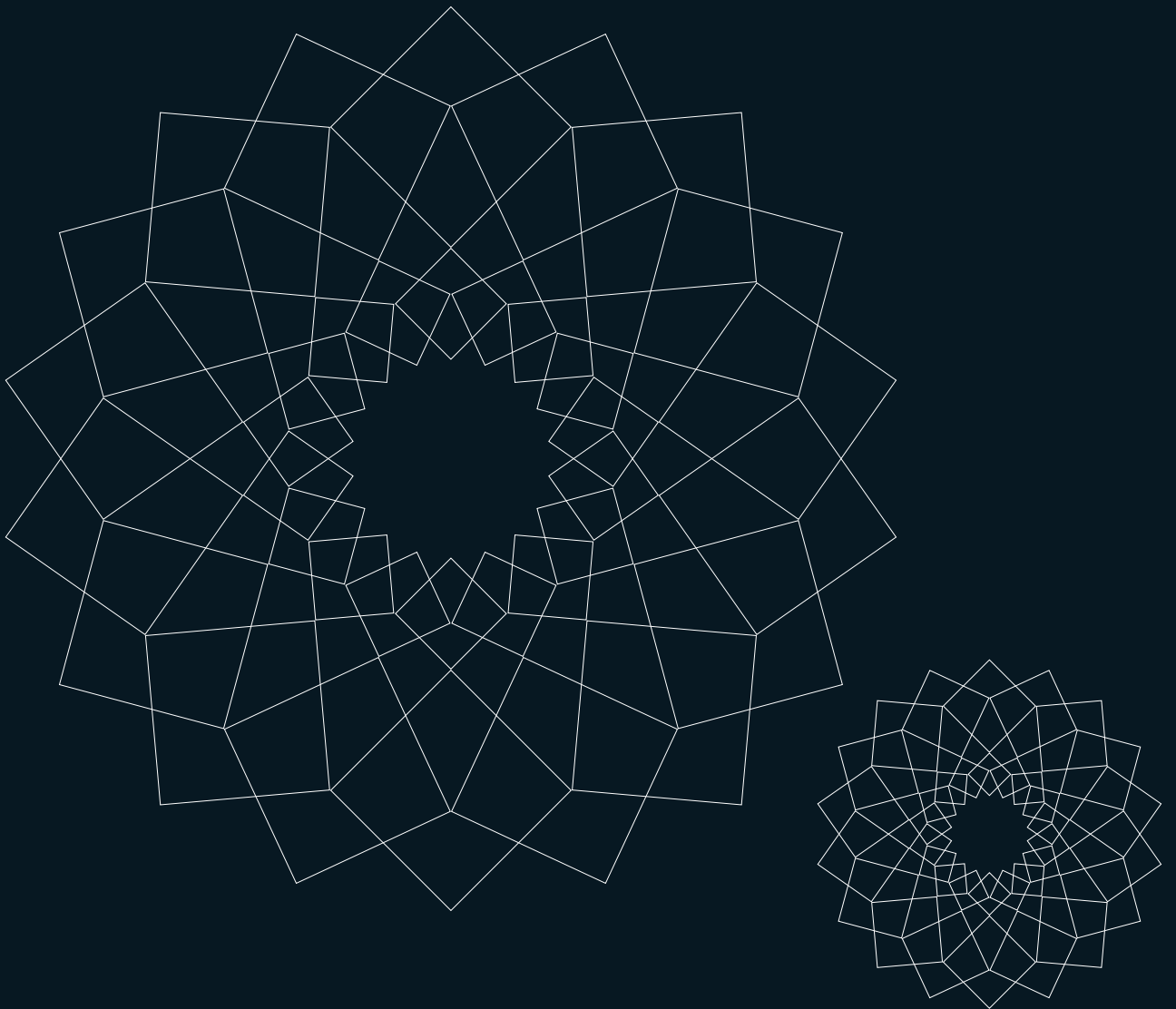




Ministry of  
**JUSTICE**

# Resource Accounts **2009-10**



Presented to the House of Commons  
pursuant to section 6(4) of the Government Resources and Accounts Act 2000

# Ministry of Justice

## Resource Accounts 2009-10

(For the year ended 31 March 2010)

Ordered by the House of Commons to be printed 15 September 2010

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# Annual Report

## Scope

The Annual Report and Accounts report the results of the Ministry of Justice (MoJ), the Scotland Office and the Wales Office for the year ended 31 March 2010.

## Principal Activities

MoJ was created on 9 May 2007 to bring together, for the first time, responsibility for the justice system – the courts, prisons and probation services. It is responsible for upholding justice, rights and democracy and works to protect the public and reduce reoffending by providing a more effective, transparent and responsive criminal justice system, with fair and simple routes to civil and family justice in England and Wales.

The Scotland Office and Wales Office are responsible for promoting the devolution settlement and representing the interests of Scotland and Wales respectively within the UK Government. The accounts attached to this report reflect their administrative functions and include the block grants payable to the Scottish Government and the Welsh Assembly Government.

In accordance with HM Treasury requirements, the “core department” results reflect the activities of MoJ headquarters and associated offices, and the Scotland Office and Wales Office.

Associated offices are controlled and monitored by the MoJ. Whilst some report financial performance in separate annual reports, only the Office of the Legal Services Ombudsman (OLSO) and the Office of the Legal Services Complaints Commissioner (OLSCC) prepare separate statutory accounts that are audited by the Comptroller and Auditor General.

The “consolidated department” results include, in addition, the MoJ’s four executive agencies who publish their own separate accounts: the National Offender Management Service (NOMS), Her Majesty’s Courts Service (HMCS), the Tribunals Service and the Office of the Public Guardian (OPG). Decisions relating to the day-to-day running of the agencies remain the responsibility of their individual Chief Executives.

NOMS accounts consolidate the results of the 34 Probation Boards and 8 Probation Trusts that operated during 2009-10. In accordance with Schedule 1, paragraph 17(4) of the *Criminal Justice and Court Services Act 2000*, the 34 Probation Boards also publish separate consolidated accounts as the National Probation Service. All Probation Boards were replaced by Probation Trusts from 1 April 2010. There is no requirement to produce consolidated accounts for Probation Trusts separate to the NOMS accounts.

Business area	Responsibility
<b>Ministry of Justice Headquarters (MoJ HQ)</b>	<p>Responsible for supporting Ministers in policy, funding and regulatory functions, as well as providing key services to intra-departmental entities.</p> <p>In 2009-10, headquarters included the Office for Criminal Justice Reform (OCJR) which was hosted by the MoJ and worked trilaterally with the three Criminal Justice System departments: the MoJ, the Home Office, and the Attorney General's Office. Although OCJR has now dissolved, the Justice Policy Group will maintain the trilateral relationship to deliver a joined up approach to criminal justice reform.</p>
<b>Executive Agencies and Other Bodies:</b>	
<b>National Offender Management Service (NOMS)</b>	<p>Responsible for the administration of correctional services in England and Wales, through the prison and probation systems.</p> <p>The prison system exists to protect the public by keeping in custody offenders committed by the courts in England and Wales. It aims to do so by treating prisoners with humanity and helping them lead law-abiding and useful lives in custody and after release.</p> <p>Probation services are delivered through a local network of 34 Probation Boards and 8 Trusts. From 1 April 2010, these bodies were merged and replaced by 35 Probation Trusts.</p>
<b>Her Majesty's Courts Service (HMCS)</b>	<p>Responsible for the administration of the courts system, including Crown Courts, Magistrates' Courts and Civil Courts, in England and Wales.</p>
<b>Tribunals Service</b>	<p>Provides common administrative support to the main central government tribunals.</p>
<b>Office of the Public Guardian (OPG)</b>	<p>Supports and promotes decision making for those who lack capacity or would like to plan for their future, within the framework of the <i>Mental Capacity Act 2005</i>.</p>
<b>Associated Offices:</b>	<p>Court Funds Office</p> <p>Official Solicitor and Public Trustee</p> <p>Office of the Legal Services Ombudsman</p> <p>Office of the Legal Services Complaints Commissioner</p> <p>HM Inspectorate of Court Administration</p> <p>HM Inspectorate of Prisons</p> <p>HM Inspectorate of Probation</p> <p>Assessor for Compensation for Miscarriages of Justice</p> <p>Administrative Justice and Tribunals Council</p> <p>Office of the Judge Advocate General</p> <p>Judicial Appointments and Conduct Ombudsman</p> <p>Office for Judicial Complaints</p> <p>Directorate of Judicial Offices for England and Wales (incorporating the Judicial Office, the Judicial Communications Office and the Judicial Studies Board)</p> <p>Boundary Commission for England</p> <p>Law Commission</p>

## Entities within the accounting boundary of the Ministry of Justice

<b>Scotland</b>	<b>Responsibility</b>
<b>Scotland Office</b>	Oversees the effective operation of the devolution settlement in Scotland and represents the interest of Scotland within the UK Government.
<b>Office of the Advocate General for Scotland</b>	Provides legal advice and services to the UK Government, particularly in relation to Scottish law and the Scottish devolution settlement.

<b>Wales</b>	<b>Responsibility</b>
<b>Wales Office</b>	Supports the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales and ensuring the smooth working of the devolution settlement in Wales.



## Entities outside the accounting boundary of the Ministry of Justice

The MoJ has lead responsibility within central government for sponsorship of the following entities:

Executive Non-Departmental Bodies (NDPBs)	Responsibility
<b>Legal Services Commission (LSC)</b>	Oversees the administration of legal aid in England and Wales. The Justice Secretary has also announced to Parliament that he accepts the options identified for changes to the administration of legal aid and for the restructure of the LSC to become a new Executive Agency of the MoJ. This is anticipated to take place in 2012-13.
<b>Youth Justice Board for England and Wales (YJB)</b>	Administers the youth justice system in England and Wales up to 31 March 2010. This was done jointly with the Department for Education (formerly Department for Children, Schools and Families (DCSF)).
<b>The Parole Board for England and Wales</b>	Works with its criminal justice partners to protect the public by risk assessing prisoners to decide whether they can be safely released into the community.
<b>Criminal Injuries Compensation Authority (CICA)</b>	Administers the Criminal Injuries Compensation Scheme throughout England, Scotland and Wales, paying compensation to eligible applicants who have been the victim of a violent crime.
<b>Criminal Cases Review Commission (CCRC)</b>	Investigates possible miscarriages of justice in England, Wales and Northern Ireland.
<b>Information Commissioner's Office (ICO)</b>	Reports to Parliament on aspects of data protection and freedom of information.
<b>Judicial Appointments Commission (JAC)</b>	Selects judicial office holders on merit and independently of government through fair and open competition.
<b>Legal Services Board (LSB)</b>	A new public body created by the <i>Legal Services Act 2007</i> . The Board came into being on 1 January 2009 and became fully operational on 1 January 2010. It oversees approved regulators and licensing authorities in the legal sector such as the Solicitors' Regulatory Authority and the Bar Standards Board.
<b>Office for Legal Complaints</b>	A new organisation that will handle complaints about the legal profession, it is expected to open towards the end of 2010. It will handle complaints about solicitors, barristers, patent attorneys and legal executives in England and Wales.

All nine executive Non-Departmental Public Bodies fall outside the accounting boundary and prepare separate accounts that are audited by the Comptroller and Auditor General.

## Advisory Non-Departmental Public Bodies (NDPBs) and other entities

The MoJ sponsors a number of advisory NDPBs and other bodies. Details of these can be found at:

<http://www.justice.gov.uk/about/organisationswesponsor.htm>

Additionally, three sister Government departments - the Northern Ireland Court Service, HM Land Registry and The National Archives - report to the Lord Chancellor and Secretary of State for Justice. Each of these has a separate Parliamentary Estimate and prepares separate accounts.

## Ministers, Senior Officials and report on the operation of the Boards

The following Ministers were responsible for MoJ headquarters, associated offices and executive agencies during 2009-10.

Ministers	Tenure
Rt Hon. Jack Straw MP Secretary of State and Lord Chancellor	Full year
Rt Hon. David Hanson MP Minister of State	To 7 June 2009
Rt Hon. Michael Wills MP Minister of State	Full year
Maria Eagle MP Minister of State	From 8 June 2009, and previously, Parliamentary Under Secretary (from 29 June 2007 to 7 June 2009)
Shahid Malik MP Parliamentary Under Secretary	To 15 May 2009
Bridget Prentice MP Parliamentary Under Secretary	Full year
Lord Bach Parliamentary Under Secretary	Full year
Claire Ward Parliamentary Under Secretary	From 9 June 2009

Whilst the administrative functions of the Scotland Office and the Wales Office lay with MoJ, responsibility for the relationship between Westminster and the devolved administrations in Edinburgh and Cardiff remain with, respectively, the Secretary of State for Scotland and the Secretary of State for Wales.

The Secretary of State for Scotland, the Parliamentary Under Secretary for Scotland and the Advocate General for Scotland are Ministers of the MoJ for administrative purposes but, unlike other Ministers, they do not report to the Lord Chancellor and Secretary of State for Justice. The Parliamentary Under Secretary for Scotland reports directly to the Secretary of State for Scotland. As a Law Officer of the Crown, the Advocate General works closely with the Attorney General and Solicitor General for England and Wales. The Advocate General is accountable directly to Parliament for the work of his Office.

Similarly, the Secretary of State for Wales and the Parliamentary Under Secretary for Wales are also Ministers of the MoJ for administrative purposes. The Parliamentary Secretary of State for Wales reports directly to the Secretary of State for Wales.

The following Ministers served in the Scotland Office and Wales Office during 2009 10:

Ministers	Tenure
Rt Hon. Jim Murphy MP, Secretary of State for Scotland	Full year
Lord Davidson of Glen Clova QC, Advocate General for Scotland	Full year
Ann McKechin MP, Parliamentary Under Secretary for Scotland	Full year
Rt Hon. Paul Murphy MP, Secretary of State for Wales	To 5 June 2009
Rt Hon. Peter Hain MP, Secretary of State for Wales	From 5 June 2009
Wayne David MP, Parliamentary Under Secretary for Wales	Full Year

On 12 May 2010, a coalition government of Conservatives and Liberal Democrats was announced.

The following Ministers were appointed and will be responsible for MoJ headquarters, associated offices and executive agencies:

Ministers
Rt Hon. Kenneth Clarke QC MP Secretary of State and Lord Chancellor
Rt Hon. Lord McNally Minister of State
Jonathan Djanogly MP Parliamentary Under Secretary
Crispin Blunt MP Parliamentary Under Secretary
Nick Herbert MP Minister of State (jointly with the Home Office)

The following Ministers were appointed to serve in the Scotland Office and Wales Office:

Ministers
Rt Hon. Danny Alexander MP Secretary of State for Scotland (To 29 May 2010)
Rt Hon. Michael Moore MP Secretary of State for Scotland (From 29 May 2010)
Rt Hon. David Mundell MP Parliamentary Under Secretary for Scotland
The Lord Wallace of Tankerness QC Advocate General for Scotland
Rt Hon. Cheryl Gillan MP Secretary of State for Wales
Rt Hon. David Jones MP Parliamentary Under Secretary for Wales

## The Departmental Boards

### The Corporate Management Board

#### *Membership of the Board*

The membership of Corporate Management Board (CMB) during 2009-10 comprised:

Board Member	Tenure
Sir Suma Chakrabarti, Permanent Secretary	Full year
Carolyn Downs, Deputy Permanent Secretary and Director General, Corporate Performance	To 5 March 2010
Rowena Collins-Rice, Director General, Democracy, Constitution and Law and Chief Legal Advisor	Full year
Helen Edwards CBE, Director General, Justice Policy	Full year
Peter Handcock CBE, Director General, Access to Justice	Full year
Marco Pierleoni, Director General, Finance and Commercial	To 31 January 2010
Ann Beasley CBE, Director General, Finance	From 1 February 2010
Phil Wheatley CB, Director General, National Offender Management Service	Full year
Jonathan Slater, Director General, Business Transformation	Full Year
Anne Bulford, Non-Executive Director and Chair of the Audit Committee	Full year
David MacLeod, Non-Executive Director	Full year

### *Responsibilities of the Board*

The Corporate Management Board exists to protect and enhance the reputation of the MoJ. It does so by providing direction and managing performance in policy and operational delivery in the MoJ. Its key role is to set the vision for MoJ, manage strategic challenges, determine resource allocations, deliver organisational capability and monitor performance.

The Board is a corporate body. It operates within a framework of strategy and policy agreed with the Secretary of State for Justice and Lord Chancellor. Its members take decisions collectively and not as representatives of the business areas which they lead.

### **The Audit Committee**

#### *Membership:*

Membership of the Audit Committee comprised: Anne Bulford (Chair of the Committee and Non-Executive Director of the Corporate Management Board) and three independent non-executives, Jane Tozer OBE, Francis Dobbyn and Mike Hawker. James Turner's membership of the committee ceased on 31 July 2009 and following a restructure of the membership Francis Dobbyn and Mike Hawker joined the committee in October 2009.

#### *Responsibilities:*

The Corporate Audit Committee is an advisory body. It supports the Permanent Secretary, as Principal Accounting Officer, and the CMB in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances underpinning the system of internal control and risk management. The terms of reference for the Committee are informed by the guidance set out in the *Treasury Audit Committee Handbook for Audit Committees in Central Government bodies*.

The Corporate Audit Committee advises the Principal Accounting Officer and CMB on the:

- processes for risk management, control and governance and the Statement on Internal Control;
- accounting policies and accounts for the MoJ;
- planned activity and results of both internal audit and external audit;
- adequacy of management responses to issues identified by audit activity including external audit's management letter;
- assurances relating to the MoJ's corporate governance requirements; and
- anti-fraud policies, whistle blowing processes, and arrangements for special investigation.

### **Senior Management**

The Permanent Secretary is appointed by the Prime Minister for an indefinite period under the terms of the Senior Civil Service contract. The other members of the Corporate Management Board are appointed by the Permanent Secretary. These appointments are also for an indefinite period with the exception of one board member who left the organisation during the year. The rules of termination for all official level members of both boards are set out in Chapter 11 of the *Civil Service Management Code*.

## The Scotland Office and the Wales Office

The Scotland Office and the Wales Office retained their own separate Heads of Department and Accounting Officers throughout 2009-10. Both reported directly to their respective Ministers.

Board Member	Tenure
Alisdair McIntosh, Head of the Scotland Office	Full year
Alan Cogbill, Head of the Wales Office	To 30 September 2009
Fiona Adams-Jones, Head of the Wales Office	From 1 October 2009
David Crawley, Non-Executive Director and Audit Committee Chair, Wales Office	Full year
Ian Summers, Non-Executive Director, Wales Office	Full year

## The Ministry of Justice's Relationship with its Non-Departmental Public Bodies

Throughout 2009-10 the MoJ sponsored nine executive Non-Departmental Public Bodies (NDPBs) as outlined on page 4. Each NDPB is a special purpose vehicle which plays a key role in the delivery of MoJ's objectives. The MoJ is committed to the maintenance of sound working relationships with all nine bodies which are managed through the following mechanisms:

- Each NDPB has a Sponsor Unit in MoJ headquarters which is responsible for general oversight of the NDPB and reporting its performance to the Treasury. Sponsor Units meet regularly with each NDPB, provide advice and support, approve strategy, financial and delivery plans and monitor operational and financial performance.
- The purpose of the NDPB, its governance and accountability arrangements and the respective management and financial responsibilities of the NDPB and MoJ are formalised in a Framework Agreement, a Financial Memorandum and a Management Statement which are agreed with the Sponsor Unit.
- The Chief Executive and Accounting Officer of each NDPB, together with the Sponsor Unit, advises Ministers and the MoJ Permanent Secretary (in his role as Departmental Accounting Officer) on the strategic direction of the NDPB in the context of wider departmental and cross government objectives.
- The performance of each NDPB in supporting the delivery of Ministers' strategy and policy priorities are reported regularly to the MoJ throughout the year and reviewed, usually quarterly, by the MoJ Permanent Secretary with the Chief Executive and, where applicable, the Chair of the NDPB and senior departmental sponsors.
- NDPBs are funded by MoJ through grant-in-aid. The Youth Justice Board also receives a significant contribution from the Department for Education (formerly Department for Children, Schools and Families).
- The Government announced in its July 2007 Green Paper *The Governance of Britain* that it would simplify its financial reporting to Parliament, ensuring that it reports in a more consistent fashion, in line with fiscal rules, at three stages in the process – on plans, Estimates and expenditure outturns. The Clear Line of Sight Project has been set up to meet this objective. It involves consolidating NDPBs into departmental accounts in 2011-12. This will not change any of the fundamental relationships between the MoJ and its NDPBs. NDPBs will continue to be separate corporate entities with statutory responsibilities.

# Management Commentary

The central MoJ spent £9.8 billion against Request for Resources 1 (RfR1) within Parliamentary Supply Estimates (Spring Supplementary Estimate) - see page 53. The use of these resources is reported in the Consolidated Statement of Operating Costs by Departmental Aims and Objectives on page 63 of these accounts. Aligning with the four main business groups, the Departmental Strategic Objectives for 2009-10 are to:

- strengthen democracy, rights and responsibilities
- deliver fair and simple routes to civil and family justice
- protect the public and reduce reoffending
- ensure a more effective, transparent and responsive criminal justice system for victims and the public

The *Comprehensive Spending Review 2007* set Public Service Agreements (PSAs) for the key priority outcomes that the Government wants to achieve in the period 2008-11. From 2009-10, all PSA targets are now government-wide and cross departmental boundaries.

The aim of the Scotland Office is to support the Secretary of State for Scotland in promoting the devolution settlement and Scottish interests in Parliament. Resources of £26.9 billion was spent under Request for Resources 2 (RfR2), being primarily a grant to the Scottish Consolidated Fund.

Likewise, the Wales Office's aim is to support the Secretary of State for Wales in promoting Welsh interests and ensuring the smooth operation of the devolution settlement in Wales. Resources of £13.0 billion were spent against Request for Resources 3 (RfR3), being primarily a grant to the Welsh Consolidated Fund.

Expenditure for the Scotland and Wales Offices are summarised, by objective, on pages 64 and 65.

The MoJ as a whole, across all three Requests for Resources, was responsible for £49.8 billion of net public spending in the financial year after taking account of income appropriated in aid of £1.1 billion (see page 53).



## Financial Performance

Parliament votes funds to departments on three occasions during the year by means of a *Main Estimate* at the start of the year, a *Winter Supplementary Estimate* in November and a *Spring Supplementary Estimate* in January. The MoJ Estimate consists of three separate Requests for Resources.

### **Request for Resource 1 (RfR1): To promote the development of a modern, fair, cost effective and efficient system of justice for all**

***Movements in Estimate provision during 2008-09:*** At the start of the year the MoJ was voted £9,180m in its *Main Estimate* under RfR 1. By the final *Spring Supplementary Estimate*, this had increased to £10,344m due to the following main reasons:

- £600m to cover the devaluation of the National Offender Management Service (NOMS) estate, £220m to cover the devaluation of the HM Courts Service (HMCS) estate, £39m for the impairment of the Supreme Court Building, Middlesex Guildhall and £35m for extra provisions required for the Probation Service Pension Scheme. All of these amounts are non-cash.
- A reserve claim of £34m resource and £33m capital near cash in relation to the prison capacity programme.
- A £15m resource DEL budget increase to cover the effects of the Implementation of International Financial Reporting Standards (IFRS) on the MoJ.
- A transfer of £15m from the Home Office to cover accommodation costs following the Machinery of Government Change in 2007 which transferred former Home Office functions to MoJ.
- £7m for the workforce modernisation programme, funded by past underspends under the End Year Flexibility arrangements.

## Explanation for variances between Estimate and Net Resource Outturn for RfR1:

Overall there was an underspend of 4.9%/£512m on the RfR 1 Estimate provision of £10.3 billion. Note 3 to the accounts provides a breakdown of this position for each subhead in the Estimate. The reasons for major variances in excess of both £4m and 5% are set out below:

### Policy, Corporate Services and associated offices (subhead A)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
A	Policy, Corporate Services and associated offices	462,579	560,973	98,394	17.5

The underspend of £98.4m/17.5% is due to efficiency and value for money savings made in year for estates, information technology and communications and human resources costs. The merging of local IT and estates functions in the centre of the department have generated savings in operating costs. In particular, there has been a reduction in the number of contract staff employed and in the use of consultants.

### Her Majesty's Courts Service (HMCS) (subhead B)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
B	HM Courts Service	686,157	851,948	165,791	19.5

Overall, HMCS underspent by £165.8m/19.5%. The main reason for this is that there was a decrease in the pension transfer deficit provision of £163m (provision write back of £184m offset by interest charges of £21m in note 25). The provision represents the estimated future liabilities associated with the transfer of approximately 8,000 Magistrates' Court Committees staff to HMCS and the movement of their pensions from the Local Government Pension Scheme (LGPS) to the Principal Civil Service Pension Scheme. The valuation of the liability reflects the market value of the assets (gilts and securities) underpinning the LGPS. Improved market conditions caused the asset values to rise and the net liability to fall to a greater extent than was anticipated in the Estimate. This is a non-cash movement.

In addition, actual income was £612m compared to a budget of £676m in the Estimate. This reflects lower than estimated volumes of fee generating business, especially in Family proceedings.

**Office of the Public Guardian (subhead C)**

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
C	Office of the Public Guardian	5,909	1,702	(4,207)	-247.2

The overspend of £4.2m/247% against an Estimate of £1.7m is due to two main reasons. An increase in fee remissions and exemptions from 10.8% of fee income in 2008-09 to 14.6% in 2009-10 increased net costs by £1.4m. This change reflects the Office of Public Guardian's commitment to communicate its fee exemptions and remissions policy in line with the objective of creating better access to justice for citizens. In addition, a provision of £2m has been made for dilapidations to cover the cost of restoring leasehold properties to their original state when vacated. This is a non-cash charge in 2009-10.

**Central Funds (subhead D)**

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
D	Costs from Central Funds	88,439	94,000	5,561	5.9

The £5.6m/5.9% underspend against the Central Funds budget of £94m reflects the effects of the introduction of the Eighth Amendment of the *Criminal Procedure Rules* in October 2009 which limit the costs that can be claimed against Central Funds.

**Criminal Justice Reform (subhead F)**

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
F	Criminal Justice Reform	115,498	148,846	33,348	22.4

The underspend of £33.3m/22.4% relates to a contribution from the Department for Education (formerly Department for Children, Schools and Families) of £38m to the costs of the Youth Justice Board. This was not factored into the Estimate provision for subhead F and is partly offset by the payment of £20m more grant-in-aid to the Youth Justice Board than budgeted for in the Estimate on subhead P.

**Legal Services Commission (subhead I)**

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
I	Legal Services Commission: Administration	131,650	139,600	7,950	5.7

The underspend of £7.9m/5.7% against Estimate for the administration costs of the Legal Services Commission relates mainly to slippage in the implementation of their IT Transformation and Delivery Transformation Programmes.

**Annually Managed Expenditure (subheads W and X)**

Spending in Annually Managed Expenditure		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
W	HMCS revaluation / impairment AME	187,496	220,000	32,504	14.8
X	NOMS revaluation impairment AME	525,054	600,000	74,946	12.5

The AME provision for HMCS on subhead W and NOMS on subhead X relates to the estimated reduction in value of the courts and prison estates respectively, arising from professional valuations of property or the application of property specific indices. Such movements are, by their nature, difficult to predict precisely in advance. Property values did not fall to the extent predicted, giving rise to non-cash underspends in both cases.

**Request for Resource 2 (RfR2): Overseeing the effective operation of the devolution settlement in Scotland and representing the interests of Scotland in the UK government**

Net resource outturn for RfR2 was within 1% of the Estimate within an underspend of £235m, mainly in respect of the grant payable to the Scottish Consolidated Fund to fund the devolved administration in Scotland. The grant is payable on demand to the Scottish Government up to the maximum amount voted by the UK Parliament.

**Request for Resource 3 (RfR3): To support the Secretary of State in discharging his role of representing Wales in the UK Government and ensuring the smooth working of the devolution settlement in Wales**

Net resource outturn for RfR3 was within 1% of the Estimate with an underspend of £121m, mainly in respect of the grant payable to the Welsh Consolidated Fund to fund the devolved administration in Wales. The grant is payable on demand to the Welsh Assembly Government up to the maximum amount voted by the UK Parliament.

## Reconciliation of resource expenditure between Estimate, Accounts and Budgets

The adjustment for resource consumption of Non-Departmental Public Bodies is based on the latest available information. The Resource Budget outturn shown above is therefore subject to change.

	<b>2009-10 Total</b>
	£'000
<b>Net Resource Outturn (Estimates)</b>	<b>49,780,627</b>
<i>Adjustments to remove:</i>	
Provision voted for earlier years	–
<i>Adjustments to additionally include:</i>	
Non-voted expenditure in the OCS	239,641
Consolidated Fund Extra Receipts in the OCS	(5,200)
Non-supply adjustment (Income)/Expenditure	(27,279)
(Profit)/Loss on disposal of assets	(7,159)
<b>Net Operating Cost (Accounts)</b>	<b>49,980,630</b>
<i>Adjustments to remove:</i>	
Gains/(losses) from sale of capital assets	7,159
Capital grants (to local authorities)	(3,511)
Voted expenditure outside the budget	(39,934,904)
<i>Adjustments to additionally include:</i>	
Resource consumption of Non Departmental Public Bodies	(275,982)
<b>Resource Budget Outturn (Budget)</b>	<b>9,773,392</b>
of which:	
Departmental Expenditure Limits (DEL)	9,021,642
Annually Managed Expenditure (AME)	751,750
	<b>9,773,392</b>

The adjustment for resource consumption of Non-Departmental Public Bodies is based on the latest available information. The Resource Budget outturn shown above is therefore subject to change.

# Review of activities during 2009-10

**Capability Review:** During the MoJ's Capability Review stock-take in July 2009, it was noted by the review team that progress had been made in a number of areas. In particular:

- Staff awareness of the overarching purpose of the MoJ had increased;
- The Management Board was working more effectively as a corporate leadership team;
- Good progress was made in enhancing the analytical capability of the MoJ; and
- There were signs that a stronger culture of staff performance management was developing.
- However, the review team noted that a sustained effort was required to improve the MoJ's management information in order to make resource allocation and prioritisation decisions, and therefore Board level leadership was assigned to this task. It was also noted that clarity was required in the governance model for Arm's Length Bodies and for the relationship to be appropriately tailored to the circumstance of each individual case. Finally, it was observed that two years after the MoJ was created, staff and stakeholders will be looking for evidence that the "MoJ dividend" is being achieved.

**Transforming Justice: Ten 'transformational' programmes were identified and are being developed under the Transforming Justice agenda:**

- Incentives and accountability for preventing offending and re-offending
- Diversion into alternative civil justice services
- New responses to crime
- Public engagement
- A better Criminal Justice System for the public
- Headquarters fit for the future
- Shared services
- Estates transformation
- Management information
- Engagement to deliver - employee engagement.

**Legal Aid Means Testing:** The MoJ began the introduction of legal aid Means Testing in the Crown Court. This joint work between the MoJ, HMCS and the Legal Services Commission sees five Crown Court centres; Bradford, Preston, Blackfriars, Norwich, and Swansea and their 23 committing Magistrates' Courts adopting a system which will help sustain the Legal Aid budget by allowing resources to be targeted at those defendants most in need. The current magistrates' scheme ensures that if a defendant has the means to do so they will be required to pay for their own defence. Every defendant that is committed, sent or transferred for trial to the Crown Court and applies for legal aid will be granted it, but those with sufficiently high disposable incomes or capital and equity will be required to contribute towards their defence costs.

**Redefining Justice:** The National Victims Service was created in January 2010. It will provide consistent levels of support to anyone who has been a victim of crime and who wants assistance. If victims need help, it will be there for them.

**The Political Parties and Elections Act 2009**, which received Royal Assent on 21 July 2009, implements reforms to the powers and governance of the Electoral Commission to help make it a more effective regulator of political funding and makes a number of other reforms to the framework for political donations and spending to increase the transparency and effectiveness of the regime.

**Parliamentary Standards Bill:** In response to public concern following the publication of MPs' expenses, the *Parliamentary Standards Bill* was introduced in July 2009 and received Royal Assent on 20 July 2009. The Act allows for the establishment of an Independent Authority to undertake the scrutiny and payment of MPs' expenses, and the authority was established and became operational in January 2010. MoJ set up the Independent Parliamentary Standards Authority (IPSA) which now operates as an independent Supply funded organisation.

**Court IT Systems:** During 2009-10 the MoJ continued the modernisation of the courts IT systems, which will improve the administration of civil and family cases. The upgraded systems have already been implemented in 39 county courts and 28 family courts, with further courts being modernised throughout 2010. A new IT system has also been introduced into the Court Funds Office to help manage the funds held for clients, most of whom are vulnerable.

**The first tribunal multi-hearing centre** was launched in East London. The centre operates across multiple tribunal jurisdictions (for example, employment, asylum, criminal injuries).

