lean for Leaders' training programme to all senior leaders and planned our approach and developed learning products for roll-out across the organisation;

¹ These are forms completed by customers at Hearing Centres. 98% of the 1,565 forms which scored 'service provided' represented customers who thought the service was either 'very good' or 'good'.

- developed and introduced Team Information Boards to manage performance at grass roots operational level;
- been proactive in looking at and learning from other organisations successfully using Lean principles; and
- identified over 6,000 administrative hours per month which have been saved by removing wasteful activities from our processes.

Decision Making: Working with partners

A key part of our Business Plan for 2010-11 was to build on work in 2009-10 reaching beyond the processes and procedures which are the direct responsibility of the Tribunals Service, and to seek improvements to the end-to-end process of resolving disputes between the citizen and the decision-making agencies whose decisions are appealed.

Our aim was to improve the service provided to customers of those agencies by, for example:

- getting the decision right first time;
- explaining its decisions clearly to its customers;
- delivering easy and speedy reconsideration of decisions where circumstances change or new information becomes available;
- making quick reconsideration of decisions where customers are unhappy;
- ensuring that only decisions which it is important to defend and which are likely to be upheld by a tribunal come before a tribunal; and
- being able to respond to appeals to a tribunal quickly, defend properly and assist the tribunal in reaching a fair decision within reasonable timescales.

Although these principles are applicable across all administrative jurisdictions, social security, and immigration and asylum, cases represent two thirds of our total receipts. Work has therefore concentrated on the decisions of the agencies of the Department for Work and Pensions (DWP), and the United Kingdom Borders Agency (UKBA) in the first instance. Over the last 12 months we have worked with these two organisations to review our and their business processes so that we can eliminate waste and work more effectively together, to deliver the best possible service to customers by ensuring that appeals are resolved at the earliest possible time in the end-to-end process:

- *Department for Work and Pensions.* Responding to the significant increases in workload, the Tribunals Service instigated the formation of a joint Appeals Taskforce. We also spear-headed joint Lean work, improving the quality of first-tier decision making and the end-to-end business process from the customers' perspective. This work also led to an improvement in decision making within DWP and a consequent reduction in unnecessary appeals.
- *UK Borders Agency.* The Tribunals Service has worked closely with the UKBA to: further improve caseload management; manage forecasts; improve communication links; resolve joint operational issues; and identify and implement joint service and performance improvements.

The Tribunals Service has also worked with other key partners during 2010-11:

- *Department for Business, Innovation & Skills (BIS).* Given the central place in the Employment tribunal system occupied by BIS – the Department responsible for the legislative framework and procedural rules for Employment tribunals, as well as for

much of the substantive employment law which the tribunals themselves apply – we have maintained strong and effective working relationships here, including in respect of potential reforms to the system which have now been consulted upon.

- *Department of Education.* In our Special Educational Needs and Disability jurisdiction, we worked closely with the Department of Education on the implementation of recommendations from the Lamb Inquiry. We also sought to encourage greater consideration of mediation by parents looking to appeal, which led to proposals in the Department's recent Special Educational Needs and Disability Green Paper.
- *Scottish Government.* We have developed strong working arrangements with the Scottish Government in discussing and taking forward the potential for the devolution of reserved tribunals in Scotland. Any proposals will be subject to a public consultation.
- *The Tribunal Procedure Committee.* The Tribunal Procedure Committee is an advisory non-departmental public body, sponsored by the Ministry of Justice. The Tribunals, Courts and Enforcement Act 2007 provides for the Committee, which was created in May 2008. Its purpose is to make rules governing the practice and procedure in the First-tier Tribunal and Upper Tribunal. The committee met regularly throughout the year.
- *The Administrative Justice and Tribunals Council (AJTC).* The AJTC was created by the Tribunals, Courts and Enforcement Act 2007 to be the independent and authoritative voice to monitor and improve the way public bodies make decisions affecting individuals and the workings of redress mechanisms, including tribunals. The AJTC has been seen as a 'critical friend', particularly in respect of customer service issues. The Chairman has attended Tribunals Service Management Board meetings as an observer, the Senior President has attended AJTC meetings, and the AJTC has been represented at the Tribunals Service Customer Service Board.

Underpinning the work of the Tribunals Service has been an effective working relationship between the judiciary and the administrators who have worked together in close partnership to respond to the challenges faced by the Agency and to drive forward its development. The Senior President's Annual Report, published in February 2011, is available at www.justice.gov.uk/publications/corporate-reports/tribunals/index.htm

Engagement: Investing in our people

The Tribunals Service Business Plan for 2010-11 focused on two key elements in respect of investing in our people.

Ministry of Justice Staff Engagement Survey

The Tribunals Service kept its commitment to continue to engage staff by canvassing and acting on their opinions – the 2010 survey took place in October. The response rate of 74% was a slight decrease on that achieved in 2009, but compares favourably with the wider Civil Service response rate of 61%. All but one of the key drivers for engagement improved in 2010, and the overall engagement index of 55% (up from 53% in 2009) compares favourably with other government departments: the trend elsewhere across the Civil Service has been for a decline in engagement levels. Overall, we achieved engagement levels above the benchmark for Civil Service organisations of a comparable size. The results were cascaded across the organisation and all units within the Tribunals Service ran 'Results into Action' workshops to revise and update action plans.

The Tribunals Service Leadership Programme

The Tribunals Service Leadership programme for middle and senior managers was completed to plan in year and a programme delivering the same key leadership messages was introduced for our junior managers.

Table A: Receipts and Disposals for 2008-09 to 2010-11

	2010-11		2009-10		2008-09	
	Receipts	Disposals	Receipts	Disposals	Receipts	Disposals
Immigration and Asylum ¹	136,800	154,700	159,800	197,500	188,700	171,700
Employment Appeal ²	2,000	2,000	2,000	580	1,800	600
Employment - (Total) ³	218,100	122,800	236,100	112,400	151,000	92,000
Social Security and Child Support	418,500	380,200	339,200	279,300	242,800	245,500
Mental Health ⁴	25,900	26,600	25,200	25,000	22,500	23,600
Adjudicator to HM Lands Registry	1,300	1,600	2,000	2,100	1,800	2,100
Asylum Support	4,100	4,200	3,100	2,800	2,000	2,000
Care Standards	130	140	240	230	210	260
Charities	12	8	5	7	-	0
Claims Management Services	5	-	5	-	-	0
Consumer Credit Appeals	8	9	13	12	12	7
Criminal Injuries Compensation	2,700	3,600	3,800	3,300	2,500	3,100
Environmental Jurisdiction	0	0	.	.	.	.
Estate Agents Appeals	0	-	8	6	-	0
Financial Services and Markets	710	23	25	27	24	19
Gambling Appeals	-	-	-	-	0	0
Gender Recognition Panel	300	320	290	270	280	290
First-tier Tribunal (Immigration Services)	10	7	7	8	9	11
Information Rights	220	200	160	130	84	120
Lands	750	1,800	1,100	1,000	1,100	950
Local Government Standards in England	49	57	72	70	.	.
Pensions Regulator	8	-	-	0	-	6
Primary Health Lists	130	110	140	78	.	.
Reserve Forces Appeals	9	11	11	13	.	.
Special Commissioners (Income Tax)	.	.	.	.	420	280
Special Educational Needs and Disability	3,400	2,900	3,400	2,900	3,100	3,300
Tax first tier	8,900	6,100	10,400	5,600	.	.
Transport	520	540	640	670	860	910
Upper Tribunal (Administrative Appeals Chamber)	4,100	4,400	3,700	3,600	4,800	5,600
VAT and Duties	.	.	.	.	5,400	3,500
War Pensions and Armed Forces Compensation	2,200	2,200	2,600	2,200	2,500	2,600
Total	831,000	714,500	793,900	639,600	631,900	558,400

Figures may not add to totals because of rounding

Values less than 100 remain as unit values

Values from 100 to 999 are rounded to the nearest 10

Values of 1,000 and over are rounded to the nearest 100

. Not applicable (data was not collected)

.. Not available

- Small value

0 Nil

^(r) Figures have been revised

^(p) Provisional

¹ The Tribunals Service Immigration and Asylum (IA), consisting of 'First-tier Tribunal Immigration and Asylum Chamber' and 'Upper Tribunal Immigration and Asylum Chamber' (FTTIAC and UTIAC), replaced the Asylum and Immigration Tribunal (AIT) on 15 February 2010. Figures for 2010-11 relate to appeals dealt with by Immigration Judges at the FTTIAC. Figures for 2009-10 relate to appeals dealt with by Immigration Judges at the AIT or FTTIAC. Figures for 2008-09 relate to appeals dealt with by Immigration Judges in AIT.

² Prior to 2010-11 Employment Appeal Tribunal disposals exclude appeals rejected, struck out or withdrawn prior to registration.

³ Employment Tribunal disposals may include a small undercount due to a change of computer system during the year.

⁴ The new MARTHA database was introduced in September 2008 and thus information for 2008-09 may not be directly comparable.

Table B: Performance against Key Performance Indicators for 2008-09 to 2010-11

Type of case	Performance indicators	Performance			
		Target	2010-11	2009-10	2008-09
Immigration and Asylum	Receipt/Bundle Receipt in AIT/IA to promulgation ¹ by an immigration judge (all cases)	75%	.	34%	56%
	Receipt in AIT/IA to promulgation by an immigration judge (all cases)	75%	57%	.	.
	Asylum cases, percentage promulgated in six weeks	75%	58%	64%	68%
	Managed migration cases, percentage promulgated within eight weeks	75%	33%	49%	71%
	Family visitor cases, percentage promulgated within ten weeks from receipt of the respondent's bundle	75%	.	27%	53%
	Entry clearance cases, percentage promulgated within ten weeks from receipt of the respondent's bundle	75%	.	23%	52%
	Family visitor, percentage within 25 weeks from receipt to promulgation.	75%	69%	.	.
	Entry clearance, percentage within 30 weeks from receipt to promulgation.	75%	70%	.	.
Employment Appeal	The percentage of appeals where the first substantive hearing takes place within 26 weeks of registration	75%	74%	87%	89%
Employment ²	The percentage of single accepted cases where hearing begins within 26 weeks of receipt	75%	59%	65%	74%
Social Security and Child Support	The percentage of appeals where the first hearing takes place within 14 weeks of the receipt at SSCS	75%	.	59%	78%
	The percentage of appeals where the final outcome is promulgated within 16 weeks of the receipt at SSCS	75%	46%	.	.
Mental Health	Section 2 (Mental Health Act 1983) cases that are listed for hearing within seven days of receipt (statutory target)	100%	99%	97%	91%
	The percentage of non-restricted cases disposed of within nine weeks of receipt	75%	51%	.	.
	The percentage of Restricted Patient cases disposed of within 17 weeks of receipt	75%	64%	.	.
Adjudicator to HM Lands Registry	The percentage of cases disposed ³ of within 70 weeks of receipt	75%	69%	74%	66%
Asylum Support	The percentage of cases to be determined ⁴ within 12 working days of receipt	100%	26%	78%	100%
Care Standards	The percentage of cases to be determined within 40 weeks of receipt	75%	81%	85%	82%
Charities	The percentage of cases disposed of within 30 weeks of receipt	75%	100%	86%	~
Claims Management Services	The percentage of cases to be disposed of within 50 weeks of receipt	75%	33%	100%	~

Type of case	Performance indicators	Performance			
		Target	2010-11	2009-10	2008-09
Consumer Credit Appeals	The percentage of cases to be disposed of within 25 weeks of receipt	75%	33%	58%	71%
Criminal Injuries Compensation	The percentage of all cases disposed of within six months of being ready to list	75%	.	91%	75%
	The percentage of cases disposed of within six months of receipt	75%	63%	.	.
Environmental Jurisdiction	The percentage of cases disposed of within 30 weeks	75%	~	.	.
Estate Agents Appeals	The percentage of cases disposed of within 27 weeks of receipt	75%	0%	83%	~
Financial Services and Markets	The percentage of cases disposed of within 50 weeks of receipt	75%	61%	52%	100%
Gambling Appeals	The percentage of cases disposed of within 30 weeks of receipt	75%	67%	100%	~
Gender Recognition Panel	The percentage of cases disposed of within 20 weeks of receipt	75%	76%	81%	63%
First-tier Tribunal (Immigration Services)	The percentage of cases disposed of within 30 weeks of receipt	75%	100%	100%	91%
Information Rights	The percentage of cases disposed of within 30 weeks of receipt	75%	74%	67%	52%
Lands	The percentage of cases disposed of within 50 weeks of registration	75%	.	71%	69%
	CAT 1 – The percentage of cases disposed of in 24 weeks of registration	75%	90%	.	.
	CAT 2 - The percentage of cases disposed of in 70 weeks of registration	75%	41%	.	.
Local Government Standards in England	The percentage of cases where a decision was issued within 16 weeks of receipt of reference	95%	.	87%	.
	The percentage of appeals to be held and determined within 16 weeks of receipt	95%	77%	.	.
Pensions Regulator	The percentage of cases disposed of within 50 weeks of receipt	75%	100%	~	100%
Primary Health Lists	The percentage of cases where the decision was issued within 16 weeks of receipt of reference	95%	74%	~	.
Reserve Forces Appeals	The percentage of determinations (from hearing to judgement) issued within four weeks	85%	100%	67%	.
	The percentage of claims served (accepted) within five days	100%	100%	.	.
Special Commissioners (Income Tax)	The percentage of cases disposed of within 50 weeks of receipt	75%	.	.	73%
Special Educational Needs and Disability	The percentage of cases disposed of within 22 weeks of receipt	75%	84%	82%	70%
Tax First-tier	The percentage of standard/complex cases disposed of within 70 weeks of receipt	75%	58%	42%	.
	The percentage of paper cases disposed of in 20 weeks	75%	73%	.	.
	The percentage of basic cases disposed of in 20 weeks	75%	74%	.	.

Type of case	Performance indicators	Performance			
		Target	2010-11	2009-10	2008-09
Transport	The percentage of cases disposed of within 16 weeks of receipt	75%	88%	89%	87%
Upper Tribunal (Administrative Appeals Chamber)	The percentage of all work disposed of within 30 weeks of receipt	75%	.	92%	90%
	The percentage of appeals disposed of within 20 weeks of receipt	75%	53%	.	.
	The percentage of applications for Leave to Appeal to be disposed within ten weeks of receipt	75%	57%	.	.
VAT & Duties	The percentage of Category 1 and 3 cases disposed of within 90 weeks of receipt	75%	.	.	54%
	The percentage of Category 2 cases disposed of within 35 weeks of receipt	75%	.	.	82%
War Pensions and Armed Forces Compensation	The percentage of cases disposed of within 20 weeks of receipt	75%	53%	72%	77%
Tribunals Service Overall	The percentage of applications dealt with in target time	75%	51%	50%	69%

Figures may not add to totals because of rounding

. Not applicable (data was not collected)

.. Not available

- Small value

0 Nil

~ No cases dealt with so rate could not be calculated

^(r) Figures have been revised

^(p) Provisional

¹ Promulgation is the formal publication of the decision

² A small number of cases for the Employment tribunal may be excluded due to a change of computer system during the year

³ A case is considered to be disposed of when a decision has been made on the case and all work on the case has been completed

⁴ A case is considered to be determined when a decision has been made on the case

Table C: Performance against Customer Service Indicators 2010-11

Type of case	Performance indicators	Target	2010-11
Replying to Correspondence	Reply to all correspondence within 10 working days of receipt	95%	Unavailable ¹
Complaints and claims for compensation	Reply to administrative complaints, including claims for compensation within 10 working days of receipt	90%	91% ²
Letters to MPs	Reply to Ministerial correspondence within the timetable set by the Ministerial Correspondence Unit	95%	100%
Written requests under the Freedom of Information Act 2000 and written subject access requests under the Data Protection Act 1998	Deal with Freedom of Information within 20 working days	92%	87% ³
	Deal with Data Protection Act within 40 calendar days	80%	87%
Answering the telephone	Answer telephone calls within six rings	95%	71% ⁴

¹ During the year it became apparent that the cost of measuring this indicator would be very high. Instead, the Customer Service Board directed that a small percentage check should be put in place and that it should be informed of any exceptions when the target was not met. While no such exception reports were received during the year, this methodology is insufficiently robust to conclude that the target was achieved.