**The Coroners and Justice Bill** received Royal Assent in November 2009 and the implementation programme, expected to be completed by April 2012, is under way. The legislation includes a package of reforms to the coroner system for England and Wales. In particular, it includes the establishment of a new Chief Coroner, expected to be appointed during 2010, and measures to improve the experience of those bereaved people who come into contact with the system, such as providing rights of appeal against coroners' decisions and setting out the general standards of service they can expect to receive.

**Offender Employment:** The MoJ and the Department of Work and Pensions completed a joint review on employment support for offenders. The review identified a series of connected reforms aimed at improving frontline collaboration between Jobcentre Plus and NOMS. These include support and guidance to promote joint working and data sharing, to clarify roles and responsibilities and to ensure better communication; introducing designated officers within Jobcentre Plus and probation services to enable more effective working across the two agencies; closer working in the commissioning of interventions and employer engagement; and introducing a shared system of performance management to monitor the impact of these changes on better employment outcomes for offenders as part of our broader efforts to reduce re-offending.

**Probation Trusts:** Parliament has been notified that the remaining 34 Probation Boards will acquire Trust status and that there will be a rationalisation of probation bodies from 42 to 35. The 35 Trusts will deliver probation services in England and Wales. Compared to Boards, Trusts have greater independence to focus their work on the needs of local communities.

**The Advisory Panel on Judicial Diversity** was established in April 2009 to make recommendations on how to achieve swift and sustained progress to a more diverse judiciary. In its report the Panel, chaired by Baroness Neuberger, made over 50 recommendations, including a change of focus from judicial appointments to the development of judicial careers. A review of the future of the Judicial Appointments Commission was subsequently announced.

## Looking Forward

**HMCS/Tribunals:** The MoJ will be merging Her Majesty's Courts Service and the Tribunals Service into a single organisation. The new organisation will facilitate the building of a unified judicial family in England and Wales and achieve savings through joint administration and shared hearing venues.

**Legal Services Commission:** In response to Sir Ian Magee's review into the delivery of legal aid, the Legal Services Commission is to become an executive agency of the MoJ. The change in status will see a new and stronger relationship between the MoJ and the Legal Services Commission and tighter financial controls over the £2.1 billion budget. This will ensure the budget is delivering best value for money and, most importantly, that the most vulnerable people in society continue to get the legal help they need.

**Legal Aid Reforms:** The delivery of criminal defence services will be restructured by moving to a smaller number of large contracts which will include Crown Court work. The restructuring will move the legal aid budget onto a more sustainable footing, helping to deliver savings for the taxpayer while ensuring suppliers remain profitable.

**Appointment of Victims Commissioner:** Louise Casey has been appointed the Victims' Commissioner. Louise Casey will build on the work conducted by Victims' Champion, Sara Payne, who over the course of the last year sought the views of victims and witnesses across England and Wales and brought their experiences and thoughts of the criminal justice system straight to the heart of government.

**The Freedom of Information Act,** will be extended to cover four more public bodies and increase the public's right to access information. The bodies covered by the change are: the Association of Chief Police Officers (ACPO), the Financial Ombudsman Service (FOS), the Universities and Colleges Admissions Service (UCAS) and Academy Trusts – the bodies responsible for Academy Schools. An extension of the scope of the FOI Act to include further bodies is being considered.

**Libel law:** Reforms of the law on libel will be taken forward in the next Parliament to protect freedom of expression. The reforms will build on the work by the Libel Working Group, and includes plans to protect publications that are in the public interest and prevent the growth of 'libel tourism' where foreign claimants can use English courts to make libel claims against foreign publications accessible in the UK.

**Specialist domestic violence courts:** A further 14 new specialist domestic violence courts will be opened in the East Midlands, London, the North West and the South East. This will bring the total number of specialist domestic violence courts in England and Wales to 141.

**Community Payback:** The intensive community payback scheme has been extended. The scheme requires all unemployed offenders sentenced to more than 200 hours of community payback to complete their punishment intensively. Offenders will be expected to work three days a week and do a minimum of 18 hours every week clearing undergrowth, picking up litter, renovating community centres and cleaning up graffiti for local communities.



## Personal data related incidents

In the Cabinet Office's *Interim Progress Report on Data Handling Procedures*, published on 17 December 2007, the Government made a commitment that departments will cover information risk management in their annual reporting. The following gives a summary report of significant personal data related incidents in 2009-10 categorised according to Cabinet Office requirements. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the *Freedom of Information Act 2000* or may be subject to the limitations of other UK information legislation.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
September	Theft of unencrypted laptop containing sensitive personal data relating to psychotherapy sessions	Names, prisoner numbers, details about role plays in which offenders re-enact their crimes and past experiences	30	Police informed and affected individuals identified and informed
January	Loss of unencrypted floppy disk used to back up IT system	Prisoner Number, Sentence, Prisoner Name, Current Location, Date of Birth, Home Address, Description Offence	500	Disk was recovered so individuals were not informed
Further action on information risk	The Department continues to monitor and assess its information risks, in light of the events noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems. Since the last reporting year all MoJ staff now undertake a compulsory Information Assurance training course when joining the Department.			

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the MoJ are set out in the table below. Small localised incidents are not recorded centrally and are not cited in these figures.

Summary of other protected personal data related incidents in 2009-10		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	48
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	84
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	4
IV	Unauthorised disclosure	313
V	Other	56

The MoJ is applying the *Government's Security Policy Framework* to control risks across the organisation. This comprises the requirement for all areas to robustly apply procedures for reporting security incidents where there is the possibility of inadvertent release of personal data, however minor. The figures above therefore include small, localised incidents as these are recorded centrally for MoJ.

#### **Further action on information risk:**

The MoJ will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

A key challenge for the year ahead will be delivering Information Assurance in the current economic climate. We will also continue to drive forward an improved MoJ culture on data handling in order to embed good practice in a sustainable way. We will continue working with colleagues within the Department and across Whitehall to encourage a joined up approach between information risk, security, ICT and knowledge and information management.

#### **Sickness Absence data**

The average number of working days lost (AWDL) due to sickness for staff across the whole of MoJ (including NOMS but excluding Probation) in 2009-10 was 9.5 days (2008-09; 9.7 days). Within this figure staff in Core MoJ (MoJ HQ and Access to Justice combined) recorded 7.3 AWDL against the Cabinet Office target of 7.5 days. NOMS (including Probation) recorded 10.48 AWDL against its target of 10.5 days (10.7 AWDL excluding Probation), the figure for NOMS HQ staff was 7.7 AWDL.

Reducing sickness absence remains a workforce strategy priority with all MoJ business areas committing to further reducing sickness absences in order to fulfil our *Smarter Government* commitments.

#### **Equality and diversity**

The Ministry is committed to equality of outcomes in employment and service delivery for our staff and customers. We want to achieve an organisational culture where everyone, irrespective of race, ethnicity, gender, marital or civil partnership status, disability, sexual orientation, age, gender identity, caring responsibility, work pattern or trade union membership is treated with fairness and respect, where everyone is able to contribute and develop to their full potential and where everyone is confident about how to ensure their work supports fair outcomes for all our diverse customers.

The MoJ is committed to recognising and responding to the diverse needs of our staff, stakeholders and service users. We ensure staff from under represented groups have developmental opportunities to be the best they can be and aim to ensure that our staff are representative of the communities we serve. We also promote equal access to justice for our customers and a right to participate fully in society.

The MoJ is committed to disability equality for both its staff and customers. The MoJ has a *Reasonable Adjustment Policy* under which advice, support and guidance are provided on the wide variety of adjustments available to enable staff at work to be the best they can be where they have a disability. Guidance on supporting staff with a disability and providing reasonable adjustments is also available in the *Departmental Ability Manual*. The MoJ is an authorised user of the *Two Ticks Scheme* and participates in the *Guaranteed Interview Scheme* for candidates with a disability.

All parts of the MoJ are involved in ensuring equality and diversity is embedded into service delivery as well as in policy development. All policies and processes for staff and customers are assessed to ensure that equality is at the heart of all we deliver. This helps to build confidence in the justice system, both nationally and locally, and to ensure that our staff are sensitive to the needs of the vulnerable and socially excluded.

### Engagement and consultation

The MoJ has made the strategic development of its communications a key priority and aims to be proactive and open, working to engage more effectively with stakeholders, staff, the public and the media in the development and delivery of its services.

The MoJ engages extensively with a wide range of external stakeholders as a means of informing its policy development. A range of methods are used, ranging from formal stakeholder meetings to electronic discussion groups and consultation papers.

The MoJ undertakes formal written public consultations during the course of the year to inform its policy and operational decision making. These consultations are carried out under the *Government Code of Practice on Consultation*. During the course of 2009, the MoJ issued 45 written formal consultations on matters of policy and delivery of public services.

### Payment to suppliers

During financial year 2009-10 the MoJ's policy has been to pay suppliers in accordance with the Prime Minister's commitment of 8 November 2008 that Government Departments should pay suppliers within 10 days of receipt of a valid invoice at the correct billing address. Excluding the National Probation Service, for the financial year 2009-10 90.7% of invoices were paid within these terms (2008-09: 97.4% within 30 days of receipt). Including the National Probation Service, interest paid under the *Late Payment of Commercial Debts (Interest) Act 1988* was £172k (2008-09: £147k).

The performance of Probation Boards and Trusts in paying their suppliers was as follows:

Range	No. of Probation Boards and Trusts reporting performance within the range	
	2009-2010	2008-2009
95 % to 100%	18	17
90% to 94.9%	11	12
85% to 89.9%	6	8
80% to 84.9%	5	2
75% to 79.9%	1	2
70% to 74.9%	1	1
65% to 69.9%	0	0
60% to 64.9%	0	0
55% to 59.9%	0	0
Less than 55%	0	0
<b>No. of Probation Boards and Trusts reporting</b>	<b>42</b>	<b>42</b>

The proportion of the aggregate amount owed to trade creditors at the year end compared with the aggregate amount invoiced by suppliers during the financial year in terms of days equalled 8.24 days.

## Audit

These accounts have been audited by the Comptroller and Auditor General (C&AG). The notional cost of the audit for the Core Department in 2009-10 is £340,000 plus an additional £100,000 for the Consolidated Accounts (2008-09: £350,000 and £100,000).

The total cost of audits across the MoJ group is £3,426,500, of which £1,557,000 is cash and £1,869,500 is a notional cost (2008-09: £3,564,250 comprising £1,796,000 cash and £1,768,250 notional cost).

This total cost includes:

	2009-10 £	2008-09 £
Her Majesty's Courts Service	415,000	440,000
Funds in Court Part A	63,000	65,000
Funds in Court Part C	21,000	21,000
Tribunals Service	116,000	110,000
Office of the Public Guardian	46,000	47,000
Consolidated Accounts of the Local Probation Boards	67,000	69,000
Individual Probation Boards	1,557,000	1,796,000
National Offender Management Service	285,000	250,000
Office of the Legal Services Ombudsman	13,000	12,500
Office of the Legal Services Complaints Commissioner	13,500	13,000
Returning Officers' Expenses, England and Wales	35,000	35,000
Returning Officers' Expenses, Scotland	7,000	7,000
Judicial Pension Scheme	31,000	30,750
Whole of Government Accounts	20,000	15,000
Wales National Loans Fund	2,500	2,500
Scotland National Loans Fund	2,500	2,500
Official Solicitor and Public Trustee	58,000	60,000

<b>IFRS – Audit of Restated Balance Sheet</b>		
Moj Core	28,000	25,000
Her Majesty's Courts Service	100,000	55,000
Tribunals Service	29,000	11,500
Office of the Public Guardian	7,000	5,000
National Offender Management Service	70,000	41,500
<b>TOTAL</b>	<b>2,986,500</b>	<b>3,114,250</b>
Core Accounts	340,000	350,000
Consolidated Accounts	100,000	100,000
<b>TOTAL</b>	<b>3,426,500</b>	<b>3,564,250</b>
Of which		
Cash	1,557,000	1,796,000
Notional	1,869,500	1,768,250
	<b>3,426,500</b>	<b>3,564,250</b>

The audit of the 42 Probation Areas, for which a cash charge is made, is undertaken by auditors appointed by the Audit Commission and by the Wales Audit Office.

The National Audit Office performs other statutory audit activity, including value for money and assurance work, at no cost to the Moj.

To the best of the Accounting Officer's and Moj's knowledge, there is no relevant audit information of which the Moj's auditors are unaware. 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 Moj's auditors are aware of that information.

Sections 6 and 7 of the *Government Resources and Accounts Act 2000* require the C&AG to examine, certify and report on the accounts before they are laid before Parliament.

### **Provision of information and consultation with employees**

The Moj attaches considerable importance to ensuring the fullest involvement of employees in delivering its aims and objectives. Staff involvement is actively encouraged as part of the day-to-day process of line management and we regularly consult and inform our constituent Trades Unions at all levels of the organisation.

Building on its own employee engagement work, the Moj participated in the Civil Service People Survey in October 2009. Leadership, the management of change, job satisfaction, inclusion and fair treatment emerged as key drivers of engagement. Work is being taken forward to further develop

Moj's engagement strategy through the *Engaging Our People Programme*, part of the Moj's Transforming Justice portfolio.

### **Sustainable Development**

The Moj's performance against sustainability targets is overseen by the Sustainable Development Board which comprises senior representatives from each business group within the Moj. Details of performance against government targets can be found at the following link:

[http://www.ogc.gov.uk/sustainable\\_development\\_in\\_government\\_ministry\\_of\\_justice.asp](http://www.ogc.gov.uk/sustainable_development_in_government_ministry_of_justice.asp)

Good progress has been made on energy efficiency, waste and CO2 from road vehicles but a continued focus on CO2 emissions from offices and water consumption is required if these targets are to be met.

Key actions taken during the year:

- Contributing to the Office of Government Commerce Delivery Plan for Sustainable Procurement and Operations on the Government Estate, demonstrating the contribution Moj will make to the government targets and measures for achievement in sustainable operations;
- Increasing video and tele-conferencing facilities to reduce the need for staff to travel to meetings; and
- Signing up in November 2009 to the Waste and Resources Action Program (WRAP) initiative to reduce by 50% the amount of waste going to landfill by 2012.

### **Social and Community Responsibility**

We are committed to making the Moj truly representative of the communities it serves. This is achieved by various means, including through well-established recruitment procedures which reach out into communities to attract the best people regardless of their background or circumstances. Last year the Moj was recognised by the organisation *Working Families* as one of the top 20 best family-friendly employers from the last three decades. Moj supports staff who volunteer for community and public duties, such as being magistrates or school governors, and actively encourages members of the public to contribute to the delivery of public services by providing paid time off work to undertake duties such as volunteering in courts and prisons.

Other matters:

### **Research and Development**

The Moj undertakes research to enhance policy development and programme evaluations. Expenditure is charged to the Operating Cost Statement as incurred and is reported in Notes 11 and 12 to the accounts.

### **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 the Comptroller and Auditor General certified the accounts. Details are provided in Note 39 to the accounts.

**Charitable donations**

The MoJ donated 10p for every completed Staff Engagement Survey to the Civil Service Benevolent Fund (CSBF), which raised just over £5,200 in 2009-10. CSBF helps provide help to current and past civil servants in difficulty.

**Management of contingent liabilities**

Note 32 to the accounts sets out the contingent liabilities faced by the MoJ within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Note 33 sets out those contingent liabilities that are not required to be disclosed under IAS 37 but which are included for Parliamentary reporting and accountability purposes. The MoJ's approach to minimising the risk of contingent liabilities crystallising is to operate effective risk management processes and systems of internal control to limit both their likelihood and their impact. All legal claims against the MoJ are defended to the extent that it is cost effective to do so.

**Pension liabilities**

Staff employed by local Probation Boards and Trusts are members of the Local Government Pension Scheme. The pension liabilities associated with this scheme are accounted for and disclosed in accordance with IAS 26 'Accounting and Reporting by Retirement Benefit Plans' in Note 38 to the accounts. As detailed in Note 10.1, other staff are members of the Principal Civil Service Pension Scheme which is an unfunded multi-employer benefit scheme which prepares its own accounts but where individual employers are unable to identify their share of the underlying assets and liabilities of the scheme. As detailed in Note 10.2, members of the judiciary belong to the Judicial Pension Scheme which is an unfunded multi-employer defined benefit scheme that produces its own resource accounts which are prepared by the MoJ.

**Estates Management Strategy**

The MoJ aims to manage its estate in the most efficient manner to minimise running costs and environmental impacts. The MoJ's Estates Transformation Project has been established to rationalise the number of administrative buildings in use by headquarters, executive agencies, Non-Departmental Public Bodies and associated bodies in London and in the regions.

The same overarching principles inform to the management of the operational estate, representing courts and prisons. HMCS has a programme of court integrations which involves locating different court jurisdictions within a single building where possible, generating funds for new buildings and refurbishments that deliver significant reductions in running costs. NOMS has a capacity programme to deliver extra prison places which involves building new prisons with lower per capita running costs and increasing the usable operational capacity of the existing estate. In 2009-10, 2,905 additional prison places were provided, of which 2,166 places in 26 prisons were delivered through more effective use of the estate.

**Directorships and other significant interests**

A register is maintained by the MoJ that includes details of company directorships and other significant interests held by Board members which may conflict with their management responsibilities. This register is available for public inspection upon request.

**Sir Suma Chakrabarti**  
Accounting Officer  
13 September 2010

# Remuneration Report

## Auditable Sections

In accordance with the requirements of *Schedule 7A of the Companies Act 1985 (as amended)*, only certain sections of the Remuneration Report have been subject to full external audit. These comprise the sections on salary and pension entitlements.

### Remuneration Policy

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

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the *Ministerial and Other Salaries Act 1975*.

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

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Board members' and senior civil servants' remuneration

The salaries of the MoJ Board members and the Departmental Board members were determined by the Permanent Secretary in accordance with the rules set out in *Chapter 7.1, Annex A of the Civil Service Management Code*. The salaries of other senior civil servants were set following discussions between the Permanent Secretary and his Director Generals.

Performance based pay awards are based on an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded.



**Service Contracts**

Civil service appointments are made in accordance with the *Civil Service Commissioners' Recruitment Code*, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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](http://www.civilservicecommissioners.gov.uk).

### Ministers' salary and pension entitlements

The salary, taxable benefits in kind and pension entitlements for Ministers are shown in the following tables:

Remuneration		2009-10		2008-09
Ministers	Salary	Benefits in Kind (rounded to the nearest £100)	Salary	Benefits in Kind (rounded to the nearest £100)
	£	£	£	£
Rt Hon Jack Straw MP, Secretary of State for Justice and Lord Chancellor	78,356	–	79,179	–
Rt Hon Michael Wills MP, Minister of State	40,533	–	41,043	–
Maria Eagle MP, Minister of State (from 8 June 2009) and previously, Parliamentary Under Secretary (to 7 June 2009)*	38,737	–	31,236	–
Rt Hon David Hanson MP, Minister of State (to 7 June 2009)	10,049 (40,646 full-year equivalent)	–	41,134	–
Bridget Prentice MP, Parliamentary Under Secretary	30,937	–	31,322	–
Lord Bach, Parliamentary Under Secretary	89,714 (110,606 full-year equivalent)**	–	–	–
Claire Ward MP, Parliamentary Under Secretary  (from 9 June 2009)	25,024 (30,851 full-year equivalent)	–	–	–
Shahid Malik MP, Parliamentary Under Secretary (to 15 May 2009)	3,732 (30,851 full- year equivalent)	–	15,094 (30,851 full-year equivalent)	–
Rt Hon Jim Murphy MP, Secretary of State for Scotland	78,356	–	35,486 (78,356 full-year equivalent)	–

Remuneration		2009-10		2008-09
Ministers	Salary	Benefits in Kind (rounded to the nearest £100)	Salary	Benefits in Kind (rounded to the nearest £100)
Ann McKeichin MP, Parliamentary Under Secretary for Scotland	30,808	500	16,428 (30,851 full-year equivalent)	–
Lord Davidson of Glen Clova QC, Advocate General for Scotland	139,109	–	135,449	–
Peter Hain MP, Secretary of State for Wales (from 5 June 2009)	64,208 (78,356 full-year equivalent)	–	–	–
Rt Hon Paul Murphy MP, Secretary of State for Wales  (to 5 June 2009)	35,462 (78,356 full-year equivalent)	–	78,961	–
Wayne David MP, Parliamentary Under Secretary for Wales	30,851	–	15,011 (30,851 full-year equivalent)	–

#### Notes to the table:

Calculations for the full-year equivalent salary exclude bonuses, allowances and ex-gratia payments.

There may be variances between the salaries disclosed in the table above and the salary entitlement for Ministers published in the Ministerial Salaries factsheet (M6). This is due to amounts paid in 2009-10 including payments relating to 2008-09.

A number of Ministers elected to waive their rights to pay increases since November 2007.

\*Maria Eagle MP was Parliamentary Under Secretary until 7 June 2009. From 8 June 2009 she was Minister of State. The FTE for a Parliamentary Under Secretary is £30,851. The FTE for a Minister is £40,646.

\*\*The salary of the Parliamentary Under Secretary of State Lord Bach was included in the figure 'Lords in waiting', under 'Additional Ministerial salaries borne by HM Treasury' in the accounts of HM Treasury until June 2009. From June 2009 his salary was included in the MoJ's accounts.

Shahid Malik MP has also held responsibilities in the Home Office from 26 March 2009. He left the MoJ on 15 May 2009 and later moved to the Department for Communities and Local Government.

Maria Eagle MP has also held a ministerial post at the Government Equalities Offices from 6 October 2008 for which she received no additional salary or remuneration.

Pension Benefits	Accrued pension at age 65 as at 31 March 2010	Real increase in pension at age 65	CETV at 31 March 2010	CETV at 31 March (published)	Real increase in CETV
Ministers	£000	£000	£000	£000	£000
Rt Hon Jack Straw MP, Secretary of State for Justice and Lord Chancellor	25-30	0-2.5	525	467	42
Rt Hon Michael Wills MP, Minister of State	0-5	0-2.5	68	50	11
Maria Eagle MP, Minister of State (from 8 June 2009) and previously, Parliamentary Under Secretary (to 7 June 2009)	5-10	0-2.5	88	69	9
Rt Hon David Hanson MP, Minister of State (to 7 June 2009)	5-10	0-2.5	93	84	7
Bridget Prentice MP, Parliamentary Under Secretary	5-10	0-2.5	109	82	18
Lord Bach, Parliamentary Under Secretary	15-20	0-2.5	310	251	32
Claire Ward MP, Parliamentary Under Secretary (from 9 June 2009)	0-5	0-2.5	28	22	3
Shahid Malik MP, Parliamentary Under Secretary (to 15 May 2009)	0-5	0-2.5	4	3	0*
Rt Hon Jim Murphy MP, Secretary of State for Scotland	5-10	0-2.5	75	55	9
Ann McKechin MP, Parliamentary Under Secretary for Scotland	0-5	0-2.5	14	4	6
Lord Davidson of Glen Clova QC, Advocate General for Scotland	10-15	2.5-5	170	118	33
Peter Hain MP, Secretary of State for Wales (from 5 June 2009)	0-5	0-2.5	26	0	20
Rt Hon Paul Murphy MP, Secretary of State for Wales (to 5 June 2009)	15-20	0-2.5	345	332	8
Wayne David MP, Parliamentary Under Secretary for Wales	0-5	0-2.5	28	16	7

**Notes to the table:**

\* The actual real increase in CETV for Shahid Malik MP is £455.

The MoJ is not required to disclose pension information for the Lord Chancellor under Cabinet Office regulations. However in the interest of transparency and since the appointment of Rt Hon Jack Straw MP to the role, the MoJ has decided to disclose this information.

### Ministerial Pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in *Statutory Instrument SI 1993 No 3253, as amended*).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40<sup>th</sup> since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50<sup>th</sup> accrual rate and a lower rate of employee contribution.

Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Price Index. (From 2011-12, the Consumer Price Index will be used.) Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50<sup>th</sup> accrual rate or 10% of salary if they have opted for the 1/40<sup>th</sup> accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8% of the ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

### The Cash Equivalent Transfer Value (CETV)

This 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with *The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations* and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The real increase in the value of the CETV

This is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister and is worked out using common market valuation factors for the start and end of the period.

### Senior Managers' salary and pension entitlements

The salary, taxable benefits in kind and pension entitlements for Senior Managers is shown in the following tables:

Remuneration		2009-10		2008-09
Senior Managers	Salary inc bonuses	Benefits in Kind (rounded to the nearest £100)	Salary inc bonuses	Benefits in Kind (rounded to the nearest £100)
	£000	£	£000	£
Sir Suma Chakrabarti, Permanent Secretary	180-185	38,400	195-200	34,500
Carolyn Downs, Deputy Permanent Secretary & Director General, Corporate Performance (to 5 March 2010)	155-160 (165-170 full-year equivalent)	–	40-45 (165-170 full-year equivalent)	–
Rowena Collins-Rice, Director General, Democracy, Constitution and Law and Chief Legal Advisor	130-135	–	125-130	–
Helen Edwards CBE, Director General, Justice Policy	175-180	100	175-180	100
Peter Handcock CBE, Director General, Access to Justice	145-150	3,200	145-150	1,700
Marco Pierleoni, Director General, Finance and Commercial (to 31 January 2010)	155-160 (170-175 full-year equivalent)	–	170-175	–
Ann Beasley CBE, Director General, Finance (from 1 February 2010)	20-25 (130-135 full-year equivalent)	–	–	–
Phil Wheatley CB, Director General, National Offender Management Service	170-175	–	170-175	–
Jonathan Slater, Director General, Transforming Justice	155-160	–	60-65 (140-145 full-year equivalent)	–
Alisdair McIntosh, Head of the Scotland Office	90-95	–	5-10 (80-85 full-year equivalent)	–
Alan Cogbill, Head of the Wales Office (to 30 September 2009)	45-50 (95-100 full -year equivalent)	–	95-100	–
Fiona Adams-Jones, Head of the Wales Office (from 1 October 2009)	45-50 (80-85 full-year equivalent)	–	–	–

## Non-Executive Directors

Remuneration		2009-10		2008-09
Non-Executive Directors	Salary inc bonuses	Benefits in Kind (rounded to the nearest £100)	Salary inc bonuses	Benefits in Kind (rounded to the nearest £100)
	£000	£	£000	£
David Crawley, Audit Committee Chair and Non-Executive Director, Wales Office	5-10	–	5-10	1,900
Ian Summers, Non-Executive Director, Wales Office	5-10	–	5-10	–
David MacLeod, Non-Executive Director	5-10	–	5-10	–
Anne Bulford, Non-Executive Director	5-10	–	5-10	–

### Notes to the table:

Calculations for the full-year equivalent salary exclude bonuses, allowances and ex-gratia payments.

Beverley Shears, former Director General for Human Resources, left the Department on 31 March 2009. From 1 April 2009 to 5 March 2010 responsibility for Human Resources came under Carolyn Downs, Deputy Permanent Secretary & Director General Corporate Performance. Carolyn Downs left the Management Board on 5 March 2010. Since that date responsibility for Human Resources has come under Jonathan Slater, Director General, Transforming Justice.

Fiona Adams-Jones is on loan from The Welsh Assembly Government from 1 October 2009 to 1 October 2010.

Alisdair McIntosh is on loan from the Scottish Government.

Bonus payments made in 2009-10 are for bonuses awarded for 2008-09. Bonus payments made in 2008-09 were for bonuses awarded for 2007-08. 2009-10 bonuses are payable in 2010-11. The Accounting Officer declined the bonus awarded to him.

Non-Executive Directors are paid on a daily rate basis.

John Aldridge has been Chair of the Scotland Office Audit Committee since 1 April 2009. He is a former employee of the Scottish Government and received no remuneration for this role.

## Compensation for loss of office

Alan Cogbill, who was head of the Wales Office, left under Compulsory Early Retirement Terms on 30 September 2009. He received immediate payment of his pension and associated lump sum plus a compensation payment of £48,548.

## Service Contracts

Senior Managers	Contract start date	Unexpired term (years)	Notice period (months)
Sir Suma Chakrabarti, Permanent Secretary	1 September 1984	14	3
Rowena Collins-Rice, Director General, Democracy, Constitution and Law and Chief Legal Advisor	1 July 1985	15	3
Helen Edwards CBE, Director General, Justice Policy	14 January 2002	8	3
Peter Handcock CBE, Director General, Access to Justice	4 January 1971	6	3
Ann Beasley CBE, Director General, Finance (from 1 February 2010)	1 July 2002	13	3
Phil Wheatley CB, Director General, National Offender Management Service	21 July 1969	3	3
Jonathan Slater, Director General, Transforming Justice	17 October 2001	16	3
Alisdair McIntosh, Head of the Scotland Office	26 June 2000	18	1
Fiona Adams-Jones, Head of the Wales Office (from 1 October 2009)	25 February 1974	9	3
Carolyn Downs, Deputy Permanent Secretary & Director General, Corporate Performance (to 5 March 2010)		Left MoJ Corporate Management Board	
Marco Pierleoni, Director General, Finance and Commercial (to 31 January 2010)		Left MoJ Corporate Management Board	
Alan Cogbill, Head of the Wales Office (to 30 September 2009)		Left MoJ	
David Crawley, Audit Committee Chair and Non-Executive Director, Wales Office	5 December 2005	1	n/a
Ian Summers, Non-Executive Director, Wales Office	1 September 2007	0.5	n/a
David MacLeod, Non-Executive Director	21 April 2008	1	1



Senior Managers	Contract start date	Unexpired term (years)	Notice period (months)
Anne Bulford, Non-Executive Director	21 April 2008	1	1

**Notes to the table:**

Contracts for Senior Civil Servants were not issued until 1996; where people joined before contracts were introduced the table shows their joining date.

Unexpired term is either remaining contract period on fixed term contracts or when an individual is 65 for all other cases.

Fiona Adams-Jones is on loan from The Welsh Assembly Government from 1 October 2009 to 1 October 2010.

Alisdair McIntosh is on loan from the Scottish Government.

**Pension Benefits**

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2010 £000	Real increase in pension and related lump sum at pension age at 31 March 2010 £000	CETV at 31 March 2010 £000	CETV at 31 March 2009 (recalculated) £000	CETV at 31 March 2009 (published) £000	Real increase / (decrease) in CETV £000
Sir Suma Chakrabarti, Permanent Secretary	55-60 plus 170-175 lump sum	2.5-5 plus 10-12.5 lump sum	1,077	951	951	62
Carolyn Downs, Deputy Permanent Secretary & Director General, Corporate Performance (to 5 March 2010)	0-5	2.5-5	*55	12	8	38
Rowena Collins-Rice, Director General, Democracy, Constitution and Law and Chief Legal Advisor	40-45 plus 120-125 lump sum	7.5-10 plus 22.5-25 lump sum	702	526	536	141
Helen Edwards CBE, Director General, Justice Policy	15-20 plus 0-5 lump sum	2.5-5 plus 0-2.5 lump sum	310	244	238	47
Peter Handcock CBE, Director General, Access to Justice	85-90	0-2.5	1,702	1,397	1,397	227
Marco Pierleoni, Director General, Finance and Commercial (to 31 January 2010)	55-60	52.5-55	**572	47	40	72
Ann Beasley CBE, Director General, Finance (from 1 February 2010)	40-45 plus 130-135 lump sum	0-2.5 plus 2.5-5 lump sum	823	***751	-	23

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2010	Real increase in pension and related lump sum at pension age at 31 March 2010	CETV at 31 March 2010	CETV at 31 March 2009 (recalculated)	CETV at 31 March 2009 (published)	Real increase / (decrease) in CETV
	£000	£000	£000	£000	£000	£000
	Phil Wheatley CB, Director General, National Offender Management Service	80-85 plus 240-245 lump sum	2.5-5 plus 10-12.5 lump sum	1,891	1,808	1,812
Jonathan Slater, Director General, Transforming Justice	30-35 plus 100-105 lump sum	2.5-5 plus 7.5-10 lump sum	589	503	510	52
Alisdair McIntosh, Head of the Scotland Office	20-25 plus 60-65 lump sum	2.5-5 plus 7.5-10 lump sum	323	266	265	39
Alan Cogbill, Head of the Wales Office (to 30 September 2009)	40-45 plus 125-130 lump sum	0-2.5 plus 0-2.5 lump sum	****945	899	899	13
Fiona Adams-Jones, Head of the Wales Office (from 1 October 2009)	35-40 plus 105-110 lump sum	2.5-5 plus 12.5-15 lump sum	734	*****648	-	93

#### Notes to the table:

Due to certain corrections being made to last year's CETV calculations there may be slight differences between the final period CETV for 2008-09 and the start of period CETV for 2009-10.

\* The figure quoted for Carolyn Downs is to 5 March 2010.

\*\* The figure quoted for Marco Pierleoni is to 31 January 2010.

\*\*\* The figure quoted for Ann Beasley is from 1 February 2010.

\*\*\*\* The figure quoted for Alan Cogbill is to 30 September 2009.

\*\*\*\*\* The figure quoted for Fiona Adams-Jones is from 28 September 2009.

None of the Non-Executive Directors have pension entitlements with the MoJ.

#### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the MoJ and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as a MP (£64,766 as of May 2009), and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the MoJ and is therefore shown in full in the figures above.

Phil Wheatley is paid by the NOMS Agency.

### Benefits in kind

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

Peter Handcock had the use of a car with the taxable benefits assessed at £3,200 (2008-09: £1,700 to the nearest £100). Sir Suma Chakrabarti's benefit in kind related to the use of a car and the associated tax liability which is assessed at £38,400 (2008-09: £34,500 to the nearest £100). As this arrangement extended the official working time of the Permanent Secretary, the MoJ met the tax liability. Helen Edwards working lunches with business associates and staff with the total taxable benefits assessed at £100 (2008-09: £100 to the nearest £100).

Ann McKechin MP has benefits in kind for travel and subsistence.

These are an estimate, as the final value is to be agreed between the Secretary of State and Her Majesty's Revenue and Customs.

### Civil Service Pensions

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 changes in the Retail Prices Index (RPI). (From 2011-12, the Consumer price Index will be used). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant 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, immediately after the scheme year end, the accrued pension is uprated in line with RPI. 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](http://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 individual 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 calculated in accordance with *The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations* 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, 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.

Sir Suma Chakrabarti  
Accounting Officer  
13 September 2010

# Statement of Accounting Officers' Responsibilities

Under the *Government Resources and Accounts Act 2000*, HM Treasury has directed the MoJ to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the MoJ during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the MoJ and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Principal Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

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

HM Treasury has appointed the Permanent Head of the MoJ as Principal Accounting Officer of the department. In addition, HM Treasury has appointed Additional Accounting Officers to be accountable for those parts of the MoJ's accounts relating to specified requests for resources and the associated assets, liabilities and cash flows. These appointments do not detract from the Permanent Head of the Department's overall responsibility as Accounting Officer for the MoJ's accounts.

The allocation of Accounting Officer responsibilities in the MoJ is as follows:

- Request for Resources 1: Sir Suma Chakrabarti, Permanent Secretary;
- Request for Resources 2: Alisdair McIntosh, Head of the Scotland Office;
- Request for Resources 3: Alan Cogbill, Head of the Wales Office.

The Head of the Scotland Office is responsible for paying grants to the Scottish Consolidated Fund to fund the operation of the Scottish Executive and Scottish Parliament. Upon transmission, the accountability for this money passes to the Scottish Parliament.

Similarly, the Head of the Wales Office is responsible for paying grants to the Welsh Consolidated Fund to fund the Welsh Assembly Government. Under his terms of appointment the Accounting Officer for the Assembly is accountable for the use, including the regularity and propriety, of the monies received. A Memorandum of Understanding sets out how the Accounting Officer for the Assembly provides assurance to the Head of the Wales Office as to how he has discharged his responsibilities.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the MoJ's assets, are set out in *Managing Public Money* published by HM Treasury.

# Statement on Internal Control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the Ministry of Justice's (MoJ's) policies, aims and objectives (including the administrative functions and costs of the Scotland Office and the Wales Office), 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*.

The MoJ was established on 9 May 2007. It brought together the responsibilities of the Department for Constitutional Affairs (DCA), the National Offender Management Service (NOMS) and the Office for Criminal Justice Reform (OCJR).

The governance structure that has operated since 1 April 2008 includes:

- **Corporate Management Board (CMB)**

CMB (hereafter referred to as "the Board") provides direction to the management of all MoJ operations and acts to protect and enhance the reputation of the department. It is a small Board concentrating on the restructured policy and delivery areas (Business Groups). A committee structure has been established to support the Board.

- **Business Groups**

The MoJ's overall structure is based around five Business Groups, which are aligned to our strategic objectives. Four of our five Business Groups – Access to Justice, National Offender Management Service (NOMS), Justice Policy Group and Law, Rights and International – are responsible for delivering our Departmental Strategic Objectives, while the fifth – Corporate Performance Group (CPG) enables and supports them to deliver.

The MoJ's Business Model provides a high-level explanation of the governance structure and sets out key department-wide processes for the management and delivery of our public services. The Business Model was published in February 2009 and is available on the MoJ's web pages.

The Board has agreed to carry out a review of the Ministry's overall operating model. This will ensure the right division of labour between policy and delivery, between the department and its Arms' Length Bodies, between CPG and the business groups, and between national, regional and local delivery in light of our transformation agenda. Staff from across the MoJ will be invited to contribute to the work, which we aim to complete by the summer of 2010.

I recognise the challenge of re-articulating and embedding the MoJ's governance arrangements and risk management processes to take account of these changes while at the same time meeting the MoJ's contribution to reducing the fiscal deficit.

As Accounting Officer, I work with Ministers and senior MoJ Management through the Ministerial Team (MT) and the Board, to implement the Department's plans, allocate resources and delegate financial authority to senior staff. I involve Ministers in the management of risks at a strategic level, considering major factors that could prevent achievement of MoJ Objectives.

A system of internal control operates in Departmental headquarters, including sponsorship units that monitor the performance and compliance with the respective Framework Document and Financial Memoranda of our Agencies, Non-Departmental Public Bodies (NDPBs) and Associated Offices. To the extent that those documents delegate control to the organisations and the respective Accounting Officers, I place reliance upon their Statements on Internal Control, as published in their annual reports and accounts.

## 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 an ongoing process designed to: identify and prioritise the risks to the achievement of the MoJ's policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the MoJ for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

As Accounting Officer, I acknowledge my overall responsibility for the effective management of risk throughout the MoJ.

The MoJ's *Risk Management Policy and Framework* document was approved by the Board and published in July 2008 and was updated January 2010. It sets out the MoJ's approach to risk in the achievement of its policies and objectives and provides guidance on the process of identifying, assessing and managing risk. The policy and framework is available to all staff on the MoJ's Intranet, and is supported by guidance and targeted training in the form of seminars and workshops. In addition, an on-line interactive training site has been available since January 2010, which provides an introduction to Risk Management for the beginner as well as a refresher for those staff already familiar with the subject.

A network of Risk Co-ordinators, has been established to facilitate risk reporting, share best practice and inform further updates to the MoJ's *Risk Management Policy and Framework*.

Registers that identify, assess, and set out mitigating actions to significant risks are in place across the MoJ's headquarters, Agencies, NDPBs, and Associated Offices. Risks that threaten the achievement of the MoJ's objectives are reported regularly in Risk Registers at Board, Directorate and Group level for each of the Departmental business areas. Ownership for each risk is assigned to a named individual and risk co-ordinators have been appointed in each of the MoJ's business areas to support the reporting process.

The MoJ currently chairs the HM Treasury sponsored Risk Steering Group whose remit is to improve risk capability across government through sharing best practice.

## The risk and control framework

The key elements of the MoJ's risk management strategy for identifying, evaluating and controlling risk include:

- The Risk Management Policy and Framework document.
- An annual Assurance Statement, from Senior Budget Holders, Agency and Additional Accounting Officers, NDPBs, and Associated Offices, on the development and effectiveness of risk management arrangements.
- Information Assurance - a Committee of the Board & dedicated programme were established following the *Data Handling Procedures in Government - Hannigan report*. As Accounting Officer for the MoJ, I place reliance upon the work of the Information Committee, the Statement on Internal Control as published in the annual reports and accounts of Agencies, NDPBs and Associated Offices, and the Departmental Senior Information Risk Owner (SIRO)'s written report to me. These provide me with a reasonable assurance that Annual Assessment of Information Risk has been completed satisfactorily. I recognise the challenge of achieving the standards set out in the report and I will continue to work with my senior management team to communicate and embed Information Assurance Policy across the MoJ and address any identified control issues.
- The Departmental Change Division's Programme and Project Assurance Team contains a centre of excellence for programme and project management in accordance with Office of Government Commerce requirements. It is responsible for MoJ's portfolio of projects and programmes, including the mission critical portfolio, the Transforming Justice portfolio and for co-ordinating internal and external gateway reviews.
- The Corporate Plan (published January 2009) sets out our objectives and priorities for the period to March 2011 and the way in which we will deliver them. Risk identification, evaluation and management is an integral part of the MoJ's process for planning and delivering its Departmental Strategic Objectives, and the Public Service Agreements to which it contributes, during the Comprehensive Spending Review (CSR) period (2008-09 to 2010-11). The new Government has decided that it will not be using the existing performance framework. We will need to ensure our planning and performance processes reflect the new Government's key objectives and priorities during the next spending review period.
- Management Information (MI) was disclosed as a significant control issue for 2008-09. Since then the MI Programme has continued to coordinate improvements to the quality and alignment of HR, Finance and Performance MI across MoJ. Specifically this includes:
  - Improvements in people data errors and development of a People Leadership Scorecard
  - outline business case for Shared Services MI prepared;
  - ongoing data quality improvements; and
  - interim Performance Reporting arrangements established.

Improvements are being embedded into business as usual activities to ensure clear and relevant reports are provided that support challenge and decision-making processes.



Further elements in the MoJ's control system include:

- An annual budget, which is approved by the Secretary of State (SoS). Work continues across the department to strengthen understanding of the key drivers of cost and performance.
- Systems to identify, quantify and track financial risks, for example in respect of new policies or other initiatives.
- Regular provision of financial and non-financial management information to the Board to enable it to review performance (to date) and take the necessary corrective action.
- A system of delegation and accountability.
- The Investment and Financial Governance team provides the MoJ with best practice guidance on the handling and clearing of NAO Value-for-Money reports and Treasury Minutes. The team are also responsible for monitoring, challenging and reporting on progress against implementation of Public Accounts Committee (PAC) recommendations.
- The Departmental Fraud Policy and "whistle blowing" policy for confidential reporting of staff concerns was published in July 2008 as part of the departmental conduct policy and is available to all staff on the MoJ's Intranet.
- Business Continuity Plans (BCPs) to manage the risk of disruption to business are continually developed and tested. In the event of disruption, the plans focus on maintaining key service delivery. Changes in threat levels and the status alert are communicated across the MoJ and business areas have built upon central guidance to ensure local staff input into plans.
- The Service Management Organisation (SMO) manages performance and delivery of Financial, Accounting, Banking, Fixed Asset and Payroll services provided by Liberata UK Ltd (a provider of business process solutions). An annual Statement of Assurance from Liberata UK Ltd to the MoJ confirms that the services provided by the company have been delivered in compliance with the assurance and control requirements of their contract with the MoJ.
- Five key suppliers provide the MoJ's IT infrastructure and application services: Atos Origin, HP, Logica, Steria and Fujitsu. I place reliance upon the assurance provided to me by the Chief Information Officer for MoJ, who is responsible for assuring that services provided by these companies are delivered in compliance with the assurance and control requirements of their contract with the MoJ.
- Departmental guidance for MoJ policy makers is available to all staff on the intranet. It sets out the importance of effective, evidence-based policymaking. It provides guidance to staff to ensure that the consequences, costs and benefits of policy proposals are considered.

## 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 MoJ 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.

The Board and the Audit Committee have advised me on the implications of the result of my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The key elements of the system of internal control (set out in the risk and control framework section above) and the following mechanisms and responsible bodies/officers inform my review of the system's effectiveness:

- **Ministerial Team (MT) and Corporate Management Board (CMB)** - which meet every six weeks and consider the significant risks to the MoJ and the controls in place to monitor them. Key messages from Board meetings and notes of Board meetings with the Ministerial team are available to all staff on the MoJ's Intranet.
- **Committee Structure** - A committee structure to support the Board was established in April 2008. The Board agree an annual work programme for each committee and evaluate their performance at the end of the year. The committee structure is as follows:
  - **Transforming Justice** - oversees the MoJ-wide transformation agenda, the MoJ's mission critical programmes, and the cross-cutting people, IT, finance and commercial strategies.
  - **Policy Committee** – supports Board and Ministers in identifying and setting the strategic direction of MoJ.
  - **Corporate Audit Committee (CAC)** – has an entirely independent non-executive membership and provides independent advice on internal control issues, advises on the Internal Audit work programme, and considers key recommendations from Internal Audit Reports and those of the National Audit Office.
  - **Information Committee** - provides assurance on the handling of information, identification and management of risk within the MoJ.
  - **Honours Committee** - The committee endorses OBE and MBE recommendations, and considers awards above OBE.
- **Internal Audit** - the MoJ has an Internal Audit Division that operates to Government Internal Audit Standards. It submits regular reports, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the MoJ's governance, control and risk management arrangements, together with recommendations for improvement. It also works closely with the MoJ's headquarters, Agencies and NDPBs to help ensure robust systems of fraud prevention, detection, investigation, reporting and recovery are in place.
- **Risk Management Assessment Framework (RMAF)** - The HM Treasury Risk Maturity model has been used both to inform how the MoJ's headquarters, Agencies, and NDPBs are developing their risk management capability, to identify areas where further improvements can be made, and best practice shared. In turn, it informs and provides supporting evidence to this statement.
- **Information Assurance (IA)** - The MoJ meets all the requirements set out in the Cabinet Office *Data Handling Procedures in Government Report* (published June 2008). In addition, the MoJ has made considerable progress in improving overall IA maturity using the *Information Assurance Maturity Model*. The Model incorporates the information related requirements of the *HMG Security Policy Framework* and the requirements of the *2008 Data Handling Review*.

The Information Committee has approved action to reduce IA risks during the course of the year. For example, following data losses a baseline policy was developed and implemented in respect of the transfer of paper documents and files. In addition, a risk concerning accreditation of MoJ's "key" and "major" ICT systems has been significantly reduced, with a piece of work around how to accredit "minor systems" soon to be rolled out.

However, a number of key IA risks remain such as the risks associated with MoJ exchanging information with and between major delivery partners and third party suppliers. Whilst baseline policies and procedures are in place to regulate this information sharing, further work is required to assure ourselves of compliance. The Information Committee will oversee a comprehensive programme of work to determine the compliance arrangements in place, and manage the risk to a reasonable level.

## Other explicit review / assurance mechanisms

Information from the following sources have been reviewed in the production of this statement:

- National Audit Office Reports and Comptroller and Auditor General's Certificate for Resource Accounts;
- HM Treasury Report on Fraud (Annual);
- Stewardship reporting in support of Statements on Internal Control (in-year);
- MoJ Autumn Performance Reports (Annual);
- Board/Ministerial Team Performance Reports and Corporate Risks Reports (Monthly);
- Head of Security's (Annual) Security Report;
- Security Policy Framework & Information Risk: Annual Report to the Cabinet Office;
- Head of the MoJ Corporate Health and Safety Branch (Annual) Report;
- Sponsored bodies (Annual) Reports and Accounts including Statements on Internal Control;
- HM Inspectorate of Courts Administration publications and (Annual) report;
- HM Inspectorate of Prisons publications and (Annual) report;
- HM Inspectorate of Probation publications and (Annual) report;
- Assurance and quality reviews of programmes and projects by:
  - (Internal) MoJ Change Division;
  - (External) OGC Gateway Reviews;
- Corporate Audit Committee Chair's Annual Report.

## Significant Control Issues

Internal Audit have been consulted regarding the following significant internal control issues<sup>1</sup> for inclusion in this statement, and confirm that from the evidence of their work there are no other key issues to be included of which they are aware:

### **The Dano Sonnex Case**

The Sonnex Case posed a significant control issue with considerable reputational and resource impact for NOMS and London Probation. Following publication of the NOMS case review and before the outcome of the trial the Agency and London Probation had put into place various counter-measures to maintain public confidence and manage risk. These included placing the Area on Directed Improvement and commissioning an independent review of Risk of Harm management

<sup>1</sup> Within this section a significant control issue is defined as an event that: seriously prejudiced or prevented achievement of a PSA target; resulted in either the need to seek additional funding from HM Treasury or the significant diversion of resources from another aspect of the business; (Internal and External) Audit and Audit Committee view as material; or, has attracted significant public interest or has seriously damaged the reputation of the Department; resulted in a breach of the arrangements for maintaining the confidentiality, availability and integrity of the information we work with; resulted in criticism via external reports such as National Audit Office and Public Accounts Committee.

by HMIP. They have implemented the findings of the various reviews. The findings from the HMIP report confirmed that London Probation needed to further improve the quality of Risk of Harm assessment and management work, and an action plan to do this is in place. Her Majesty's Inspectorate of Probation carried out their follow up inspection of the London Probation Trust in July 2010. The report will be published in September 2010. Further work has been completed nationally with improved mechanisms to monitor arrangements for supervising higher risk offenders.

### **HMP Ashwell**

The serious disturbance at HMP Ashwell, which began in the early hours of 11 April 2009 and lasted through to the following evening led to a significant loss of category C prison places (more than 400). The subsequent investigation concluded that the incident could not have been foreseen, but identified some management weaknesses at the prison (for example around contingency planning) and made recommendations for mitigating the risk of disturbances in non-cellular category C prison accommodation. Action to implement the recommendations of the investigation is either completed or in hand.

### **National Offender Management Information System (NOMIS)**

In June 2004, the C-NOMIS Programme was initiated to provide an end-to-end IT system to support offender management in both the Prisons and Probation Services. An internal review reported that the programme was projected to exceed its budget and could not meet its original time, cost and quality criteria for overall delivery.

The entire C-NOMIS programme (including the subsequent re-scoped NOMIS programme) was examined by the NAO during 2008-09. The Public Accounts Committee (PAC) hearing took place on 6 May 2009 and their subsequent report was published on 3 November 2009. Prison-NOMIS has now been rolled out to all 132 public sector establishments and the project is now closed. Prisons are realising the benefits of having more efficient processes in custody and visits administration and for managing prisoner money. The project is expected to generate cashable savings of £10 million in 2010-11 and in each subsequent year to 2020.

The PAC report made 12 recommendations, eight of which have now been implemented. The remaining four recommendations are being taken forward by the National Offender Management Service but require longer-term action and review and are therefore not expected to have been implemented until the end of 2012.

### **Moving prisoners prior to inspections**

Her Majesty's Inspectorate of Prisons (HMIP) carried out routine inspections at both HMP Pentonville and HMP Wandsworth during May and June 2009. Following these, the Chief Inspector of Prisons learnt that managers at both prisons had transferred some prisoners prior to inspections to affect the outcome.

This was followed up by a full disciplinary investigation into this incident (and a subsequent incident discovered at HMP Brixton) with formal disciplinary action taken against a number of managers. An independent review across the Prison estate confirmed that this practice was not widespread and the action taken has ensured that this will not be repeated. HMIP have amended their inspection routine to increase unannounced inspections as a further preventative measure.

### **NAO Report on Financial Management within the MoJ**

The NAO Report published in July 2010 recognised that the MoJ has introduced programmes to better understand its costs and integrate its finance systems and that it had made an important step forward in establishing the Value for Money Improvement Committee. However, the NAO identified three significant weaknesses in the MoJ's financial management:

- The consistency of the MoJ's financial management approach, which differs in its Arm's Length Bodies, reducing efficiency and affecting the Board's ability to monitor its full range of financial and operational risks;
- The MoJ's understanding of its costs, which reduces its ability to make decisions on the efficient allocation of resources; and
- The MoJ's multiple financial management systems and processes, resulting from recent machinery of government changes, which affects the Board's ability to monitor its overall budgetary and Statement of Financial Position.

Following a concurrent review by Ernst & Young, and as part of ongoing work to develop the MoJ Operating Model, a review of the approach taken to finance across the MoJ is being conducted. The MoJ are also developing an action plan to address the areas for improvement identified in the NAO report. The plan is to be completed by October 2010.

### **The procurement of legal aid in England and Wales by the Legal Services Commission (LSC)**

The LSC Resource Accounts were qualified for 2008-09 because of material errors in respect of payments made to solicitors.

In addition, the NAO report *The procurement of legal aid in England and Wales by the Legal Services Commission* dated 27 November 2009 and subsequent PAC hearing 25 January 2010 examined the efficiency and effectiveness of the Commission's procurement of services from solicitors and its measures for assessing the quality of service delivered.

The NAO report concluded that:

- the way criminal legal aid had been administered and procured in England and Wales presented risks to value for money, as well as to the sustainability of the service; and
- the quality of data supporting claims for criminal legal aid was inadequate and that there were weaknesses in the Commission's financial controls over the accuracy of payments.

In response, the MoJ and LSC are taking forward the recommendations outlined in the NAO report and have taken a number of steps to improve management of the legal aid fund and the financial management controls of its accounting system, these include:

- appointment of a new Chief Executive and Interim Finance Director;
- implementing as appropriate, recommendations to improve the system of legal aid delivery and the options for structural change set out in the review of Legal Aid Delivery and Governance by Sir Ian Magee published on 3 March 2010;
- a review of accountability for business systems to ensure an appropriate focus on controls required;
- business redesign, setting out a model for the efficient and effective administration of legal aid; and
- strengthening of controls over system access.

**Delay in publication of the 2009-10 MoJ Resource Accounts**

The MoJ was unable to lay its resource accounts for 2009-10 before Parliament prior to the summer recess in accordance with HM Treasury's timetable for central government bodies. The delay has arisen from major changes within the National Offender Management Service (NOMS) which have impacted on NOMS' ability to produce their annual accounts in line with the timetables agreed with the National Audit Office and with the MoJ's central accounts production team.

In 2008-09, the creation of NOMS as an executive agency introduced the requirement to consolidate 42 separate sets of accounts produced by local probation boards into the NOMS accounts. In addition, a significant element of NOMS accounting records had to be migrated mid-year from the Home Office's accounting systems and merged into the NOMS accounting system.

In 2009-10, the requirement to re-state accounting records on an International Financial Reporting Standards (IFRS) basis was a major undertaking for NOMS as an organisation managing one of the largest property portfolios in government. These changes have been complex and resource-intensive, both individually and collectively. They were ultimately implemented successfully, resulting in unqualified agency and resource accounts in 2008-09 and 2009-10.

We recognise that there are likely to be further changes over coming years, in particular from the Clear Line of Sight project which expects central government bodies to achieve a significant further acceleration in timescales for the production of annual accounts.

We are committed to reviewing our arrangements to ensure that we have the capacity to deal with these changes without them having any adverse impact on our ability to deliver accurate and complete accounts to meet agreed timetables. This includes a review, which is currently underway, of finance structures and responsibilities across the MoJ group which is due to conclude in September 2010.

The following Significant Control Issues were disclosed in the 2008-09 SIC:

1. Returning Officers Expenses Accounts
2. Public Accounts Committee - Parole Board
3. Risk Management and Accreditation Documentation Set
4. Public Accounts Committee - C NOMIS
5. Management Information
6. Administration of legal aid means testing in magistrates' courts

I am satisfied that effective action has been taken to address the control issues raised last year.

Sir Suma Chakrabarti  
13 September 2010  
Accounting Officer

# 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 MoJ for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Consolidated Operating Cost Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity, the Consolidated Statement of Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and 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 MoJ's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the MoJ; and the overall presentation of the financial statements.

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 Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the MoJ's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows 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 Annual Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements 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

In Note 25 to the Resource Accounts, the MoJ has disclosed £33 million of irregular expenditure related to a provision for an extra-statutory compensation scheme for victims of pleural plaques, small localised areas of fibrosis within the lung caused by exposure to asbestos fibres. The MoJ



incurred this expenditure following a Ministerial Direction from the previous Justice Secretary to the MoJ's Accounting Officer on 24 February 2010 and a subsequent Written Ministerial Statement by the Justice Secretary, which was presented to Parliament on 25 February 2010. As the MoJ acknowledges, the expenditure was not covered by the ambit of its 2009-10 Supply Estimate and, due to the timing of the Justice Secretary's Ministerial Statement, was not able to regularise the expenditure via a Supplementary Estimate. The MoJ will make payments in relation to the scheme in 2010-11 and 2011-12, but will not incur significant additional expenditure in its financial statements, due to the restrictions placed on the scheme.

In considering the impact of this expenditure on my regularity opinion on the MoJ's Resource Accounts, I have considered the nature of this scheme and the extent of Parliamentary debates on the passage of legislation relating to pleural plaques. Following these considerations, I have concluded that there is sufficient evidence that the MoJ has acted within Parliament's intentions in incurring the costs of the scheme in 2009-10. The 2010-11 Appropriation Act, which was authorised on 27 July 2010, has provided final confirmation that the MoJ has acted in line with Parliament's intention in relation to the scheme. Therefore, I have not qualified my regularity opinion in respect of this matter.

I have no further observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

14 September 2010

# Statement of Parliamentary Supply

## Summary of Resource Outturn 2009-10

Request for Resources	Note	2009-10 Estimate			2009-10 Outturn			2009-10 Net Total	2008-09 Outturn
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Outturn compared with Estimate saving/ (excess)	Net Total
		£000	£000	£000	£000	£000	£000	£000	£000
1	3	11,490,750	(1,146,793)	10,343,957	10,978,820	(1,146,793)	9,832,027	511,930	10,062,883
2	3	27,174,514	(2,000)	27,172,514	26,938,914	(1,737)	26,937,177	235,337	24,869,931
3	3	13,132,585	(9)	13,132,576	13,011,432	(9)	13,011,423	121,153	12,176,106
<b>Total Resources</b>		<b>51,797,849</b>	<b>(1,148,802)</b>	<b>50,649,047</b>	<b>50,929,166</b>	<b>(1,148,539)</b>	<b>49,780,627</b>	<b>868,420</b>	<b>47,108,920</b>
Non-operating cost A in A	8			<b>66,982</b>			<b>7,417</b>	<b>59,565</b>	<b>17,401</b>

Prior year comparatives are shown on the basis of United Kingdom Generally Accepted Accounting Practice (UK GAAP). The position re-stated under International Financial Reporting Standards (IFRS) is as follows:

	2008-09 Revised Outturn
	£000
RfR1	10,035,580
RfR2	24,869,872
RfR3	12,176,113
<b>Net Resource Outturn</b>	<b>47,081,565</b>

A reconciliation can be found at Note 3.

The notes on pages 66 to 146 form part of these accounts.

## Net cash requirement 2009-10

	Note	2009-10			2008-09
		Estimate	Outturn	Net Total Outturn compared with Estimate saving/ (excess)	Outturn
		£000	£000	£000	£000
<b>Net Cash Requirement</b>	<b>5</b>	<b>49,970,970</b>	<b>49,331,260</b>	<b>639,710</b>	<b>46,362,943</b>

## Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the MoJ and is payable to the Consolidated Fund (cash receipts being shown in italics):

Note	Forecast 2009-10		Outturn 2009-10	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
	£000	£000	£000	£000
<b>Total</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>267,814</b>

Explanation of variation between Estimate and outturn are given in the Financial Performance section of the Management Commentary, on page 12.

The notes on pages 66 to 146 form part of these accounts.

## Consolidated Operating Cost Statement for the year ended 31 March 2010

Note	2009-10			2009-10			Restated	Restated	
	Staff Costs	Other Costs	Core Department Income	Staff Costs	Other Costs	Consolidated Income	Core Department	Consolidated	
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Administration Costs:</b>									
Staff costs	10.1	122,886		230,067			121,295	246,206	
Judicial salaries	10.2	664		700			560	897	
Other administration costs	11				191,517		103,245	209,157	
Operating income	13.1		(9,413)			(21,002)	(7,331)	(21,320)	
<b>Programme Costs</b>									
<b>Request for Resources 1</b>									
Staff costs	10.1	65,210		3,168,769			68,820	3,137,698	
Judicial salaries	10.2	3,007		450,326			2,834	429,235	
Programme costs	12				7,161,888		3,236,913	7,267,724	
Income	13.1		(76,844)			(1,137,096)	(54,740)	(1,076,377)	
<b>Request for Resources 2</b>									
Programme costs	12				26,929,647		24,862,693	24,862,693	
Income	13.1		–			–	–	–	
<b>Request for Resources 3</b>									
Programme costs	12				13,005,814		12,171,123	12,171,123	
Income	13.1		–			–	–	–	
NLF interest payable					53,521		53,966	53,966	
NLF interest receivable					(53,521)		(53,966)	(53,966)	
<b>Totals</b>		<b>191,767</b>	<b>43,499,821</b>	<b>(86,257)</b>	<b>3,849,862</b>	<b>47,288,866</b>	<b>(1,158,098)</b>	<b>40,505,412</b>	<b>47,227,036</b>
<b>Net Operating Cost</b>	4.1		<b>43,605,331</b>			<b>49,980,630</b>	<b>40,505,412</b>	<b>47,227,036</b>	

All activities are from continuing operations.

The notes on pages 66 to 146 form part of these accounts.

## Consolidated Statement of Financial Position as at 31 March 2010

Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008		
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated	
	£000	£000	£000	£000	£000	£000	
<b>Non-current assets:</b>							
Property, plant and equipment	14	232,003	8,790,679	260,378	9,691,065	61,232	10,953,478
Intangible assets	15	56,981	257,310	57,027	120,058	54,577	102,893
Financial assets	16	771,310	771,468	776,455	776,587	794,595	794,806
Investment properties	18	-	1,855	-	2,595	-	3,483
Lease prepayments	17	-	19,241	-	5,289	-	1,842
Trade and other receivables	22	52	41,670	209	12,866	1,245	8,743
<b>Total non-current assets</b>		<b>1,060,346</b>	<b>9,882,223</b>	<b>1,094,069</b>	<b>10,608,460</b>	<b>911,649</b>	<b>11,865,245</b>
<b>Current assets:</b>							
Assets classified as held for sale	20	-	18,324	-	22,003	-	16,244
Inventories	21	-	37,847	-	38,278	-	30,689
Trade and other receivables	22	602,494	653,532	547,122	689,555	569,175	654,730
Cash and cash equivalents	23	189,208	415,923	170,615	448,848	68,693	340,658
<b>Total current assets</b>		<b>791,702</b>	<b>1,125,626</b>	<b>717,737</b>	<b>1,198,684</b>	<b>637,868</b>	<b>1,042,321</b>
<b>Total Assets</b>		<b>1,852,048</b>	<b>11,007,849</b>	<b>1,811,806</b>	<b>11,807,144</b>	<b>1,549,517</b>	<b>12,907,566</b>
<b>Current liabilities</b>							
Trade and other payables	24	(996,069)	(1,774,579)	(964,910)	(1,819,205)	(828,223)	(1,794,024)
<b>Total current liabilities</b>		<b>(996,069)</b>	<b>(1,774,579)</b>	<b>(964,910)</b>	<b>(1,819,205)</b>	<b>(828,223)</b>	<b>(1,794,024)</b>
<b>Assets less net current liabilities</b>		<b>855,979</b>	<b>9,233,270</b>	<b>846,896</b>	<b>9,987,939</b>	<b>721,294</b>	<b>11,113,542</b>

Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008		
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated	
	£000	£000	£000	£000	£000	£000	
<b>Non-current liabilities</b>							
Provisions	25	(202,618)	(641,089)	(171,175)	(747,710)	(159,522)	(564,152)
Other payables	24	(969,341)	(1,545,958)	(1,009,849)	(1,632,216)	(840,992)	(1,519,046)
Pension deficit Liability	38	-	(1,389,689)	-	(718,602)	-	(502,540)
<b>Total non-current liabilities</b>		<b>(1,171,959)</b>	<b>(3,576,736)</b>	<b>(1,181,024)</b>	<b>(3,098,528)</b>	<b>(1,000,514)</b>	<b>(2,585,738)</b>
<b>Assets less liabilities</b>		<b>(315,980)</b>	<b>5,656,534</b>	<b>(334,128)</b>	<b>6,889,411</b>	<b>(279,220)</b>	<b>8,527,804</b>
<b>Taxpayers' equity:</b>							
General fund		(339,882)	4,536,414	(337,455)	5,312,669	(282,398)	5,837,251
Revaluation reserve		23,902	1,120,049	3,327	1,576,653	3,178	2,690,480
Donated asset reserve		-	71	-	89	-	73
<b>Total taxpayers' equity</b>		<b>(315,980)</b>	<b>5,656,534</b>	<b>(334,128)</b>	<b>6,889,411</b>	<b>(279,220)</b>	<b>8,527,804</b>

**Sir Suma Chakrabarti**  
**Accounting Officer**  
**Date: 13 September 2010**

The notes on pages 66 to 146 form part of these accounts.