² In addition to this indicator, 89% of all complaints were resolved at the first point of contact, and 100% of complaints which progressed to the Chief Executive were resolved within target time.

³ In March 2011 revised arrangements for handling FOI requests were introduced across the Ministry of Justice to improve performance.

⁴ This indicator was measured in a sample of three waves of mystery shopping with a total of 1000 calls. 711 calls were answered within six rings. During 2010-11 the Customer Service Board took steps to improve performance, and further measures will be taken by HM Courts & Tribunals Service.

3 Progress against our Work Programme

The Tribunals Service Business Plan for 2010-11, published in March 2010, set out our work programme for the year under our five strategic objectives. In this section, progress against that work programme is reviewed.

Strategic Objective One: Delivering effective services within the tribunals

Our Business Plan for 2010-11 made clear that, this year, we would aim to: increase operational capacity; complete the final stage of our Administrative Support Centre; contribute to the Transforming Justice Programme; develop and roll out standard operating models as part of our Lean programme; roll out Caseflow; and improve our data security and corporate governance arrangements. Progress against this objective included:

- Operational capacity was increased where this was required. Within the Social Security and Child Support jurisdiction output (disposals) increased by 55% compared with 2008-09.
- We tested the holding of hearings outside of established hours across the larger jurisdictions and the arrangements will be adopted where they proved successful – including the use of evening sittings within the Employment tribunal in Scotland. Saturday morning sessions continued to be tested within the Social Security and Child Support jurisdiction.
- The Administrative Support Centre in Birmingham has been fully established as the Beacon Office with continuous improvement embedded into all areas and all managers having attended the Leadership Programme.
- A standard operating model has been introduced into the Social Security and Child Support jurisdiction and similar operating models for our other major jurisdictions are in the final stages of review.
- The Caseflow project to provide an electronic case management system within the Employment jurisdiction was halted as a consequence of a review of all project expenditure across Government. This decision was reached because of the continuing uncertainty over costs and benefits and the proposed changes to employment dispute resolution legislation and procedures. Work has been completed to enable Acas, our partners in the project, to continue with a de-scoped option to realise a significant proportion of their initially envisaged benefits.
- Preparatory work to transfer the administration of the Residential Property Tribunals Service to the Tribunals Service was completed and the transfer will take place in July 2011.
- The Government announced its intention to implement s.53 of the Borders, Immigration and Citizenship Act 2009 which will enable the transfer of jurisdiction to hear about 1,000 judicial reviews per annum in immigration and asylum matters from the High Court to the Upper Tribunal. The Tribunals Service has been planning for this throughout 2010-11 and the transfer will take place in Autumn 2011.
- During the year all Tribunals Service staff received update training in Data Security and the Tribunals Service maintained a level 2 rating against the Government's Information Assurance Maturity Model – in line with Ministry of Justice requirements.
- On corporate governance, a full quarterly Statement on Internal Control process was introduced and refined to ensure a robust corporate governance framework while not placing a disproportionate burden on operational staff.

Strategic Objective Two: Focusing on customers and the wider community

Our Business Plan for 2010-11 committed us to working with our partner agencies and the judiciary to ensure that our end-to-end processes are joined up, efficient, and deliver consistent standards of service.

- The creation of HM Courts & Tribunals Service, and the requirement of the Government's transparency agenda, meant a review of the Tribunals Service key performance indicators was replaced with the design of a new performance framework for HM Courts & Tribunals Service focusing on Impact and Input indicators. These, new, arrangements are set out in HM Courts & Tribunals Service Business Plan for 2011-12.
- Section 2 of this Report describes progress during 2010-11 on gaining customer insight and improving customer satisfaction.
- On equality and diversity, a Tribunals Service Diversity Champion was appointed from the Executive Team, together with an additional Executive Team member as the Steering Group Chair. The Steering Group was instrumental in introducing: revised Equality Impact Assessment procedures; the Tribunals Service Equality and Diversity Standard; and the mandatory completion of the Ministry of Justice Equality and Diversity e-learning training for all Tribunals staff.
- We continued the roll-out of the Environmental Management System (EMS) and by the end of the year this was in place in 28 of the largest of our premises. In addition, although we were not able to meet our target contribution towards the overall Ministry of Justice "10% Carbon Reduction" response, a combination of a range of equipment upgrades and awareness raising campaigns left us in a good position at the end of the year to make significant progress during 2011-12.
- Section 2 of this Report sets out our progress on improving decision making.

Strategic Objective Three: Making efficient use of available resources and infrastructure

In order to deliver an efficient, cost effective and streamlined Tribunals Service, we set out in 2010-11 to eliminate waste and duplication under our Lean programme, continue to reduce operating costs, work with partner agencies to rationalise Tribunals Service estate, contribute to the Shared Services Programme, implement our IT strategy, and scope out where new fees could be introduced. Progress against this objective included:

- Our Lean approach was consolidated and is described in Section 2 of this Report.
- Section 2 of this Report sets out how the Tribunals Service achieved in excess of 9% productivity savings equating to £34.8m during 2010-11.
- Rationalisations of the estate continued with premises in Birmingham, Thornaby, Sheffield, Wigan and Preston vacated and work to achieve further releases in train at the end of the financial year.
- We progressed our IT strategy by moving the Special Educational Needs and Disability jurisdiction onto an established case management system, and are decommissioning their old system. Detailed plans were developed and are being agreed for the movement of the other Special Tribunals onto the system.
- Work on bulk printing has focused on deployment to the Social Security and Child Support offices. A Scanning Pilot within the Social Security and Child Support

Jurisdiction was completed on 31 March 2011; a full evaluation will explore the development of an approach to future scanning/e-document solutions.

- On telephony, a supplier proposal was considered but to ensure a value for money service is put in place to meet the wider needs of HM Courts & Tribunals Service a decision has been delayed until 2011.
- The digital recording pilot identified benefits to national deployment if more cost effective and practical equipment better suited to use in tribunals could be identified. Work continues to do so.
- The project to establish a data warehouse within the Tribunals Service was reviewed following the announcement of HM Courts & Tribunals Service. The objective will be achieved through migrating Tribunals Service data into a data warehouse facility within HM Courts & Tribunals Service.
- Increases to fees in the Lands Chamber of the Upper Tribunal were agreed, announced, and implemented in November 2010.
- The Tribunals Service undertook a public consultation on the introduction of fees for bringing Immigration and Asylum appeals. The outcome of the consultation was published in May 2011 and the proposals will be implemented in 2011-12.
- The Government announced its intention to charge fees for bringing cases in the Employment tribunals and Employment Appeal Tribunal. The Tribunals Service began developing detailed proposals for this scheme which will be subject to public consultation in 2011-12.

Strategic Objective Four: **Building our capacity to deliver through our people**

During 2010-11, the Tribunals Service Business Plan committed us to ensuring that our operational and corporate staff had the necessary capabilities and skills to deliver an excellent service to customers through Lean and Leadership initiatives. Progress against this objective included:

- The Leadership programme for our middle and senior managers was completed to plan, supported by consolidation activity. An initiative to extend the Leadership programme to all managers was launched in-year as planned.
- The Tribunals Service Talent Management Framework was launched, as planned, early in 2010, and is in use.
- The Executive Team took the decision that everybody within the Agency should complete the Ministry of Justice Equality and Diversity e-learning training. In addition, reasonable adjustment awareness sessions were included in the new Customer Service training, and equality and diversity principles were embedded in the new Leadership development course for all junior managers.
- To help our people better understand how to serve our customers, the delivery of the "One Chance" customer service workshop commenced during the year. In addition, operational managers received the results of our telephone mystery shopping exercise to inform their plans, and a Customer Charter was produced and communicated widely within the Agency.
- Section 2 of this Report outlines Tribunals Service employee engagement activity for 2010.
- Against a target of achieving an average sick absence of 7.5 days or less per person per annum, the Tribunals Service in 2010-11 achieved 8.82. This represents

a 14% improvement on the 2009-10 end of year position of 10.24 average working days lost per person. This improvement translates to a financial saving of £218,000 on the cost of absence compared to last year or a reduction of 2,816 days lost due to sickness.

Strategic Objective Five: **Working effectively with the judiciary and other stakeholders**

As part of our 2010-11 Business Plan objectives, we undertook to continue to work with the tribunals' judiciary and in partnership with other government departments and public authorities. While upholding the independence of the judiciary from the executive, for the benefit of users and the community, we aimed to improve the judicial process with Lean initiatives, establish channels to communicate issues on judicial diversity, explore proposals for unified judicial training, expand judicial deployment and recruitment, and reduce costs. Progress against this objective included:

- To help improve the judicial process, a Lean workshop was staged at the Senior President's Annual Conference and several judges subsequently participated in Lean events.
- The Tribunals Judicial Diversity Group was established to take forward recommendations on judicial diversity. Tribunals Judicial Office officials represented tribunals' interests on the Judicial Appointments Commission Diversity Forum.
- The Unified Judicial Training Advisory Board delivered a report and recommendations to the Lord Chief Justice and Senior President by the target of end of July. A project board was established to take forward proposals for unified judicial training. This led to the establishment of the Judicial College on 1 April 2011, which has taken over the role of the Judicial Studies Board and the judicial training capacity and team within the Tribunals Service.
- Progress was made on judicial deployment and recruitment. After receiving individual requirements from each Chamber President on judicial recruitment needs, the initial list was prioritised at a joint meeting between the Presidents and senior officials, so that activity could be focused on those jurisdictions with the most urgent need. Assignments and cross ticketing (where a judge operates across jurisdictions within their chamber) are also being optimised across some jurisdictions to best utilise existing judicial resource.
- We worked closely with the Social Security and Child Support judiciary to help increase the number of oral Employment Support Allowance appeals listed per session.
- Through working closely with the judiciary, significant cost reductions were achieved.
- We continued to implement the Government's response on Tribunals judges' remuneration and new terms and conditions came into force on 1 April 2010 for both salaried and fee-paid judicial office holders.
- We continued to engage and work with our stakeholders. Section 2 of this Report details how we have worked with other government departments and agencies to improve the end-to-end process of resolving disputes for the citizen.

The tribunals' judiciary is independent of the government and its Agency, the Tribunals Service. The Senior President of the Tribunals publishes an Annual Report. This is available at www.justice.gov.uk/publications/corporate-reports/tribunals/index.htm

4 Governance

Tribunals Service Management Board

The Tribunals Service Management Board (TSMB) provided strategic oversight and direction to the Agency. TSMB undertook the following activities to support the Chief Executive:

- led and oversaw the process of change and innovation to ensure delivery of strategic business objectives;
- agreed and reviewed achievement against strategic and business plans to achieve the Tribunals Service's (and wider Ministry of Justice) strategic aims and objectives;
- advised on allocation of the Tribunals Service's financial and human resources to achieve those aims, and reviewed and scrutinised their management;
- ensured delivery of services to tribunal users;
- ensured compliance with the Freedom of Information Act and other guidance on information handling, including prompt response to public requests for information;
- championed the promotion of diversity throughout the organisation;
- ensured that the Agency operated sound environmental policies and practices in accordance with government guidance;
- assessed and managed risk; and
- ensured compliance with corporate governance principles.

The members of TSMB during the year to 31 March 2011 were:

Kevin Sadler	Chief Executive
Chris Ball	Director of Human Resources
Nick Chibnall	Policy Director
Joy Coles	Change Programme Manager
Dennis Collins	Acting Director of Finance and Resources
Norman Egan	Regional Director, North (to 10 October 2010) Director, Scotland (from 11 October 2010)
Paul Shipley	IT Director
Paul Stockton	Director of Tribunals Judicial Office
Guy Tompkins	Regional Director, South (to 10 October 2010) Director of Operations (England & Wales) (from 11 October 2010)
Greg Watkins	Head of Operational Support
Francis Dobbyn	Non-Executive Director
Howard Cressey	Non-Executive Director
John Butler	Non-Executive Director

The following were not members of TSMB, but attended meetings:

The Rt Hon. Lord Justice Carnwath CVO	Senior President of Tribunals
Richard Thomas	Administrative Justice and Tribunals Council

Joan Watson	Head of Communications
David Latham	President of the Employment Tribunals for England & Wales

Tribunals Service Executive Team

The Tribunals Service Executive Team (TSET) was responsible for the day-to-day operational management of the Agency to ensure it delivered against its objectives and key performance indicators. The members of the Executive Team during the year to 31 March 2011 were:

Kevin Sadler	Chief Executive
Chris Ball	Director of Human Resources
Nick Chibnall	Policy Director
Joy Coles	Change Programme Manager
Dennis Collins	Acting Director of Finance and Resources
Norman Egan	Regional Director, North (to 10 October 2010) Director, Scotland (from 11 October 2010)
Paul Shipley	IT Director
Paul Stockton	Director of Tribunals Judicial Office
Guy Tompkins	Regional Director, South (to 10 October 2010) Director of Operations (England & Wales) (from 11 October 2010)
Joan Watson	Head of Communications
Greg Watkins	Head of Operational Support

Tribunals Service Audit Committee

The Tribunals Service Audit Committee supported the Tribunals Service Chief Executive in the discharge of his responsibilities for the management of resources and assets, financial reporting, audit arrangements, risk management, internal control, governance and associated assurance. The Chair of the Audit Committee provided a verbal update at the quarterly management board meetings.

Members of the Audit Committee during the year to 31 March 2011 were:

John Butler	Non-Executive Director and Chair
Howard Cressey	Non-Executive Director

The Chief Executive was not a member of the committee but attended its meetings, as did the Director of Finance and Resources and representatives of the Ministry of Justice Head of Internal Audit and Assurance Division and our external auditors (the National Audit Office). In addition, Colin Bishopp attended in the capacity of judicial representative.

No committee member had any other directorship or significant interest, which conflicted with their responsibilities as a member of the Tribunals Service Audit Committee. The committee maintained a forward agenda and met five times during the financial year at quarterly intervals.

5 Financial Performance

Accounts

The annual accounts of the Tribunals Service for 2010-11 are on pages 45 – 85. The accounts have been prepared in accordance with the accounts direction issued by HM Treasury on 22 December 2010 under section 7(2) of the Government Resources and Accounts Act 2000, and the Secretary of State for Justice on 30 May 2007 in accordance with the Criminal Injuries Compensation Act 1995 and Criminal Injuries Compensation Scheme 2001. The latter accounts direction is a legacy of the Criminal Injuries Compensation Appeals Panel's (CICAP) previous existence as a non-departmental public body and the need for it to produce its own statement of accounts. To meet his statutory obligation, the Secretary of State has issued an accounts direction requiring a statement of accounts for CIC to be provided as a note to the Tribunals Service annual account (see page 85).

Accounting Policies

The Tribunals Service adopted the accounting policies of the Ministry of Justice except where the recognition criteria needed to be adjusted to reflect the size and nature of the Agency. This is in keeping with the government policy of achieving consistency of accounting policies across government to support the integrity of Whole of Government Accounts.

The Financial Controller is a member of the Ministry of Justice's Accounts Production Forum which has been created to discuss and develop accounting policies consistently across the Ministry of Justice family.