## Consolidated Statement of Cash Flows for year ended 31 March 2010

		Restated
	2009-10	2008-09
Note	£000	£000
<b>Cash flows from operating activities</b>		
Net operating cost	4.1 (49,980,630)	(47,227,036)
Adjustments for non-cash transactions	11,12 1,390,476	1,700,350
(Increase)/Decrease in trade and other receivables	22 (6,733)	(38,948)
<i>Less: Movements in receivables not passing through the OCS</i>	(10,043)	(258,694)
(Increase)/Decrease in inventories	21 431	(7,589)
Increase/(Decrease) in trade payables	24 (130,883)	138,351
<i>Less: Movements in payables relating to items not passing through the OCS</i>	88,329	(82,234)
Adjustments for NPS pension funding	30,721	25,024
Use of provisions	25 (71,679)	(59,356)
<i>Less: Utilisation of provision settled with cash from the Consolidated Fund</i>	4,510	5,043
<b>Net cash outflow from operating activities</b>	<b>(48,685,501)</b>	<b>(45,805,089)</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(803,109)	(649,256)
Proceeds of disposal of property, plant and equipment	7,417	23,281
Proceeds of disposal of intangible assets	-	-
Loans to other bodies	-	-
(Loan repayments) from other bodies	3,685	7,136
Other	-	(3,500)
<b>Net cash outflow from investing activities</b>	<b>(792,007)</b>	<b>(622,339)</b>
<b>Cash flows from financing activities</b>		
From the Consolidated Fund (Supply) - Current Year	49,319,754	46,464,200
From the Consolidated Fund (Supply) - Prior year	-	-
From the Consolidated Fund (Non-Supply)	239,641	140,491
Advances from the Contingencies Fund	1,100	-
Repayments to the Contingencies Fund	(1,100)	-
Loans received from the National Loans Fund	-	-
Repayment of loans from the NLF	(18,106)	(7,136)
(Capital element) of payments in respect of finance leases and on-balance sheet PFI contracts	(70,556)	(64,752)
Movement in third party balances	(3,929)	2,127
<b>Net financing</b>	<b>49,466,804</b>	<b>46,534,930</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>	<b>(10,704)</b>	<b>107,502</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	258,253	192,050
Payments of amounts due to the Consolidated Fund	(280,474)	(191,362)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	<b>(32,925)</b>	<b>108,190</b>
Cash and cash equivalents at the beginning of the period	448,848	340,658
Cash and cash equivalents at the end of the period	415,923	448,848

The notes on pages 66 to 146 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010

	Note	Core				Consolidated			
		General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2008 UK GAAP</b>		(253,322)	3,178	-	(250,144)	6,039,316	2,699,575	73	8,738,964
UK GAAP consolidation adjustments	2b	-	-	-	-	14,515	222	-	14,737
Changes in accounting policy	2	(29,076)	-	-	(29,076)	(216,580)	(9,317)	-	(225,897)
<b>Restated balance at 1 April 2008</b>		<b>(282,398)</b>	<b>3,178</b>	<b>-</b>	<b>(279,220)</b>	<b>5,837,251</b>	<b>2,690,480</b>	<b>73</b>	<b>8,527,804</b>
<b>Changes in taxpayers' equity for 2008-09</b>									
Net gain/(loss) on revaluation of:									
- Property, plant and equipment (upward/(downward) revaluations during the year)		-	253	-	253	-	(1,085,910)	-	(1,085,910)
Actuarial valuation		-	-	-	-	(192,896)	-	-	(192,896)
Receipt/(disposal) of donated assets		-	-	-	-	9,600	-	16	9,616
<b>Non-cash charges</b>									
- Cost of capital	11, 12	5,432	-	-	5,432	313,399	-	-	313,399
- Auditors' remuneration	11, 12	739	-	-	739	1,768	-	-	1,768
- Notional charges		-	-	-	-	6,642	-	-	6,642
- Corporate overhead charges	11,12	(180,038)	-	-	(180,038)	(3,779)	-	-	(3,779)
- Other		16	-	-	16	-	-	-	-
<b>Transfers between reserves</b>									
- from Revaluation Reserve		104	(104)	-	-	27,917	(27,917)	-	-
Non-current asset adjustment in respect of prior periods		5,215	-	-	5,215	51,413	-	-	51,413
Transfer of net assets		(854)	-	-	(854)	(1,743)	-	-	(1,743)
Net operating cost for the year		(40,505,412)	-	-	(40,505,412)	(47,227,036)	-	-	(47,227,036)
<b>Total recognised income and expense for 2008-09</b>		<b>(40,957,196)</b>	<b>3,327</b>	<b>-</b>	<b>(40,953,869)</b>	<b>(41,177,464)</b>	<b>1,576,653</b>	<b>89</b>	<b>(39,600,722)</b>



	Note	Core				Consolidated			
		General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Net Parliamentary Funding</b>									
- Drawn down		46,464,200	-	-	46,464,200	46,464,200	-	-	46,464,200
- Deemed		196,894	-	-	196,894	196,894	-	-	196,894
Agency funding from HQ		(5,749,904)	-	-	(5,749,904)	-	-	-	-
<b>Consolidated Fund Standing Services</b>									
- Lord Chancellor's salary		87	-	-	87	87	-	-	87
- Judicial salaries		-	-	-	-	139,854	-	-	139,854
- Utilisation of Judicial Service Award		5,043	-	-	5,043	5,043	-	-	5,043
- Funding for election expenses		550	-	-	550	550	-	-	550
Contingencies Fund (net financing)		-	-	-	-	-	-	-	-
Unspent Supply drawn down repayable to the Consolidated Fund	24.1	(298,150)	-	-	(298,150)	(298,150)	-	-	(298,150)
Other		3,469	-	-	3,469	(11,413)	-	-	(11,413)
CFERs payable to the Consolidated Fund	13	(2,448)	-	-	(2,448)	(6,932)	-	-	(6,932)
<b>Balance at 31 March 2009</b>		<b>(337,455)</b>	<b>3,327</b>	<b>-</b>	<b>(334,128)</b>	<b>5,312,669</b>	<b>1,576,653</b>	<b>89</b>	<b>6,889,411</b>

	Note	Core				Consolidated			
		General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2009</b>		(337,455)	3,327	-	(334,128)	5,312,669	1,576,653	89	6,889,411
Adjustments relating to prior year		447	(603)	-	(156)	(731)	(603)	-	(1,334)
<b>Changes in taxpayers' equity for 2009-10</b>									
Net gain/(loss) on revaluation of:									
- Property, plant and equipment upward/ (downward) revaluations during the year		-	24,526	-	24,526	-	(396,253)	-	(396,253)
- Property, plant and equipment (Impairments during the year)	19	-	-	-	-	-	(882)	-	(882)
- Intangible assets upward/ (downward) revaluations during the year		-	(3)	-	(3)	-	1,309	-	1,309
Actuarial valuation		-	-	-	-	(642,860)	-	-	(642,860)
Receipt/ (disposal) of donated assets		-	-	-	-	-	-	(18)	(18)
<b>Non-cash charges</b>									
- Cost of capital	11,12	(5,117)	-	-	(5,117)	250,372	-	-	250,372
- Auditors' remuneration	11,12	735	-	-	735	1,870	-	-	1,870
- Notional rent	12	-	-	-	-	3,881	-	-	3,881
- Corporate overhead charges	11,12	(170,972)	-	-	(170,972)	(3,655)	-	-	(3,655)
<b>Transfers between reserves</b>									
- from Revaluation Reserve		3,345	(3,345)	-	-	60,832	(60,832)	-	-
						-	-		

	Note	Core				Consolidated			
		General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Non-current asset adjustment in respect of prior periods		6,934	-	-	6,934	8,801	657	-	9,458
Transfer of net assets		-	-	-	-	2,766	-	-	2,766
Net operating cost for the year		(43,605,332)	-	-	(43,605,332)	(49,980,630)	-	-	(49,980,630)
<b>Total recognised income and expense for 2009-10</b>		<b>(44,107,415)</b>	<b>23,902</b>	<b>-</b>	<b>(44,083,513)</b>	<b>(44,986,685)</b>	<b>1,120,049</b>	<b>71</b>	<b>(43,866,565)</b>
<b>Net Parliamentary Funding</b>									
- Drawn down		49,319,754	-	-	49,319,754	49,319,754	-	-	49,319,754
- Deemed	24.1	298,150	-	-	298,150	298,150	-	-	298,150
Agency funding from HQ		(5,615,840)	-	-	(5,615,840)	-	-	-	-
Agency cash repayments to HQ		-	-	-	-	-	-	-	-
<b>Consolidated Fund Standing Services</b>									
- Judicial salaries		-	-	-	-	144,245	-	-	144,245
- Lord Chancellor's salary		86	-	-	86	86	-	-	86
- Utilisation of Judicial Service Award		4,510	-	-	4,510	4,510	-	-	4,510
- Funding for election expenses	12	95,300	-	-	95,300	95,300	-	-	95,300
Contingencies Fund (net financing)		-	-	-	-	-	-	-	-
Unspent Supply drawn down repayable to the Consolidated Fund	24.1	(330,138)	-	-	(330,138)	(330,138)	-	-	(330,138)
Other		753	-	-	753	753	-	-	753
Excess A-in-A	6	(2)	-	-	(2)	(4,361)	-	-	(4,361)
CFERs payable to the Consolidated Fund	6,13	(5,040)	-	-	(5,040)	(5,200)	-	-	(5,200)
<b>Balance at 31 March 2010</b>		<b>(339,882)</b>	<b>23,902</b>	<b>-</b>	<b>(315,980)</b>	<b>4,536,414</b>	<b>1,120,049</b>	<b>71</b>	<b>5,656,534</b>

The notes on pages 66 to 146 form part of these accounts.

## Consolidated Statement of Operating Costs by Departmental Strategic Objectives for the year ended 31 March 2010

### Request for Resources 1

**Aim: To promote the development of a modern, fair, cost effective and efficient system of justice for all.**

	2009-10			Restated 2008-09		
	Gross Expenditure	Income	Net	Gross Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
<b>RfR1</b>						
DSO1	117,778	(1,056)	116,722	71,822	(666)	71,156
DSO2	5,044,412	(711,662)	4,332,750	5,220,386	(671,663)	4,548,723
DSO3	5,378,610	(388,321)	4,990,289	5,327,798	(384,816)	4,942,982
DSO4	647,159	(55,221)	591,938	658,684	(40,552)	618,132
	<b>11,187,959</b>	<b>(1,156,260)</b>	<b>10,031,699</b>	<b>11,278,690</b>	<b>(1,097,697)</b>	<b>10,180,993</b>

### Departmental Strategic Objectives – 2009-10

- DSO 1 Strengthening democracy, rights and responsibilities
- DSO 2 Delivering fair and simple routes to civil and family justice
- DSO 3 Protecting the public and reducing re-offending
- DSO 4 A more effective, transparent and responsive criminal justice system for victims and the public

## Request for Resources 2

**Aim:** The aim of the Scotland Office is to give the Secretary of State for Scotland the best possible support in promoting the devolution settlement and in representing Scottish interests within the UK Government.

	2009-10			Restated 2008-09		
	Gross Expenditure £000	Income £000	Net £000	Gross Expenditure £000	Income £000	Net £000
<b>RfR2</b>						
Scotland Objective 1	1,476	-	1,476	1,530	-	1,530
Scotland Objective 2	912	-	912	891	-	891
Scotland Objective 3	1,247	-	1,247	1,209	-	1,209
Scotland Objective 4	732	-	732	658	-	658
Scotland Objective 5	26,930,197	(187)	26,930,010	24,863,292	(245)	24,863,047
Office of the Advocate General Objective 1	1,503	-	1,503	1,453	-	1,453
Office of the Advocate General Objective 2	2,886	(1,550)	1,336	2,498	(1,263)	1,235
	<b>26,938,953</b>	<b>(1,737)</b>	<b>26,937,216</b>	<b>24,871,531</b>	<b>(1,508)</b>	<b>24,870,023</b>

Objective 1: to fulfil all requirements in relation to UK Government and Parliament activities concerning Scotland and in relation to constitutional functions under the Scotland Act

Objective 2: to ensure that Scotland's interests in relation to reserved areas are known and represented within the UK Government

Objective 3: to promote UK Government interests in Scotland

Objective 4: to ensure the effective administration of future Scottish Parliament elections in Scotland

Objective 5: to handle all financial matters timeously and with propriety – including payments to the Scottish Consolidated Fund.

OAG Objective 1: to provide high quality legal advice and efficient services in relation to Scots law and the Scottish devolution settlement to UK Government Departments

OAG Objective 2: to provide high quality and efficient services to the Advocate General for Scotland in support of his role in upholding the rule of law and of his functions under the Scotland Act and in relation to the Human Rights Act.

### Request for Resources 3

**Aim:** The aim of the Wales Office is to support the Secretary of State for Wales in discharging his role of representing Wales in the Government, representing the Government in Wales and ensuring the smooth working of the devolution settlement in Wales.

	2009-10			2008-09		
	Gross Expenditure	Income	Net	Gross Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
<b>RfR3</b>						
Objective 1	2,075	(11)	2,064	2,048	-	2,048
Objective 2	2,064	-	2,064	1,566	-	1,566
Objective 3	709	-	709	522	-	522
Objective 4	1,064	-	1,064	784	-	784
Grant to the National Assembly for Wales and other Programme expenditure	13,005,814	-	13,005,814	12,171,100	-	12,171,100
	<b>13,011,726</b>	<b>(11)</b>	<b>13,011,715</b>	<b>12,176,020</b>	<b>-</b>	<b>12,176,020</b>

Objective 1 **Constitution and Parliament** – To maintain and improve the devolution settlement

Objective 2 **Government** – To maintain effective working relationships with the Welsh Assembly Government

Objective 3 **Representation** – To represent Welsh interests in the wider world

Objective 4 **Governance** – To secure, develop and manage effectively and efficiently the resources needed to deliver previous objectives

	2009-10			Restated 2008-09		
	Gross Expenditure	Income	Net	Gross Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
RfR 1	11,187,959	(1,156,260)	10,031,699	11,278,690	(1,097,697)	10,180,993
RfR 2	26,938,953	(1,737)	26,937,216	24,871,531	(1,508)	24,870,023
RfR 3	13,011,726	(11)	13,011,715	12,176,020	-	12,176,020
<b>Total Net Operating Costs</b>	<b>51,138,638</b>	<b>(1,158,008)</b>	<b>49,980,630</b>	<b>48,326,241</b>	<b>(1,099,205)</b>	<b>47,227,036</b>

The notes on pages 66 to 146 form part of these accounts.

# Notes to the accounts for the year ended 31 March 2010

## Notes to the accounts

### 1a) Statement of accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with HM Treasury's *Financial Reporting Manual (FReM)*. The accounting policies contained in the *FReM* follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the MoJ to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes report outturn against Estimate in terms of the net resource requirement and the net cash requirement. The consolidated Statement of Operating Cost by Departmental Strategic Objectives and supporting notes analyse the MoJ's income and expenditure by the objectives agreed with Ministers. The functional and presentational currency of the MoJ is the British pound sterling.

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 MoJ for the purpose of giving a true and fair view has been selected. The MoJ's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.2 Accounting convention

The accounts have been prepared on an accruals basis under the historical cost convention, as modified to account for the revaluation of non-current assets and inventories, where material, at their value to the business.

#### 1.3 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the MoJ (the Core Department) and those entities that fall within the departmental boundary as defined in the *FReM* (chapter 4.2). Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the departmental boundary is given at Note 37.

#### 1.4 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*. The prior year comparatives are restated as appropriate, so that it appears that the entity has always existed in its present form.

There have been no machinery of government changes during 2009-10.

## 1.5 Non-current assets: Property, Plant and Equipment

### Valuation basis

Non-current assets are stated at fair value, which is assessed as current value as determined by the application of modified historic cost accounting.

### Valuation method

Land and buildings are included at fair value, as interpreted by the *FReM*, on the basis of professional valuations, which are conducted for each property at least once every five years.

Professional valuations are undertaken using the Royal Institution of Chartered Surveyors; (RICS) 'Red Book' (*RICS Appraisal and Valuation Standards*). The most recent valuations performed for the MoJ were as follows:

- National Offender Management Service (NOMS) Custodial Properties 31 March 2009, undertaken by the Valuation Office Agency (VOA);
- NOMS Commercial Properties 31 March 2009, undertaken by DTZ;
- NOMS Approved Properties 30 November 2006; undertaken by the VOA;
- Her Majesty's Courts Service's (HMCS) land and buildings are valued on a rolling basis in which 20% of land and buildings are physically visited and valued each year and the other 80% are valued on a desktop basis. Valuations are undertaken by the VOA; and
- Tribunals Service 31 March 2009 for four properties, undertaken by the VOA.

In between professional valuations, carrying values are adjusted by the application of indices or through desktop valuations.

Criminal Courts, prisons and some parts of the probation estate are mostly classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued on depreciated replacement cost (DRC) and modern equivalent basis in accordance with the Red Book taking into account the functional obsolescence of the property.

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

Non-property assets are included at cost upon purchase and are restated at each reporting date using the *Price Index Numbers for Current Cost Accounting* (Office for National Statistics).

### Componentisation

The MoJ reviews its material assets to determine whether there are parts of an asset 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.

### Impairment

Impairments are permanent diminutions in the service potential of non-current assets. All assets are assessed annually for indications of impairment as at 31 March. 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 the recoverable amount is determined as the higher of the “fair value less costs to sell” and the “value in use”. In accordance with IAS 36, where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount. An impairment loss is recognised in the Operating Cost Statement to the extent that it cannot be offset against the Revaluation Reserve. Any reversal of an impairment charge is recognised in the Operating Cost Statement to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in the Operating Cost Statement. The remaining amount is recognised in the Revaluation Reserve.

### **Revaluation Reserve**

The Revaluation Reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets and investments (excluding donated assets). Gains arising on revaluation and indexation are taken to the Revaluation Reserve. Losses on revaluation are debited to the Revaluation Reserve to the extent that gains have been recorded previously, and otherwise to the Operating Cost Statement.

### **Capitalisation threshold – individual assets**

The core Department’s capitalisation threshold for individual assets is £10,000 (including VAT). The thresholds in the agencies range from £1,000 to £10,000, depending on their size and what is material to the accounts.

### **Capitalisation thresholds – software projects**

NOMS, HMCS and MoJ headquarters have a threshold of £1 million for software projects. Smaller agencies have lower thresholds appropriate to their accounts.

### **Capitalisation threshold – grouped assets**

Where a significant purchase of individual assets which are individually beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. Grouped assets typically comprise a) an integrated system of diverse equipment designed to deliver a specific solution, for example, an IT equipment refresh project; b) a materially significant acquisition of furniture or IT at a single site; and c) IT and furniture refresh programmes where the planned spend exceeds the capitalisation threshold.

The Core Department, NOMS and HMCS apply a capitalisation threshold for grouped assets of £1 million (including irrecoverable VAT). The Tribunals Service has adopted a £50,000 (including VAT) threshold. For OPG, expenditure on property, plant and equipment over £1,000 is capitalised. Where an item costs less than the prescribed limit, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is treated as a tangible fixed asset.

In NOMS, grouped asset values are determined by assigning an average asset allocation to each member of staff and prisoner at the year end. Differences between that assessed valuation and the existing carrying value is treated as an addition or disposal as appropriate.

### **Depreciation**

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

ensure that budgeting implications have been properly considered. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life.

Asset lives are within the following ranges:

Freehold land	Not depreciated
Freehold buildings	Shorter of remaining life or up to 60 years depending on building
Grouped assets	Depending on individual asset types comprising this asset
Leasehold land	Classified as operating lease, not depreciated
Leasehold buildings	Shortest: of remaining life, remaining lease period or up to 60 years; whichever is appropriate
Information Technology	3 to 15 years depending on individual asset type
Plant & equipment	3 to 20 years depending on individual asset type
Vehicles	3 to 15 years depending on individual asset type
Furniture & fittings	5 to 20 years depending on individual asset type
Assets under construction	Not depreciated

### **Disposal of non-current assets**

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within administration or programme costs, as appropriate, in the Operating Cost Statement.

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

### **1.6 Non-current assets: Intangible assets**

The MoJ recognises intangible assets only if it is probable that future service potential will flow to the MoJ and the cost of the asset can be measured reliably. The future service potential can be defined as a direct contribution of the intangible asset to the delivery of services to the public. The MoJ's intangibles comprise internally developed software for internal use, assets under construction in relation to internally developed software and purchased software licences.

The useful lives of intangible assets are assessed to be finite. As there is no active market for the MoJ's intangible assets, their fair value is assessed at cost less any accumulated amortisation and accumulated impairment losses. The MoJ's intangible assets are amortised using the straight-line method over its anticipated useful life. The useful lives of internally developed software ranges from 3 to 10 years. Licences are amortised over the licence period.

### **1.7 Assets under construction**

Assets under construction are valued at historical cost within Property, Plant and Equipment and Intangible Assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. The MoJ's own staff costs are expensed to the Operating Cost Statement, as are those of contractors and interims undertaking ongoing roles that might otherwise be filled by civil servants. The costs of external consultants engaged on specific projects are capitalised where they are directly attributable to bringing the intangible asset into working order.

### **1.8 Investment properties**

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the department or its executive agencies. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The Valuation Office Agency (VOA) carries out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". Changes in fair values are recorded in the income statement as part of other income.

### **1.9 Donated Assets**

Donated tangible non-current assets are capitalised at their current value on receipt, and this value is credited to the Donated Assets Reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement.

### **1.10 Antiques and works of art**

Only antiques and works of art, single or grouped, with a value (hammer price) of £10,000 (including VAT) or more are accounted for as non-current assets. MoJ's policy is only to capitalise works of art purchased after 1 April 2005. Items acquired before that date, regardless of current value, are not reported on the Statement of Financial Position but are subject to the inventory controls. Antiques and works of art are depreciated on an individual basis and professionally valued on a periodic basis.

### **1.11 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. The assets provided within finance leases are recognised on the lessee's (the MoJ's) Statement of Financial Position. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. Assets provided under operating leases are not recognised on the MoJ's Statement of Financial Position.

#### **Finance leases**

The MoJ's 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 depreciated over the period during which the MoJ 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.

### **Operating leases**

Rentals under operating leases are charged to the Operating Cost Statement on a straight-line basis regardless of the actual pattern of payments.

### **Operating leases – incentives**

The MoJ accounts for lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) as an integral part of the net consideration agreed for the use of the leased asset over the lease term. Each party (the lessor and lessee) apply the straight-line amortisation method to the net consideration.

### **IFRIC 4 Determining whether an arrangement contains a lease**

In determining whether the MoJ holds a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing arrangements and take-or-pay contracts, are assessed according to the criteria set by IFRIC 4. 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 is classified as a finance or operating lease.

### **1.12 Service Concession Arrangements**

Service concession arrangements, including Private Finance Initiative (PFI) type arrangements, are accounted for in accordance with IFRIC 12, as adapted for the public sector context by the *FReM*. Where the MoJ controls the services provided and retains a significant residual interest in the asset, the asset is recognised on the MoJ's Statement of Financial Position.

For budgeting purposes, service concession arrangements are evaluated according to the balance of risks and reward of ownership as defined by the *European System of Accounts 95*. This means that some service concessions recognised in financial accounts are treated differently in management accounts and against Treasury budgeting controls.

### **1.13 Investments**

#### **National Loans Fund (NLF)**

Advances from the NLF are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to Registers for Scotland and the three Scottish Water Authorities and by the Secretary of State for Wales originally to the Welsh Development Agency but now, following that body's abolition, to the Welsh Assembly Government.

Interest on, and repayments of, loans, made from the NLF are collected by the sponsor Department, i.e. the Scotland Office and the Wales Office, and surrendered to the NLF. Outstanding loan balances are treated as a payable balance (see Note 24).

### **Shares in limited companies / special shares**

NOMS holds a number of investments as a result of its trading activities. Quoted investments are valued at market value. Unquoted investments are valued on the basis of estimated realisable value.

For further details on shares held, see Note 16.

### **1.14 Non-current assets held for sale**

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

### **1.15 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 considered to be material and are written off in the Operating Cost Statement as they are purchased. Inventories are valued at the lower of current replacement cost and net realisable value. Current replacement cost is not considered to be materially different to historical cost.

### **1.16 Employee benefits**

#### **Employee leave accruals**

Under IAS 19 Employee Benefits, accruals are made for untaken annual leave and flexi-leave. Performance bonuses are not accrued as the annual appraisal process which determines performance pay is not finalised at the time these accounts are prepared.

#### **Pensions - defined benefit plan**

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees. The defined benefit scheme is unfunded and non-contributory except in respect of dependants' benefits. The MoJ recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by payment of charges calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

Past and present employees of the local probation boards and trusts belong to the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme which means that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate.

The MoJ has separate schemes for the Law Commissioners and Immigration Adjudicators, which are 'by analogy' or similar to the PCSPS. Provision has been made for the future cost of benefits under these schemes.

The MoJ also administers the Judicial Pension Scheme that provides for the pensions of judicial office holders of five participating Departments across Government. A percentage of the accruing superannuating liability charge paid by these Departments is appropriated in aid in these accounts, as reimbursement of the costs the MoJ incurs in administering the scheme.

### **Pensions - defined contribution schemes**

Under defined contribution plans the MoJ's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

In respect of the defined contribution schemes, the MoJ recognises the contributions payable as an expense in the year in which it is incurred.

### **Early departure costs**

The MoJ is required to pay the additional cost of benefits beyond the normal PCS and LGPS benefits in respect of employees who retire early, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme has been announced and is binding on the MoJ. The estimated cash flow is discounted using HM Treasury's discount rate of 1.8% (2008-09: 1.8%) in real terms.

Early departure costs for Scotland Office staff are met by the Scottish Government and are accordingly excluded from these accounts.

### **1.17 Operating income**

Operating income comprises mainly fees and charges for services which are set on a full cost basis. It also includes other income such as that from investments. Operating income is stated net of VAT.

In accordance with the *FReM*, operating income includes both income appropriated in aid in Supply Estimates to offset related expenditure and income that is due to the Consolidated Fund as Extra Receipts. These latter amounts are described at note 1.18.

A summary of the treatment of operating income within the Department is summarised below. Further details can be found in the accounts of each individual body.

NOMS income relates directly to the charges for goods and services provided to external customers. It also includes receipts from the Youth Justice Board for the provision of places for juvenile offenders, from the UK Border Agency for the provision of custodial services, from the Department for Education (formerly Department for Children, Schools and Families) and Department for Business, Innovation and Skills, for the provision of education services and from the Department of Health and Welsh Assembly Government for the provision of healthcare services.

HMCS fee income consists of amounts for services rendered to court users and is recognised in the Operating Cost Statement when the service is provided. Elements that relate to work yet to be completed are held on the Statement of Financial Position as deferred income. The deferred income is subsequently recognised as income upon completion of the service. Fines income is accounted for upon collection and is split between the element retained by HMCS which is accounted for in HMCS's accounts and that remitted to the Consolidated Fund which is accounted for in the accounts of the core department, together with the debt arising when an imposition is made. Impositions other than fines are remitted directly to the appropriate government department or the victims of crime.

The Tribunals Service's income 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.

OPG income, net of fees remitted, comprises fees charged for bringing proceedings before the Court of Protection and in relation to the functions carried out by the Public Guardian under the *Mental Capacity Act 2005*.

The Official Solicitor and Public Trustee (OSPT) earn fees from its estates, litigation and trust activities. In estates, a bill of costs is either raised once a year, in the majority of case types, or on completion of the case, for conveyancing and administration of estates. In litigation, a bill of costs is drawn on completion of the case. For trust activities, administration fees are due on 1 April and are based on the capital value of the case. Other fees charged are recognised when they fall due for payment.

Fees for work carried out by the Judicial Committee of the Privy Council are deemed to be earned when the case is completed. These Judicial Fees are set by the *Judicial Committee General Appellate Jurisdiction Rules (amendment) Order 2003* rather than calculated under HM Treasury rules.

The Information Commissioner, though not consolidated in the resource accounts, is bound by paragraph 9(1), Schedule 5 of the *Data Protection Act 1998*. This stipulates that all fees and other sums received by the Commissioner in the exercise of his functions shall be paid to the Secretary of State and Lord Chancellor. However, it has been agreed with the Information Commissioner, with the consent of HM Treasury, that the Information Commissioner may retain the data protection fees collected with effect from 1 April 2005 for expenditure on data protection purposes, rather than drawing grant-in-aid for such functions.

Note 13 highlights the income, which, under the administration cost control regime, is allowed to be offset against gross administration costs to determine the outturn against the administration cost limit.

An analysis of fees and charges to customers inside and outside the public sector is found in Note 13.2. It shows income, full cost and surplus or deficit as required by *Managing Public Money*.

Income due but not received is recorded as a receivables balance. Where the likelihood of recoverability is in doubt following completion of standard debt recovery processes, the value of the recoverable debt is impaired to reflect the amount judged to be recoverable at the accounting period end date. Receivables balances are written off when all cost effective options to secure recovery have failed.

### **1.18 Consolidated Fund Extra Receipts (CFERs)**

Consolidated Fund Extra Receipts balances are calculated on an accruals basis, unless stated otherwise.

#### **Magistrates' Courts impositions**

Magistrates' Courts are responsible for collecting financial penalties imposed by the criminal justice system. These impositions comprise fines, confiscation orders, prosecutors' costs and compensation to victims imposed by the Magistrates' and Crown Courts. Fines and ancillary receipts are remitted to the Consolidated Fund via the MoJ. Receipts of confiscation order, prosecution cost and compensation orders are remitted to appropriate third parties, including government departments and the victims of crime.

As the MoJ has no beneficial interest in the impositions, they are not processed through the income and expenditure accounts, but are instead accounted for through the Statement of Financial

Position as equal and opposite receivable and payable balances. Magistrates' Courts impositions are recognised as receivables when they are imposed. At the same time, a corresponding payables balance is raised to recognise the obligation of onward transmission.

Impositions of a given type are subject to common collection processes. Where impositions have not been successfully collected after six months, the MoJ recognises a provision for bad and doubtful debts. The provision serves to reduce or impair the receivable in the Statement of Financial Position, but also reduces the payable for onward transmission. The creation of this provision and any subsequent movement does not score in the Operating Cost Statement. Where debt is written off as uncollectable or invalid, it is shown as a cancellation against gross debt and bad and doubtful debt provision with no impact on the Operating Cost Statement.

#### **Other CFERs**

Interest earned on bank balances held by Arms Length Bodies, including executive Non-Departmental Public Bodies and the 42 local probation boards and trusts in operation in 2009-10 are surrendered as CFERs.

#### **Excess appropriations-in-aid**

In the event that income voted as appropriations-in-aid exceeds the limit set by Parliament in Supply Estimates for each Request for Resource, it will be surrendered to the Consolidated Fund.

#### **Scotland Office CFERs**

The MoJ acts as an intermediary for collection of income from the Scottish Consolidated Fund. This involves the Scotland Office surrendering excess funds collected from the Scottish Executive in accordance with the *Scotland Act 1998 (Designation of Receipts) Order 2000* to the Consolidated Fund.

#### **Wales Office CFERs**

The MoJ acts as an intermediary for collection of income from the Welsh Consolidated Fund. This involves the Wales Office surrendering to the Consolidated Fund income received by the Welsh Assembly Government that, in accordance with the *Government for Wales Act 2006*, cannot be retained.

### **1.19 Administration and programme expenditure**

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure 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 MoJ while programme costs relate to service delivery activities.

### **1.20 Grants payable and paid**

Financing to the MoJ's Executive Non-Departmental Public Bodies through grant-in-aid payments is reported on a cash basis in the period in which payments are made.

The MoJ also makes a small number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point at which an authorised request is received from the recipient body, in accordance with the terms of the relevant financial memoranda.



### 1.21 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling 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 balance sheet date are translated at the rates at that date. These translation differences are dealt with in the Operating Cost Statement. The MoJ has not engaged in hedge accounting.

### 1.22 Non-cash costs

#### Capital Charge

A charge reflecting the cost of capital utilised by the MoJ is included in the Operating Cost Statement. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets, less liabilities, except for:

- donated assets and cash balances with the Government Banking Service or Office of HM Paymaster General, where the charge is nil;
- amounts due to or from the Consolidated Fund and liabilities in respect of advances from the Contingencies Fund;
- National Loans Fund where the charge equates to the interest due from the body calculated using the NLF rate of interest appropriate to a loan with the same date of issue and same repayment terms. The charge relates to the both the investment and the associated liability; and
- Pension Scheme Liability where the charge is set at 1.8% (2008-09: 2.5%) to reflect the central government pension scheme discount rate.

#### Other

Other non-cash costs in the Operating Cost Statement include the notional cost of the audit of the financial statements carried out by the National Audit Office and notional costs for corporate overheads which are re-allocated to business areas.

### 1.23 Provisions

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when the MoJ 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 for which a reliable estimate can be made for the amount of the obligation.

Provisions reflect the 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% (2008-09: 2.2%).

### 1.24 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the MoJ discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote as required by *Managing Public Money*.

Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 are stated at discounted amounts. Contingent liabilities that are not required to be reported under IAS 37 but which require notification to Parliament are stated at the maximum amount granted by the indemnity, guarantee or letter of comfort where the liability is quantifiable.

### **1.25 Value Added Tax (VAT)**

Most of the activities of the MoJ 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 non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### **1.26 Third party assets**

The core department and executive agencies hold, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on-balance sheet and are disclosed within Note 36 since neither the Department nor the Government has a direct beneficial interest in them.

Any third party monies held at the Government Banking Service or Office of HM Paymaster General at 31 March are recognised as both cash at bank and payables. See Note 36.

### **1.27 Financial instruments**

In addition to cash, the MoJ has two categories of financial assets:

#### **Loans and receivables**

Trade receivables, other receivables, impositions outstanding and loans that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date (see Note 22) which are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The MoJ has one category of financial liabilities:

#### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Finance lease liabilities, trade payables and National Loans Fund are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Embedded derivatives**

Some hybrid contracts contain both a derivative and a non-derivative component. The derivative component of such contracts is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the operating cost statement. The MoJ has carried out a review of its contracts and had no such arrangements meeting the criteria to require bifurcation.

**1b) Critical accounting estimates and assumptions**

The resource accounts reflect estimates and assumptions concerning the future. By definition, estimates are unlikely to be the same as actual results. Estimates are 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 non-current assets**

Land and buildings (including dwellings) comprise mainly prisons and court facilities. Land and buildings are shown at fair value, based on professional valuations. The Valuation Office Agency (VOA) or, for non-specialised properties firms of chartered surveyors, carry out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".

Specialised buildings are valued at depreciated replacement cost to a modern equivalent basis. All other buildings are measured at fair value determined from market-based evidence. The value of land and buildings fluctuates with changes in construction costs and the current market value of buildings. The accounting policy for land and buildings is set out in Note 1.5 and information on the land and buildings is set out in Note 14.

**Pension costs of the National Probation Service**

The present value of the net pension liability for National Probation Service staff, detailed in note 38, depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates and the long term rate of return on the assets (equities, bonds and property) underlying the pension fund. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events.

**Provision for pension transfer deficit**

The present value of the HMCS pension transfer deficit obligations in Note 25 depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets to be transferred to the Principal Civil Service Pension Scheme. The assets to be transferred consist of gilts, bonds, equities, cash and property. The actual liability to be assumed by HMCS will therefore continue to be subject to uncertainty, as a result of movements in the asset values.

**Provisions for liabilities and charges**

The provisions for liabilities and charges reported in Note 25 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

**Lease accounting**

Judgement is required in the initial classification of leases as either operating leases or finance leases according to assessment against a range of qualitative and quantitative factors. The land element is always classed as an operating lease where it can be separated from the building element. 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.

**Service Concession arrangements**

The accounting treatment of service concession arrangements, including Public Finance Initiative type arrangements, involves judgements about the degree to which the department controls both the services and any significant residual interest. Where the department is judged to control both elements, the assets to the contract are reflected on balance sheet.

## 2. First Time Adoption of IFRS

	Note	Core Department			Consolidated		
		General Fund	Revaluation Reserve	2009 Donated Asset Reserve	General Fund	Revaluation Reserve	2009 Donated Asset Reserve
		£000	£000	£000	£000	£000	£000
<b>Taxpayer's equity at 31 March 2009 under UK GAAP</b>		<b>(305,346)</b>	<b>3,327</b>	<b>-</b>	<b>5,515,452</b>	<b>1,573,976</b>	<b>89</b>
UK GAAP consolidation adjustments	2b	(4)	-	-	414	(4)	-
IFRS adjustment of prior year		(29,076)	-	-	(216,580)	(9,317)	-
Adjustments to opening balance for:							
IFRIC 12 Service concession arrangements		-	-	-	31,145	1,549	-
IAS 17 Leases		(3,130)	-	-	(15,208)	10,729	-
IAS 38 Intangible assets		-	-	-	(3,311)	-	-
IFRS 5 Assets held for resale		-	-	-	(1,791)	(1,185)	-
IAS 19 Employee benefits		101	-	-	(1,881)	-	-
IAS 19 Early departure provision		-	-	-	5,159	-	-
IAS 40 Change in value of investment property		-	-	-	(730)	905	-
<b>Taxpayer's equity at 1 April 2009 under IFRS</b>		<b>(337,455)</b>	<b>3,327</b>	<b>-</b>	<b>5,312,669</b>	<b>1,576,653</b>	<b>89</b>

	Core Department 2009 OCS	Consolidated 2009 OCS
	£000	£000
<b>Net operating cost for 2008-09 under UK GAAP</b>	<b>40,502,383</b>	<b>47,254,308</b>
UK GAAP consolidation adjustments	-	(8,080)
Adjustments for:		
IFRIC 12 Service concession arrangements	-	(31,286)
IAS 17 Leases	3,130	9,592
IAS 38 Intangible assets	-	3,401
IFRS 5 Assets held for resale	-	1,791
IAS 19 Employee Benefits	(101)	1,883
IAS 19 Early departure provision	-	(5,222)
IAS 40 Change in value of investment property	-	649
<b>Net operating cost for 2008-09 under IFRS</b>	<b>40,505,412</b>	<b>47,227,036</b>

	Note	Core Department			Consolidated		
		General Fund	Revaluation Reserve	2008 Donated Asset Reserve	General Fund	Revaluation Reserve	2008 Donated Asset Reserve
		£000	£000	£000	£000	£000	£000
<b>Taxpayer's equity at 31 March 2008 under UK GAAP</b>		<b>(253,322)</b>	<b>3,178</b>	<b>-</b>	<b>6,039,316</b>	<b>2,699,575</b>	<b>73</b>
UK GAAP consolidation adjustments	2b	-	-	-	14,515	222	-
Adjustments to opening balance for:							
IFRIC 12 Service concession arrangements		-	-	-	(79,062)	262	-
IAS 17 Leases		(25,930)	-	-	(75,316)	(9,579)	-
IAS 38 Intangible assets		-	-	-	(10,946)	-	-
IAS 19 Employee benefits		(3,146)	-	-	(56,060)	-	-
IAS 19 Early departure provision		-	-	-	4,804	-	-
<b>Taxpayer's equity at 1 April 2008 under IFRS</b>		<b>(282,398)</b>	<b>3,178</b>	<b>-</b>	<b>5,837,251</b>	<b>2,690,480</b>	<b>73</b>

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in Spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

Central Government organisations are required to prepare their 2009-10 accounts using International Financial Reporting Standards.

#### a) Impact of IFRS on comparative financial information

The date for transition to IFRS is 1 April 2008. The financial information in the tables above has been prepared in order to explain the adjustments made to the transition Statement of Financial Position as at 1 April 2008 and for the year ended 31 March 2009. This information has been prepared using the accounting policies set out in Note 1a).

#### Transition arrangements

The rules for first time adoption of IFRS are set out in IFRS 1 *First-time Adoption of International Financial Reporting Standards*. IFRS 1 states that companies should use the same accounting policies in their opening IFRS Statement of Financial Position and for all periods presented thereafter. The standard requires these policies to comply with IFRSs effective at the reporting date for the first published Accounts under IFRS (31 March 2010).

IFRS 1 allows exemptions from the application of certain provisions of IFRS. Where these exemptions remain in the *FReM* interpretation of IFRS 1, they have not been applied.

### **Change in accounting policies on transition to IFRS**

The first time adoption of IFRS has resulted in a significant change in accounting treatment in respect of the following:

#### **IFRIC 12 Service concession arrangements**

Under UK GAAP, the non-current assets supplied under service concession arrangements, including Private Finance Initiative arrangements, were assessed as on or off balance sheet according to the "risk and rewards" of ownership approach taken by *Application Note F to FRS 5* and *Treasury Taskforce Note 1*. By contrast, IFRIC 12 considers whether the public sector body controls both the services provided and any significant residual interest in the asset. The assets and liabilities associated with any contracts meeting the criteria for service concession arrangements are, under the *FRM* interpretation of IFRIC 12, accounted for on balance sheet. Three contracts within NOMS - electronic monitoring, prison escorting and the Quantum IT contract - have come on balance sheet under IFRIC 12 resulting in a net increase of £32,693k in consolidated net assets at 1 April 2009, with an impact of £31,145k on the General Fund and £1,548k on the Revaluation Reserve.

#### **IAS 17 Leases**

Both IAS 17 and SSAP 21 require leases to be classed as finance leases or operating leases and apply comparable identification criteria. In a departure from SSAP 21 under UK GAAP, IAS 17 requires that land and buildings elements within leases should be assessed separately where they can be separated. Unless title is expected to pass to the lessee at the end of the lease term, the lease of land is classified as an operating lease. Building leases when considered separately from land are, in turn, more likely to be finance leases than was the case when assessed in combination with land. The de-recognition of land and recognition of additional buildings has resulted in a reduction of £(4,479)k in consolidated net assets at 1 April 2009, represented by a reduction of £(15,208)k on the General Fund and increase of £10,729k on the Revaluation Reserve.

Operating lease payments are now recognised on a straight-line basis where the pattern of cash payments includes an annual increment under the terms of the lease.

#### **IAS 38 Intangible assets**

Under both IFRS and UK GAAP, an intangible asset is an identifiable non-monetary asset without physical substance. Under FRS 10, the assets have to be capable of being disposed of separately from the business. Under IAS 38, an asset is identifiable when it is separable and capable of being sold separate from the entity. Under UK GAAP, software developments were classified as tangible non-current assets as they were treated as being inseparable from the hardware to which they are attached. Under IFRS, computer software has been re-classified as intangible non-current assets. This has led to £106,947k of assets being transferred from tangible to intangible non-current asset in respect of internally generated software and assets under construction. In addition, there has been a reduction of £(3,401)k of non-current intangible assets as at 1 April 2009 resulting from changes in the definition of non-current assets.

#### **IFRS 5 Non-current assets held for sale**

IFRS 5 states that a non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such assets have been reclassified to a separate category within the Statement of Financial Position on transition to IFRS and their values adjusted from an existing use basis to open market value. This has resulted in a reduction of £(2,976)k in net assets, reflected in reserves as a reduction of £(1,791)k in the General fund and £(1,185)k in the Revaluation Reserve as at 1 April 2009.

**IAS 19 Employee benefits**

The adoption of IAS 19 on transition to IFRS has led to the inclusion of estimates for the amount of untaken annual and flexi-leave resulting in a reduction of £(1,881)k in consolidated net assets as at 1 April 2009.

**IAS 19 Early departures provision**

The provision for early departure cost is discounted under both IFRS and UK GAAP. IFRS uses a high-quality corporate bond rate while UK GAAP uses a rate that reflects current market assessment of the time value of money. This change has resulted in a £(5,159)k decrease in provisions/increase in reserves as at 1 April 2009.

**IAS 40 Investment property**

Under IAS 40, investment property is held for long-term rental yields and is not owner occupied. The scope of the predecessor UK GAAP standard, SSAP 19, excludes properties let to and occupied by other group companies. This exemption is not included in IAS 40. The investment properties included within non-current assets under UK GAAP have been reclassified to a separate category of assets within the Statement of Financial Position on transition to IFRS. This change has resulted in the recognition of investment property of £2,595k on the HMCS balance sheet. Changes in the value of investment properties have resulted in an increase in consolidated net assets at 1 April 2009 of £175k, representing a reduction in the General Fund of £(730)k and an increase in the Revaluation Reserve of £905k.

**b) UK GAAP consolidation adjustments**

Adjustments of £0.410m to taxpayer's equity at 1 April 2009 and adjustments of £14.737m to taxpayer's equity at 1 April 2008 have been made to correct differences between figures consolidated into group resource accounts and figures reported in individual agency accounts under UK GAAP. These differences reflect timing issues where late changes were made to agency accounts. The differences are as follows:



**2b) UK GAAP Consolidation Adjustments**

	At 1 April 2009	At 1 April 2008
	£000	£000
<b>Fixed Assets:</b>		
Tangible assets	(2,242)	(9)
Intangible assets	1	-
Investments	-	-
Debtors (amounts falling due after more than one year)	-	(496)
<b>Current assets:</b>		
Stocks	1	(1)
Debtors (amounts falling due within one year)	7,800	11,212
Cash at bank and in hand	42,076	-
Creditors (amounts falling due within one year)	(47,043)	(104)
<b>Total assets less current liabilities</b>	<b>593</b>	<b>10,602</b>
Creditors (amounts falling due after more than one year)	(2)	33
Provisions for liabilities and charges	(181)	4
Pension Deficit Liability	-	4,098
<b>Total net assets</b>	<b>410</b>	<b>14,737</b>
<b>Taxpayers' equity:</b>		
General fund	414	14,515
Revaluation reserve	(4)	222
Donated asset reserve	-	-
Pension Reserve	-	-
<b>Total taxpayers' equity</b>	<b>410</b>	<b>14,737</b>

### 3.1 Analysis of net resource outturn by section

	Admin	Other current	Grants	Gross Resource Expenditure	A in A	Outturn Net Total	Estimate Net Total	2009-10 Net Total	2008-09 Outturn
	£000	£000	£000	£000	£000	£000	£000	Outturn compared with Estimate	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000

#### Request for Resources 1: To promote the development of a modern, fair, cost effective and efficient system of justice for all

##### Spending in Departmental Expenditure Limits (DEL)

###### Central Government Spending

A	Policy, Corporate Services & Associated Offices	223,491	258,142	4,333	485,966	(23,387)	462,579	560,973	(98,394)	451,379
B	HM Courts Service	15,347	1,278,050	-	1,293,397	(607,240)	686,157	851,948	(165,791)	1,016,105
C	Office of Public Guardian	-	24,810	-	24,810	(18,901)	5,909	1,702	4,207	401
D	Costs from Central Funds	-	88,439	-	88,439	-	88,439	94,000	(5,561)	70,782
E	Tribunals Service	22,052	316,547	-	338,599	(52,579)	286,020	293,917	(7,897)	294,749
F	Criminal Justice Reform	35,435	60,587	73,510	169,532	(54,034)	115,498	148,846	(33,348)	139,017
G	National Offender Management Service HQ	146,400	-	-	146,400	(11,373)	135,027	136,502	(1,475)	1,192,945
H	National Offender Management Service Operations	-	3,916,004	-	3,916,004	(379,279)	3,536,725	3,657,000	(120,275)	2,457,321

###### Non-Budget

I	Legal Services Commission: Administration	-	-	131,650	131,650	-	131,650	139,600	(7,950)	128,541
J	Criminal Defence Service	-	-	1,208,825	1,208,825	-	1,208,825	1,200,132	8,693	1,187,750
K	Community Legal Service	-	-	940,340	940,340	-	940,340	944,870	(4,530)	912,797
L	Information Commissioner's Office	-	-	5,500	5,500	-	5,500	5,500	-	5,500
M	Judicial Appointments Commission	-	-	7,610	7,610	-	7,610	7,810	(200)	8,148
N	Parole Board	-	-	9,018	9,018	-	9,018	9,847	(829)	8,360
O	National Probation Services (local area boards)	-	-	719,395	719,395	-	719,395	706,378	13,017	781,267
P	Youth Justice Board	-	-	471,294	471,294	-	471,294	451,090	20,204	459,336
Q	Criminal Injuries Compensation Authority	-	-	254,237	254,237	-	254,237	255,026	(789)	254,500
R	Criminal Cases Review Commission	-	-	6,781	6,781	-	6,781	6,860	(79)	6,039
S	Loan Charges	-	-	1,766	1,766	-	1,766	2,100	(334)	1,595
T	Office of Legal Complaints	-	-	3,450	3,450	-	3,450	6,600	(3,150)	-
U	Legal Services Board	-	-	4,057	4,057	-	4,057	4,056	1	876

##### Spending in Annually Managed Expenditure Limits (AME)

###### Central Government Spending

V	Supreme Court Revaluation Impairment AME	-	39,200	-	39,200	-	39,200	39,200	-	-
W	HMCS Revaluation Impairment AME	-	187,496	-	187,496	-	187,496	220,000	(32,504)	173,770
X	NOMS Revaluation Impairment AME	-	525,054	-	525,054	-	525,054	600,000	(74,946)	511,705

<b>Net Resource Outturn - RfR1</b>	<b>442,725</b>	<b>6,694,329</b>	<b>3,841,766</b>	<b>10,978,820</b>	<b>(1,146,793)</b>	<b>9,832,027</b>	<b>10,343,957</b>	<b>(511,930)</b>	<b>10,062,883</b>
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	Admin	Other current	Grants	Gross Resource Expenditure	A in A	Outturn Net Total	Estimate Net Total	2009-10 Net Total	2008-09 Outturn
	£000	£000	£000	£000	£000	£000	£000	Outturn compared with Estimate £000	Net Total £000

**Request for Resources 2: Overseeing the effective operation of the devolution settlement in Scotland and representing the interests of Scotland within UK Government**

**Spending in Departmental Expenditure Limits (DEL)**

**Central Government Spending**

A	Scotland Office	4,877	-	-	4,877	(187)	4,690	5,027	(337)	4,196
B	Office of the Advocate General	4,390	-	-	4,390	(1,550)	2,840	3,000	(160)	3,042
C	Boundary Commission for Scotland	-	557	-	557	-	557	625	(68)	593

**Non-Budget**

D	Grant payable to the Scottish Consolidated Fund	-	-	26,929,090	26,929,090	-	26,929,090	27,163,862	(234,772)	24,862,100
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<b>Net Resource</b>		<b>9,267</b>	<b>557</b>	<b>26,929,090</b>	<b>26,938,914</b>	<b>(1,737)</b>	<b>26,937,177</b>	<b>27,172,514</b>	<b>(235,337)</b>	<b>24,869,931</b>
<b>Outturn - RfR2</b>										

**Request for Resources 3: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales and ensuring the smooth working of the devolution settlement in Wales**

**Spending in Departmental Expenditure Limits (DEL)**

**Central Government Spending**

A	Wales Office	5,618	-	-	5,618	(9)	5,609	7,829	(2,220)	5,006
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**Non-Budget**

B	Grant payable to the Welsh Consolidated Fund	-	-	13,005,814	13,005,814	-	13,005,814	13,124,747	(118,933)	12,171,100
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<b>Net Resource</b>		<b>5,618</b>	<b>-</b>	<b>13,005,814</b>	<b>13,011,432</b>	<b>(9)</b>	<b>13,011,423</b>	<b>13,132,576</b>	<b>(121,153)</b>	<b>12,176,106</b>
<b>Outturn - RfR3</b>										

<b>Total Net Resource Outturn</b>		<b>457,610</b>	<b>6,694,886</b>	<b>43,776,670</b>	<b>50,929,166</b>	<b>(1,148,539)</b>	<b>49,780,627</b>	<b>50,649,047</b>	<b>(868,420)</b>	<b>47,108,920</b>
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Explanations of significant variances between Estimate and outturn are given in the Management Commentary on pages 12 to 15.

The prior year figures in the preceding table are reported on a UK GAAP basis as prior year Estimates have not been re-stated. The impact of the transition to IFRS on 2008-09 Net Resource Outturn is as follows:

	2008-09
	Outturn
	<u>£000</u>
<b>RfR1</b>	
Net Resource Outturn - UK GAAP	10,062,883
Prior Period Adjustments	(8,163)
IFRIC 12 Service concession arrangements	(31,286)
IAS 17 Leases	9,592
IAS 38 Intangible assets	3,401
IFRS 5 Assets held for resale	1,791
IAS 19 Employee Benefits	1,935
IAS 19 Early departure provision	(5,222)
IAS 40 Change in value of investment property	649
<b>Net Resource Outturn - IFRS</b>	<u><b>10,035,580</b></u>
<b>RfR2</b>	
Net Resource Outturn - UK GAAP	24,869,931
IAS 19 Employee benefits	(59)
<b>Net Resource Outturn - IFRS</b>	<u><b>24,869,872</b></u>
<b>RfR3</b>	
Net Resource Outturn - UK GAAP	12,176,106
IAS 19 Employee benefits	7
<b>Net Resource Outturn - IFRS</b>	<u><b>12,176,113</b></u>
<b>Total Revised Net Resource Outturn</b>	<u><b>47,081,565</b></u>

## 3.2 Analysis of net operating cost by spending body

	2009-10		Restated 2008-09	
	Estimate	Net Operating Cost	Estimate	Net Operating Cost
	£000	£000	£000	£000
<b>Core Department</b>				
Headquarters - Policy, Corporate Services	843,019	610,098	823,999	487,522
Scotland Office	27,172,514	26,937,216	24,870,525	24,870,023
Wales Office	13,132,576	13,011,715	12,375,586	12,176,020
<b>Agencies</b>				
HM Courts Service	1,071,948	1,158,268	1,410,839	1,487,584
Tribunals Service	293,917	302,769	298,654	309,434
Office of the Public Guardian	1,702	8,979	1,100	5,758
National Offender Management Service	5,101,980	4,905,312	4,920,077	4,918,848
<b>NDPBs</b>				
Legal Services Commission	2,284,602	2,280,815	2,227,435	2,229,088
Office of the Information Commissioner	5,500	5,500	5,500	5,500
Judicial Appointments Commission	7,810	7,610	8,148	8,148
Youth Justice Board for England and Wales	451,090	471,294	477,336	459,336
Criminal Injuries Compensation Authority	255,026	254,237	244,500	254,500
Criminal Cases Review Commission	6,860	6,781	6,761	6,039
Parole Board	9,847	9,018	8,360	8,360
Office for Legal Complaints	6,600	3,450	-	-
Legal Services Board	4,056	4,057	878	876
<b>Other</b>				
Capital grants to Local Authorities	-	3,511	3,200	-
<b>Net Operating Cost</b>	<b>50,649,047</b>	<b>49,980,630</b>	<b>47,682,898</b>	<b>47,227,036</b>

## 4. Reconciliation of outturn to net operating cost and against Administration Budget

### 4.1 Reconciliation of net resource outturn to net operating cost

	Note	2009-10			Restated 2008-09
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
		£000	£000	£000	£000
Net Resource Outturn	3	49,780,627	50,649,047	868,420	47,108,920
Prior period adjustments	3	-	-	-	(8,163)
IFRS adjustments	2	-	-	-	(19,192)
Corporate overheads	11,12	(3,655)	-	3,655	(3,779)
Non-Supply income (CFERs)	6	(5,200)	-	5,200	(6,932)
Excess appropriations-in-aid		(4,361)	-	4,361	-
(Profit) / loss on disposal of property, plant and equipment	11,12	(7,159)	-	7,159	6,133
Non-Supply adjustment (NPS) (Income)/Expenditure		(16,134)	-	16,134	5,401
Non-Supply Expenditure from Consolidated Fund		239,641	238,450	(1,191)	140,491
Accruals movement on Legal Aid		(3,129)	-	3,129	4,157
<b>Net Operating Cost</b>		<b>49,980,630</b>	<b>50,887,497</b>	<b>906,867</b>	<b>47,227,036</b>

Note 3.1 provides a breakdown of the underspend against supply Estimate by subhead. Explanations for significant variances are given on pages 12 to 15. The variance on a net operating cost basis is of a similar magnitude. With respect to the reconciling differences between Net Resource outturn and net Operating Cost, funding from the Consolidated Fund of £239,641k (2008-09: £140,491k) represents judicial salaries met from the Consolidated Fund of £144,255k (2008-09: £139,854k) (Note 10.2), election expenses of £95,300k (2008-09: £550k) (Note 6 and the Consolidated Statement of Changes in Taxpayers' Equity) and the Lord Chancellor's salary and related costs of £86k (2008-09: £86k) (Consolidated Statement of Changes in Taxpayers' Equity).

Non-supply expenditure adjustments of £16,134k (2008-09: £5,401k) relate to local probation boards who are accounted for in the Statement of Parliamentary Supply and Note 3 on the basis of cash grants paid but are consolidated on a line for line basis in the Operating Cost Statement and related notes.

### 4.2 Outturn against final Administration Budget

	Note	2009-10		Restated 2008-09
		Budget	Outturn	Outturn
		£000	£000	£000
Gross Administration Budget	3.1		457,610	480,503
Income allowable against the Administration Budget	13.1		(21,002)	(21,320)
<b>Net outturn against the Final Administration Budget</b>		<b>459,202</b>	<b>436,608</b>	<b>459,183</b>
IAS 17 Leases		-	-	3,130
IAS 19 Employee Benefits		-	-	(3,959)
<b>Re-stated Administration outturn under IFRS</b>		<b>459,202</b>	<b>436,608</b>	<b>458,354</b>

## 5. Reconciliation of net resource outturn to net cash requirement

	Note	2009-10		
		Estimate	Outturn	Net Total Outturn compared with Estimate: saving / (excess)
		£000	£000	£000
Resource Outturn	3	50,649,047	49,780,627	868,420
<b>Capital</b>				
Acquisition of property, plant and equipment	14	916,552	794,540	122,012
Acquisition of Intangible assets	15	-	37,868	(37,868)
Investments	16	-	-	-
<b>Non operating A in A</b>				
Proceeds of property, plant and equipment disposals		(66,982)	(7,415)	(59,567)
Proceeds of Intangible Asset disposals		-	-	-
<b>Accruals adjustments</b>				
Non-cash items		(1,737,246)	(1,401,290)	(335,956)
Changes in working capital other than cash		(1,963)	59,761	(61,724)
Probation supply adjustments		-	-	-
Probation Pensions utilisation		-	-	-
Use of provision	25	211,562	71,679	139,883
Working capital adjustment for Probation		-	-	-
Less: utilisation of provision settled with cash from the Consolidated Fund		-	(4,510)	4,510
Machinery of government transfers		-	-	-
Excess cash receipts surrenderable to Consolidated Fund		-	-	-
<b>Net cash requirement</b>		<b>49,970,970</b>	<b>49,331,260</b>	<b>639,710</b>

## 6. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the MoJ and is payable to the Consolidated Fund (cash receipts being shown in italics).

Note	Forecast 2009-10		Outturn 2009-10		
	Income	Receipts	Income	Receipts	
	£000	£000	£000	£000	
Operating income and receipts - excess A in A	24.1	-	-	4,361	<i>4,361</i>
Other operating income and receipts not classified as A in A	13	-	-	5,200	<i>5,200</i>
	13	-	-	9,561	<i>9,561</i>
Non-operating income and receipts - excess A in A		-	-	-	-
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	258,253	258,253
Excess Cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>-</b>	<b>-</b>	<b>267,814</b>	<b>267,814</b>

## 7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

		31 March 2010	Restated 31 March 2009
	Note	£000	£000
Operating income	13	1,158,098	1,097,697
Adjustments for transactions between RfRs		-	-
Gross income		<u>1,158,098</u>	<u>1,097,697</u>
Income authorised to be appropriated in aid	3	(1,148,537)	(1,056,763)
Non-Supply adjustments		-	(34,002)
Operating income payable to the Consolidated Fund	6	<u>9,561</u>	<u>6,932</u>

## 8. Non-operating income - Excess appropriations in aid

	31 March 2010	31 March 2009
	£000	£000
Proceeds on disposal of property, plant and equipment	7,417	17,401
Proceeds on disposal of Intangible assets	-	-
Less: income authorised to be appropriated-in-aid	(7,417)	(17,401)
Non-operating income - excess A in A	<u>-</u>	<u>-</u>

## 9. Non-operating income not classified as appropriations in aid

The MoJ does not have any non-operating income not classified as A in A.



## 10. Staff and Judiciary numbers and related costs

### 10.1 Staff Payroll Costs

	Permanently Employed Staff	Others	Ministers	Special Advisors	2009-10 Total	Restated 2008-09 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,578,192	163,823	942	411	2,743,368	2,717,808
Social security costs	192,876	329	91	42	193,338	189,854
Other pension costs	471,193	751	25	87	472,056	470,489
<b>Sub Total</b>	<b>3,242,261</b>	<b>164,903</b>	<b>1,058</b>	<b>540</b>	<b>3,408,762</b>	<b>3,378,151</b>
Less recoveries in respect of outward secondments	(9,926)	-	-	-	(9,926)	5,753
<b>Total Net Costs</b>	<b>3,232,335</b>	<b>164,903</b>	<b>1,058</b>	<b>540</b>	<b>3,398,836</b>	<b>3,383,904</b>
Of which:						
Charged to admin costs	188,949	39,735	843	540	230,067	246,206
Charged to programme costs	3,043,386	125,168	215	-	3,168,769	3,137,698
	<b>3,232,335</b>	<b>164,903</b>	<b>1,058</b>	<b>540</b>	<b>3,398,836</b>	<b>3,383,904</b>
<b>Core Department</b>						
Charged to admin costs	94,543	26,960	843	540	122,886	121,295
Charged to programme costs	47,864	17,131	215	-	65,210	68,820
	<b>142,407</b>	<b>44,091</b>	<b>1,058</b>	<b>540</b>	<b>188,096</b>	<b>190,115</b>

"Permanently employed staff" are staff employed directly by the MoJ on open ended or fixed term contracts. "Others" are agency or contract staff.

Under the *Ministerial and Other Salaries Act (1975)*, the salary and social security costs of the Lord Chancellor, included under Ministers above, are paid from the Consolidated Fund. In 2009-10 the Lord Chancellor's salary was £78,356 (2008-09: £78,356) and the associated social security costs were £8,000 (2008-09: £8,328).

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

For 2009-10, employers' pension contributions of £359,159k (2008-09: £359,130k) were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% (2008-09: 17.1% to 25.5%) of pensionable pay, based on salary bands (25.8% for Prison Officer grades with reserved rights). 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.

For 2009-10 employers' contributions of £95,900k (2008-09: £89,900k) were payable to the Local Government Pension Scheme (LGPS) at rates in a range from 14.1% to 22.6% (2008-09: 7.5% to 21.1%). Note 38 provides information on the assets and liabilities of the Local Probation Board and Trusts.

Remaining employers' pension contributions of £16,997k (2008-09: £21,459k) relate to partnership pension accounts, lump sum benefits, ill-health retirements and death benefits cases.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' pension contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2008-09: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions equivalent to 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees in the PCSPS scheme.

The HMCS accounts also include a provision of the outstanding costs of transferring local Magistrates' Court staff from the LGPS into the PCSPS. This is disclosed in Note 25 "Pension Transfer Deficit".

## 10.2 Payroll costs of the Judiciary

			2009-10	Restated 2008-09
	Salaried Judiciary	Fee paid Judiciary	Total	Total
	£000	£000	£000	£000
Wages and salaries	259,680	80,710	340,390	323,098
Social security costs	25,764	11,782	37,546	35,554
Other pension costs	73,104	(14)	73,090	70,844
<b>Sub Total</b>	<b>358,548</b>	<b>92,478</b>	<b>451,026</b>	<b>429,496</b>
Less recoveries in respect of outward secondments	-	-	-	636
<b>Total Net Costs</b>	<b>358,548</b>	<b>92,478</b>	<b>451,026</b>	<b>430,132</b>
Of which:				
Charged to admin costs	139	561	700	897
Charged to programme costs	358,409	91,917	450,326	429,235
	<b>358,548</b>	<b>92,478</b>	<b>451,026</b>	<b>430,132</b>
<b>Core Department</b>				
Charged to admin costs	98	566	664	560
Charged to programme costs	2,592	415	3,007	2,834
	<b>2,690</b>	<b>981</b>	<b>3,671</b>	<b>3,394</b>
Of which:				
Paid from voted resources			306,771	290,278
Paid from Consolidated Fund			144,255	139,854
			<b>451,026</b>	<b>430,132</b>

The Judicial Pension Scheme (JPS) is an unfunded multi-employer defined benefit scheme, which prepares its own accounts, but for which the MoJ 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 separate Resource Accounts produced for the JPS.

### 10.3 Average number of staff employed

The average number of full-time equivalent staff employed during the year is shown in the table below. These figures include those working in the MoJ as well as in agencies and other bodies included within the consolidated departmental accounting boundary. They therefore exclude Non-Departmental Public Bodies (NDPBs).