Financial Summary

Excluding Non Cash costs and the departmental overheads re-charge, gross expenditure on operating costs during 2010-11 amounted to £335.9 million, an increase of £2.8 million (0.8%) over the 2009-10 costs. As can be seen from the Statement of Comprehensive Net Expenditure, this has arisen from a combination of an increase within staff and judicial costs of £11.0 million (4.7%) offset by a reduction of £2.3 million (1.9%) in other costs.

The increase in judicial costs of £5.5 million (3.5%) is due entirely to the further increased resources applied to deal with the unprecedented workloads in the Social Security and Child Support and the continued high caseload in the Employment tribunals in which the number of sessions held during 2010-11 show a year-on-year increase of 12,098 (19.5%) and 1,359 (3.9%) respectively over 2009-10. The increase in staff costs of £5.4 million (7.0%) was due to a combination of a direct consequence of the increased workload and the need to support the increased level of hearing activity and the Voluntary Early Departure Scheme (VEDs) offered by the Ministry of Justice in December 2010 which resulted in 31 staff leaving the Tribunals Service by 31 March 2011 at a cost of £1.9 million (see note 5.1.1).

While in absolute terms gross expenditure increased, after adjusting for the effects of workload increases measured against a combined index of receipts and disposals, and inflation, the above outturn represents an efficiency/productivity achievement of 9.3% considerably greater than the 3% target required by our Key Performance Indicator 3.

Income received rose from £52.6 million in 2009-10 to £64.3 million, an increase of £11.7 million. This was almost entirely due to an increased contribution from the DWP to the additional costs the Tribunals Service incurred as a result of the increased level of appeals to the Social Security and Child Support tribunal arising from the introduction of Employment Support Allowance.

Going Concern

In common with other government departments, the future financing of the Ministry of Justice's liabilities is to 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, and that the launch of HM Courts & Tribunals Service on 1 April 2011, bringing together Her Majesty's Courts Service and Tribunals Service, has any impact on future approvals. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Payment to Suppliers

The Tribunals Service follows the Ministry of Justice's policy for payment of suppliers. From 2010-11 the Ministry of Justice's policy has been to pay suppliers in accordance with the Prime Minister's commitment of 24 May 2010 that government departments should pay suppliers within 5 days of receipt of a valid invoice at the correct billing address.

For the financial year 2010-11, the Tribunals Service paid 84.1% (2009-10: 88.9%) of invoices within the above payment terms based on the date of receipt at Liberata, which provides the payment function for the Tribunals Service. The percentage reported for 2009-10 is in accordance with the then policy of 10 days.

Pension Liabilities

Tribunals Service administration staff are members of the Civil Service Pension Scheme; details can be found in note 5.1.2 to the annual accounts at page 62. Salaried judiciary are members of the Judicial Pensions Scheme; details can be found in note 5.2.2 to the annual accounts at page 63.

Principal risks and uncertainties of the business

The main challenge the Tribunals Service faced during 2010-11 was dealing with the unprecedented level of appeals to the Social Security and Child Support jurisdiction of the Social Entitlement Chamber as a result of the welfare benefit policy changes. From a financial perspective this required significant additional expenditure as a result of the increased number of hearings required to be held and is expected to remain the major operational and financial challenge during the next three financial years. The risk that this issue raises is being addressed by a comprehensive management strategy and close working with the Department for Work and Pensions.

The creation of HM Courts & Tribunals Service with effect from 1 April 2011 also raises risks and uncertainties around the organisational change required to integrate the courts and tribunals operations. Again a detailed strategy is in place to ensure that the organisational risks involved are effectively managed.

Audit

These accounts have been audited by the Comptroller and Auditor General. The cost of the audit for 2010-11 is £116,000 (2009-10, £145,000). The decrease is due to additional audit work undertaken in 2009-10 for the move to reporting under International Financial Reporting Standards. No charge was made for non-audit work. In so far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Sections 6 and 7 of the Government Resources and Accounts Act 2000 require the Comptroller and Auditor General to examine certify and report on the accounts before they are laid before Parliament.

Events after the reporting period

Merger between Her Majesty's Courts Service (HMCS) and Tribunals Service

On 1 April 2011, Tribunals Service merged with HMCS to form HM Courts & Tribunals Service. The new entity is a partnership between the Lord Chancellor, the Lord Chief Justice, and the Senior President of Tribunals and 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. The previously separate HMCS and Tribunals Service Boards have been replaced with a newly convened HM Courts & Tribunals Service Board. Therefore, this is the final Tribunals Service Annual Report and Accounts.

Voluntary exits

Subsequent to the balance sheet date there were individuals who accepted an offer of voluntary exit under the VED scheme detailed in note 5.1. Exit payments to those individuals (including payments in lieu of notice and compensation in lieu of notice where relevant) will be accounted for in the 2011-12 financial year.

In addition to the planned voluntary exits detailed at note 5.1, the Ministry of Justice offered a second Voluntary Early Departure scheme to selected HM Courts & Tribunals Service employees subsequent to the balance sheet date. The terms of the second scheme offered were also in accordance with the Civil Service Compensation Scheme introduced by the Government in December 2010.

There were no compulsory redundancies during the year.

Kevin Sadler
Accounting Officer and Chief Executive Officer
28 June 2011

6 Accounts

Remuneration Report

Remuneration of Chief Executive and other Board members

This Remuneration Report has been prepared in accordance with section 234B and Schedule 7A of the Companies Act 1985 and the requirements of the Government Financial Reporting Manual (FRM) as issued by HM Treasury. The report provides information on Tribunals Service policy for the remuneration of its Board members and senior managers. It also contains details of the contracts of employment for these individuals along with information relating to their pension benefits.

Ministers with responsibility for the Tribunals Service during the financial year were:

- Lord Chancellor and Secretary of State for Justice, The Rt. Hon. Jack Straw MP (to 12 April 2010).
- Lord Chancellor and Secretary of State for Justice, The Rt. Hon. Kenneth Clarke QC MP (from 12 May 2010).
- Parliamentary Under Secretary, Bridget Prentice MP (to 12 April 2010).
- Parliamentary Under Secretary of State, Jonathan Djanogly MP (from 12 May 2010).

Neither this report nor the 2010-11 Tribunals Service annual accounts include any details or amounts relating to ministerial salaries; these are disclosed and reported by the Ministry of Justice and can be found in the Ministry of Justice Annual Report and Accounts for 2010-11.

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In providing this advice, the Review Body considers a wide range of issues that include:

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

Board members' remuneration

The salaries of the Tribunals Service Management Board (TSMB) members were determined by the Permanent Secretary of the Ministry of Justice in accordance with the rules set out in Chapter 7.1, Annex A of the Civil Service Management Code.

Table 1 – Salaries paid to Tribunals Service Management Board members, and benefits in kind they received during the financial year.

Name	Year ending 31 March 2011		Year ending 31 March 2010	
	Salary (excluding pension contributions) £000's	Bonus Payments £000's	Salary (excluding pension contributions) £000's	Bonus Payments £000's
Kevin Sadler Chief Executive	95 - 100	5 - 10	95 - 100	10 - 15
Nick Chibnall Policy Director	85 - 90	Nil	85 - 90	5 - 10
Joy Coles Change Programme Manager	60 - 65	0 - 5	60 - 65	5 - 10
Dennis Collins Acting Director, Finance & Resources	70 - 75	Nil	70 - 75	Nil
Norman Egan Regional Director, North (until 10 October 2010) Director, Scotland (from 11 October 2010)	35 – 40 (75 – 80 full year equiv.)	0 - 5	75 - 80	5 - 10
Paul Stockton Director of Tribunals Judicial Office	85 - 90	0 - 5	85 - 90	5 - 10
Guy Tompkins Regional Director, South (to 10 October 2010), Director of Operations (England & Wales) (from 11 October 2010)	70 - 75	5 - 10	70 - 75	5 - 10
Paul Shipley IT Director	115 - 120	5 - 10	110 - 115	5 - 10
Chris Ball Director of Human Resources	90 - 95	Nil	60 - 65 (90 - 95 full year equiv.)	Nil
Steve Verdon Director of Human Resources – (until 2 August 2009)	N/A	N/A	25 - 30 (85 - 90 full year equiv.)	5 - 10
Greg Watkins Head of Operational Support	70 - 75	0 - 5	40-45 (70 - 75 full year equiv.)	Nil
John Butler Non-Executive Director	5 - 10	Nil	5 - 10	Nil
Howard Cressey Non-Executive Director	10 - 15	Nil	5 - 10	Nil
Francis Dobbyn Non-Executive Director	0 - 5	Nil	5 - 10	Nil

Notes to Table 1:

- No benefits in kind were paid during 2010-11 or 2009-10.
- Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts.
- 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 became payable to the individual. The bonuses reported in 2010-11 relate to performance in 2009-10 and comparative bonuses reported for 2009-10 relate to the performance in 2008-09.
- There were no amounts payable to third parties in respect of members of the Tribunals Service Management Board in 2010-11.
- Unless otherwise indicated all members of the Tribunals Service Management Board were in-post for the whole reporting year.
- Where a member was appointed to, or resigned from the Management Board during the financial year the salary and other reported costs reflect only the amounts received whilst they were a member of the Board.
- The costs of the salary in respect of Steve Verdon, Chris Ball and Paul Shipley, are not borne directly by the Tribunals Service as they were not Directors specifically of the Agency. They have been disclosed, as all were members of the Tribunals Service Management Board.
- The Management Board meetings were also attended by the following individuals in an observational capacity and, as such, disclosure of their salaries is not required;
 - Lord Rt Hon. Lord Justice Carnwath CVO (Senior President of Tribunals)
 - Richard Thomas (Administrative Justice and Tribunals Council)
 - Joan Watson (Head of Communications)
 - David Latham (President of the Employment Tribunals for England and Wales)
- Non-Executive Directors' salaries were based on an annual time commitment which varies between 6-12 days. Any further work carried out in addition to the annual time commitment may be claimed in respect of work performed at agreed daily rates.

Benefits in kind

- The monetary value of benefits in kind covers any benefits provided by the Department and treated by Her Majesty's Revenue and Customs as a taxable emolument.

Tribunals Service Management Board members' service contracts

- The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.
- Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

- Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Table 2 – Tribunals Service Management Board members’ pension benefits and the cash equivalent transfer values (CETV) of those benefits during and at the end of the financial year.

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension at pension age as at 31 March 2011 and related lump sum £'000	CETV at 31 March 2011 £'000	CETV at 31 March 2010 £'000	Real increase in CETV £'000
Kevin Sadler	0 - 2.5 plus 0 - 2.5 lump sum	30 - 35 plus 95 - 100 lump sum	549	475	3
Chris Ball	0 - 2.5 plus 0 - 2.5 lump sum	0 - 5 plus 0-5 lump sum	28	10	13
Nick Chibnall	0 - 2.5 plus 0 - 2.5 lump sum	20 - 25 plus 70 - 75 lump sum	401	344	6
Joy Coles	0 - 2.5 plus 0 - 2.5 lump sum	20 - 25 plus 65 - 70 lump sum	445	389	1
Dennis Collins	0 - 2.5 plus 0 - 2.5 lump sum	5 - 10 plus 25 - 30 lump sum	233	192	14
Norman Egan	(2.5) - 0 plus (2.5) - 0 lump sum	35 - 40 plus 115 - 120 lump sum	890	858	-3
Paul Stockton	0 - 2.5 plus (2.5) - 0 lump sum	30 - 35 plus 60 - 65 lump sum	721	675	2
Guy Tompkins	0 - 2.5 plus 0 - 2.5 lump sum	25 - 30 plus 75 - 80 lump sum	415	360	1
Paul Shipley	2.5 – 5.0 plus 0 - 2.5 lump sum	10 - 15 plus 0 - 5 lump sum	260	187	46
Steve Verdon	0 – 2.5 plus 2.5 – 5.0 lump sum	5 - 10 plus 20 - 25 lump sum	150	131	16
Greg Watkins	0 - 2.5 plus 0 - 2.5 lump sum	20 - 25 plus 70 - 75 lump sum	362	312	3

- Where members were appointed to, or resigned from the Tribunals Service Management Board during the financial year, the figures given refer only to the period in which they were members of the Board.
- The actuarial factors used to calculate the CETVs were changed in 2010-11. The CETV at 31 March 2010 and 31 March 2011 have been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year’s report which was calculated using the previous factors.

Pension benefits

- 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 set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. 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' 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 lump sum up to the limits set by the Finance Act 2004.
- The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
- The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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

- The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Real increase in CETV

- This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.
- Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Kevin Sadler
Accounting Officer and Chief Executive Officer
28 June 2011

Statement of Chief Executive's Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Tribunals Service (the Agency) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency at the financial year-end and of its net cost of operations, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the FReM 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;
- observe the Accounts Direction issued by the Lord Chancellor and Secretary of State for Justice on 30 May 2007 in accordance with Section 6(3)(a)(ii) of the Criminal Injuries Compensation Act 1995 and paragraph 4 of the Criminal Injuries Compensation Scheme 2001;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed and disclose and explain any material departures in the annual accounts; and
- prepare the annual accounts on a going concern basis.

The Accounting Officer for the Ministry of Justice has designated the Tribunals Service Chief Executive as the Agency'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 the Agency's assets, are set out in the 'Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.

Kevin Sadler
Accounting Officer and Chief Executive Officer
28 June 2011

Statement on Internal Control

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Tribunals Service Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

My responsibilities as Agency Accounting Officer are more fully defined in a letter from the Permanent Secretary. This provides that I am responsible to the Minister and accountable to Parliament for the Agency's use of resources in carrying out its functions.

From 1 April 2011 the Tribunals Service merged with HM Courts Service (HMCS) to form a new agency, HM Courts & Tribunals Service. The Tribunals Service as an independent agency therefore ceased to exist after 31 March 2011 but the control arrangements set out here have been maintained during the transition to the new structure and responsibilities.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on a process designed to:

- identify and prioritise the risks to the achievement of departmental policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and;
- manage them efficiently, effectively and economically.

The system of internal control was in place in the Tribunals Service for the year ended 31 March 2011 and subsequently up to the date of approval of the Annual Report and Accounts and accords with Treasury guidance. This includes both the TS Audit Committee which continued until this report and accounts were approved and the Risk Management Committee which continued up until similar functions were brought into operation within HM Courts & Tribunals Service.

3 Capacity to handle risk

I provided leadership on the management of risk and governance overall in the Tribunals Service, through my Executive Team (TSET) which is responsible for championing risk management across the Agency. The team met twice monthly for the majority of the year and at least monthly throughout the year with consideration and review of the Strategic Risk Register and emerging issues – the issues considered to be the major threats to achievement of our targets and objectives, being a standing item on the TSET agenda on a monthly basis. To ensure ongoing consideration of risk during the transition to HM Courts & Tribunals Service, that senior team continued to meet informally until all responsibilities were formally handed over to the new HM Courts & Tribunals Service senior management team during June 2011. My senior team operated similar arrangements within their directorates and through these mechanisms the importance of the consideration of risk was highlighted to all staff and dealt with appropriately.

I was supported during 2010-11 by a management structure that included:

- The Tribunals Service Management Board (TSMB), which met on four occasions throughout the year. This Board, which was chaired by me, and the membership of which included three Non Executive Directors and was attended by representatives from the Administrative Justice and Tribunals Council (AJTC) and the Judiciary, together with my Executive Team, was responsible for the overall direction of the Agency.
- The Tribunals Service Risk Management Committee (TSRMC), which met quarterly during the year. This committee, which was chaired by the Acting Director, Finance and Resources and whose membership included all the Tribunals Service executive directors and the ICT and HR business partners and which was attended by Ministry of Justice Internal Audit & Assurance Division (IAAD), was responsible for ensuring that risk management operated effectively across the organisation through challenge, oversight, review and consideration of all the risks facing the Agency. In addition, it considered, and where appropriate, approved, all new, closed and de-escalated strategic risks and ensured strategic risks were escalated to the Ministry of Justice as appropriate.
- The Tribunals Service Audit Committee which met five times during the year. This committee was chaired by a Non-Executive Director and provided independent assurance, assistance and comment upon the effectiveness of the governance, risk management and control framework in place.
- The Tribunals Service Security and Business Continuity Steering Group which met twice during the year to consider issues arising, related risks and proposed initiatives.
- The Tribunals Service Change Board which met 9 times during the year to consider all proposed initiatives and the risks involved.
- The Tribunals Service Information Assurance Board which met quarterly during the year and was chaired by the Acting Director, Finance and Resources - the Tribunals Service Senior Information Risk Owner, to set strategic direction on data security issues, consider risks arising, monitor the level of incidents and agree required initiatives. Membership of this board included senior operational management and a representative of the judiciary.
- The Tribunals Service Health and Safety Committee which was chaired by the Acting Director, Finance and Resources and met 3 times during the year.

In addition, a dedicated service provided by Ministry of Justice Internal Audit & Assurance Division provided me with support and independent and objective audit opinion on the assurance I can take on the Governance, Risk Management and Control arrangements in operation, through a programme of risk based audits. Internal Audit & Assurance also attended the Tribunals Service Audit Committee, Risk Management Committee, Change Board and, Security and Business Continuity meetings as well as periodic Working Groups. They also attended TSET meetings on a quarterly basis.

The Tribunals Service had a dedicated Corporate Governance team and had developed its own 'Risk Management Strategy and Policy' which was approved and published in December 2008 and has been in operation since. The policy, which sets out the roles and responsibilities of all management, staff and the various boards involved in the risk management process, is aligned to that of the Ministry of Justice and is available to all staff on the Tribunals Service Intranet. A shorter overview document has also been published which provides a quick guide on implementation.

My Corporate Governance team provided training, facilitated risk assessments and workshops and met Directors or their nominated governance representatives to review

existing and consider emerging risks. During 2010-11 Corporate Governance workshops were offered to all relevant staff to ensure that the Tribunals Service risk awareness culture and knowledge of risk concepts and tools has been maintained and built upon.

I confirm that leadership has been given to the risk management process and that relevant staff are trained to manage risk in a way appropriate to their authority and duties and that all necessary information and change to procedures is communicated to them.

As noted earlier in this statement, from 1 April 2011 the Tribunals Service merged with HMCS creating a new agency HM Courts & Tribunals Service. Bringing together the two organisations was undertaken through the Courts and Tribunals Integration Programme (CTIP). The key aims of the programme were to deliver a single administrative structure, the creation of a joined-up justice system and the agreement of a new Framework with the judiciary. The CTIP Programme Board was responsible for managing the risks associated with the merger.

4 The risk and control framework

A risk and control framework was in place to identify, monitor, manage and report the risks or threats to the achievement of the Agency's objectives. The key features of this include:

- A governance hierarchy consisting of the TSMB, TSET and the Risk Management Committee.
- An Audit Committee which provided additional objective independent support and advice to the Chief Executive.
- A risk management strategy and policy consistent with that in operation throughout the wider Ministry of Justice. Risks that threaten the achievement of the Agency's objectives are identified and analysed in terms of their impact and likelihood and reported regularly at Area, Region, Directorate and Corporate levels.
- A defined reporting process that ensures risks are communicated and escalated within the Tribunals Service and onwards to the Ministry of Justice where appropriate.
- A dedicated Information Assurance team directed by an Information Assurance Board to ensure appropriate management of Information Risk throughout the Agency.

An Assurance and Internal Control Framework to support the risk management strategy was in place, with plans for further development to provide a more transparent and robust base. Given the integration of the courts and tribunals in the new HM Courts & Tribunals Service agency with effect from 1 April 2011, this development will be taken forward within HM Courts & Tribunals Service.

As an executive agency, the Tribunals Service had in place an organisation-wide system of internal control processes to provide management with financial and operational assurance. These included:

- Financial and administrative procedures including delegations of authority and segregation of duties.
- A range of compliance checks undertaken by management at varying levels.
- Formal approval of Business Plans and their regular review.
- Regular review by management at all levels, of financial and other management information providing detail of achievement against targets.

Assurance over the robustness of internal controls has been provided by:

- Reports produced by Internal Audit & Assurance Division.
- Quarterly Statements of Internal Control provided by all directors.
- Statements of roles and responsibilities between Tribunals Service and the Ministry of Justice.

The Tribunals Service was not a stand alone organisation and the maintenance of internal controls was also reliant on the Ministry of Justice, which provided a number of services to the Agency, key amongst them including Human Resources, Information Technology and Procurement. Assurance over the robustness of internal controls for these services was obtained from, but not limited to, statements of assurance from Ministry of Justice shared service providers. In addition, the Tribunals Service Director of Finance & Resources was a substantive member of the Ministry of Justice Corporate Procurement Board which provided executive level oversight of procurement activity across the Ministry of Justice.

The Executive Team, Management Board and Risk Management Committee

The Executive Team and Management Board assessed the organisation's management of risk during their annual planning and monthly and quarterly performance review cycle. The Risk Management Committee reviewed, considered and made recommendations on all risks proposed to be included, de-escalated or closed on the strategic risk register, which were then reviewed at Management Board and Executive Team level.

Stakeholders and partners

Risks are managed with stakeholders and partners in a variety of ways. Regular meetings are held with delivery partners in other government departments. These include the Department for Work and Pensions (DWP), UK Border Agency (UKBA), Department for Business, Innovation and Skills (BIS), Advisory, Conciliation and Arbitration Service (Acas) and the Department for Education. Topics discussed include performance management and its measurement, emerging workload pressures and risks and crucially, opportunities for closer working to avoid or manage those risks.

With regard to stakeholders, during the year the Tribunals Service and the Administrative Justice and Tribunals Council maintained a close working relationship that respected the statutory independence of the Council. The Tribunals Service have provided assistance and information necessary for the Council to carry out its statutory functions of keeping under review, and reporting on, the constitution and working of the tribunals within its oversight. The Council provided feedback to the Tribunals Service on the workings of the particular tribunals and chambers that it administers.

Business continuity

Each Tribunals Service site has both a Crisis Management plan and a Business Continuity (recovery) plan. A tiered system of Area and National Crisis management plans are in place for incidents that require an escalated response. These plans show critical activities and tolerable downtimes. In addition, the Tribunals Service has also agreed cross jurisdictional priorities at the operational level should availability of resources become a constraint. National guidance is in place in relation to the required responses to national disruptions caused by events such as severe weather.

The Tribunals Service Business Continuity manager is a trained auditor of the British Standard of Business Continuity BC 25999. All Business Continuity plans were fully updated in 2009 and two assurance exercises have been conducted during the year ending 31 March 2011 to confirm that the revised plans are current and fit for purpose. Assurance has also been received that Area level plans are up to date. The Tribunals

Service continued to be represented on the departmental Business Continuity and IT Business Continuity Boards to ensure practices were consistent across the department and best practice was followed.

Security

The security regime continued to address risks to assets and internal security, including maintenance of a fixed asset register and associated asset checks. The Tribunals Service had a clear security policy in place which describes the relevant roles and responsibilities for all levels of management and is aligned with departmental policy. All sites have undergone an inspection to ensure they meet our security requirements and we are currently looking at regularising the security provision arrangements across the whole of the estate. Throughout the year, the Agency has had robust security incident reporting and investigation systems in place.

Information assurance

The Tribunals Service had an Information Assurance Board, chaired by an Executive Team member, which directed and reviewed a programme of work to improve the understanding and control of information risk and ensure compliance with the mandatory standards set out in the Security Policy Framework relating to the handling of personal data as defined in HMG IA Standard No. 6 – Protecting Personal Data and Managing Information. The membership included both operational directors and Judicial and IT representation. The Board was supported by a small dedicated team which worked with the business to take the Information Assurance agenda forward.

During the year we continued the work to embed understanding of the issues and challenges data security poses in an organisation such as the Tribunals Service where significant levels of data transfer are involved and continue to be assessed at Level 2 of the Information Assurance Maturity Model as measured by the Information Risk Return. A key strand in this was the provision of the mandatory data handling update training delivered to all staff through a formal team brief/question and answer session and mandatory role specific e-learning training for those with specific responsibilities for Information Assurance. This was in addition to regular communication to all staff on information assurance policy, procedures and processes to raise awareness, and regular reporting on progress to the Tribunals Service Audit Committee and Management Board. The work to accredit all Tribunals Service IT systems remains ongoing but in terms of risk of data disclosure this is not seen as a major threat.

All Information Assets have assigned Information Asset Owners accountable for the protection of the information and a system of quarterly risk assessments considering confidentiality, integrity and availability of information is in place.

The key data handling threat to the Agency remains the accidental disclosure of personal information by staff, in particular through personal communications being sent to the wrong person. There were 318 data incidents in 2010-11, two of which were raised with the Information Commissioner. Although this is a significant increase compared with 2010-11 – 152 (92%) – the number of incidents remains relatively low (less than 0.001% of our total postal volumes) and should be viewed in the light of a 23% increase in the number of receipts in the Security and Child Support tribunal alone. Both incidents raised with the Information Commissioner were investigated, and it was determined that no further action would be taken due to remedial action already taken by the organisation to prevent any recurrence of the incident.

With regard to the judiciary, whilst recognising and understanding their status as Data Controllers in their own right, we have worked closely with them to support the considerable efforts they have made to heighten the awareness, understanding and

compliance with the processes required to manage the risks relating to data security they face in discharging their responsibilities.

Health and Safety

The Tribunals Service Health and Safety Manual provides a Health and Safety Management System, based on the Health and Safety Executive's guidance 'Successful Health and Safety Management' HSG 65, which enables it to discharge its statutory health and safety responsibilities in respect of the provision of a safe workplace and systems of work. Sites are required to complete a 'Key Point Self Assessment' every 6 months and evidence must be provided to justify their assessment with any shortfalls being addressed in an action plan with clear priorities and scheduled outcomes. All Tribunals Service sites are audited over a 2-3 year rolling calendar to validate the assessments and an outcome report is forwarded to the senior manager on site clearly identifying any shortfalls and action that requires to be taken. We have completed 80 such audits over the last two years.

All Tribunal Service sites have an appointed 'Health and Safety Coordinator' responsible for local issues and for assisting the senior person on site to fulfil their statutory duties to employees. Training is provided to enable the Coordinator to fulfil the requirements of their role with senior managers receiving appropriate training to ensure they are aware of their responsibilities.

Sites are required to complete an annual review to ensure all relevant risks are assessed and documented and a range of generic risk assessments have been designed to facilitate this task.

An accident reporting system is in place which ensures managers investigate the accident, identify any breaches of Health and Safety policy that may have contributed to the accident, and put in place control measures to minimise the possibility of a recurrence.

Appropriate induction training is given to all new entrants including temporary and agency staff.

Sustainable development

The Tribunals Service continued to participate in the wider government sustainable development network run by the Sustainable Development Commission and also the Civil Service North East and Midlands Sustainable Development Networking groups.

Reaccreditation of the 10 sites already accredited to the standard required by ISO 14001 – the International Standard for Environmental Management Systems (EMS) is underway and the system has been rolled out to a further 18 sites with relevant training being provided to the local representatives involved. We have also trained a number of the experienced EMS representatives as EMS auditors and we are now in a better position to assess the state of readiness of sites prior to external accreditation.

The "10% Carbon Reduction" target introduced by the Prime Minister provided additional impetus in this area and we supported this with high profile communications. A comprehensive monitoring system has been introduced in all other sites for which the Tribunals Service has reporting responsibility.

During the year electrical and mechanical work was completed at five sites to improve the efficiency of our energy usage and work was in progress at a further five sites at the end of the financial year.

Fraud

The Tribunals Service was a member of the Ministry of Justice Counter-Fraud Group and a Fraud Risk Assessment has been undertaken in the required departmental format, consistent with HM Treasury guidance. The Tribunals Service had four trained fraud investigators and was able to draw more widely across the Department if necessary. Fraud investigations were carried out by a Tribunals Service Fraud Investigator with the advice and guidance of Ministry of Justice Internal Audit and HM Courts Service Fraud Team.

During 2010-11 we published the TS Fraud Response Plan, which is aligned with the Ministry of Justice plan, and communicated this to all staff. Specific training on the implications of the Bribery Act 2010 was delivered to two Tribunals Service Fraud Investigators and Fraud Awareness training was offered to appropriate members of staff. The Tribunals Service Fraud and Whistle Blowing Policy, which is consistent with the Ministry of Justice policy in this area was approved in February 2010 and operated throughout 2010-11.

During the year six potential or suspected frauds were reported. All of these were investigated but in none of the cases was there sufficient suggestion of deliberate impropriety to necessitate criminal proceedings.

5 Review of Effectiveness

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 the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and the Risk Management Committee and plans to address weaknesses and ensure continuous improvement of the system is in place.

Audit Committee

The Audit Committee met quarterly in 2010-11 and also met subsequently to oversee the production of the Annual Report and Accounts for the year. It continuously discussed the system of internal control, stressed its importance and ensured that issues arising were followed through and appropriate action taken. This focus on internal control is evidenced by the sharp reduction in the number of Internal Audit recommendations not implemented within target dates. In addition, it received and reviewed reports from Internal Audit & Assurance Division and, as appropriate, the National Audit Office (NAO). The Committee was chaired by a Non Executive Director and the Committee's terms of reference and membership were in accordance with the HM Treasury publication 'The Audit Committee Handbook'. The Chair of the Audit Committee submitted a report to the Board after each Audit Committee and presented an Annual Report to the Chief Executive.

Internal audit

The Ministry of Justice's Internal Audit and Assurance Division (IAAD) provided a comprehensive programme of internal audit across the activities of the Agency operating to Government Internal Audit Standards. My Corporate Governance Team work with Tribunals Service management to ensure that the agreed recommendations, arising from IAAD reports, are implemented within the timescales given. The Head of IAAD gives an independent opinion of the effectiveness of Tribunals Service' governance, control and risk management arrangements. IAAD also provided guidance and advice on the prevention, detection and correction of internal control failings including during and after fraud investigations.

Improving risk management

The development of risk management within the Tribunals Service was directed by the Risk Management Committee and implemented through the Corporate Governance team. IAAD also provide objective and constructive advice.

During 2010-11 the Risk Management Committee met four times to consider the internal control and assurance systems and a range of risks and other governance weaknesses, most of which have subsequently been rectified with action plans drawn up to deal with the remaining areas. These initiatives and actions have contributed to improved outcomes in risk management across the Agency.

The most significant of the developments during the year was the introduction of quarterly Statements of Internal Control from all directors. This initiative has improved on the previous practice of a single assessment undertaken at the end of the financial year by providing confirmation of ongoing consideration of risks and the required control framework, and the suitability of and compliance with, that framework.

The Corporate Governance team facilitated 10 Fraud Awareness and Corporate Governance events, attended by 167 staff, which included sections on Risk Management. In addition, Risk Management Workshops – which are available on demand – were held for a number of Directorates/Areas. These facilitated workshops helped ensure that the risks to business objectives have been identified and monitored, and raised awareness of the importance of the consideration of risk.

During the year the effectiveness of the internal control system was tested in particular by the significant and unexpected increase in the workload arising in the Security and Child Support tribunal as a result of the introduction of Employment Support Allowance. The early identification of this risk, and availability and regular review of timely management information and forecasts of workload, alerted management throughout the Agency to the pressures both faced and forecast. This enabled the Tribunals Service to both scale-up significantly to meet those pressures and also influence the behaviour of the first-tier department involved in the original decisions.