Consolidated	Permanent staff	Others	Ministers	Special Advisors	2009-10	Restated 2008-09
					Total	Total
<b>Request for Resource 1</b>						
DSO 1 - Democracy, Constitution and Law	637.0	41.0	1.0	1.0	680.0	647.0
DSO 2 - Access to Justice	23,221.0	966.0	2.0	0.3	24,189.3	24,866.0
DSO 3 - National Offender Management Service	70,041.0	1,441.0	2.0	0.3	71,484.3	71,752.0
DSO 4 - Criminal Justice	721.0	28.0	1.0	0.4	750.4	730.0
	<b>94,620.0</b>	<b>2,476.0</b>	<b>6.0</b>	<b>2.0</b>	<b>97,104.0</b>	<b>97,995.0</b>
<b>Request for Resource 2</b>						
Scotland Objective 1	5.8	5.4	0.5	0.5	12.2	11.4
Scotland Objective 2	5.8	5.4	0.5	0.5	12.2	11.4
Scotland Objective 3	7.2	9.9	0.5	0.5	18.1	17.3
Scotland Objective 4	2.2	6.7	0.5	0.5	9.9	8.8
Scotland Objective 5	2.1	5.7	-	-	7.8	8.0
Office of the Advocate General Objective 1	0.1	23.9	1.0	-	25.0	23.9
Office of the Advocate General Objective 2	3.9	12.1	-	-	16.0	15.7
	<b>27.1</b>	<b>69.1</b>	<b>3.0</b>	<b>2.0</b>	<b>101.2</b>	<b>96.5</b>
<b>Request for Resource 3</b>						
Objective 1	18.0	2.0	0.8	0.8	21.6	20.7
Objective 2	18.0	2.0	0.8	0.8	21.6	20.6
Objective 3	6.0	1.0	0.4	0.4	7.8	5.0
Objective 4	11.0	1.0	-	-	12.0	11.0
	<b>53.0</b>	<b>6.0</b>	<b>2.0</b>	<b>2.0</b>	<b>63.0</b>	<b>57.3</b>
<b>Consolidated Total</b>	<b>94,700.1</b>	<b>2,551.1</b>	<b>11.0</b>	<b>6.0</b>	<b>97,268.2</b>	<b>98,148.8</b>

<b>Core</b>	<b>Permanent staff</b>	<b>Others</b>	<b>Ministers</b>	<b>Special Advisors</b>	<b>2009-10 Total</b>	<b>Restated 2008-09 Total</b>
<b>Request for Resource 1</b>						
DSO 1 - Democracy, Constitution and Law	637.0	41.0	1.0	1.0	680.0	647.0
DSO 2 - Access to Justice	1,730.0	355.0	2.0	0.3	2,087.3	2,072.5
DSO 3 - National Offender Management Service	-	-	2.0	0.3	2.3	2.0
DSO 4 - Criminal Justice	721.0	28.0	1.0	0.4	750.4	730.0
	<b>3,088.0</b>	<b>424.0</b>	<b>6.0</b>	<b>2.0</b>	<b>3,520.0</b>	<b>3,451.5</b>
<b>Request for Resource 2</b>						
Scotland Objective 1	5.8	5.4	0.5	0.5	12.2	11.4
Scotland Objective 2	5.8	5.4	0.5	0.5	12.2	11.4
Scotland Objective 3	7.2	9.9	0.5	0.5	18.1	17.3
Scotland Objective 4	2.2	6.7	0.5	0.5	9.9	8.8
Scotland Objective 5	2.1	5.7	-	-	7.8	8.0
Office of the Advocate General Objective 1	0.1	23.9	1.0	-	25.0	23.9
Office of the Advocate General Objective 2	3.9	12.1	-	-	16.0	15.7
	<b>27.1</b>	<b>69.1</b>	<b>3.0</b>	<b>2.0</b>	<b>101.2</b>	<b>96.5</b>
<b>Request for Resource 3</b>						
Objective 1	18.0	2.0	0.8	0.8	21.6	20.7
Objective 2	18.0	2.0	0.8	0.8	21.6	20.6
Objective 3	6.0	1.0	0.4	0.4	7.8	5.0
Objective 4	11.0	1.0	-	-	12.0	11.0
	<b>53.0</b>	<b>6.0</b>	<b>2.0</b>	<b>2.0</b>	<b>63.0</b>	<b>57.3</b>
<b>Core Department Total</b>	<b>3,168.1</b>	<b>499.1</b>	<b>11.0</b>	<b>6.0</b>	<b>3,684.2</b>	<b>3,605.3</b>

Prior year staff numbers have been re-distributed across the Departmental Strategic Objectives in place during 2008-09 to reflect a consistent approach to the allocation of Corporate Performance Group staff to departmental business.

#### 10.4 Average number of Judiciary in post

			2009-10	2008-09
	Salaried Judiciary	Fee Paid Judiciary	Total	Total
<b>Consolidated</b>				
<b>Request for Resource 1</b>				
DSO 1 - Democracy, Constitution and Law	-	-	-	-
DSO 2 - Access to Justice	1,930	1,647	3,577	3,452
DSO 3 - National Offender Management Service	-	-	-	-
DSO 4 - Criminal Justice	-	-	-	-
<b>Consolidated Total</b>	<b>1,930</b>	<b>1,647</b>	<b>3,577</b>	<b>3,452</b>

No members of the judiciary are employed in the Core department. Judicial staff costs within the Core department relate mainly to sitting days by retired judges.

No judiciary are employed under Requests for Resource 2 or 3.

## 11. Other Administration Costs

	2009-10		Restated	
	2009-10		2008-09	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Accommodation, maintenance and utilities	37,318	41,278	45,194	60,923
Communications, office supplies and services	8,364	10,853	8,974	10,348
Rentals under operating leases: land and buildings	18,383	19,967	24,922	26,961
Rentals under operating leases: other (plant, machinery, vehicles etc)	404	523	738	1,103
Service concession charges: Property	-	-	-	3,755
Service concession charges: IT	3,673	7,066	8,003	8,092
Service concession charges: Other	7,818	18,672	3,667	6,346
Finance charges on leases and service concession arrangements	13,621	13,768	12,497	12,668
IT services & telecommunications (non-service concession arrangements)	4,172	23,014	8,054	31,780
Other contracted out services	1,376	1,393	1,142	1,152
Other court costs (staff related)	-	5	350	358
Judicial costs	2,400	5,341	2,818	5,598
Professional services	13,251	15,672	15,543	17,672
Travel and subsistence	4,705	11,024	3,799	10,841
Training and other staff related costs	5,735	11,695	6,456	15,846
Grants - current	(1)	(1)	-	70
Bank fees and charges	12	14	9	85
Auditors' remuneration and expenses	-	1,557	-	1,796
Research and development expenditure	872	879	1,766	1,766
Other administration expenditure	7,960	14,859	4,775	10,771
<b>Non-cash items</b>				
Depreciation	9,489	14,385	8,138	15,359
Amortisation	-	1,231	25	259
Asset devaluation and impairment - PPE	-	-	-	-
Devaluation - PPE	(1)	(1)	20	20
(Profit) on disposal of Property, Plant and Equipment	22	5	-	(549)
Loss on disposal of Property, Plant and Equipment	-	-	5	5
Cost of capital charges/(credits)	6,097	8,616	4,658	7,055
Notional charges	-	-	-	451
Auditors' remuneration and expenses	594	1,016	582	901
Provision provided for in year	3,929	3,929	3,328	4,683
Allocation of overheads	(55,433)	(35,419)	(65,350)	(50,373)
Impairment of receivables	(2,555)	(2,555)	-	-
Straight lining of operating lease payments	2,731	2,731	3,130	3,130
Other non-cash	-	-	2	285
<b>TOTAL</b>	<b>94,936</b>	<b>191,517</b>	<b>103,245</b>	<b>209,157</b>

In addition to the re-statement on an IFRS basis, prior year figures reflect some re-categorisation between lines to ensure consistency with refinements in expenditure mapping in the current year.

## 12. Programme costs

Note	2009-10		Restated	Restated
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Request for Resources 1</b>				
Bank fees and charges	37	3,215	63	3,400
Research and development expenditure	3,987	4,631	2,253	2,741
Grants - current	77,842	77,842	-	2,102
Grants - capital	3,511	3,511	7,500	7,500
Accommodation, maintenance and utilities	3,861	653,103	7,388	664,859
Travel and subsistence	3,382	55,576	2,890	60,289
Professional services	8,408	46,784	23,719	73,521
IT services and telecommunications (non-service concession arrangements)	39,541	201,686	26,051	177,465
Communications, office supplies and services	4,663	70,593	3,898	62,482
Prisoner related costs	-	335,968	-	322,883
Electronic monitoring of offenders	-	-	-	-
Judicial costs	13,033	49,232	10,907	48,906
Juror costs	-	42,063	-	42,652
Cost from Central Funds	88,439	88,439	70,782	70,782
Training and other staff related costs	2,053	81,281	2,336	91,548
Election expenses	95,300	95,300	550	550
Victim surcharge costs	-	-	2,600	2,600
Service concession charges: Property	-	461,573	-	181,660
Service concession charges: IT	90,313	132,165	97,573	123,977
Service concession charges: Other	(571)	66,256	-	341,379
Rentals under operating leases: land and buildings	385	67,447	47	66,067
Rentals under operating leases: other (Plant, machinery, vehicles etc)	109	7,799	82	6,924
Other contracted out services	1,923	5,704	1,543	5,325
Other court costs	-	16,193	392	15,300
Local Authority loan interest	-	2,685	-	2,973
Finance charges on leases and service concession agreements	2,624	39,119	1,674	40,250
Grant in aid to NDPBs	3,039,666	3,039,666	3,023,498	3,023,498
Other programme costs	2,329	117,519	3,434	106,967
<b>Non-cash items</b>				
Depreciation	19,994	372,381	1,722	372,216
Amortisation	15,180	37,491	18,819	19,594
Devaluation - PPE	6,344	697,475	3,066	675,327
Impairment - PPE	41,584	48,431	-	5,004
Devaluation - Intangible assets	(8,642)	(2,926)	64	687
Change in the fair value of assets for resale	20	2,979	-	-
Change in the value of imputed finance leases	-	4,709	-	-
Impairment - Intangible assets	-	-	-	15,613
(Profit) on disposal of Property, Plant and Equipment	(9,956)	(7,560)	-	(5)
Loss on disposal of Property, Plant and Equipment	-	396	1,013	6,682
Loss on disposal of intangible assets	-	66	-	-
Cost of capital charges	(11,214)	241,756	774	306,344
Notional rent	-	3,881	-	6,191
Auditors' remuneration and expenses	141	854	157	867
Provision provided for in year	25	(70,111)	32,523	237,013
Unwinding of discount on provisions	25	10,630	4,200	8,817
Allocation of overheads	(115,539)	31,764	(114,688)	46,594
Impairment of receivables	-	(4,919)	79	5,853
Change in fair value of investment properties	18	740	-	888
Interest on pension transfer deficit	25	20,553	-	-
Straight lining of operating lease payments	-	8,740	-	11,355
Other non-cash	4	(792)	4	84
<b>TOTAL for RfR1</b>	<b>3,469,424</b>	<b>7,161,888</b>	<b>3,236,913</b>	<b>7,267,724</b>

**Request for Resources 2**

Funding to the Scottish Executive	26,929,090	26,929,090	24,862,100	24,862,100
Other Expenditure	557	557	593	593

**TOTAL for RfR2**

<b>26,929,647</b>	<b>26,929,647</b>	<b>24,862,693</b>	<b>24,862,693</b>
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**Request for Resources 3**

Funding of the National Assembly for Wales	13,005,814	13,005,814	12,171,100	12,171,100
Other Expenditure	-	-	23	23

**TOTAL for RfR3**

<b>13,005,814</b>	<b>13,005,814</b>	<b>12,171,123</b>	<b>12,171,123</b>
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**GRAND TOTAL**

<b>43,404,885</b>	<b>47,097,349</b>	<b>40,270,729</b>	<b>44,301,540</b>
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In addition to re-statement on an IFRS basis, prior year figures reflect some re-categorisation between lines to ensure consistency with refinements in expenditure mapping in the current year.

The net consolidated figure for the allocation of overheads of £(3,655)k (2008-09 £3,779k) being £31,764k for programme (2008-09: £46,594k) and £(35,419k) for administration (2008-09: £(50,373k) represents services provided by the core department to Non-Departmental Public Bodies. These costs are not classified as grant-in-aid and are not included within the grants line of programme costs.



## 13. Income

### 13.1 Analysis of operating income

	2009-10		Restated	Restated
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Appropriated in Aid</b>				
HMCS income				
Fees	-	479,238	-	476,593
Fines	-	94,848	-	92,388
Other	-	38,334	-	43,237
Court Funds Office recoveries from Debt Mgmt Office	15,580	15,580	13,274	13,274
Tribunals Service Income	-	52,588	-	29,343
Office of Public Guardian fees and receipts	-	18,901	-	20,455
Official Solicitor and Public Trustee fees and receipts	2,362	2,362	2,445	2,445
NOMS income:				
Youth Justice Board	-	179,823	-	178,421
Primary Care Trusts	-	78,958	-	85,565
Department for Innovation, Universities and Skills	-	18,587	-	18,673
Other	-	106,698	-	11,159
National Probation Service income	-	-	-	41,083
Other RfR1 income	61,527	61,527	42,396	73,095
RfR2 income				
Scotland - Hire of Office Facilities	187	187	245	245
Scotland - Legal Income	509	509	354	354
Scotland - Office of the Solicitor to the Advocate General (OSAG)	1,041	1,041	909	909
RfR3 income	9	9	-	-
EU Income	-	11,437	-	3,526
Income arising within MoJ	-	(12,090)	-	-
<b>Total Appropriated in Aid</b>	<b>81,215</b>	<b>1,148,537</b>	<b>59,623</b>	<b>1,090,765</b>
<b>Payable to Consolidated Fund</b>				
CFER Receipts RfR1	5,040	5,200	2,448	6,932
Excess appropriations in aid RfR1	-	4,359	-	-
CFER Receipts RfR2	-	-	-	-
Excess appropriations in aid RfR2	-	-	-	-
CFER Receipts RfR3	-	-	-	-
Excess appropriations in aid RfR3	2	2	-	-
<b>Total payable to Consolidated Fund</b>	<b>5,042</b>	<b>9,561</b>	<b>2,448</b>	<b>6,932</b>
<b>Grand Total</b>	<b>86,257</b>	<b>1,158,098</b>	<b>62,071</b>	<b>1,097,697</b>
Of which				
Administration income	9,413	21,002	7,331	21,320
Programme Income RfR1	76,844	1,137,096	54,740	1,076,377
Programme Income RfR2	-	-	-	-
Programme Income RfR3	-	-	-	-
<b>Total</b>	<b>86,257</b>	<b>1,158,098</b>	<b>62,071</b>	<b>1,097,697</b>

## 13.2 Fees and charges

The MoJ is required, in accordance with HM Treasury's *Managing Public Money*, to disclose results for the areas of its activities where fees and charges are made. The following analysis is not intended to meet the requirements of IFRS 8 Segmental Reporting, which is not applicable to the MoJ under the *Government Financial Reporting Manual (FReM)*.

	2009-10				
	Gross Income £000	Full cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
HM Courts Service Civil Business	507,092	619,004	(111,912)	82	100
Court Funds Office	15,580	15,580	-	100	100
Lands Tribunal	274	2,156	(1,882)	13	50
Office of the Public Guardian	21,578	23,286	(1,708)	93	100
Official Solicitor and Public Trustee:					
- Litigation	1,888	6,185	(4,297)	31	31
- Trust and Estates	474	1,184	(710)	40	40
NOMS fees:					
- Department for Business, Innovation and Skills	18,587	18,346	241	101	100
- Primary Care Trust	78,958	76,687	2,271	103	100
- Youth Justice Board	179,823	177,168	2,655	101	100
	<b>824,254</b>	<b>939,596</b>	<b>(115,342)</b>		

Due to a one-off increase to provisions for property dilapidations, the cost recovery for the Office of the Public Guardian has been diluted. Without this increase the cost recovery would have been 101%.

	2008-09				
	Gross Income £000	Full cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
HM Courts Service Civil Business	500,064	607,721	(107,657)	82	100
Court Funds Office	13,272	5,772	7,500	230	100
Lands Tribunal	325	1,652	(1,327)	20	50
Office of the Public Guardian	23,221	26,116	(2,895)	89	87
Official Solicitor and Public Trustee:					
- Litigation	1,049	5,922	(4,873)	18	12
- Trust and Estates	1,395	1,351	44	103	31
NOMS fees:					
- Department for Business, Innovation and Skills	18,237	18,348	(111)	99	100
- Primary Care Trust	59,798	58,866	932	102	100
- Youth Justice Board	184,500	184,500	-	100	100
	<b>801,861</b>	<b>910,248</b>	<b>(108,387)</b>		

## Her Majesty's Courts Service (HMCS)

MoJ is taking forward a strategy, agreed by Ministers, for reviewing and reforming the court fee system for civil business. Much of the work to implement this strategy will take place during the CSR07 (2007-2011) period. Its objectives are to ensure that the court fees system:

- meets its financial targets for cost recovery and net expenditure;
- protects access to justice through a well-targeted system of fee remissions; and
- remains viable when patterns of demand change, by achieving as close a match between income and costs within the system as reasonably practicable.

Following a public consultation (CP31/08), MoJ introduced fee changes on 13 July 2009. The changes related mainly to enforcement proceedings, a process used when a debtor has failed to pay even after the court has ordered him or her to do so. In addition, changes to the magistrates' court civil fees were made with the aim of bringing them on to a full cost recovery basis.

Some fee changes were straightforward increases. For others the MoJ changed the points at which fees would be charged, or aligned fees when the same service was being provided by different courts or jurisdictions. The aim of the changes was to provide a clearer, better balanced and fairer system.

The current fees orders are:

- *The Civil Proceedings Fees (Amendment) Order 2009 [1498]* which amends *The Civil Proceedings Fees Order 2008 No. 2853* and *The Civil Proceedings Fees Order 2008 No. 1053 (L.5)*;
- *The Family Proceedings Fees (Amendment) Order 2009 [1499]* which amends *The Family Proceedings Fees (Amendment) Order 2008 [No. 2856]* and *The Family Proceedings Fees Order 2008 No. 1054 (L.6)*;
- *The Non-Contentious Probate Fees (Amendment) Order 2009 [1497]* which amends *The Non-Contentious Probate Fees (Amendment) Order 2008 [No. 2854]* and *The Non-Contentious Fees Order 2004 No. 3120 (L.22)*; and
- *The Magistrates' Courts Fees (Amendment) Order 2009 [1496]* which amends both *The Magistrates' Courts Fees (Amendment) Order 2008 [No. 2855]* and *The Magistrates' Courts Fees Order 2008 No. 1052 (L.4)*.

## Tribunals Service

The historical target for Lands Tribunal Fees was to achieve 50% of full costs. During 2006-07, the Tribunals Service undertook a review of fees which identified that the Lands Tribunal had not increased the level of fees since 1996. Accordingly, the percentage of costs recovered has not kept pace with inflation and now stands at only 13%. A detailed review of the fee structure is currently underway, with a view to implementing any increases in the Autumn of 2010.

### **Official Solicitor and Public Trustee (OSPT)**

The deficit on the OSPT litigation services and estates and trusts services arise from the ongoing strategy of transitioning to a case load of “last resort” cases, broadly where there is nobody else suitable, able or willing to act and an injustice to a vulnerable person would result if they did not do so.

Throughout 2009-10, work continued to transfer a further 100 cases to a private sector corporate trustee. The remaining “last resort” cases tend to be more complex ones, incurring a high level of cost. The lower caseload means that there is a smaller base over which to absorb fixed costs. The fee income associated with them is capped by a Fee Order and there are some cases for which the OSPT is not empowered to charge fees. The OSPT has introduced a new Case Management System which will provide valuable case related activity and cost data which during 2010-11 will inform the fee charging regime.

### **The Courts Fund Office (CFO)**

The CFO recovers all of its administrative costs from the Court Funds Investment Account (CFIA) in accordance with the administration of Justice Act 1962. Gross income reflects full costs determined on an accruals basis for the financial year ending 28 February 2010.

## 14. Property, Plant and Equipment

	Land	Buildings	Dwellings	Information Technology	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>2009-10</b>								
<b>Cost or valuation</b>								
At 1 April 2009	1,251,315	7,297,418	17,520	257,992	259,904	81,169	896,685	10,062,003
Assets introduced on formation of HMCS	525	2,241	-	-	-	-	-	2,766
Additions	1,155	19,427	-	59,359	17,895	4,724	691,980	794,540
Disposals	(1,023)	(28,374)	-	(19,580)	(11,062)	(236)	(48)	(60,323)
Revaluations/ Impairments	(86,074)	(1,221,871)	494	(134)	8,515	4,192	-	(1,294,878)
Reclassifications	4,782	146,990	437	(5,153)	811	22	(156,150)	(8,261)
Restatements	(240)	2,147	-	(2,203)	1,684	108	-	1,496
Reclassification to assets held for resale	(2,754)	(3,238)	-	-	-	-	-	(5,992)
Transfers	-	659,013	-	26,372	11,630	-	(826,888)	(129,873)
<b>At 31 March 2010</b>	<b>1,167,686</b>	<b>6,873,753</b>	<b>18,451</b>	<b>316,653</b>	<b>289,377</b>	<b>89,979</b>	<b>605,579</b>	<b>9,361,478</b>
<b>Depreciation</b>								
At 1 April 2009	-	41,499	-	169,332	142,971	17,136	-	370,938
Assets introduced on formation of HMCS	-	-	-	-	-	-	-	-
Charged in year	-	283,250	312	54,475	30,115	18,614	-	386,766
Disposals	-	(3,219)	-	(18,408)	(9,416)	(157)	-	(31,200)
Revaluations/ Impairments	-	(134,331)	(312)	(19,871)	2,511	165	-	(151,838)
Reclassifications	-	(64)	-	(4,035)	-	-	-	(4,099)
Restatements	-	(269)	-	-	-	-	-	(269)
Transfers	-	-	-	373	128	-	-	501
<b>At 31 March 2010</b>	<b>-</b>	<b>186,866</b>	<b>-</b>	<b>181,866</b>	<b>166,309</b>	<b>35,758</b>	<b>-</b>	<b>570,799</b>
<b>Net book value at 31 March 2010</b>	<b>1,167,686</b>	<b>6,686,887</b>	<b>18,451</b>	<b>134,787</b>	<b>123,068</b>	<b>54,221</b>	<b>605,579</b>	<b>8,790,679</b>
<b>Net book value at 1 April 2009</b>	<b>1,251,315</b>	<b>7,255,919</b>	<b>17,520</b>	<b>88,660</b>	<b>116,933</b>	<b>64,033</b>	<b>896,685</b>	<b>9,691,065</b>
<b>Asset financing</b>								
Owned	1,148,466	5,759,601	15,621	70,934	109,144	54,221	605,579	7,763,566
Finance leased	-	318,011	2,830	-	340	-	-	321,181
On-balance sheet PFI contracts	19,220	609,275	-	63,853	13,584	-	-	705,932
PFI residual interests	-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2010</b>	<b>1,167,686</b>	<b>6,686,887</b>	<b>18,451</b>	<b>134,787</b>	<b>123,068</b>	<b>54,221</b>	<b>605,579</b>	<b>8,790,679</b>

Restated 2008-09	Land	Buildings	Dwellings	Information Technology	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2008	1,499,693	9,708,926	20,620	209,072	224,343	69,326	907,503	12,639,483
Adjustments	-	(1,205)	-	50,593	(1)	(1)	(409)	48,977
Assets introduced on formation of HMCS	1,034	17,538	-	-	-	-	-	18,572
Additions	9,122	165,723	267	21,705	24,927	9,917	672,986	904,647
Disposals	(507)	(2,931)	-	(9,690)	(9,291)	(288)	(1,228)	(23,935)
Impairment	-	(498,475)	-	-	-	-	-	(498,475)
Revaluations	(262,751)	(2,718,392)	(3,367)	(14,853)	9,953	1,959	(17,284)	(3,004,735)
Reclassifications	(1,257)	65,038	-	37	1,302	119	(88,754)	(23,515)
Transfers	5,981	561,196	-	1,128	8,671	137	(576,129)	984
<b>At 31 March 2009</b>	<b>1,251,315</b>	<b>7,297,418</b>	<b>17,520</b>	<b>257,992</b>	<b>259,904</b>	<b>81,169</b>	<b>896,685</b>	<b>10,062,003</b>
<b>Depreciation</b>								
At 1 April 2008	-	1,436,537	-	118,510	118,259	12,699	-	1,686,005
Adjustments	-	(332)	-	34,358	-	2	-	34,028
Assets introduced on formation of HMCS	-	-	-	-	-	-	-	-
Charged in year	-	322,921	330	32,484	27,563	4,277	-	387,575
Disposals	-	(447)	-	(8,010)	(8,032)	(218)	-	(16,707)
Impairment	-	-	-	-	-	-	-	-
Revaluations	-	(1,716,797)	(330)	(8,645)	5,135	355	-	(1,720,282)
Reclassifications	-	(383)	-	-	-	-	-	(383)
Transfers	-	-	-	635	46	21	-	702
<b>At 31 March 2009</b>	<b>-</b>	<b>41,499</b>	<b>-</b>	<b>169,332</b>	<b>142,971</b>	<b>17,136</b>	<b>-</b>	<b>370,938</b>
<b>Net book value at 31 March 2009</b>	<b>1,251,315</b>	<b>7,255,919</b>	<b>17,520</b>	<b>88,660</b>	<b>116,933</b>	<b>64,033</b>	<b>896,685</b>	<b>9,691,065</b>
<b>Net book value at 1 April 2008</b>	<b>1,499,693</b>	<b>8,272,389</b>	<b>20,620</b>	<b>90,562</b>	<b>106,084</b>	<b>56,627</b>	<b>907,503</b>	<b>10,953,478</b>
<b>Asset financing</b>								
Owned	1,231,595	6,298,362	15,773	58,791	93,811	64,033	896,685	8,659,050
Finance leased	-	313,386	1,747	-	338	-	-	315,471
On-balance sheet PFI contracts	19,720	644,171	-	29,869	22,784	-	-	716,544
PFI residual interests	-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2009</b>	<b>1,251,315</b>	<b>7,255,919</b>	<b>17,520</b>	<b>88,660</b>	<b>116,933</b>	<b>64,033</b>	<b>896,685</b>	<b>9,691,065</b>

## Analysis of Property, Plant and Equipment

The net book value of property, plant and equipment comprises:

	Land	Buildings	Dwellings	Information Technology	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Core Department at 31 March 2010	2,116	137,466	-	70,517	(1,327)	11,398	11,838	232,008
Agencies at 31 March 2010	1,165,570	6,549,421	18,451	64,270	124,395	42,823	593,741	8,558,671
<b>Total</b>	<b>1,167,686</b>	<b>6,686,887</b>	<b>18,451</b>	<b>134,787</b>	<b>123,068</b>	<b>54,221</b>	<b>605,579</b>	<b>8,790,679</b>
Core Department at 31 March 2009	2,116	167,672	-	31,205	(1,391)	9,669	51,107	260,378
Agencies at 31 March 2009	1,249,199	7,088,247	17,520	57,455	118,324	54,364	845,578	9,430,687
<b>Total</b>	<b>1,251,315</b>	<b>7,255,919</b>	<b>17,520</b>	<b>88,660</b>	<b>116,933</b>	<b>64,033</b>	<b>896,685</b>	<b>9,691,065</b>
Core Department at 1 April 2008	2,116	4,216	-	1,615	112	6,595	46,578	61,232
Agencies at 1 April 2008	1,497,577	8,268,173	20,620	88,947	105,972	50,032	860,925	10,892,246
<b>Total</b>	<b>1,499,693</b>	<b>8,272,389</b>	<b>20,620</b>	<b>90,562</b>	<b>106,084</b>	<b>56,627</b>	<b>907,503</b>	<b>10,953,478</b>

IT infrastructure assets are provided to all parts of the department except NOMS under the Development, Innovation and Support Contracts (DISC) contract which is on the Core balance sheet. The DISC contract is a service concession arrangement. The associated liability is shown in Note 29.2. The majority of the assets are in use within executive agencies who pay internal charges for their use which are reflected in the corporate overhead recharges in Notes 11 and 12.

The assets introduced on formation of HMCS, shown within land and buildings excluding dwellings, represent 5 (2008-09:11) of the remaining properties which did not transfer to HMCS in 2005 as a result of "The Transfer of Property (Abolition of Magistrates' Courts Committees) Scheme 2005" (PTS). In these cases the property transfers were declared invalid in a High Court judgement in 2005. However, the right to use these properties for Magistrates' Courts purposes is secured by the PTS. Subsequent negotiations with the owners of these properties have resulted in a valid transfer of title. HMCS is seeking a negotiated valid transfer from the owners of 3 (2008-09: 13) remaining properties valued at £4.2m (2008-09: £24.7m). Of these properties, 2 (2008-09: 7) are recorded in the Statement of Financial Position for a value of £4.0m (2008-09: £20.8m) as a result of HMCS bearing the risks and rewards of ownership. During 2009-10 valid title was agreed for 5 of the properties in the Statement of Financial Position.

As part of a rolling programme of professional valuations for the HMCS estate, the Valuation Office Agency (VOA) carries out valuations in accordance with the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Manual. Each year 20% of the land and buildings are physically visited and valued, the other 80% are valued on a desktop basis. The majority of buildings are valued at depreciated replacement cost to a modern equivalent basis. All other buildings are measured at fair value determined from market-based evidence.

Plant, equipment, some furniture and vehicles are included at cost in the month of purchase and are restated annually thereafter using Price Index Numbers for current cost accounting (Office for National Statistics). Furniture used within the Prison Service part of NOMS is valued annually at a standard value per item based on numbers of staff and prisoners.

## 15. Intangible non-current assets

	Software Licences	Internally Generated Software	Assets under Construction	Total
	£000	£000	£000	£000
<b>2009-10</b>				
<b>Cost or valuation</b>				
At 1 April 2009	29,107	96,856	65,962	191,925
Adjustment	(18,388)	25,138	(1)	6,749
Additions	4,750	9,267	23,851	37,868
Disposals	(4,767)	(11,006)	-	(15,773)
Revaluations	(142)	1,145	-	1,003
Reclassification	165	14,469	(6,372)	8,262
Transfers	-	129,595	-	129,595
<b>At 31 March 2010</b>	<b>10,725</b>	<b>265,464</b>	<b>83,440</b>	<b>359,629</b>
<b>Amortisation</b>				
At 1 April 2009	20,819	51,048	-	71,867
Adjustment	(11,985)	18,737	-	6,752
Charged In Year	834	37,887	1	38,722
Disposals	(4,721)	(10,940)	-	(15,661)
Revaluation	(140)	(3,092)	-	(3,232)
Reclassification	-	3,871	-	3,871
Transfers	-	-	-	-
<b>At 31 March 2010</b>	<b>4,807</b>	<b>97,511</b>	<b>1</b>	<b>102,319</b>
<b>Net book value at 31 March 2010</b>	<b>5,918</b>	<b>167,953</b>	<b>83,439</b>	<b>257,310</b>
<b>Net book value at 31 March 2009</b>	<b>8,288</b>	<b>45,808</b>	<b>65,962</b>	<b>120,058</b>
<b>Restated 2008-09</b>				
<b>Cost or valuation</b>				
At 1 April 2008	28,536	87,900	40,156	156,592
Adjustment	-	869	410	1,279
Additions	1,429	14,618	26,568	42,615
Disposals	-	(1)	-	(1)
Revaluations	(858)	(7,380)	(322)	(8,560)
Reclassifications	-	850	(850)	-
<b>At 31 March 2009</b>	<b>29,107</b>	<b>96,856</b>	<b>65,962</b>	<b>191,925</b>
<b>Amortisation</b>				
At 1 April 2008	16,679	37,020	-	53,699
Adjustment	86	360	-	446
Charged in year	4,586	15,267	-	19,853
Disposals	-	-	-	-
Revaluations	(532)	(1,599)	-	(2,131)
Reclassifications	-	-	-	-
<b>At 31 March 2009</b>	<b>20,819</b>	<b>51,048</b>	<b>-</b>	<b>71,867</b>
<b>Net book value at 31 March 2009</b>	<b>8,288</b>	<b>45,808</b>	<b>65,962</b>	<b>120,058</b>
<b>Net book value at 1 April 2008</b>	<b>11,857</b>	<b>50,880</b>	<b>40,156</b>	<b>102,893</b>



## Analysis of intangible assets

The net book value of intangible assets comprises:

	Software Licences	Internally Generated Software	Assets under Construction	Total
	£000	£000	£000	£000
Core Department at 31 March 2010	3,519	32,758	20,704	56,981
Agencies at 31 March 2010	2,399	135,195	62,735	200,329
<b>Total</b>	<b>5,918</b>	<b>167,953</b>	<b>83,439</b>	<b>257,310</b>
Core Department at 31 March 2009	264	36,971	19,792	57,027
Agencies at 31 March 2009	8,024	8,837	46,170	63,031
<b>Total</b>	<b>8,288</b>	<b>45,808</b>	<b>65,962</b>	<b>120,058</b>
Core Department at 1 April 2008	465	40,489	13,623	54,577
Agencies at 1 April 2008	11,392	10,391	26,533	48,316
<b>Total</b>	<b>11,857</b>	<b>50,880</b>	<b>40,156</b>	<b>102,893</b>

## 16. Investments

	Loans funded from National Loans Fund	Other Investments Quoted	Other Investments Unquoted	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2008 (restated)	794,595	182	29	794,806
Adjustment	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Loans repayable within 12 months transferred to debtors	(18,140)	-	-	(18,140)
Revaluation	-	(79)	-	(79)
Transfers	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>776,455</b>	<b>103</b>	<b>29</b>	<b>776,587</b>
Adjustment	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Loans repayable within 12 months transferred to debtors	(5,145)	-	-	(5,145)
Revaluation	-	42	(16)	26
Transfers	-	-	-	-
<b>Balance at 31 March 2010</b>	<b>771,310</b>	<b>145</b>	<b>13</b>	<b>771,468</b>

## Analysis of investments

### The net book value of investments comprises:

	Loans funded from National Loans Fund	Other Investments Quoted	Other Investments Unquoted	Total
	£000	£000	£000	£000
Core Department at 31 March 2010	771,310	-	-	771,310
Agencies at 31 March 2010	-	145	13	158
<b>Total</b>	<b>771,310</b>	<b>145</b>	<b>13</b>	<b>771,468</b>
Core Department at 31 March 2009	776,455	-	-	776,455
Agencies at 31 March 2009	-	103	29	132
<b>Total (restated)</b>	<b>776,455</b>	<b>103</b>	<b>29</b>	<b>776,587</b>
Core Department at 1 April 2008	794,595	-	-	794,595
Agencies at 1 April 2008	-	182	29	211
<b>Total (restated)</b>	<b>794,595</b>	<b>182</b>	<b>29</b>	<b>794,806</b>

### Loans funded from the National Loans Fund

The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to Registers for Scotland and the three Scottish Water Authorities and by the Secretary of State for Wales originally to the Welsh Development Agency but now, following that body's abolition, to the Welsh Assembly Government.