6 Significant internal control issues

Technical Security Risks and Issues

Key systems owned by HMCS are accredited by Ministry of Justice Information Communication and Technology (ICT). This includes key business systems, such as GAPS2 and ARIA and the DISC infrastructure over which many systems are accessed. During the course of the accreditation process and risk assessments, some vulnerabilities and weaknesses have been discovered. Ministry of Justice ICT are continuing to work with system owners, suppliers and information asset owners to attempt to mitigate such vulnerabilities through improved processes, implementation of new technical countermeasures or through improvements to existing technical controls.

Other

No other significant control issues were identified during the year.

Kevin Sadler
Accounting Officer and Chief Executive Officer
28 June 2011

Tribunals Service Agency

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 the Tribunals Service (“the Agency”) for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Chief Executive and auditor

As explained more fully in the Statement of Chief Executive Responsibilities, the Chief Executive 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 Agency’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency’s affairs as at 31 March 2011, 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 sections headed *Overview, Governance and Financial Performance* 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 or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
04 July 2011

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

Financial Statements and Supporting Notes

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

	Notes	2010-11		Restated 2009-10	
		£'000	£'000	£'000	£'000
Administration Costs:					
Staff and Judicial costs	5	14,253		10,900	
Other Administration costs	6	21,477		27,894	
		<u>35,730</u>		<u>38,794</u>	
Income	7	<u>(23)</u>		<u>(62)</u>	
Net Administration Costs			35,707		38,732
Programme Costs:					
Staff and Judicial costs	5	231,031		223,431	
Other Programme costs	6	99,064		94,924	
		<u>330,095</u>		<u>318,355</u>	
Income	7	<u>(64,274)</u>		<u>(52,527)</u>	
Net Programme Costs			265,821		265,828
Net Operating Costs			301,528		304,560

Other Comprehensive Expenditure

for the year ended 31 March 2011

	2010-11	2009-10
	£'000	£'000
Net (gain)/loss on revaluation of Property, Plant and Equipment	(311)	(488)
Net (gain)/loss on revaluation of Intangibles	2	(228)
Total Comprehensive Expenditure	301,219	303,844

All income and expenditure is derived from continuing operations.

The notes on pages 50 to 85 form part of these accounts.

Statement of Financial Position

as at 31 March 2011

		31 March 2011		Restated 31 March 2010		Restated 01 April 2009	
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:							
Property, plant and equipment	8	28,931		30,474		22,340	
Intangible assets	9	1,181		9,765		7,446	
Total non-current assets			30,112		40,239		29,786
Current assets:							
Trade and other receivables	12	10,529		9,652		15,527	
Cash and cash equivalents	13	5,653		14,727		5,041	
Total current assets			16,182		24,379		20,568
Total assets			46,294		64,618		50,354
Current liabilities:							
Trade and other payables	14.1	(45,475)		(44,385)		(55,538)	
Total current liabilities			(45,475)		(44,385)		(55,538)
Net current liabilities			(29,293)		(20,006)		(34,970)
Non-current assets less net current liabilities			819		20,233		(5,184)
Non-current liabilities:							
Provisions	15	(7,399)		(7,615)		(3,694)	
Other payables	14.2	(356)		(212)		(146)	
Total non-current liabilities			(7,755)		(7,827)		(3,840)
Assets less liabilities			(6,936)		12,406		(9,024)
Taxpayers' equity							
General fund			(13,559)		5,165		(16,433)
Revaluation reserve			6,623		7,241		7,409
Total taxpayers' equity			(6,936)		12,406		(9,024)

Kevin Sadler

Accounting Officer and Chief Executive Officer

28 June 2011

The notes on pages 50 to 85 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2011

	Notes	2010-11 £'000	Restated 2009-10 £'000
Cash flows from operating activities			
Net operating costs		(301,528)	(304,560)
Adjustments for notional and non-cash transactions	18.1	30,014	24,122
(Increase)/decrease in trade and other receivables	12	(877)	5,875
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure:			
Inter-departmental capital receivables ¹		-	192
Transfers from other Tribunals ²		-	3
Bad debt provision	6	66	(108)
Increase/(decrease) in trade and other payables	14	1,234	(11,087)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure:			
Non-current asset payables		957	1,971
Movement between non-current assets and inter-departmental receivables/payables		(487)	(835)
Third party balances	24	(16)	(21)
Utilisation of provisions	15	(426)	(670)
Net cash outflow from operating activities		(271,063)	(285,118)
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangibles	18.2	(4,228)	(14,217)
Proceeds of disposal of property, plant and equipment		1	-
Net cash outflow from investing activities		(4,227)	(14,217)
Cash flows from financing activities			
Funding from Ministry of Justice ³		266,200	309,000
Net financing		266,200	309,000
Increase/(decrease) in third party balances	24	16	21
Net increase/(decrease) in cash and cash equivalents in the period		(9,074)	9,686
Cash and cash equivalents at the beginning of the period		14,727	5,041
Cash and cash equivalents at the end of the period	13	5,653	14,727

The notes on pages 50 to 85 form part of these accounts.

- 1 In 2009-10 £192k was received from The Office of the Public Guardian (OPG) with regards to their occupation of the 4th floor of Hagley Road. The OPG is another Agency of the Ministry of Justice.
- 2 In 2009-10 three tribunals joined the Tribunals Service (see note 1.2).
- 3 Net funding from the Ministry of Justice has decreased due to increased funding received from other government departments (see note 7).

Consolidated Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2011

	Notes	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance as at 31 March 2009		(16,135)	7,353	(8,782)
Prior period adjustment	2,8	(298)	56	(242)
Restated balance as at 1 April 2009		(16,433)	7,409	(9,024)
Funding from Ministry of Justice		309,000	-	309,000
CFERs payable to the Consolidated Fund		(10)	-	(10)
Comprehensive Expenditure for the year	2,8	(304,560)	-	(304,560)
Non-cash adjustments:				
IFRS Adjustments	8	(300)	-	(300)
Actuarial gain/(loss) on pension scheme liabilities	5.3.3	(300)	-	(300)
Machinery of Government		(3)	-	(3)
Non-cash charges:				
External auditor's remuneration	6	145	-	145
Departmental recharge	6	16,742	-	16,742
Net gain/(loss) on revaluation of property, plant and equipment		-	488	488
Net gain/(loss) on revaluation of intangible assets		-	228	228
Movement between reserves		884	(884)	-
Restated balance as at 31 March 2010		5,165	7,241	12,406
Funding from Ministry of Justice		266,200	-	266,200
CFERs payable to the Consolidated Fund		-	-	-
Comprehensive Expenditure for the year		(301,528)	-	(301,528)
Non-cash adjustments:				
IFRS Adjustments	8	300	-	300
Actuarial gain/(loss) on pension scheme liabilities	5.3.3	37	-	37
Machinery of Government		-	-	-
Non-cash charges:				
External auditor's remuneration	6	116	-	116
Departmental recharge	6	15,224	-	15,224
Net gain/(loss) on revaluation of property, plant and equipment		-	311	311
Net gain/(loss) on revaluation of intangible assets		-	(2)	(2)
Movement between reserves		927	(927)	-
Balance as at 31 March 2011		(13,559)	6,623	(6,936)

The notes on pages 50 to 85 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The Accounting Officer has determined that these accounts can be prepared on a going concern basis.

1.1 Accounting convention

The accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of property, plant and equipment, and intangibles.

1.2 Machinery of government changes and restatement of comparatives

Machinery of government changes, which involve the transfer of functions or responsibilities between two or more government departments, are accounted for using merger accounting in accordance with the FReM. Where material asset and liability balances are transferred to the Tribunals Service the prior year comparatives are restated as appropriate, so that it appears that the entity has always existed in its present form.

In 2010-11 only the Environmental Tribunal joined the Tribunals Service. As this tribunal was newly created on 1 April 2010 no assets or liabilities were required to be transferred to the Tribunals Service.

In 2009-10 the Reserve Forces Appeal Tribunal (RFAT), Adjudication Panel for England (APE) and the Family Health Services Appeal Authority (FHSAA) joined the Tribunals Service.

1.3 Property, plant and equipment

Valuation basis

Property, plant and equipment are stated at fair value, which is assessed at current value as determined by the application of modified historic cost accounting.

Valuation method

Land and buildings are included at fair value on the basis of professional valuations, which are conducted for each property at least once every five years. Professional valuations are undertaken using the Royal Institution of Chartered Surveyors (RICS) 'Red Book' (RICS Appraisal and Valuation Standards). The most recent valuations performed for the Tribunals Service were conducted by the Valuation Office Agency (VOA) as at 31 March 2009, on its four properties.

Non-property assets are included at cost upon purchase and are restated at each Statement of Financial Position date, using the relevant indices from the Price Index

Numbers for Current Cost Accounting (PINCCA) produced by the Office for National Statistics.

Property, plant and equipment under construction are valued at cost. Costs are capitalised where they are directly attributable to bringing the asset into working condition. On completion, they are reclassified from assets under construction into the appropriate asset category.

Componentisation

The Tribunals Service reviews its material assets to determine whether there are parts that it considers will be replaced sooner than, and separately from, the rest of the asset. These are parts that have a cost that is significant in relation to the total cost of the asset.

Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in property, plant and equipment, and intangibles (excluding donated assets).

Capitalisation thresholds

- **Individual assets**

The capitalisation threshold for individual assets is £10k (including VAT).

- **Software projects**

The capitalisation threshold for software projects is £500k (including VAT). This threshold was selected for two reasons; smaller amounts are usually part of overall outsourced deliverables which are not separately identifiable on supplier invoices, and this threshold reflects material expenditure.

- **Grouped assets**

Although the Tribunals Service's accounting policy is only to capitalise single items over £10k (including VAT), materially significant purchases of individual items may arise in connection with a single project. In accordance with IFRS, the Tribunals Service accounts for such a materially significant purchase as a grouped asset.

For grouped assets the Tribunals Service has adopted a capitalisation threshold of £50k (including VAT).

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. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life.

Tribunals Service's policy is to commence depreciation in the month following the acquisition of a non-current asset within the categories 'Land' and 'Buildings excluding dwellings' and in month for all other non-current assets.

Asset lives are within the following ranges:

Freehold land	Not depreciated
Long Leasehold Land (>125 years)	Depreciated over lease period

Freehold buildings	Shorter of remaining life or up to 60 years
Ingoing works on leasehold buildings	Shorter of remaining life, remaining lease period or up to 50 years.
Grouped Assets	Depending on individual asset types comprising this asset
Information Technology	5 to 7 years depending on individual asset type
Plant and Machinery	5 to 7 years depending on individual asset type
Vehicles	3 to 4 years depending on individual asset type.
Assets under construction	Not depreciated
Furniture and Fittings	10 years
Finance leases	Lease period or period implicit in the repayment schedule

Motor vehicles are included within plant and machinery (see note 8).

Impairment

All assets are assessed annually for indications of impairment. Where indications of impairment exist, the asset value is tested for impairment by comparing the book value to the recoverable amount. In accordance with IAS 36 'Impairment of assets' the recoverable amount is determined as the higher of the fair value less costs to sell and the value in use.

Where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount and an impairment loss is recognised.

Where the impairment loss relates to a revalued asset and has not resulted from a loss of economic value or service potential it is taken to the revaluation reserve. An impairment loss on such assets that has arisen from a clear consumption of economic benefit is taken to the Statement of Comprehensive Net Expenditure. The balance on the revaluation reserve (up to the level of the impairment) is transferred to the general fund.

Any reversal of an impairment charge is recognised in the Statement of Comprehensive Net Expenditure to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in that statement.

1.4 Intangible non-current assets

The Tribunals Service's intangible assets comprise internally developed software for internal use and purchased software.

All research costs are expensed. Development costs are capitalised when the criteria for recognition per IAS 38 'Intangibles' are met. The Tribunals Service's own staff costs are expensed to the Statement of Comprehensive Net Expenditure, as well as those of the contractors and interims undertaking ongoing roles that might otherwise be filled by civil servants. The costs of external consultants engaged on projects are capitalised where appropriate.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Tribunals Service's intangible assets, the assets are carried at revalued cost (revaluations are conducted annually using indices extracted from PINCCA tables) less any accumulated amortisation and accumulated impairment losses.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss.

The Tribunals Service's intangible assets are amortised using the straight-line method over its economic life of 5 to 7 years.

1.5 Leases

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental to ownership of leased non-current assets are transferred from the lessor to the lessee when assessed against the qualitative and quantitative criteria in IAS 17 'Leases'. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and rewards.

Finance leases

Finance lease rights and obligations are initially recognised at the commencement of the lease term as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments determined at the inception of the lease. The assets are disclosed as property, plant and equipment and are depreciated to the Statement of Comprehensive Net Expenditure over the period during which the Tribunals Service is expected to benefit from the use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

In accordance with IAS 17 'Leases' the Tribunals Service assesses all long lease land contracts (i.e. greater than 125 years) in accordance with the general principles of the standard to determine whether they are finance leases or operating leases.

Operating leases

The Tribunals Service has entered into a number of operating lease arrangements. Rentals under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis.

Operating leases – incentives

The 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 as an integral part of the net consideration agreed for the use of the leased asset over the lease term.

1.6 IFRIC 4 Determining whether an arrangement contains a lease

In determining whether the Tribunals Service holds a lease, contracts that use assets are assessed to determine whether the substance of the arrangements contain 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. The arrangement is then assessed under IAS 17 to determine whether it should be accounted for as a finance or operating lease.

1.7 Service concession arrangements

Contracts that use assets are assessed to determine whether the Tribunals Service holds service concession arrangements. The contract is treated as a non-current asset on the Statement of Financial Position if it meets the conditions of IFRIC 12 'Service concession arrangements'.

1.8 Inventories and work in progress

Inventories comprise raw materials, work-in-progress, finished goods and consumable stores. Inventories of stationery and other consumable stores are not generally considered material and are written off to the Statement of Comprehensive Net Expenditure as they are purchased. Inventories are valued at the lower of current replacement cost or net realisable value. Current replacement cost is not considered materially different to historical cost.

1.9 Pensions

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 Tribunals Service 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 Tribunals Service recognises the contributions payable for the year.

Details of the Judicial Pension Scheme can be found at note 5.2.2.

Early departure costs (included within note 15 - provisions)

The Tribunals Service meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Tribunals Service provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

By-Analogy pension scheme (included within note 15 - provisions)

The Tribunals Service has two by-analogy pension schemes which are similar to the PCSPS. These are funded from the Department's Vote, and payments are administered by the Department and made via the payroll system.

1.10 Income

Operating income is income which relates directly to the operating activities of the Tribunals Service. It principally comprises charges for services provided on a full cost basis to external customers and the recovery of costs from other government departments. Other operating income includes rents receivable and miscellaneous receipts (for example sale of publications). Income is stated net of VAT.

1.11 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition of administration costs set out in the Spending Review by HM Treasury. Broadly, administration expenditure reflects the costs of running the Tribunals Service while programme costs relate to service delivery activities.

1.12 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, who for the purposes of these accounts is determined to be the Chief Executive. The analysis is made by reportable operating segments and is included at note 4.

1.13 PFI transactions

The Tribunals Service does not have any PFI commitments to report in its own right.

1.14 Non-cash costs

Non-cash costs in the Statement of Comprehensive Net Expenditure include the external auditors' remuneration, which represents the National Audit Office's cost for the audit of the Tribunals Service's accounts, and departmental overhead recharges, which are recharged to the Agency from the Ministry of Justice.

1.15 Provisions

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when the Tribunals Service has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury (currently 2.2%) except early departure and pension provisions for which the discount rate used is 1.8%.

1.16 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 'Provisions, contingent liabilities, and contingent assets', the 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 but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

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

1.17 Value Added Tax

Most of the activities of the 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 capitalised purchase costs of property, plant and equipment, and intangibles. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.18 Third party assets

The Tribunals Service as custodian or trustee holds certain assets belonging to third parties. Neither the Tribunals Service nor the Government have a direct beneficial interest in these assets (see note 24).

Any third party monies held at 31 March 2011 are recognised as both cash at bank and other current liabilities.

1.19 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling, which is the functional currency, at the exchange rate specified in the contract. Transactions are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in a foreign currency at the Statement of Financial Position date are translated at the rates at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure. The Tribunals Service has not engaged in hedge accounting.

1.20 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 the Tribunals Service to recognise the expected cost of the annual leave entitlement of its employees that remains outstanding at the end of each financial year. The 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.

1.21 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one organisation and a financial liability of another.

The financial instruments held by the Tribunals Service have been split into the following categories:

Financial assets

Cash at bank and in hand

Loans and receivables:

- Trade receivables
- Other receivables

Financial liabilities

- Trade payables
- Finance lease liabilities

See note 10 for further details on the Tribunals Service's policy on financial instruments.

1.22 Accounting standards, interpretations and amendments to published standards effective in the year-ended 31 March 2011

The Tribunals Service has reviewed the standards, interpretations and amendments to published standards that came into effect during 2010-11 and has adopted those that are relevant to its operations. Details of these are provided below.

The Tribunals Service has not reported a cost of capital charge in its accounts in accordance with new requirements issued by HM Treasury. Details of the accounting treatment applied and the financial impact is provided in note 2.

The Tribunals Service has applied the new requirements of IAS 17 'Leases' which requires that leases of land should be classified according to the general principles of the standard rather than being assumed to be an operating lease unless title is passed to the lessee. Following a reassessment of its unexpired leases one long lease land asset has been reinstated to the Statement of Financial Position. Details of the accounting treatment and financial impact are provided in note 8.

The adoption of these standards has not had a significant impact on the Tribunal Service's financial position.

The Tribunals Service has considered the new requirements of IAS 36 'Impairments' which requires that impairments arising due to a clear consumption of economic benefit should be charged directly to the Statement of Comprehensive Net Expenditure rather than be set against any available revaluation reserve. As a result of this review no required changes have been identified.

Standard and Description of Revision	Effective Date (annual periods beginning on or after)	Possible Impact of application of IFRS
IFRS 9 Financial Instruments	1 January 2013	This IFRS will replace IAS 39 'Financial Instruments: Recognition and Measurement' simplifying the classification and measurement of financial assets and resulting in only one impairment method. Unlikely to have significant impact.
IFRS 7 Financial Instruments (Amendments resulting from May 2010 Annual Improvements to IFRS's)	1 January 2011	Explains the reason for providing qualitative and quantitative disclosures on risks and the benefits to users of financial statements of being able to link the two. Has amended the disclosure requirements required on credit risk. Unlikely to have significant impact.
IAS 1 Presentation of financial statements (Amendments resulting from May 2010 Annual Improvements to IFRS's)	1 January 2011	Allows items of other comprehensive income for respective elements of equity to be presented in notes rather than in the Statement of Comprehensive Expenditure (SOCE). Unlikely to have significant impact.
IAS 34 Interim Financial Reporting (Amendments resulting from May 2010 Annual Improvements to IFRS's)	1 January 2011	Strengthens requirement to include an explanation for events and transactions since the last full report including a list of those events and transactions required by their nature to be disclosed. Examples of such categories include changes in circumstances affecting fair value of financial assets and liabilities, changes in classifications of financial assets and changes in contingent liabilities and assets. Unlikely to have significant impact.

All of the above changes will be applied in the financial year that they become effective.

1.23 Major FReM changes for 2011-12

The Tribunals Service has also considered major changes to the FReM that are effective from 2011-12 and has not identified any that will have a direct impact on the Agency.

1.24 Significant accounting estimates and assumptions

The Tribunals Service's accounts reflect estimates and assumptions concerning the future. By definition, estimates are unlikely to be the same as actual results. They are, however, continually evaluated and are based on historical experience and other relevant factors including expectations of future events that are believed to be reasonable under the circumstances.

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 Fixed Assets

'Land' and 'Buildings excluding dwellings' are shown at fair value, based on professional valuations. The Valuation Office Agency (VoA) carry out the valuations in accordance with the Royal Institution of Chartered Surveyors (RICS) 'Red Book' (RICS Appraisal and Valuation Standards).

The value of land and buildings fluctuates with changes in construction costs and the current market. The accounting policy for land and buildings is set out in note 1.3 and information about land and buildings is provided in note 8.

Provisions for Liabilities and Charges

The provisions for liabilities and charges reported in note 15 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where there is 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, a provision is recognised. The accounting policy for provisions for is set out in note 1.15.

Lease Accounting

Judgement is required in the initial classification of leases as either operating or finance leases according to the initial assessment against a range of qualitative and quantitative factors. If the contracted lease payments are not separable between land and buildings in the lease contract, a 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 1.5.

2 Change in accounting policy

Historically HM Treasury guidelines required the Tribunals Service and all central government departments to reflect a notional interest on capital charge that reflected the cost of capital utilised by the Agency to undertake its business and deliver services. This was charged as an expense through the Statement of Comprehensive Net Expenditure and was reflected in the net operating costs figure.

With effect from 1 April 2010, the Tribunals Service and all other central government departments are no longer required to report this figure. As this is a change in accounting policy the Tribunals Service has restated its prior year comparatives as required by

International Accounting Standard (IAS) 1. The net effect of this restatement on the general fund is nil. The Tribunals Service has also undertaken a prior period adjustment to correct two errors arising in previous years in respect of the valuation of ingoing works (see note 8).

2.1 Reconciliation of Net Operating Cost reported in prior years

	Note	£'000
Net operating cost reported in 2008-09		309,434
Adjustment for change in cost of capital accounting policy		302
Prior period adjustment	8	736
Net Operating Cost (Restated)		310,472
	Note	£'000
Net operating cost reported in 2009-10		302,769
Adjustment for change in cost of capital accounting policy		81
Prior period adjustment	8	1,710
Net Operating Cost (Restated)		304,560

3. Cost recovery (fees and charges)

The Tribunals Service is required, in accordance with HM Treasury's Fees and Charges Guide, to disclose performance results for the areas of its activities where fees and charges are made. The following analysis is for fees and charges purposes only and is not intended to meet the requirements of IFRS 8 'Operating Segments'.

	Income £'000	Expenditure £'000	Deficit £'000	Fee recovery actual %	Fee recovery target %
2010-11:					
Lands Tribunal	386	(2,143)	(1,757)	18	48
2009-10:					
Lands Tribunal	274	(2,156)	(1,882)	13	50

The historical target for Lands Tribunal Fees was to achieve recovery of 50% of full costs. Revised fee levels were introduced with effect from 29 November 2010 at a rate which in a full year is expected to achieve the fee recovery target.

No other area of activity meets the parameters set out in HM Treasury's Fees and Charges Guide for inclusion within this note.

4. Operating segments

The Tribunals Service is organised for management purposes into two operational regions divided by geographic location and a number of corporate areas.

For financial reporting purposes, the segment reporting format is determined based on the way in which the Tribunals Service Executive Team (TSET) monitor the operating results of segments for the purpose of making decisions and allocating resources.

The Tribunals Service's reportable operating segments are as follows:

- Operations (Scotland)
- Operations (England and Wales)
- Change Programme
- Finance and Resources
- Corporate Centre and Support Services
- Income

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

Segment revenue and results

A description of the services from which the reportable segments derive income is provided in note 7. There were no inter-segment transactions in the year (2009-10: nil).

The following table presents the net operating cost of operations by reportable operating segments for the period ended 31 March 2011.

	2010-11	Restated
	£'000	2009-10
		£'000
Operations (Scotland)	22,801	20,143
Operations (England and Wales)	243,082	242,182
Change programme	17,466	9,387
Finance and Resources (including premises costs)	51,857	53,322
Corporate centre and support services	30,619	32,115
Income	(64,297)	(52,589)
Net operating cost of operations	301,528	304,560

5. Staff and judiciary numbers and related costs

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

	Notes	2010-11			2009-10		
		Admin £000's	Programme £000's	Total £000's	Admin £000's	Programme £000's	Total £000's
Staff Costs	5.1.1	13,963	68,450	82,413	10,864	66,129	76,993
Judicial Costs	5.2.1	290	162,581	162,871	36	157,302	157,338
Total Staff and Judicial Costs		14,253	231,031	245,284	10,900	223,431	234,331

5.1 Tribunals Service staff

5.1.1 Staff costs comprise:

	2010-11		
	£'000	£'000	£'000
	Permanently employed staff	Agency and contract staff	Total
Wages and salaries	62,985	3,762	66,747
Social security costs	3,946	-	3,946
Employer's pension contributions	9,984	-	9,984
Voluntary Early Departures	1,854	-	1,854
	78,769	3,762	82,531
Less: recoveries in respect of outward secondments	(118)	-	(118)
Total staff costs	78,651	3,762	82,413

	2009-10		
	£'000	£'000	£'000
	Permanently employed staff	Agency and contract staff	Total
Wages and salaries	58,435	5,584	64,019
Social security costs	3,556	-	3,556
Employer's pension contributions	9,480	-	9,480
	71,471	5,584	77,055
Less: recoveries in respect of outward secondments	(62)	-	(62)
Total staff costs	71,409	5,584	76,993

In December 2010, the Ministry of Justice offered a Voluntary Early Departure (VED) scheme to selected Tribunal Service employees. The terms of the scheme offered were in

accordance with the Civil Service Compensation Scheme introduced by the Government in December 2010. The VED expense covers amounts to be paid to individuals who accepted the offer of voluntary exits and who were approved to leave during 2010-11.

There were no compulsory redundancies during the year. A summary of VED exits is provided below. As the VED scheme commenced in 2010-11, there are no prior year comparatives.

Exit Package Cost*	Number of compulsory redundancies	Number of voluntary departures	Total number of exit packages by cost
<£10,000	-	-	-
£10,000 - £25,000	-	4	4
£25,000 - £50,000	-	10	10
£50,000 - £100,000	-	12	12
£100,000 - £150,000	-	5	5
£150,000 - £200,000	-	-	-
Total number of exit packages by type	-	31	31
Total resource cost (£000's)	-	1,854	1,854

*These costs include payments and compensation in lieu of notice amounts where relevant. 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.

5.1.2 Pension scheme

The Principle Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and the Tribunals Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11 employers' contributions of £9,984k were payable to the PCSPS (2009-10: £9,480k) at one of four rates in the range 16.7% to 24.3% (2009-10: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

5.1.3 Average number of staff employed

The average number of full-time equivalent persons paid during the year, including Board members, was:

	2010-11		
	Permanent staff	Agency and contract staff	Total
Directly employed	2,921	-	2,921
Other	-	113	113
Staff engaged on capital projects	33	-	33
TOTAL	2,954	113	3,067

			2009-10
	Permanent staff	Agency and contract staff	Restated Total
Directly employed	2,809	-	2,809
Other	-	160	160
Staff engaged on capital projects	35	-	35
TOTAL	2,844	160	3,004

The average staff full-time equivalent has increased due to additional workloads in the Social Security and Child Support tribunal.

5.2 Judiciary

5.2.1 Judiciary payroll costs

Members of the judiciary are independent of the Tribunals Service. Their payroll costs are met directly by the Tribunals Service. All costs are included within Tribunals Service's accounts to ensure the full cost of operations is disclosed.

The payroll costs for the year were as follows:

			2010-11
	Salaried	Fee Paid	Total
	£'000	£'000	£'000
Wages and salaries	50,659	82,391	133,050
Social security costs	5,469	8,316	13,785
Employer's pensions contribution	16,036	-	16,036
Total payroll costs of the judiciary	72,164	90,707	162,871

			2009-10
	Salaried	Fee Paid	Total
	£'000	£'000	£'000
Wages and salaries	48,918	79,956	128,874
Social security costs	5,223	8,082	13,305
Employer's pensions contribution	15,159	-	15,159
Total payroll costs of the judiciary	69,300	88,038	157,338

5.2.2 Pension scheme

The Judicial Pension Scheme is an unfunded multi-employer defined benefit scheme, which prepares its own accounts, but for which the Tribunals Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2009. Details can be found in the Resource Accounts of the Judicial Pension Scheme: 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 Judicial Pension Scheme where the salary has been paid from the Department's supply estimate. Contributions to the Judicial Pension Scheme have been made at a rate of 32.15% (2009-10: 32.15%).

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.

5.2.3 Average number of judiciary

The amounts disclosed in note 5.2.1 include salary costs for an average of 483 judicial officers (2009-10: 450) and fees for 1,137 full time equivalent fee-paid judiciary (2009-10: 1,123).

5.3 By-analogy pension scheme

The Tribunals Service has two by-analogy pension schemes, for the Criminal Injuries Compensation tribunal and the Asylum and Immigration tribunal, for which pension liabilities are given in note 15.

An actuarial valuation was carried out at 31 March 2011 by the Government Actuaries Department (GAD) in respect of qualifying members.

It was announced in the Budget on 22 June 2010 that the Government will adopt the Consumer Price Index (CPI) rather than the Retail Price Index (RPI), for the indexation of public service pensions from April 2011.

This change has been measured for accounting purposes as a change in benefits and therefore a past service cost, which has taken place at the date of the Budget announcement.

5.3.1 The scheme liabilities under FRS 17 have been calculated using the following assumptions:

	2010-11	2009-10
Price inflation	2.65%	2.75%
Rate of increase in salaries	4.90%	4.29%
Rate of increase in pensions (deferred and in payment)	2.65%	2.75%
Discount Rate	5.60%	4.60%

The actuarial (gains)/losses on pension scheme liabilities are as a result of an actuarial valuation in respect of these schemes.

5.3.2 The following amounts have been recognised in the Statement of Comprehensive Net Expenditure:

	Note	2010-11 £'000	2009-10 £'000
Current service cost		-	-
Interest cost	6	75	91
Past service cost	6	(106)	-
Settlement and curtailments		-	-
Total charges		(31)	91

The change from using RPI to CPI has resulted in a negative Past Service Charge all of which has been charged to the Statement of Comprehensive Net Expenditure (see note 6).

5.3.3 Actuarial loss/(gain) recognised in changes in Tax-payers' equity

	2010-11	2009-10
	£'000	£'000
Experience loss/(gain) arising on the scheme liabilities	11	54
Changes in assumptions underlying the present value of the scheme liabilities	(48)	246
Total actuarial loss/(gain)	(37)	300

The movement in scheme liabilities is analysed as follows:

	Note	2010-11	2009-10
		£'000	£'000
Present value of scheme liabilities at the start of the year		1,802	1,582
Current service cost		-	-
Interest cost	6	75	91
Actuarial loss/(gain)		(37)	300
Benefits paid		(137)	(171)
Past Service Cost	6	(106)	-
Present value of scheme liabilities at the end of the year	15.2	1,597	1,802

The experience loss/(gain) on the scheme liabilities as a percentage of the present value of the scheme liabilities as at 31 March 2011 is 0.7% (31 March 2010: 3.0%).

The total actuarial gain as a percentage of the present value of the scheme liabilities as at 31 March 2011 is 2.3% (31 March 2010: 16.6%).