### Quoted and unquoted Investments held by HM Prison Service

The quoted investments are stated at market value at 31 March 2010. The unquoted investments relate mainly to the value of milk quota and are valued at estimated realisable value at 31 March 2010. These investments were acquired by HM Prison Service (now part of NOMS) as a result of trading activities at no cost. Due to the immateriality of the values of these equity investments, no disclosure is made of the results of the companies whose shares are held.

### Shares in former nationalised industries

In addition to the shareholdings shown in the following table, the MoJ holds the following £1 shares:

- **British Energy Holdings plc**

The Secretary of State for Scotland, jointly with the Secretary of State for Energy and Climate Change (formerly Business, Enterprise and Regulatory Reform), holds one special rights redeemable preference share of £1 in British Energy Holdings plc. This share does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. It confers no rights to participate in the capital or profits of the company beyond its nominal value. The prior written consent of the special shareholder is required to any proposal to vary specific sections of the company's Articles of Association. This share is designed to ensure the continued existence of Scottish Nuclear with its own Board within British Energy.

- **British Energy Group plc**

The Secretary of State for Scotland, jointly with the Secretary of State for Energy and Climate Change (previously the Secretary of State for Business, Enterprise and Regulatory Reform) also holds one special rights redeemable preference share of £1 in British Energy Group plc. The terms

of this shareholding are the same as for British Energy Holdings plc above. In particular, the joint shareholders must consent to any proposal to change the place of company registration and the location of its headquarters. This share is accounted for by the first named shareholder, the Secretary of State for Energy and Climate Change (previously the Secretary of State for Business, Enterprise and Regulatory Reform).

Both of these shares are held without limit of time and could not be redeemed before 30 September 2006. Since then, they may be redeemed, at par, at the option of the Secretary of State, after consulting the company.

Further details can be found in the annual report and accounts of British Energy, [www.british-energy.com](http://www.british-energy.com)

## 17. Lease Prepayments

	2009-10		2008-09	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	-	5,289	-	1,842
Additions	-	14,062	-	3,500
Amortisations	-	(110)	-	(27)
Reclassifications	-	-	-	(26)
<b>Balance at 31 March</b>	<b>-</b>	<b>19,241</b>	<b>-</b>	<b>5,289</b>

The lease prepayments relate to leases of land in HMCS. Payments for a leasehold interest classified as an operating lease are recognised as a lease prepayment in the Statement of Financial Position and amortised over the lease term.

## 18. Investment Properties

	2009-10		2008-09	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	-	2,595	-	3,483
Decrease in value of investment property	-	(740)	-	(888)
Disposals	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>-</b>	<b>1,855</b>	<b>-</b>	<b>2,595</b>

The investment properties are valued annually on 31 March by the Valuation Office Agency (VOA) in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". Rental revenue of £0.1m (2008-09: £0.1m) was recognised in the Consolidated Operating Cost Statement.

The future minimum lease payments receivable under non-cancellable operating leases relating to investment properties are as follows as of 31 March:

	2009-10	2008-09
	£000	£000
One year	-	31
Two to five years	-	34
More than five years	-	-
<b>Total</b>	<b>-</b>	<b>65</b>

Contingent-based rents recognised in the Operating Cost Statement were £nil. (2008-09; £nil).

HMCS lease surplus properties under various agreements which terminate between 2010 and 2011. The agreements do not include an extension option.

## 19. Impairments

		2009-10	2009-10	2008-09	2008-09
	Core Department	Consolidated	Consolidated	Consolidated	Consolidated
Note	£000	£000	£000	£000	£000
<b>Impairment charged directly to the Operating Cost Statement</b>					
<b>Programme Expenditure</b>					
Property, Plant and Equipment	12	41,584	48,431	-	5,004
Intangible Assets	12	-	-	-	15,613
		<b>41,584</b>	<b>48,431</b>	-	<b>20,617</b>
<b>Impairments taken through Reserves</b>					
Revaluation Reserve		-	882	-	-
<b>Total Impairment Charge for the year</b>		<b>41,584</b>	<b>49,313</b>	-	<b>20,617</b>

Impairments represent permanent diminutions in the value of non-current assets, as distinct from devaluations which are temporary downward fluctuations in value. In 2009-10, they have arisen where specialised properties have been professionally valued on a replacement cost basis at less than their historical costs of construction.

## 20. Assets held for Sale

	2009-10		2008-09	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Balance at 1 April</b>	-	22,003	-	16,244
Transfers in for sale	-	9,605	-	22,003
Disposals	-	(6,693)	-	(16,244)
Revaluations	-	(2,979)	-	-
Reclassifications	-	(3,612)	-	-
<b>Balance at 31 March</b>	-	<b>18,324</b>	-	<b>22,003</b>

Assets are held for sale by NOMS and HMCS where there are committed plans to sell various surplus properties that were used to provide court services. An active programme to locate a buyer and complete the sale of each property has commenced. Estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification to asset held for sale or the date of the Statement of Financial Position.

## 21. Inventories

	31 March 2010		Restated 31 March 2009		Restated 1 April 2008	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Raw materials	-	1,386	-	636	-	676
Consumables	-	30,879	-	31,605	-	25,547
Work in progress	-	2,033	-	2,180	-	2,195
Finished goods	-	3,549	-	3,857	-	2,271
	-	<b>37,847</b>	-	<b>38,278</b>	-	<b>30,689</b>

## 22. Trade receivables and other current assets

### 22.1 Analysis by type

Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>						
Trade receivables	6,825	48,412	4,373	40,781	5,584	18,623
VAT receivables	7,068	16,570	6,863	56,192	32,892	41,672
Deposits and advances	1,035	3,079	1,036	3,225	1,176	4,062
Other receivables	3,073	57,038	2,075	35,764	36,993	90,431
Prepayments (non PFI) and accrued income	26,098	80,263	18,219	69,316	44,324	104,742
Current part of PFI prepayment	-	-	-	-	-	-
Current part of NLF loan - interest payable	10,690	10,690	10,827	10,827	10,863	10,863
Current part of NLF loan - capital	16	5,145	18,140	18,140	7,136	7,136
Amounts due to Consolidated Fund re CFERs receivable	-	-	-	-	-	-
Amounts due from the Consolidated Fund in respect of supply	-	-	-	-	-	-
Intra-departmental receivables	110,225	-	30,279	-	53,006	-
Impositions outstanding	22.3	432,335	455,310	455,310	377,201	377,201
		<b>602,494</b>	<b>547,122</b>	<b>689,555</b>	<b>569,175</b>	<b>654,730</b>
		<b>653,532</b>				
<b>Amounts falling due after more than one year:</b>						
Deposits and advances	-	18	-	2,330	234	2,775
Other receivables	-	41,594	-	10,327	-	4,942
Prepayments (non-PFI) and accrued income	52	58	209	209	1,011	1,026
		<b>52</b>	<b>209</b>	<b>12,866</b>	<b>1,245</b>	<b>8,743</b>
		<b>41,670</b>				

HMCS entered into an arrangement with a third party for the development of a new court facility in central London which is expected to be utilised by HMCS under a 30 year operating lease commencing 1 April 2011. HMCS has incurred development expenditure of £39.0m (2008-09: £10.3m) which will be reimbursed by the third party on 1 April 2011.

## 22.2 Intra-Government balances

	Amounts falling due within one year			Amounts falling due after more than one year		
		Restated	Restated		Restated	Restated
	31 March 2010	31 March 2009	1 April 2008	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	128,938	128,141	160,587	-	-	-
Balances with Local Authorities	10,391	2,830	9,423	-	-	-
Balances with NHS Trusts	5,739	8,343	10,761	-	-	-
Balances with public corporations and trading funds	424	307	482	-	-	-
<i>Subtotal: intra-government balances</i>	145,492	139,621	181,253	-	-	-
Balances with bodies external to government	508,040	549,934	473,477	41,670	12,866	8,743
<b>Total receivables</b>	<b>653,532</b>	<b>689,555</b>	<b>654,730</b>	<b>41,670</b>	<b>12,866</b>	<b>8,743</b>

## 22.3 Courts' impositions outstanding

	Fines	Crown Prosecutors' Costs	Prosecutors' Costs	Compensation	Confiscation Orders	Total
	£000	£000	£000	£000	£000	£000
<b>2009-10</b>						
<b>GROSS</b>						
At 1 April 2009	356,785	48,378	68,120	150,266	706,507	1,330,056
Imposed in year	260,244	47,281	67,259	55,596	192,459	622,839
Collections	(150,290)	(33,848)	(46,266)	(46,312)	(91,621)	(368,337)
Judicial remissions	(41,688)	(5,546)	(6,478)	(4,565)	(19,371)	(77,648)
Cancellations	(34,353)	(3,161)	(6,916)	(2,970)	-	(47,400)
<b>At 31 March 2010</b>	<b>390,698</b>	<b>53,104</b>	<b>75,719</b>	<b>152,015</b>	<b>787,974</b>	<b>1,459,510</b>
<b>PROVISION</b>						
At 1 April 2009	163,684	16,180	34,028	92,102	568,752	874,746
Charge for the year	79,139	5,002	15,538	16,209	83,941	199,829
Cancellations	(34,353)	(3,161)	(6,916)	(2,970)	-	(47,400)
<b>At 31 March 2010</b>	<b>208,470</b>	<b>18,021</b>	<b>42,650</b>	<b>105,341</b>	<b>652,693</b>	<b>1,027,175</b>
<b>Net Book Value at 31 March 2010</b>	<b>182,228</b>	<b>35,083</b>	<b>33,069</b>	<b>46,674</b>	<b>135,281</b>	<b>432,335</b>
<b>Net Book Value at 1 April 2009</b>	<b>193,101</b>	<b>32,198</b>	<b>34,092</b>	<b>58,164</b>	<b>137,755</b>	<b>455,310</b>

2008-09	Fines	Crown Prosecutors' Costs	Prosecutors' Costs	Compensation	Confiscation Orders	Total
	£000	£000	£000	£000	£000	£000
<b>GROSS</b>						
At 1 April 2008	328,464	45,313	60,207	126,866	588,352	1,149,202
Imposed in year	248,021	44,238	59,658	74,264	232,459	658,640
Collections	(144,929)	(31,951)	(38,889)	(42,311)	(86,179)	(344,259)
Judicial remissions	(34,390)	(5,399)	(5,039)	(6,751)	(28,125)	(79,704)
Cancellations	(40,381)	(3,823)	(7,817)	(1,802)	-	(53,823)
<b>At 31 March 2009</b>	<b>356,785</b>	<b>48,378</b>	<b>68,120</b>	<b>150,266</b>	<b>706,507</b>	<b>1,330,056</b>
<b>PROVISION</b>						
At 1 April 2008	170,413	10,712	33,121	62,426	495,329	772,001
Charge for the year	33,652	9,291	8,724	31,478	73,423	156,568
Cancellations	(40,381)	(3,823)	(7,817)	(1,802)	-	(53,823)
<b>At 31 March 2009</b>	<b>163,684</b>	<b>16,180</b>	<b>34,028</b>	<b>92,102</b>	<b>568,752</b>	<b>874,746</b>
<b>Net Book Value at 31 March 2009</b>	<b>193,101</b>	<b>32,198</b>	<b>34,092</b>	<b>58,164</b>	<b>137,755</b>	<b>455,310</b>
<b>Net Book Value at 1 April 2008</b>	<b>158,051</b>	<b>34,601</b>	<b>27,086</b>	<b>64,440</b>	<b>93,023</b>	<b>377,201</b>

Magistrates' Courts are responsible for collecting financial penalties imposed by the Criminal Justice System. These comprise fines, prosecutors' costs, compensation to victims, and confiscation order imposed by the Magistrates' and Crown Courts. The balances outstanding, net of provisions for uncollectable impositions, at the start and end of the period, and movements in the period are set out in the table above.

The provision for uncollectable impositions currently stands at £1.027billion (2008-09: £875m).

### 23. Cash at bank and in hand

	31 March 2010		31 March 2009		1 April 2008	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Balance at 1 April	170,615	448,848	68,693	340,658	96,657	253,083
Net change in cash and cash equivalents	18,593	(32,925)	101,922	108,190	(27,964)	87,575
<b>Balance at 31 March</b>	<b>189,208</b>	<b>415,923</b>	<b>170,615</b>	<b>448,848</b>	<b>68,693</b>	<b>340,658</b>

#### The following balances were held at:

Government Banking Service	188,951	342,177	170,299	419,795	68,604	286,321
Commercial banks and cash in hand	257	73,746	316	29,053	89	54,337
<b>Total</b>	<b>189,208</b>	<b>415,923</b>	<b>170,615</b>	<b>448,848</b>	<b>68,693</b>	<b>340,658</b>

The core cash balance includes an amount of £13.7m in respect of the funding received from the Consolidated Fund to finance Returning Officers' Expenses in England and Wales. This balance is held with the Office of the Paymaster General. It is owned by the MoJ but managed by the Election Claims Unit in the Department for Communities and Local Government.



Cash balances include £307k for the core department (2008-09: £368k) and £23,141k for the consolidated department (2008-09: £27,070k) in respect of third party monies shown in Note 24.1 mainly bail deposits held by HM Courts Service.

A further £21,775k (2008-09: £24,474k) represents cash balances held by HM Courts Service which are payable to other government departments in respect of impositions and recovered assets.

In addition, the NOMS agency holds third party monies of £10,376k (£9,488k in 2008 09), not included in the above balances. This relates to monies held on behalf of prisoners.

## 24. Trade payables and other current liabilities

### 24.1 Analysis by type

Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>						
Other taxation and social security	3,543	22,879	3,272	31,390	2,901	29,812
VAT	-	-	-	-	-	-
Trade payables	2,977	182,608	14	275,030	8,063	286,824
Other payables	7,065	59,377	10,853	66,705	36,843	84,437
Bank overdraft	-	-	-	-	-	367
Accruals	103,345	587,053	111,893	518,380	131,804	656,976
Deferred income	615	10,956	825	4,667	1,252	1,252
Current part of finance leases	1,828	2,131	2,949	3,369	-	155
Current part of imputed finance lease element of on-balance sheet service concession arrangements	13,306	67,123	-	56,502	-	64,938
Current part of NLF loan - interest payable	10,689	10,689	10,827	10,827	10,863	10,863
Current part of NLF loan - capital	16	5,145	18,140	18,140	7,136	7,136
Amounts issued from the Consolidated Fund for supply but not spent at year end	330,138	330,138	298,150	298,150	196,893	196,893
Amounts issued from the Consolidated Fund for supply but not spent at year end (re DCA 2006-07)	-	-	-	-	8,834	8,834
Consolidated Fund extra receipts due to be paid to the Consolidated Fund						
received	36,643	36,643	51,811	53,665	42,289	45,125
receivable	-	-	-	-	-	-
Amounts due to the Consolidated Fund for excess Appropriation in Aid	2	4,361	-	-	-	-
Impositions surrenderable once received	22.3	432,335	455,310	455,310	377,201	377,201
Intra-departmental payables	48,131	-	498	-	3,836	-
Third party monies	307	23,141	368	27,070	308	23,211
	<b>996,069</b>	<b>1,774,579</b>	<b>964,910</b>	<b>1,819,205</b>	<b>828,223</b>	<b>1,794,024</b>

The balance of £330,138k for amounts issued from the Consolidated Fund but not spent at the year end reflects the effect of an adjustment of £43,494k to the prior year balance of £298,150k. The supply relationship for 2009-10 is as follows:

	<u>£000</u>
Amounts issued from the Consolidated Fund but not spent at 31 March 2009	298,150
Adjustment for third party monies	43,494
Supply drawn down in 2009-10	49,319,754
less Net Cash Requirement	(49,331,260)
Amounts issued from the Consolidated Fund but not spent at 31 March 2010	<u>(330,138)</u>

Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
<b>Amounts falling due after more than one year:</b>						
Accruals	-	-	-	57,792	-	65,628
Finance leases	145,815	157,418	200,713	379,306	16,650	26,477
Imputed finance lease element of on-balance sheet service concession arrangements	16,809	499,504	-	360,192	-	587,717
Other payables	35,407	117,726	32,681	58,471	29,747	44,629
NLF loans	16	771,310	776,455	776,455	794,595	794,595
	<u>969,341</u>	<u>1,545,958</u>	<u>1,009,849</u>	<u>1,632,216</u>	<u>840,992</u>	<u>1,519,046</u>

## 24.2 Intra-Government balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	31 March 2010	Restated 31 March 2009	Restated 1 April 2008	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	471,276	436,960	758,519	771,309	776,455	794,595
Balances with Local Authorities	39,721	25,034	21,205	45,406	-	61,158
Balances with NHS Trusts	1,153	8,241	11,110	-	-	-
Balances with public corporations and trading funds	1,539	776	979			
Subtotal: intra-government balances	513,689	471,011	791,813	816,715	776,455	855,753
Balances with bodies external to government	1,260,891	1,348,194	1,002,211	729,243	855,761	663,293
<b>Total receivables</b>	<u>1,774,580</u>	<u>1,819,205</u>	<u>1,794,024</u>	<u>1,545,958</u>	<u>1,632,216</u>	<u>1,519,046</u>

## 25. Provisions for liabilities and charges

	Restated Core Department							
	Pension Transfer Deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural Plaques	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2008	-	84,754	10,681	40,000	9,599	-	14,488	159,522
Provided in the year	-	8,200	1,551	15,020	20,757	-	(104)	45,424
Provisions not required written back	-	-	-	-	(50)	-	(9,523)	(9,573)
Provisions utilised in the year	-	(7,594)	(4,894)	(2,640)	(11,748)	-	(1,522)	(28,398)
Unwinding of discount rate	-	4,200	-	-	-	-	-	4,200
<b>Balance at 1 April 2009</b>	<b>-</b>	<b>89,560</b>	<b>7,338</b>	<b>52,380</b>	<b>18,558</b>	<b>-</b>	<b>3,339</b>	<b>171,175</b>
Adjustment for JPAD provision	-	-	-	-	57	-	-	57
Provided in the year	-	8,600	6,084	12,895	12,129	33,000	2,106	74,814
Provisions not required written back	-	(8,200)	(1,180)	(15,200)	(100)	-	(6)	(24,686)
Provisions utilised in the year	-	(6,424)	(2,101)	(3,082)	(11,538)	-	(97)	(23,242)
Unwinding of discount rate	-	4,500	-	-	-	-	-	4,500
<b>Balance at 1 April 2010</b>	<b>-</b>	<b>88,036</b>	<b>10,141</b>	<b>46,993</b>	<b>19,106</b>	<b>33,000</b>	<b>5,342</b>	<b>202,618</b>

	Restated Consolidated							
	Pension Transfer Deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural Plaques	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2008 (restated)	215,018	84,754	138,013	40,000	50,980	-	35,387	564,152
Provided in the year	162,000	8,200	21,127	15,020	44,438	-	6,364	257,149
Provisions not required written back	-	-	(9)	-	(13,482)	-	(9,561)	(23,052)
Provisions utilised in the year	(10,000)	(7,594)	(14,994)	(2,640)	(20,542)	-	(3,586)	(59,356)
Unwinding of discount rate	-	4,200	4,549	-	-	-	68	8,817
<b>Balance at 1 April 2009 (restated)</b>	<b>367,018</b>	<b>89,560</b>	<b>148,686</b>	<b>52,380</b>	<b>61,394</b>	<b>-</b>	<b>28,672</b>	<b>747,710</b>
Adjustment for JPAD provision	-	-	-	-	57	-	-	57
Interest on pension deficit	20,553	-	-	-	-	-	-	20,553
Provided in the year	-	8,600	50,917	12,895	48,949	33,000	8,375	162,736
Provisions not required written back	(183,571)	(8,200)	(1,256)	(15,200)	(20,566)	-	(125)	(228,918)
Provisions utilised in the year	(26,000)	(6,424)	(15,164)	(3,082)	(20,125)	-	(884)	(71,679)
Unwinding of discount rate	-	4,500	6,130	-	-	-	-	10,630
<b>Balance at 1 April 2010</b>	<b>178,000</b>	<b>88,036</b>	<b>189,313</b>	<b>46,993</b>	<b>69,709</b>	<b>33,000</b>	<b>36,038</b>	<b>641,089</b>

**Pension Transfer Deficit:** The provision relates to the liability arising from the transfer of pension arrangements of the former Magistrates' Courts Committees staff from their previous pension providers, the Local Government Pension Scheme (LGPS), to the Principal Civil Service Pension Scheme (PCSPS). The liability arising due to the shortfall in the funding of the LGPS has been estimated by the Government Actuary's Department (GAD). A payment of £26m (2008-09: £10m) has been made in the year to the PCSPS as part settlement of the estimated deficit.

**Judicial Long Service Award:** The Judicial Long-Service Award was created to equalise the tax position of judicial pensions affected by the provisions of the *Finance Act 2004*. The liability has been estimated by GAD, taking into account the number of reckonable years served by the existing judiciary and an estimate of the projected final salaries of existing members. The result was discounted to present value using the rate set by HM Treasury (2.2%). The liability is based on an actuarial assessment as at 31 March 2009.

**Early Departure Costs:** The MoJ meets the additional costs of benefits beyond normal PCSPS benefits for employees who retire early. This involves paying amounts determined by the pension administrator annually to PCSPS over the period between early departure and normal retirement date. The MoJ provides for this in full when the early retirement programme becomes binding on the MoJ by establishing a provision for the estimated payments discounted at the Treasury rate of 1.8% in real terms. Early departures approved near the end of 2009-10 are mostly based on "ready reckoner" estimates pending receipt of formal valuations from the pension administrator.

This provision also includes the costs of providing for unfunded early retirement benefits of certain Magistrates' Court staff previously paid for by the local authorities on a cash basis.

**Costs from Central Funds:** Under the terms of the *Prosecution of Offences Act 1985*, acquitted defendants who have privately funded their legal representation, and private prosecutors, may obtain from the Crown Court an order to obtain their costs out of Central Funds. The MoJ estimates the value of unbilled costs to arrive at the amount disclosed in the accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the reporting period end date. Individual amounts are also provided for exceptionally high value cases. In estimating the provision, the MoJ has adopted prudent measurement techniques based on the latest data available.

**Legal Claims:** Provision has been made for all known claims where legal advice indicates that it is more likely than not that the claim will be successful and the amount of the claim can be reliably estimated. The figures represent the best estimate of the amount payable. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 32.

Provision has been made for outstanding compensation claims in relation to miscarriages of justice. The amount provided for is an estimate of compensation due for all eligible cases that are due to be assessed by the Independent Assessor (Lord Brennan).

**Pleural Plaques:** On 25 February 2010, the former Lord Chancellor and Justice Secretary, Jack Straw, announced the then government's intention to launch a limited extra-statutory scheme to make payments of £5,000 each to approximately 6,600 individuals who lodged claims against the government after contracting pleural plaques, which are small localised areas of fibrosis caused by exposure to asbestos fibres found within the pleura of the lung. The announcement followed a consultation launched after a House of Lords ruling in October 2007 that the existence of pleural plaques does not constitute actionable or compensatable damage. The new government intends to honour the commitment to compensation made by the previous administration, giving rise to a

provision of £33m at 31 March 2010. The MoJ's ambit set by Parliament for 2009-10 does not cover these liabilities which means that the charges arising on recognition of the provision against Request for Resource 1 are irregular. The timing of the announcement meant that there was no opportunity to seek Parliament's permission through a Supplementary Estimate. The Comptroller and Auditor General has considered the implications for his regularity opinion and concluded that there is sufficient evidence from debates on pleural plaques that the Justice Secretary had acted in accordance with Parliament's intentions. The Comptroller and Auditor General has therefore not qualified his audit opinion on this issue on the grounds that the 2010-11 Appropriation Act, which was authorised on 27 July 2010, has provided confirmation that the MoJ has acted in line with Parliamentary intentions in relation to this matter.

Arrangements for the administration of the ex-gratia scheme are being finalised. No payments have been made prior to the passing of the Appropriation Act. All payments are expected to be made by the end of the 2011-12 financial year.

**Other provisions:** Other provisions include a provision in respect of legal costs associated with the transfer of ownership of properties originally intended to form part of the Property Transfer Scheme (see also Note 14) and provisions for two small 'by analogy' pension schemes in respect of the Law Commission and the Immigration Adjudicators. £2m has also been provided for to meet *ex-gratia* payments to victims of overseas terrorism. Core legal claims that were included in 'other provisions' in 2008-09 are now included within 'legal claims'.

Analysis of expected timings of discounted timings:

	Core Department							Total
	Pension Transfer Deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural Plaques	Other	
	£000	£000	£000	£000	£000	£000	£000	
In the remainder of the Spending Review period (to March 2011)	-	12,100	2,425	46,993	11,681	11,000	2,097	86,296
Between April 2011 and March 2016	-	42,400	6,468	-	7,425	22,000	485	78,778
Between April 2016 and March 2021	-	23,600	935	-	-	-	485	25,020
Thereafter	-	9,936	313	-	-	-	2,275	12,524
<b>Balance at 31 March 2010</b>	<b>-</b>	<b>88,036</b>	<b>10,141</b>	<b>46,993</b>	<b>19,106</b>	<b>33,000</b>	<b>5,342</b>	<b>202,618</b>

	Consolidated							Total
	Pension Transfer Deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural Plaques	Other	
	£000	£000	£000	£000	£000	£000	£000	
In the remainder of the Spending Review period (to March 2011)	22,000	12,100	23,652	46,993	62,284	11,000	21,700	199,729
Between April 2011 and March 2016	88,000	42,400	74,833	-	7,425	22,000	6,523	241,181
Between April 2016 and March 2021	68,000	23,600	30,423	-	-	-	2,580	124,603
Thereafter	-	9,936	60,405	-	-	-	5,235	75,576
<b>Balance at 31 March 2010</b>	<b>178,000</b>	<b>88,036</b>	<b>189,313</b>	<b>46,993</b>	<b>69,709</b>	<b>33,000</b>	<b>36,038</b>	<b>641,089</b>

All amounts falling due after March 2021 are expected to be called by March 2060 at the latest.

## 26. Notes to the Consolidated Statement of Operating Costs by Departmental Strategic Objectives

Administration costs have been attributed to objectives in accordance with the MoJ's normal management accounting practices, wherever possible, or have otherwise been allocated in the same proportions as programme expenditure.

Overheads are apportioned on the basis of staff numbers and space utilised. Allocation by objective is based on established management reporting conventions and considered management assumptions. Smaller cost centres are apportioned through management review.

Payables and receivables within the Core department cannot be identified by business area. Capital employed is therefore not allocated across DSOs. The bulk of the MoJ's net assets are, however, employed by HMCS in pursuit of DSOs 2 and 3 and NOMS in pursuit of DSO 3. The capital charge in respect of these assets has therefore been apportioned across these objectives.

Expenditure within the Statement of Parliamentary Supply for current and other grants has been allocated as follows:

	31 March 2010	Restated 31 March 2009
	Consolidated	Consolidated
	£000	£000
<b>Request for Resources 1</b>		
DSO 1	69,289	24,832
DSO 2	4,976,667	5,181,608
DSO 3	4,879,067	5,205,748
DSO 4	611,072	485,937
<b>Request for Resources 2</b>		
Scotland Objective 1	-	-
Scotland Objective 2	-	-
Scotland Objective 3	-	-
Scotland Objective 4	-	-
Scotland Objective 5	26,929,647	24,862,693
Office of the Advocate General Objective 1	-	-
Office of the Advocate General Objective 2	-	-
<b>Request for Resources 3</b>		
Objective 1	-	-
Objective 2	-	-
Objective 3	-	-
Objective 4	-	-
Grant	13,005,814	12,171,123
<b>Total</b>	<b>50,471,556</b>	<b>47,931,941</b>

## 27. Capital Commitments

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Contracted capital commitments as at 31 March not otherwise included in these financial statements:				
Property, plant and equipment	2,269	475,002	3,806	577,532
Intangible assets	690	4,309	62	3,272
<b>Total</b>	<b>2,959</b>	<b>479,311</b>	<b>3,868</b>	<b>580,804</b>

## 28. Commitments under leases

### 28.1 Operating leases

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

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Obligations under operating leases comprise:</b>				
<b>Land &amp; Buildings:</b>				
Not later than one year	24,681	139,180	24,285	127,599
Later than one year but not later than five years	93,869	498,171	93,920	461,292
Later than five years	326,955	1,555,109	348,223	1,407,755
<b>Total</b>	<b>445,505</b>	<b>2,192,460</b>	<b>466,428</b>	<b>1,996,646</b>
<b>Other:</b>				
Not later than one year	562	4,241	631	3,969
Later than one year but not later than five years	302	4,050	584	4,694
Later than five years	-	129	-	325
<b>Total</b>	<b>864</b>	<b>8,420</b>	<b>1,215</b>	<b>8,988</b>
<b>Grand Total</b>	<b>446,369</b>	<b>2,200,880</b>	<b>467,643</b>	<b>2,005,634</b>

It is not possible to separate the rental payments between land and building for these leases. Amounts received under operating leases where the MoJ is the lessor are shown in note 18.



## 28.2 Finance leases

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

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Obligations under finance leases comprise:</b>				
<b>Buildings:</b>				
Rentals due within 1 year	14,133	15,034	15,533	16,361
Rentals due after 1 year but within 5 years	60,153	63,785	66,366	69,824
Rentals due thereafter	214,836	242,500	299,904	328,496
	289,122	321,319	381,803	414,681
Less interest element	(141,187)	(161,826)	(197,421)	(218,671)
<b>Total</b>	<b>147,935</b>	<b>159,493</b>	<b>184,382</b>	<b>196,010</b>
<b>Other:</b>				
Rentals due within 1 year	-	208	-	227
Rentals due after 1 year but within 5 years	-	335	-	163
Rentals due thereafter	-	-	-	-
	-	543	-	390
Less interest element	-	(195)	-	(37)
<b>Total</b>	<b>-</b>	<b>348</b>	<b>-</b>	<b>353</b>
<b>Grand Total</b>	<b>147,935</b>	<b>159,841</b>	<b>184,382</b>	<b>196,363</b>

The main part of the finance liability relates to the refurbishment of 102 Petty France. The reduction in the liability in 2009-10 reflects the transfer to the Supreme Court of the finance lease for Middlesex Guildhall where the Supreme Court has been based since it commenced operations in October 2009.

The MoJ does not have any contingent rents.

## 29. Commitments under Service Concession Arrangements

### 29.1 Off-balance sheet Service Concession Arrangements

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
ARAMIS	January 1998	13	39.5	The ARAMIS PFI Project with Liberata UK Limited provides accounting, management information and (up to 2007) corporate IT services to HMCS, Tribunals, Wales Office and MoJ Headquarters. The contract commenced in January 1998 and expired in January 2007. IT services were extended to July 2008 to allow transition to a replacement programme (DISC). The Shared Services programme will replace the services provided under this contract with a Wider-Moj Service provision which will include NOMS and a number of "Arm's-Length Bodies". These replacement services will come into operation through 2012.

To ensure business continuity up to the "go-live" point of the replacement service, the contractual option to extend ARAMIS services was re-negotiated through the change control process. ARAMIS contract terms for HR Services may now run through the transition period to mid 2012 with Financial Services to the end of 2012, although most Services should be transitioned to the replacement service earlier than this. Under the Service Level Agreement, the entire contract was rolled over for the extended period, so remains a PFI in nature even though the capital investment underlying the contract has been paid for.

There are no off-balance sheet obligations for the Core and Consolidated department. The 2008-9 consolidated numbers have been restated under IFRS and become on-balance sheet service concession arrangement contracts - see note 29.2.

## 29.2 On-balance sheet Service Concession Arrangements

In accordance with IFRIC 12 and the *FReM* these assets are treated as assets of the MoJ.