6. Other operating costs

	Administration	Programme	2010-11 Total
	£'000	£'000	£'000
Communications and office suppliers	380	9,073	9,453
Other Accommodation Costs	1,018	30,594	31,612
PFI Service Charges	1,333	52	1,385
Consultancy	82	-	82
Professional services	342	81	423
IT Services	33	3,179	3,212
Staff travel and subsistence	1,025	1,604	2,629
Other staff costs:			
Early retirement	54	24	78
Other costs	484	43	527
Judicial and Panel Member Travel and Subsistence	-	9,772	9,772
Other Judicial costs:			
Court/Tribunal Costs	-	8,058	8,058
Other costs	55	2,789	2,844
Rentals under operating leases:			
Property rents	1,370	18,334	19,704
Hire of plant and equipment	7	213	220
Other expenditure	31	16	47
Interest charges:			
Finance charges on leased assets	-	75	75
Finance charge on pension scheme liability	-	75	75
Non-cash items:			
Depreciation	-	3,709	3,709
Amortisation	-	314	314
Loss on disposal of plant and equipment	-	6	6
External auditors' remuneration	-	116	116
Provision for bad debt	-	(66)	(66)
Provision provided in year	-	277	277
Past Service Costs	-	(106)	(106)
Permanent impairment in asset value – PPE	-	124	124
Permanent impairment in asset value – Intangibles	-	14	14
Other Expenditure	39	367	406
Impairment of Caseflow	-	10,327	10,327
Departmental recharge	15,224	-	15,224
Total other operating costs	21,477	99,064	120,541

6. Other operating costs

	Restated 2009-10		
	Administration £'000	Programme £'000	Total £'000
Communications and office suppliers	802	9,315	10,117
Other Accommodation Costs	893	30,956	31,849
PFI Service Charges	1,544	30	1,574
Consultancy	560	55	615
Professional services	46	340	386
IT Services	408	2,699	3,107
Staff travel and subsistence	1,139	1,589	2,728
Other staff costs:			
Early retirement	173	-	173
Other costs	892	102	994
Judicial and Panel Member Travel and Subsistence	770	8,209	8,979
Other Judicial costs:			
Court/Tribunal Costs	5	7,588	7,593
Other costs	2,172	4,006	6,178
Rentals under operating leases:			
Property rents	1,583	21,873	23,456
Hire of plant and equipment	-	459	459
Other expenditure	9	78	87
Interest charges:			
Finance charges on leased assets	31	34	65
Finance charge on pension scheme liability	-	91	91
Non-cash items:			
Depreciation	-	2,978	2,978
Amortisation	123	152	275
Loss on disposal of plant and equipment	-	17	17
External auditors' remuneration	-	145	145
Provision for bad debt	-	108	108
Provision provided in year	-	4,201	4,201
Permanent impairment in asset value	-	(435)	(435)
Past service cost	-	-	-
Other Expenditure	2	334	336
Departmental recharge	16,742		16,742
Total other operating costs	27,894	94,924	122,818

The 'other operating costs' for 2009-10 have been restated to reflect that the Tribunals Service is no longer required to report a cost of capital charge as well as a prior period adjustment to correct errors in valuation of ingoing works fixed assets (see notes 2 and 8).

Interest charges

The finance charges on leased assets relate to photocopiers that have been identified to be finance leases and one franking machine.

The finance charge on pension liabilities has arisen following valuations undertaken by GAD (see note 5.3).

Past service cost

The negative past service cost reflected in 2010-11 has arisen due to the announcement by the Government to use CPI rather than RPI for the indexation of public sector pensions (see note 5.3).

Impairment of Caseflow

Further details regarding this impairment charge can be found in note 11.

Departmental recharge

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

Auditors' remuneration

The costs of the audit performed by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General are recognised as a non-cash charge. During the year, the Tribunals Service did not purchase any non-audit services from the NAO.

The 2009-10 audit fee included £29k for IFRS transition work.

7. Income

	2010-11	2009-10
	£'000	£'000
Fee income	412	306
Other income:		
Income from the National Insurance Fund	43,318	43,318
Income from the Scottish Executive	431	412
Income from the Department for Work and Pensions	16,913	5,000
Income from Adjudicator to the Land Registry	2,794	2,794
Miscellaneous income	429	759
Total income	64,297	52,589

Income relating to Administration and Programme respectively amounted to £23k (2009-10: £62k) and £64,274k (2009-10: £52,527k).

Fee income

Fee income comprises primarily Lands Tribunal receipts for rating appeals (see note 3).

Other income

Income from the National Insurance Fund is a contribution towards the cost of national insurance benefit related appeals. The income from the Scottish Executive is a

contribution towards the cost of Scottish cases heard by the Criminal Injuries Compensation tribunal (see also note 26). Income from the Department for Work and Pensions is a contribution to the increased workload incurred by the Tribunals Service as a result of the introduction of Employment Support Allowance. Income from the Adjudicator to the Land Registry relates to a full cost recovery agreement for associated tribunal costs. The remainder of the income is received from other government departments and from sales of publications, vending machine receipts, telephone boxes and casual lettings.

8. Property, plant and equipment

	Land £'000	Buildings excluding dwellings £'000	Information technology £'000	Plant and machinery £'000	Furniture and fittings £'000	Payments on account and assets under construction £'000	Total £'000
Cost and valuation:							
As at 1 April 2010	815	21,479	10,422	1,682	5,261	-	39,659
Additions	-	334	(52)	698	56	635	1,671
Disposals	-	-	(115)	(605)	-	-	(720)
Restatements due to changes in IFRS's	240	-	-	-	-	-	240
Other restatements	-	9	-	-	-	-	9
Impairments	-	-	-	-	-	-	-
Reclassifications	-	526	27	-	-	(553)	-
Revaluations	-	(1,400)	(300)	(27)	(243)	-	(1,970)
As at 31 March 2011	1,055	20,948	9,982	1,748	5,074	82	38,889
Depreciation:							
As at 1 April 2010	-	(69)	5,716	1,286	2,252	-	9,185
Charged in year	-	1,981	1,011	242	475	-	3,709
Disposals	-	-	(115)	(604)	-	-	(719)
Restatements due to changes in IFRS	-	-	-	-	-	-	-
Other Restatements	-	-	(8)	-	-	-	(8)
Impairments	-	-	-	-	-	-	-
Reclassifications	-	5	-	-	3	-	8
Revaluations	-	(1,901)	(170)	(53)	(93)	-	(2,217)
As at 31 March 2011	-	16	6,434	871	2,637	-	9,958
Net book value:							
As at 31 March 2011	1,055	20,932	3,548	877	2,437	82	28,931
As at 31 March 2010	815	21,548	4,706	396	3,009	-	30,474
Asset Financing:							
Finance leased	240	-	-	478	-	-	718
Owned	815	20,932	3,548	399	2,437	82	28,213
Net book value at 31 March 2011	1,055	20,932	3,548	877	2,437	82	28,931

	Land	Buildings excluding dwellings	Information technology	Plant and machinery	Furniture and fittings	Payments on account and assets under construction	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost and valuation:							
As at 1 April 2009	1,055	12,721	8,106	1,524	5,089	965	29,460
Additions	-	9,320	1,155	261	170	7	10,913
Disposals	-	(145)	(90)	(125)	(62)	-	(422)
Restatements due to IFRS	(240)	-	-	-	-	(247)	(487)
Transfers	-	(192)	-	12	-	-	(180)
Impairments	-	-	-	-	-	-	-
Reclassifications	-	725	-	-	-	(725)	-
Revaluations	-	(950)	1,251	10	64	-	375
As at 31 March 2010	815	21,479	10,422	1,682	5,261	-	39,659
Depreciation:							
As at 1 April 2009	-	-	4,188	1,156	1,776	-	7,120
Charged in year	-	1,248	1,022	211	497	-	2,978
Disposals	-	(145)	(86)	(100)	(48)	-	(379)
Restatements due to changes in IFRS	-	-	-	-	-	-	-
Other Restatements	-	-	-	-	-	-	-
Transfers	-	-	-	10	-	-	10
Impairments	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Revaluations	-	(1,172)	592	9	27	-	(544)
As at 31 March 2010	-	(69)	5,716	1,286	2,252	-	9,185
Net book value:							
As at 31 March 2010	815	21,548	4,706	396	3,009	-	30,474
As at 31 March 2009	1,055	12,721	3,918	368	3,313	965	22,340
Asset Financing:							
Finance leased	-	-	-	340	-	-	340
Owned	815	21,548	4,706	56	3,009	-	30,134
Net book value at 31 March 2010	815	21,548	4,706	396	3,009	-	30,474

Finance leased assets relate to a long lease land asset, Xerox photocopiers and one franking machine.

The Tribunals Service does not own any dwellings.

Land and buildings

It is the policy of the Tribunals Service to revalue land and buildings every 5 years. The last valuation exercise was carried out by the Valuation Office Agency (VoA), and took place on 31 March 2009. The valuation was in accordance with the Royal Institute of

Chartered Surveyors (RICS) Appraisal and Valuation Manual and was on the basis of existing use. At the time of this valuation the Tribunals Service held freehold land valued at £815k.

Valuation of other assets

All other assets other than 'Land' and 'Buildings excluding dwellings' and 'Assets under construction' are valued using the Price Index Numbers for Current Cost Accounting (PINCCA) produced by the Office for National Statistics.

Information technology

Included in 'Information Technology' category are assets representing the capitalised value of elements of payments made under the County Court Systems (CCS) PFI contract (see note 20), which are deemed to be assets of the Tribunals Service. These have a nil net book value (2009-10: £nil).

Restatements due to changes in IFRS

During the transition to International Financial Reporting Standards in 2009-10, the Tribunals Service was required to de-recognise long-lease land as an asset valued at £240k. This was in accordance with IAS 17 'Leases' which required that such land contracts be classified as operating leases unless title passed to the lessee at the end of the lease period. The balance was taken to reserves.

IAS 17 has since been amended due to concerns that the above policy did not reflect the substance of arrangements, requiring that long land lease contracts should be assessed as a finance or operating lease using the general principles of the accounting standard. As a result the Tribunals Service has re-assessed its existing long-lease land contracts and has re-instated to the Statement of Financial Position the above lease. This movement is reflected in 2010-11.

In addition to the above, in 2009-10 an 'Information Technology' asset with a value of £247k was reclassified as an Intangible asset. See note 9.

As these balances have not been deemed to be material they have been adjusted for in-year rather than reflected in the restatement of the opening balances.

Reclassifications

The reclassification line is used to transfer assets under construction to the correct asset category when they become live assets.

Restatement of Previous Year Figures to correct errors in the valuation of 'ongoing works' contained within 'Buildings excluding dwellings'

During the course of the production of these accounts two errors arising in previous years in respect of the valuation of ongoing works were discovered.

The first error was one of principle, which effectively resulted in the depreciation charges being added back to the gross book value of the asset and led to the overstatement of all items within this sub-category of assets from 1 April 2008, the time of the adoption of the methodology. This error also affected the impairment, depreciation and other restatement adjustments within this sub-category of assets, reflected in the Tribunals Service accounts for 2009-10 in respect of the Field House and Bennett House leasehold properties.

The second error was specific and related to the incorrect classification of re-instatement works in the amount of £1.602m on our Field House leasehold premises, which were

significantly damaged by fire in March 2009, as capital expenditure when they should have been charged to the Statement of Comprehensive Net Expenditure.

The effects of the required adjustments on the major figures disclosed in these accounts and the accounts published for the year ending 31 March 2010 are set out below, and, where practical, shown separately in the appropriate sections of these accounts.

a) Restatement of Opening Balances as at 1 April 2009 to reflect adjustment of error in principle.

As a consequence of the error in principle, impairment and depreciation charges in the SoCNE were understated by £0.768m and overstated by £0.032m respectively and a direct charge to the General Fund overstated by £0.438m, giving a net overstatement of the General Fund as at 31 March 2009 of £0.298m. In addition, the Revaluation Reserve was understated by £0.056m. The aggregate effect of these errors was an overstatement of the net book value as at 31 March 2009 of property, plant and equipment (Buildings excluding dwellings) in the amount of £0.242m. Correction of these errors is shown in the Consolidated Statement of Changes in Taxpayers' Equity.

b) Restatement of errors in the accounts for year ending 31 March 2010.

Excluding the consequential effect of the errors in the year ending 31 March 2009, the net book value of property, plant and equipment (Buildings excluding dwellings) was overstated by £5.212m as at 31 March 2010 due to a combination of:

- Additions being overstated by £1.602m due to the incorrect classification of an element of the Field House re-instatement works.
- An incorrect upwards restatement of the net book value of Field House, London and Bennett House, Stoke premises in the amount of £2.974m
- The annual revaluation being overstated in the amount of £0.715m, less
- The in-year depreciation charge being overstated by £0.079m.

This overstatement resulted in the following errors, which have an equal and opposite effect on other statements:

The Statement of Comprehensive Net Expenditure was understated by £1.710m due to a combination of:

- The incorrect classification of an element of the Field House re-instatement costs - £1.602m
- The understatement of impairment charges in the amount of £0.187m, less
- The overstatement of the in-year depreciation charge in the amount of £0.079m.

The revaluation reserve was overstated by £1.572m due to the application of an incorrect valuation methodology.

The general fund was overstated by £1.93m as a result of the incorrect upwards re-statement of the Field House, London and Bennett House, Stoke premises.

9. Intangible assets

Intangible assets comprise of software development costs.

	Internally generated software*	Assets under construction**	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2010	2,204	8,240	10,444
Additions	-	2,087	2,087
Disposals	-	-	-
Restatements	-	-	-
Reclassification	-	-	-
Impairments	-	(10,327)	(10,327)
Revaluation	(32)	-	(32)
At 31 March 2011	2,172	-	2,172
Amortisation			
At 1 April 2010	679	-	679
Charged in year	314	-	314
Disposals	-	-	-
Restatements	-	-	-
Reclassifications	15	-	15
Impairments	-	-	-
Revaluation	(17)	-	(17)
At 31 March 2011	991	-	991
Net book value at 31 March 2011	1,181	-	1,181
Net book value at 31 March 2010	1,525	8,240	9,765

	Internally generated software*	Assets under construction**	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2009	1,710	6,074	7,784
Additions	-	2,166	2,166
Disposals	-	-	-
Reclassification	247	-	247
Impairments	-	-	-
Revaluation	247	-	247
At 31 March 2010	2,204	8,240	10,444
Amortisation			
At 1 April 2009	338	-	338
Charged in year	275	-	275
Disposals	-	-	-
Impairments	-	-	-
Revaluation	66	-	66
At 31 March 2010	679	-	679
Net book value at 31 March 2010	1,525	8,240	9,765
Net book value at 31 March 2009	1,372	6,074	7,446

* Internally generated software comprises of three case management systems, GAPS 2, MARTHA and the Tax Tribunals Case Management system. GAPS 2 and MARTHA are employed respectively by Social Security and Child Support (SSCS) and the Mental Health Tribunal (MHT).

**Assets under Construction relates to the Caseflow project which was a case management system being developed for the Employment tribunal (ET) – see note 11.

The net book values and remaining amortisation lives of the intangible assets are:

Asset Description	2010-11		2009-10	
	Net book value £000's	Remaining amortisation period	Net book value £000's	Remaining amortisation period
GAPS 2	307	2.4 years	474	3.4 years
MARTHA	673	5 years	833	6 years
TAM	201	5 years	218	6 years
Caseflow	-	-	8,240	-
Total	1,181	-	9,765	-

It is the policy of the Tribunals Service not to amortise assets under construction until they are ready for use.

10 Financial instruments

Credit risk

The Tribunals Service is exposed to minimal credit risk as loans and receivables comprise of trade and other receivables mainly relating to other government departments. With respect to other receivables, the Agency trades only with recognised, creditworthy third parties.

Receivable balances are monitored on an ongoing basis with the result that the Agency's exposure to bad debt is minimal.

Liquidity risk

The Tribunals Service's financial liabilities are trade payables and finance leases. It is highly unlikely that the Tribunals Service will encounter difficulty in meeting its obligations associated with these liabilities as the net resource requirement is financed by resources voted annually through Parliament to the Ministry of Justice.

Market risk

Interest-rate risk

The Tribunals Service is not exposed to significant interest rate risk.

Foreign currency risk

The Tribunals Service is not exposed to foreign currency risk.

11 Impairments

All intangibles assets are required to be regularly reviewed for impairment in value.

The Caseflow project aimed to provide an efficient system for the processing and administration of Employment tribunal claims within both the Tribunals Service and Arbitration and Conciliation Service (Acas). The project was jointly funded by Acas and our sponsoring departments.

During 2010-11, Caseflow was reviewed in the context of a review of project expenditure across government. The review concluded that, from a Tribunals Service perspective, continued development of the system in the current economic climate, against a backdrop of review of employment law policy likely to result in the need for significant further amendments to the system, did not represent value for money. On the basis of this conclusion, further development of the Tribunals Service element of the system, was halted and reversion to the existing ETHOS case management system effected with no impact on customer service. This decision took effect from 31 October 2010. Once a conclusion has been reached on future employment law policy and the required related administrative processes, the position will be reviewed.

Acas continued work on their development of Caseflow, the costs for which they have met and accounted for within their accounts.

The decision to halt development from a Tribunals Service's perspective has given rise to an impairment charge of £10.327m consisting of the £8.240m brought forward and the £2.087m in year additions shown under 'Intangible Assets' in the table at note 9 which has been taken directly to the Statement of Comprehensive Net Expenditure - see note 6 'Other Operating Costs'.

Total costs incurred by the Tribunals Service, and the Employment Tribunal Service prior to the creation of the Tribunals Service in April 2006, on Caseflow up to 31 October 2010 are as set out below.

The element of the resource cost included below relating to the financial year 2010-11 is £3.719m – consisting of the £2.349m of development costs plus the £1.370m cost of reversion to the ETHOS case management system. These are reflected within ‘Other Operating Costs’ of the Statement of Comprehensive Net Expenditure and ‘The Change Programme’ section of note 4 ‘Operating Segments’.

Period	Total Costs Charged to the SoCNE	Total Costs Charged to Capital	Total Cost Incurred
From April 2004 - 31 March 2009	2,311	6,073	8,384
1 April 2009 – 31 March 2010	2,678	2,167	4,845
1 April 2010 – 31 October 2010	2,349	2,087	4,436
Total	7,338	10,327	17,665

12. Trade receivables and other current assets

	31 March 2011 £'000	31 March 2010 £'000
Amounts falling due within one year:		
Trade receivables	913	634
Deposits and advances	169	155
Other receivables:		
VAT recoverable	650	89
Other receivables	210	229
Intradepartmental receivable	3,771	2,551
Prepayments and accrued income	4,816	5,994
Total receivables falling due within one year	10,529	9,652

There were no receivables due after one year as at 31 March 2011 and 31 March 2010.

Prepayments and accrued income

The main element of prepayments relates to property rent in both financial years.

12.1 Analysis of receivable balances by organisational type.

	31 March 2011 £'000	31 March 2010 £'000
Other central government bodies	4,816	4,226
Local authorities	179	6
Public corporations and trading funds	710	2
Bodies external to government	4,824	5,418
Total receivables falling due within one year	10,529	9,652

13. Cash and cash equivalents

	31 March 2011	31 March 2010
	£'000	£'000
Balance at start of period	14,727	5,041
Net change in cash and cash equivalents balances	(9,074)	9,686
Balance at end of period	5,653	14,727

The following balances were held at:

Balances at Office of HM Paymaster General (OPG) and Government Banking Service (GBS)	5,492	14,565
Commercial banks	155	157
Cash in hand	3	3
Imprests	3	2
Total	5,653	14,727

The balances of cash at bank and in hand include £214k (2009-10: £198k) held on behalf of third parties. The amount is also disclosed as a creditor.

In 2010-11, as part of the introduction of the Government Banking Service the Tribunals Service transferred the management of its banking service from the Office of the Paymaster General (OPG) to the commercial banks stipulated under the new contract.

14. Trade payables and other current liabilities

14.1 Amounts falling due within one year

		31 March 2011	31 March 2010
	Note	£'000	£'000
Other taxation and social security		6,407	5,911
Trade payables		1	229
Other payables:		1,569	1,442
Accruals and deferred income		33,917	32,441
Current element of finance leases	17.2	167	136
Intra-departmental payable		3,200	4,028
		45,261	44,187
Cash balances held on behalf of third parties		214	198
Total amounts falling due within one year		45,475	44,385

14.2 Amounts falling due after more than one year:

		31 March 2011	31 March 2010
	Note	£'000	£'000
Finance leases	17.2	356	212
Total amounts falling due after more than one year		356	212

14.3 Analysis of payables by organisational type:

	31 March 2011	31 March 2010
	£'000	£'000
Other central government bodies	16,189	13,688
Local authorities	639	19
National Health Trusts	-	20
Public corporations and trading funds	164	173
Bodies external to government	28,839	30,697
	45,831	44,597

15. Provisions for liabilities and charges

		31 March 2011	31 March 2010
	Notes	£'000	£'000
Provision for early departure costs	15.1	851	1,062
Provision for by-analogy pension scheme	15.2	1,597	1,802
Provisions – other	15.3	4,951	4,751
Total provisions for liabilities and charges		7,399	7,615

15.1 Provision for early departure costs

	31 March 2011	31 March 2010
	£'000	£'000
Balance at start of period	1,062	948
Provision provided in the year	6	316
Provisions utilised in the year	(217)	(202)
Balance at end of period	851	1,062

The provision relates to early departure costs generated by the Agency's restructuring programme and covers the full cost of pensions until the age of 60, for all employees who retired under the scheme and qualified for a pension. The Tribunals Service meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Tribunals Service provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

The above provision does not include any charges relating to the Voluntary Early Departure (VED) scheme which has been fully accounted for in the current financial year (note 5.1.1).

15.2 Provision for by-analogy pension scheme

	31 March 2011	31 March 2010
	£'000	£'000
Balance at start of period	1,802	1,582
Provision provided in the year	-	-
Interest on by-analogy pension scheme	75	91
Actuarial (gain)/loss on pension scheme liabilities	(37)	300
Provisions utilised in the year	(137)	(171)
Past Service Cost	(106)	-
Balance at end of period	1,597	1,802

This relates to two small pension schemes for the Immigration Adjudicators and Criminal Injuries Compensation Tribunal – these schemes have 14 members and 1 member respectively.

During the year, payments made to pensioners are utilised against the provision.

The schemes liabilities were valued by GAD as at 31 March 2011 (see note 5.3) and the associated interest cost and past service cost has been charged to the Statement of Comprehensive Net Expenditure.

This scheme is referred to as the 'By-analogy pension scheme' since it is similar to the PCSPS. However, this scheme is funded by provisions from the Department's Vote and pension payments are administered by the Department and made via the payroll system.

15.3 Provisions – Other

	31 March 2011	31 March 2010
	£'000	£'000
Balance at start of period	4,751	1,164
Provision provided in the year	317	3,933
Provision not required written back	(45)	(49)
Provisions utilised in the year	(72)	(297)
Balance at end of period	4,951	4,751

The main element of other provisions is an amount for dilapidations. The terms under which leasehold properties are occupied require the premises to be returned to their original state and condition at the end of the lease.

Also included in other provisions are personal injury claims, employment tribunal proceedings and other potential costs where the timing or value is as yet uncertain.

16. Capital commitments

	31 March 2011	31 March 2010
	£'000	£'000
Contracted capital commitments at end of period not otherwise included in these accounts	-	-
Property, plant and equipment	47	394
Intangible assets	-	-
Balance at year end	47	394

17. Commitments under leases

17.1 Operating leases

The future minimum lease payments under operating leases are given below for each of the following periods.

Obligations under operating leases comprise:

	31 March 2011	31 March 2010
Building	£'000	£'000
Not later than one year	34,664	36,994
Later than one year and not later than five years	123,955	134,918
Later than five years	80,071	110,684
Total commitments under building operating leases	238,690	282,596

In 2009-10 the Tribunals Service had one operating lease relating to land associated with the Employment tribunal – this has been reclassified as a finance lease in accordance with 'IAS 17 'Leases' (see notes 8 and 17.2).

	31 March 2011	31 March 2010
Other	£'000	£'000
Not later than one year	263	253
Later than one year and not later than five years	182	307
Later than five years	24	39
Total commitments under other operating leases	469	599

17.2 Finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

		31 March 2011	31 March 2010
	Notes	£'000	£'000
Not later than one year	14.1	249	208
Later than one year and not later than five years	14.2	452	335
Later than five years		-	-
Less interest element		(178)	(195)
Present value of obligations		523	348

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

		31 March 2011	31 March 2010
	Notes	£'000	£'000
Not later than one year	14.1	167	136
Later than one year and not later than five years	14.2	356	212
Later than five years		-	-
Present value of obligations		523	348

The above obligations under finance leases relate to Xerox photocopiers, a franking machine and one long lease land asset (see notes 8 and 17.1).

18. Notes to cashflow

18.1 Summary of notional and non-cash costs

		31 March 2011	31 March 2010
	Notes	£'000	£'000
Notional costs:			
External auditor's remuneration	6	116	145
Departmental recharge	6	15,224	16,742
Sub-total notional costs		15,340	16,887
Non-cash costs:			
Permanent impairment in asset value	6	138	(435)
Impairment of Field House	6	-	-
Impairment on Caseflow	6,8	10,327	-
Loss on disposal of non current assets	6	6	17
Movement in provisions	6	277	4,201
Finance charge on pension scheme liabilities	6	75	91

Depreciation	6,8	3,709	2,978
Amortisation	6,9	314	275
Provision for bad debt	6	(66)	108
Past Service Cost	6	(106)	-
Sub-total non-cash costs		14,674	7,235
Total notional and non-cash costs		30,014	24,122

18.2 Reconciliation of property, plant and equipment, and intangibles asset additions

The purchase of property, plant and equipment, and intangibles total of £4,228 for 2010-11 is explained as follows:

	£'000
Additions per notes 8 and 9:	
Property, plant and Equipment	1,671
Intangibles	2,087
Plus:	
Decrease in capital accrual	957
Movement in inter-departmental non-current assets and receivable/payable	(487)
Total	4,228

19. Commitments under Private Finance Initiative (PFI) contracts

The Tribunals Service does not have any PFI commitments to report in its own right that are either on or off the Statement of Financial Position.

20. Other financial commitments

The Tribunals Service is a party to a PFI-type arrangement through its parent, the Ministry of Justice. The main costs of this contract are included under 'Departmental recharge' in note 6. In addition, the Tribunals Service pays separately for amendments to the contracts that it has specifically requested under the Request for Change (RFC) process. These additional costs are also included under 'PFI service charges' in note 6.

The arrangement is the ARAMIS PFI Project with Liberata UK Limited, which provides accounting, management information and corporate IT services to, among others, the Tribunals Service.

21. Contingent liabilities disclosed under IAS 37

Contingent liabilities

As reported in the 2009-10 Annual Report and Accounts, the Ministry of Justice is involved in a number of cases of fee paid judicial office holders claiming retrospective pension rights. A negative judgement may set a precedent which could result in a liability to the Tribunals Service, the monetary cost of which cannot be quantified at this stage.

The Tribunals Service has not entered into any unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

Contingent assets

The Tribunals Service has lodged a claim for compensation in respect of the forced vacation of a property in London as a result of a compulsory purchase order. At this stage the proceeds that will be received cannot be estimated with any certainty.

22. Losses and Special Payments

For 2010-11 the Tribunals Service had losses of:

- Nil (2009-10: Nil) cases involving cash losses (2009-10: nil);
- Nil (2009-10: 2) cases of fruitless payments (2009-10: £273);
- 1 (2009-10: nil) constructive loss relating to the abandonment of a case management system totalling £19.035m, including the reversion costs to the old system (see note 11); and
- 116 (2009-10:135) special payments (primarily ex gratia) totalling £97,208.33 (2009-10: £96,598.82).

There were no individual cases of special payments over £250,000.

- 225 (09-10: 205) instances of fees remitted or exempted, totalling £30,540 (2009-10: £27,650).

23. Related Party Transactions

The Tribunals Service is an executive agency of the Ministry of Justice and is therefore regarded as a related party. During the year the Tribunals Service had a number of material transactions with the Ministry of Justice and other entities for which the Ministry of Justice is regarded as the parent department, for example Her Majesty's Courts Service.

The Tribunals Service has also had a number of material transactions with other government departments and central government bodies. Most of these transactions have occurred with Her Majesty's Revenue and Customs, the Department for Work and Pensions, and Her Majesty's Land Registry.

During the year none of the Board members, members of senior management staff, or other related parties have undertaken any material transactions with the Tribunals Service.

24. Third Party Assets

The Tribunals Service holds monetary deposits on behalf of third parties, that do not form part of the Agency's funding.

These monies represent amounts held pending the outcome of certain Employment Tribunal hearings, whereafter the funds are paid out accordingly. The amount held in respect of these hearings was £60k (2009-10: £43k). In addition to this the Tribunals Service also oversees the handling of Bail Bonds totalling £154k (2009-10: £155k).

The assets held at the reporting date to which it is practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit. They are set out in the tables below.

	31 March 2010	Gross Inflows	Gross Outflows	2010-11 31 March 2011
	£'000	£'000	£'000	£'000
Monetary assets such as bank balances and monies on deposit	198	437	(421)	214

	31 March 2009	Gross Inflows	Gross Outflows	2009-10 31 March 2010
	£'000	£'000	£'000	£'000
Monetary assets such as bank balances and monies on deposit	177	206	(185)	198

25. 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 that the financial statements are authorised for issue. The accounts were authorised for issue on the same date that the Comptroller and Auditor General certified the accounts.

Merger between Her Majesty's Courts Service (HMCS) and Tribunals Service

On 1 April 2011, Tribunals Service merged with HMCS to form HM Courts & Tribunals Service. The new entity is a partnership between the Lord Chancellor, the Lord Chief Justice, and the Senior President of Tribunals and 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. The previously separate HMCS and Tribunals Service Boards have been replaced with a newly convened HM Courts & Tribunals Service Board.

The merger will be accounted for as a Machinery of Government change in the 2011-12 financial year.

Voluntary exits

Subsequent to the balance sheet date there were individuals who accepted an offer of voluntary exit under the VED scheme detailed in note 5.1. Exit payments to those individuals (including payments in lieu of notice and compensation in lieu of notice where relevant) will be accounted for in the 2011-12 financial year.

Subsequent to the Statement of Financial Position date and in addition to these planned voluntary exits, the Ministry of Justice offered a second Voluntary Early Departure (VED2) scheme to selected HM Courts & Tribunals Service employees. The terms of the second scheme offered were also in accordance with the Civil Service Compensation Scheme introduced by the Government in December 2010.

No ex-gratia amounts will be payable to any individuals who have chosen or choose to accept an early departure offer under either scheme.

26. Criminal Injuries Compensation Statement of Account as at 31 March 2011

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 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.

	2010-11		2009-10	
	£'000	£'000	£'000	£'000
Income *		(431)		(412)
Staff Costs:				
Staff Payroll Costs	793		831	
Judicial Payroll Costs	1,506		1,219	
Total Payroll Costs		2,299		2,050
Other Operating Costs		1,578		1,768
NET COST OF OPERATIONS		3,446		3,406

* Includes £431k (2009-10: £412k) contribution from the Scottish Executive towards Scottish cases



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