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
Exeter	November 2002	30	20.1	Provision of a courthouse comprising four criminal courts, one Civil Court and four District Judges Hearing rooms and further related administrative space. At the end of the contract term the building will revert to the MoJ at no cost.
East Anglia	October 2002	25	34.5	Provision of Crown Court centres in Ipswich and Cambridge. Ipswich consists of five criminal courtrooms; Cambridge consists of three criminal courtrooms. At the end of the contract term the buildings in Ipswich and Cambridge will revert to the MoJ at no cost.
Sheffield	November 2002	25	7.7	Provision of a Family Hearing Centre in Sheffield consisting of two family courtrooms, two hearing rooms and a training room. At the end of the PFI term the MoJ has the option of acquiring the under lease at the lower of its open market value, or £2m.
Derbyshire Magistrates' Courts	August 2001	27	29.5	Provision of serviced accommodation for Magistrates' Courts at New Mills, Chesterfield and Derby. The length of this PFI contract can be extended (subject to agreement of mutually acceptable terms) by up to five years. No construction at New Mills has taken place to date due to planning permission issues.
Hereford and Worcester Magistrates' Courts	March 2000	25	30.6	Provision of serviced accommodation for Magistrates' Courts at Bromsgrove, Kidderminster, Worcester and Redditch. The length of this PFI contract can be extended for another 10 years by giving notice at least twelve months before the date on which the contract would otherwise expire.
Manchester Magistrates' Court	March 2001	25	32.9	Provision of an 18-courtroom courthouse as part of an overall complex including retail units and coroner's court in Manchester.
Humberside Magistrates' Courts	March 2000	25	21.6	Provision of serviced Magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, the MoJ has the option of taking the assets back for £3m.
Avon and Somerset Magistrates' Courts	August 2004	27	46.6	Provision of serviced accommodation for Magistrates' Courts and offices in Bristol, Weston-super-Mare and Flax. The third of the three sites, Bristol Magistrates' Court, opened in September 2007. The estimated capital value of this building is £27m (£24m building, £3m land), increasing the estimated capital value of the project from £19.6m to £46.6m.
HMP Altcourse	December 1995	27	63.0	Design, build, finance and operate an 850 place new prison at HMP Altcourse.
HMP Parc	December 1995	27	66.2	Design, build, finance and operate an 800 place category B prison near Bridgend, South Wales.
HMP Lowdham Grange	November 1996	27	33.7	Design, build, finance and operate a 500 place category B prison at HMP Lowdham Grange, Nottingham.
HMIYOI Ashfield	June 1998	27	26.0	Design, build, finance and operate a 400 place young offenders and juveniles' prison at Pucklechurch, near Bristol.
HMP Forest Bank	July 1998	27	47.0	Design, build, finance and operate an 800 place category B prison HMP Forest Bank, on site of former Agecroft power station.

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
HMP Rye Hill	July 1999	27	38.1	Design, build, finance and operate a 600 place category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate Marchington	September 1999	27	55.5	Design, build, finance and operate an 800 place prison and therapeutic community facility at HMP Dovegate Marchington, Staffordshire.
HMP Bronzefield	December 2002	27	43.6	Design, build, finance and operate new custodial services at Ashford in Middlesex.
HMP Peterborough	February 2003	27	81.1	Design, build, finance and operate new custodial services at Peterborough in Cambridgeshire.
Prison Service - Heat / Energy Tranche 1	November 1998	15	9.0	The installation and maintenance of boilers in prisons and the provision of heating / energy services.
Prison Service - Heat / Energy Tranche 2	August 2001	15	16.0	The installation and maintenance of boilers in prisons and the provision of heating / energy services.
Development, Innovation and Support Contracts (DISC)	October 2006	7	60.5	Provision of infrastructure and application services to MoJ headquarters and executive agencies other than NOMS.
HM Prison Service IT Managed Service contract – Quantum	February 2000	12	125.3	HM Prison Service IT Managed Service contract runs for a period of 12 years expiring in 2012.
Prison Escort Service	August 2004	7	13.6	The supply and running of the Prison Vans and Escorts.
Electronic Monitoring System	April 2005	7	10.7	The supply to NOMS of an Electronic tagging system.
IT and Telephony System	July 2000	12	12.9	The supply to NOMS of an IT and telephony system.

Analysis of the MoJ's obligations under on-balance sheet service concession arrangements is as follows:

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
<b>Total obligations under On-Balance Sheet Service Concession Arrangements for the following periods comprise:</b>				
Not later than one year	15,277	101,557	8,514	101,395
Later than one year but not later than five years	18,072	278,965	13,061	296,981
Later than five years	-	450,251	-	503,189
	33,349	830,773	21,575	901,565
Less: Interest element	(3,234)	(264,146)	(2,295)	(298,580)
<b>Total</b>	<b>30,115</b>	<b>566,627</b>	<b>19,280</b>	<b>602,985</b>

### 29.3 Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet service concession arrangements transactions and the total service element of on-balance sheet service concession arrangements transactions was £667m (2008-09 (restated): £659m) and the payments to which the MoJ and its Agencies are committed, are as follows:

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not later than one year	108,208	716,337	91,270	655,376
Later than one year but not later than five years	286,465	1,695,166	350,715	1,940,750
Later than five years	-	3,123,502	-	3,111,538
<b>Total</b>	<b>394,673</b>	<b>5,535,005</b>	<b>441,985</b>	<b>5,707,664</b>

The PFI commitments for the consolidated accounts relate to contracts for the provision of accommodation and other services (including repayment of capital, interest payable and a charge for the provision of services). The figures for the core department relate to DISC and to Aramis.

The commitment for the following year, as reported above, does not represent the expected annual charge. This is because charges based on prison occupancy are not considered commitments for the purposes of this note and are excluded.

### 30. Other financial commitments

The payments to which the MoJ and its Agencies are committed are as follows:

	31 March 2010		Restated 31 March 2009	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not later than one year	558	231,288	1,605	152,091
Later than one year but not later than five years	139	352,100	1,005	273,189
Later than five years	-	11,996	-	33,369
<b>Present value of obligations</b>	<b>697</b>	<b>595,384</b>	<b>2,610</b>	<b>458,649</b>

The non-core commitments relate to payments committed in the next year for non-cancellable contracts.

## 31. Financial instruments

### 31.1 Categories of Financial Instruments

	Note	2010		Restated 2009	
		Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Financial Assets</b>					
Cash	23	189,208	415,923	170,615	448,848
<b>Loans and Receivables</b>					
Receivables for goods and services (gross)	22.1	6,838	52,911	4,385	59,296
Other receivables (gross)	22.1	3,073	98,632	2,075	46,091
Impositions outstanding (gross)	22.3	1,459,510	1,459,510	1,330,056	1,330,056
National Loans Fund - capital	22.1	5,145	5,145	18,140	18,140
<b>Available for sale financial assets</b>					
National Loans Fund	16	771,310	771,310	776,455	776,455
Shares in Nationalised Industries	16	-	-	-	-
Unquoted investments	16	-	13	-	29
Quoted investments	16	-	145	-	103
<b>Carrying amount of Financial Assets</b>		<b>2,435,084</b>	<b>2,803,589</b>	<b>2,301,726</b>	<b>2,679,018</b>
<b>Financial Liabilities</b>					
<b>Financial Liabilities at amortised cost</b>					
Finance lease liabilities	24.1	(177,758)	(726,176)	(203,662)	(799,369)
Trade payables	24.1	(2,977)	(182,608)	(14)	(275,030)
National Loans Fund - capital	24.1	(776,455)	(776,455)	(794,595)	(794,595)
<b>Carrying amount of Financial Liabilities</b>		<b>(957,190)</b>	<b>(1,685,239)</b>	<b>(998,271)</b>	<b>(1,868,994)</b>

Financial liabilities include short and long term liabilities. Liabilities disclosed under this note only refer to trade payables, finance lease and National Loans Fund.

### 31.2 Net income and expenses from financial assets

	Note	2010		Restated 2009	
		Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
<b>Loans and Receivables</b>					
Impairment of financial assets	11,12	(2,555)	(7,474)	79	5,853
Interest receivable on NLF loans	OCS	(53,521)	(53,521)	(53,966)	(53,966)
Exchange gain/(loss)		-	-	-	-
<b>Net gain/(loss) on receivables</b>		<b>(56,076)</b>	<b>(60,995)</b>	<b>(53,887)</b>	<b>(48,113)</b>

### 31.3 Net income and expenses from financial liabilities

Note	2010		Restated 2009		
	Core Department	Consolidated	Core Department	Consolidated	
	£000	£000	£000	£000	
<b>Financial Liabilities at amortised cost</b>					
Finance & Interest charges	11,12	16,245	52,887	14,171	52,918
Interest payable on NLF loans	OCS	53,521	53,521	53,966	53,966
<b>Net gain/(loss) on financial liabilities</b>		<b>69,766</b>	<b>106,408</b>	<b>68,137</b>	<b>106,884</b>

### 31.4 Fair Value of Financial Instruments

Note	2010		2010		
	Core Department	Consolidated	Core Department	Consolidated	
	Total carrying amount	Aggregate Net Fair Value	Total carrying amount	Aggregate Net Fair Value	
	£000	£000	£000	£000	
<b>Financial Assets</b>					
Cash	23	189,208	189,208	415,923	415,923
<b>Loans and Receivables</b>					
Receivables for goods and services (net)	22.1	6,825	6,825	48,412	48,412
Other receivables (net)	22.1	3,073	3,073	98,632	98,632
Impositions outstanding (net)	22.3	432,335	432,335	432,335	432,335
National Loans Fund - capital	22.1	5,145	6,309	5,145	6,309
<b>Available for sale financial assets</b>					
National Loans Fund	16	771,310	953,979	771,310	953,979
Unquoted investments	16	-	-	13	13
Quoted investments	16	-	-	145	145
<b>Total Financial Assets</b>		<b>1,407,896</b>	<b>1,591,729</b>	<b>1,771,915</b>	<b>1,955,748</b>
<b>Financial Liabilities</b>					
<b>Financial Liabilities at amortised cost</b>					
Finance lease liabilities	24.1	(177,758)	(177,758)	(726,176)	(726,176)
Trade payables	24.1	(2,977)	(2,977)	(182,608)	(182,608)
National Loans Fund - capital	24.1	(776,455)	(956,326)	(776,455)	(956,326)
<b>Total Financial Liabilities</b>		<b>(957,190)</b>	<b>(1,137,061)</b>	<b>(1,685,239)</b>	<b>(1,865,110)</b>

The NLF loans are valued using discount rates calculated based on the yield curve obtained from the Debt Management Office which is derived on NLF lending rates.

### 31.5 Credit Risk

The MoJ is exposed to minimal credit risk as loans and receivables are comprised of trade and other debtors. The maximum exposure to credit risk is the risk that arises from potential default of a debtor and is equal to the total amount of these outstanding receivables, being £1,469,421k for core and £1,611,053k for consolidated accounts (including gross balances for impositions – see Note 22.3).

The MoJ has assessed the risk of the default on payment and has allocated impairments of £1,027,188k to core and £1,031,674k to consolidated accounts. The MoJ manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship.

The MoJ has no collateral to mitigate against credit risk.

#### Ageing of financial assets at 31 March 2010

							Core Department
		Not past due nor impaired	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 90+ days	Total
Note		£000	£000	£000	£000	£000	£000
<b>Before impairment</b>							
Cash	23	189,208	-	-	-	-	189,208
Receivables for goods and services (gross)	22.1	6,888	(482)	(15)	113	334	6,838
Other receivables (gross)	22.1	2,413	(14)	(125)	151	648	3,073
Impositions outstanding (gross)	22.3	1,092,069	144,555	70,788	83,878	68,220	1,459,510
National Loans Fund - capital	22.1	5,145	-	-	-	-	5,145
<b>Impaired</b>							
Receivables for goods and services		-	-	-	-	(13)	(13)
Other receivables		-	-	-	-	-	-
Impositions outstanding	22.3	(789,690)	(80,622)	(49,819)	(59,032)	(48,012)	(1,027,175)
<b>Total</b>		<b>506,033</b>	<b>63,437</b>	<b>20,829</b>	<b>25,110</b>	<b>21,177</b>	<b>636,586</b>
							Consolidated
		Not past due nor impaired	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 90+ days	Total
Note		£000	£000	£000	£000	£000	£000
<b>Before impairment</b>							
Cash	23	415,923	-	-	-	-	415,923
Receivables for goods and services (gross)	22.1	29,474	9,446	1,174	2,168	10,649	52,911
Other receivables (gross)	22.1	48,507	30,765	8,593	8,859	1,908	98,632
Impositions outstanding (gross)	22.3	1,092,069	144,555	70,788	83,878	68,220	1,459,510
National Loans Fund - capital	22.1	5,145	-	-	-	-	5,145
<b>Impaired</b>							
Receivables for goods and services		-	-	-	-	(4,499)	(4,499)
Other receivables		-	-	-	-	-	-
Impositions outstanding	22.3	(789,690)	(80,622)	(49,819)	(59,032)	(48,012)	(1,027,175)
<b>Total</b>		<b>801,428</b>	<b>104,144</b>	<b>30,736</b>	<b>35,873</b>	<b>28,266</b>	<b>1,000,447</b>



## 31.6 Liquidity Risk

The MoJ's financial liabilities are trade payables, finance leases and loans. The following table illustrates the maturities for financial liabilities. It is highly unlikely that the MoJ will encounter difficulty in meeting its obligations associated with these liabilities as it is financed by resources and capital voted annually by Parliament.

### Maturity of financial liabilities at 31 March 2010

					Core Department	
		On demand	Within 1 year	Between 1 to 5 years	After more than 5 years	Total
Note		£000	£000	£000	£000	£000
<b>Maturities for financial liabilities</b>						
Finance lease liabilities	28.2	-	(1,828)	(13,101)	(133,006)	(147,935)
Imputed finance leases	29.2	-	(13,796)	(16,319)	-	(30,115)
Trade payables	24	-	(2,977)	-	-	(2,977)
National Loans Fund	24	-	(5,000)	(67,000)	(699,310)	(771,310)
<b>Total</b>		<b>-</b>	<b>(23,601)</b>	<b>(96,420)</b>	<b>(832,316)</b>	<b>(952,337)</b>

					Consolidated	
		On demand	Within 1 year	Between 1 to 5 years	After more than 5 years	Total
Note		£000	£000	£000	£000	£000
<b>Maturities for financial liabilities</b>						
Finance lease liabilities	28.2	-	(2,038)	(13,687)	(144,116)	(159,841)
Imputed finance leases	29.2	-	(69,267)	(190,267)	(307,093)	(566,627)
Trade payables	24	(229)	(182,379)	-	-	(182,608)
National Loans Fund	24	-	(5,000)	(67,000)	(699,310)	(771,310)
<b>Total</b>		<b>(229)</b>	<b>(258,684)</b>	<b>(270,954)</b>	<b>(1,150,519)</b>	<b>(1,680,386)</b>

## 31.7 Market Risk

### Interest Rate Risk

Most of the MoJ's cash balances carry nil or fixed rates of interest. It is not, therefore, exposed to significant interest rate risk. Balances with the National Loans Fund attract a fixed, loan-specific, rate of interest. This interest is paid over directly to the Consolidated Fund.

### Foreign Currency Risk

The MoJ undertook only a small number of foreign currency transactions and so is not exposed to significant exchange rate risk.

## 32. Contingent liabilities disclosed under IAS 37

The MoJ has contingent liabilities where the possibility of the liability crystallising is judged to be possible. Unless otherwise stated, the quantum of the liability can either not be determined with reasonable certainty or to quantify it would jeopardise the outcome of the case.

**Fee Paid Judicial Office Holders' Pension Rights:** The MoJ is involved in a number of Employment Tribunal cases relating to fee paid judicial office holders claiming retrospective pension rights. There are currently 12 separate claims. The lead case was heard in the Supreme Court in June 2010 and a decision is expected in October 2010. It is possible that the Supreme Court will refer the case to the European Court.

The following two further actions are stayed behind this case:

- **Scottish Fee Paid Employment Tribunals Service Chairmen:** Scottish fee paid Employment Tribunals Service chairmen are also claiming pension rights, increases in daily fees and general parity in terms and conditions.
- **Part Time Worker Regulations:** A claim has been brought under the Part Time Worker Regulations challenging the level of payment for training and writing up fees, the lack of entitlement to holiday and sick pay and cancellation fees where bookings are not honoured.

**Pay Deals – Equal Pay and Age Discrimination:** The MoJ is involved in five test tribunal cases relating to claims regarding age discrimination. The MoJ has also responded to a class action grievance on grounds of equal pay.

**Mirror Group Newspaper v UK:** There is currently a case against the UK by Mirror Group Newspaper (MGN) which is likely to proceed to the European Court of Human Rights (ECtHR). MGN is challenging UK law on privacy and proportionality of costs for breach of privacy and is seeking compensation for the costs it has incurred under existing legislation.

**Prisoners' Voting Rights:** Two serving prisoners and one ex-prisoner have brought an action against the MoJ in relation to voting rights following on from the ECtHR ruling in *Hirst (No.2) v UK* in which no damages were awarded. The MoJ has submitted its observations to the ECtHR. Around 350 further applications have been made to the ECtHR by prisoners, with further applications likely. Another serving prisoner is appealing a Judicial Review decision in which his claim was defeated; a hearing is set for 2-3 November 2010. The MoJ has also been served with 115 damages claims under the Human Rights Act which the MoJ is applying to have struck out.

**Overseas Voting Rights:** A Judicial Review is being sought in regard to the loss of UK voting rights as a result of the claimant living abroad for over 15 years.

**Employment Tribunals:** The MoJ is currently defending numerous Employment Tribunal claims at various stages.

**Estates Ratings Appeal:** The MoJ is defending an appeal against a Central London Valuation Tribunal ruling in MoJ's favour in respect of a ratings issue.

**NOMS legal claims:** Claims for injury to staff, prisoners and the public amounting to £19.8m (2008-09 (re-stated): £20.9m) have been lodged, where the likelihood of a liability arising is possible but not likely. Other claims for compensation where it is more likely than not that a

liability will arise have been provided for in the accounts – see note 25. Where staff have transferred location under the public expense transfer scheme, requiring a house sale, the agency is liable for the difference between the market value and actual sale price. This is currently a contingent liability as it is not quantifiable.

**Headquarters legal claims:** There are around 70 outstanding legal claims against core MoJ, some of which involve possible financial liabilities. Cases where it is probable that the MoJ will incur future costs have been included within provisions at note 25.

**HMCS legal claims:** HMCS is involved in a number of legal cases largely relating to *ex-gratia* and compensation claims. The estimated cost of settlement for HMCS is £7.6m.

**HMCS property transfer:** As detailed in note 14, the result of the July 2005 High Court challenge meant that HMCS has not been able to gain control of a number of properties intended to come within the 31 March 2005 *Property Transfer Scheme*. HMCS faces a contingent accommodation liability for the properties that it is yet to gain control of. If HMCS is not able to effect a transfer of ownership and control of these properties, it faces potential accommodation obligations to the parties who ultimately own the property rights and will control the underlying economic benefits. Based on the value of the properties at 31 March 2007, it is estimated that HMCS could be exposed to additional costs of up to £0.3m per annum (2008-09: £1.6m) with a total maximum contingent liability since 1 April 2005 of £1.6m (2008-09: £6.2m).

### **33. Contingent Liabilities not required to be disclosed under IAS 37 but included for Parliamentary reporting and accountability purposes**

#### **33.1 Quantifiable**

An indemnity of up to £50m, in respect of any one accident, has been given to the British Airports Authority (BAA). The indemnity covers damage or injury caused to third parties arising out of the negligence of NOMS in their use of vehicles travelling airside for the repatriation of prisoners. The likelihood of a liability arising from these contingencies is considered to be remote.

MoJ has indemnified the members of the Central Council of Magistrates' Courts Committees up to £0.56m against future legal action against them as individuals. Potential future exposure is expected to be limited to £0.03m in practice (Minute laid on 27 June 2006).

#### **33.2 Unquantifiable**

The MoJ has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

- a) The MoJ has provided an indemnity to Acting Returning Officers for the UK Parliamentary General Elections held in May 2010. The indemnity is for amounts not covered by commercial insurance policies taken out by the MoJ. The indemnity provides unlimited cover for amounts excluded by the excess on insurance policies, damages or costs that exceed insurance limits and any reasonable expenses that fall outside of the scope of insurance policies. The indemnity is effective until 3 July 2011 (Minute laid on 22 March 2010).

- b) The MoJ has provided an indemnity to Regional and Local Returning Officers for the European Parliamentary Elections held in June 2009. The indemnity is for amounts not covered by commercial insurance policies taken out by the MoJ. The indemnity provides unlimited cover for amounts excluded by the excess on insurance policies, damages or costs that exceed insurance limits and any reasonable expenses that fall outside of the scope of insurance policies. The indemnity is effective for the period of the insurance policies from 12 May 2009 to 11 July 2010 (Minute laid on 9 June 2009).
- c) The National Probation Service has reported the provision of indemnities to members of the local area Probation Boards to maintain the same status of indemnity that was provided by local authorities. The government has agreed that an individual board member should be indemnified against legal damages and costs arising from advice given, or actions done, honestly and in good faith in the execution of his or her board functions, except where the member has acted recklessly (Minute laid on 6 June 2005).
- d) The MoJ has indemnified the Chairman or members of the Independent Inquiry into the death of Zahid Mubarek at the Feltham Young Offenders Institution against any legal action (Minute laid on 10 March 2006).

In addition, NOMS would be liable to meet any uninsured costs incurred by the privately managed prisons.

## 34. Losses and special payments

### 34.1 Losses statement

	2009-10		Restated 2008-09	
	Number of cases	£000	Number of cases	£000
Cash losses	2,651	1,012	1,867	412
Claims abandoned	256,316	49,099	354,198	54,746
Administrative write-offs	38,346	8,025	28,741	4,939
Fruitless payments	484	1,517	313	15,628
Store Losses	3,840	988	3,386	1,157
<b>Total</b>	<b>301,637</b>	<b>60,641</b>	<b>388,505</b>	<b>76,882</b>

### 34.2 Special Payments

	2009-10		2008-09	
	Number of cases	£000	Number of cases	£000
Compensation Payments	5,093	17,964	6,538	20,689
Ex gratia	1,987	1,445	1,436	793
Extra-contractual payments	3,688	3,484	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Special severance payments	-	-	-	-
Loans	-	-	-	-
Gifts	-	-	-	-
<b>Total</b>	<b>10,768</b>	<b>22,893</b>	<b>7,974</b>	<b>21,482</b>

The MoJ also paid out £172k (2008-09: £147k) in interest under the *Late Payment of Commercial Debts (Interest) Act 1988*.

A part (c. 20%) of the figure for the number of cases for claims abandoned is an estimate based on the average value for individual fines of £192 (2008-09: £155).

In 2009-10 there were two individual special payments over £250k (2008-09: three) in respect of a) a compensation payment of £265k to a member of staff in the prison service and b) a compensation payment of £290k to a member of staff in the probation service due to organisational restructuring. There were no compensation payments in respect of prisoners' claims over £250,000 (2008-09: two) and no compensation payment made in respect of claims from members of the public over £250,000 (2008-09: one).

A total of £1.374m was written off as a result of disputed costs for healthcare at two prisons provided under an agreement with one Primary Care Trust.

### 35. Related party transactions

#### **Associated Departments and other central Government bodies:**

MoJ is the parent of HMCS, the Office of the Public Guardian, the Tribunals Service and NOMS. NOMS includes the National Probation Service and Her Majesty's Prison Service. The MoJ is the sponsor of the nine executive Non-Departmental Public Bodies listed in note 37.2. All of these bodies are regarded as related parties with which the MoJ has had various material transactions during the year.

The Scotland Office works closely with the Scottish Executive Office from which most of the staff are loaned. Advice and assistance were provided by the Executive for some specialised areas where they have greater expertise, such as IT, accommodation and finance. Not all of these services were covered by Service Level Agreements during the year.

The Wales Office funds the Welsh Assembly Government. The Welsh Assembly Government is regarded as a related party with whom the Wales Office has had various material transactions during the year.

In addition, MoJ has had a number of significant transactions with other government departments and other central government bodies. It received funding from other departments for the education, healthcare, resettlement and deportation of offenders.

#### **Private companies:**

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains, on behalf of the Lord Chancellor and Secretary of State for Justice, the Register of County Court Judgements. Income received from Registry Trust Limited in the year amounted to £1.0m (2008-09: £0.9m) with a total receivables balance due to HMCS as at 31 March 2010 of £0.1m (2008-09: £0.2m).

#### **Legal Aid:**

Adam Straw is a barrister who receives payments in respect of legal aid casework; payments made to Adam Straw totalled £31,321 (unaudited) in 2009-10 (2008-09: £27,216). Adam Straw is the nephew of Jack Straw, the former Secretary of State and Lord Chancellor for Justice.

#### **Other:**

Phil Wheatley, the former Agency Accounting Officer of NOMS, and the Director of Local Delivery in the Home Office are married to one another. Phil Wheatley's son is a prison Governor.

David Kennedy, interim Director of ICT, is a Director of ASE Consulting which provides consultancy services to NOMS and MoJ.

Stephen Cogbill, who is employed by Atos Origin as a bid manager, is the brother of Alan Cogbill, Director of the Wales Office to 30 September 2009.

The brother of Helen Edwards, Director General, Justice Policy, is a sub-contractor for Lancaster, the facilities provider to the MoJ.

Other interests and related parties of Ministers which do not concern MoJ are disclosed at: <http://www.cabinetoffice.gov.uk/conduct-ethics/ministerial.aspx>

## 36. Third party assets

Moj headquarters holds third party assets, over and above those monies disclosed in Notes 23 and 24 of this account.

### 36.1 Court Funds Office

The Court Funds Office manages money held in court on behalf of clients who may be involved in a civil legal action, namely patients who, under the Court of Protection, are not able to manage their property and affairs; and children under the age of 18. These are non-Moj assets and are not included in the Moj accounts. Assets held at the reporting period end date comprised cash, Index Tracker Funds and securities.

Market values as at 28 February 2010 (financial reporting period end date for the Court Funds Office) are:

- Cash, sterling held and invested on behalf of the Accountant General through the Commissioners for the Reduction of National Debt's Court Funds Investment Account, of £4.1bn (2008-09: £4.6bn); and
- Securities, a combination of units and stock holdings held in the name of the Accountant General with a market valuation of approximately £230m (2008-09: £169m). This includes the Index Tracker Fund (formerly the Common Investment Fund), which is administered on behalf of the Accountant General by an appointed Fund Manager. The beneficiaries have unit shares in the fund, which consists of a balanced portfolio managed by the Fund Manager in accordance with the investment strategy in force at the time of £104m (2008-09: £74m).

Further information is contained in the *Funds in Court Part A Accounts* which are audited by the Comptroller and Auditor General and laid before Parliament.

### 36.2 Official Solicitor and Public Trustee

The Official Solicitor (OS) administers estates and trusts as Administrator / Trustee of Last Resort. The Public Trustee (PT) acts as Executor or Trustee where he has been appointed under a will or a new settlement. The figures in the table below represent the most up-to-date information available about assets managed by the OS and PT on behalf of clients. The accounts for 2009-10 have not yet been presented for audit.

	2009-10	2008-09
	£000	£000
Cash	21,082	32,662
Investments	45,037	26,491
Non-cash assets	13,522	18,386
<b>Total</b>	<b>79,641</b>	<b>77,539</b>

### 36.3 Privy Council

The Judicial Committee of the Privy Council, where required, holds security costs lodged by the appellant. These are held in accordance with Statutory Instrument *The Judicial Committee (General Appellate Jurisdiction) Rules Order 2009* made 11 February 2009 and Statutory Instrument *The Judicial Committee (Devolution issues) Rules Order 1999* made on 10 June 1999. There were no deposits for 2009-10 (2008-09: £28k).

### 36.4 Other third party assets

HMCS holds a number of different cash balances on behalf of third parties. These predominantly consist of bail monies, which are received and held while a criminal case progresses, and third party settlement amounts where HMCS acts as the intermediary for settlement between claimants and defendants.

The third party balances included in the Tribunals Service's accounts are amounts held pending the outcome of certain Employment Tribunal hearings, whereafter the funds are paid out accordingly. The amount held with respect to these hearings is £43k (2008-09: £33k). In addition, the Tribunals Service also oversees the handling of Bail Bonds totalling £155k (2008-09: £144k). As these monies are held on behalf of third parties, they do not form part of Tribunals Service's funding.

The NOMS Agency holds third parties monies of £10,376k (2008-09: £9,488k). This relates to monies held on behalf of prisoners and are therefore not included in the accounts.

A number of assets are held by Probation Boards and Trusts on behalf of third parties. These assets are not included in the accounts. The assets held at the reporting period end date to which it was practical to ascribe monetary values comprised of monetary assets, such as bank balances and monies on deposit, listed securities, trust funds and an amenity fund.



### **37. Entities within the departmental boundary**

#### **37.1 Entities within the departmental boundary**

##### ***The Core Department:***

Department Headquarters, including the following associated offices:

Office of Court Funds, the Official Solicitor and Public Trustee

Office of the Legal Services Ombudsman

Office of the Legal Services Complaints Commissioner

HM Inspectorate of Court Administration

HM Inspectorate of Prisons

HM Inspectorate of Probation

Assessor for Compensation for Miscarriages of Justice

Administrative Justice and Tribunals Council

Office of the Judge Advocate General

Judicial Appointments and Conduct Ombudsman

Office for Judicial Complaints

Directorate of Judicial Offices for England and Wales (incorporating the Judicial Office, the Judicial Communications Office and the Judicial Studies Board)

Boundary Commission for England

Law Commission

Scotland Office, including the Office of the Advocate General for Scotland and the Boundary Commission for Scotland

Wales Office, including the Boundary Commission for Wales

##### ***Advisory and Tribunal NDPBs:***

In addition, there are various other advisory and tribunal Non-Departmental Public Bodies within the departmental boundary, a full listing of which can be found at:

<http://www.justice.gov.uk/about/organisationswesponsor.htm#pqr>.

##### ***Supply Financed Agencies:***

The National Offender Management Service (NOMS) – NOMS now includes 34 probation boards and 8 probation trusts which form the National Probation Service.

Her Majesty's Courts Service (HMCS)

Tribunals Service

Office of the Public Guardian (OPG)

### 37.2 Entities outside of the departmental boundary

The following bodies are not consolidated within these accounts. The finance provided to them by the MoJ through grant-in-aid is reflected in the Operating Cost Statement and Statement of Parliamentary Supply.

#### ***Executive Non-Departmental Public Bodies (NDPBs):***

Legal Services Commission

Youth Justice Board for England and Wales

Criminal Injuries Compensation Authority

Criminal Cases Review Commission

Judicial Appointments Commission

Parole Board of England and Wales

Information Commissioner's Office

Legal Services Board

Office for Legal Complaints

### 38. Pension Costs of the National Probation Service

As part of the terms and conditions of employment of its officers and other employees, the 42 Probation Areas (34 Boards and 8 Trusts) offer retirement benefits. Although these will not actually be payable until employees retire, the Trusts have a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The provisions of the Local Government Pension Scheme (LGPS), which is statutory and fully funded, cover present and past employees. The 42 Probation Areas participate in the LGPS administered by various bodies, usually the related Local Authority.

The LGPS provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of one-eightieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three eightieths of final pay for every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of 6% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns. This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

A full actuarial valuation was carried out at 31 March 2007 by Actuaries for each individual pension fund. For 2009-10, employers' contributions of £95.9m were payable to the LGPS (2008-09: £89.9m) in a range from 14% to 21.1% (2008-09: 14% to 21.1%). The schemes' actuaries review employer contributions every three 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.

Partnership accounts are excluded under IAS 19.

Employer's pension contributions for the three years from 2008 to 2011 are:

- 2009-10: 17.8% of salaries
- 2010-11: 17.7% of salaries
- 2011-12: 17.9% of salaries

The key assumptions used by the actuary are:

	31 March 2010	31 March 2009	31 March 2008
	%	%	%
Inflation assumption	3.7	3.2	3.6
Rate of increase in salaries	5.2	4.7	5.2
Rate of increase for pensions in payment and deferred pensions	4.2	3.7	3.9
Discount rate	5.6	6.9	6.6

## Mortality Assumptions

Life expectancy is based on PFA92 and PMA92 tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners.

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2010	Value at 31 March 2010	Long-term rate of return expected at 31 March 2009	Value at 31 March 2009	Restated Long-term rate of return expected at 31 March 2008	Restated Value at 31 March 2008
	%	£000	%	£000	%	£000
Equities	7.7	1,447,060	8.2	963,112	8.9	1,243,008
Government Bonds	3.9	223,256	3.8	191,525	4.4	244,300
Other Bonds	4.5	171,056	5.4	150,843	4.9	148,267
Property	5.9	138,374	5.3	120,745	5.8	137,726
Cash	4.1	120,552	3.7	102,873	5.2	102,249
<b>Total market value of assets</b>		<b>2,100,298</b>		<b>1,529,098</b>		<b>1,875,550</b>
<b>Present value of scheme liabilities</b>		<b>(3,489,987)</b>		<b>(2,247,700)</b>		<b>(2,375,686)</b>
<b>Adjustment arising from merger and restatement of comparatives</b>		-		-		(2,404)
<b>Surplus/(Shortfall) of the scheme</b>		<b>(1,389,689)</b>		<b>(718,602)</b>		<b>(502,540)</b>
<b>Net pension asset (liability)</b>		<b>(1,389,689)</b>		<b>(718,602)</b>		<b>(502,540)</b>

## Pension Cost

	2009-10	2008-09
	£000	£000
Current service cost	58,295	75,458
Past service cost	4,536	12,167
Effect of Curtailment or Settlement	5,288	908
<b>Total operating charge</b>	<b>68,119</b>	<b>88,533</b>

## Analysis of amount credited to other finance income or debited to other finance charge

	2009-10	2008-09
	£000	£000
Expected return on pension scheme assets	(97,454)	(130,196)
Interest on pension scheme liabilities	155,923	156,597
<b>Net return</b>	<b>58,469</b>	<b>26,401</b>

## Changes to the present value of liabilities during the year

	2009-10	2008-09
	£000	£000
<b>Opening present value of liabilities</b>	<b>2,247,700</b>	<b>2,375,686</b>
Current service cost	58,295	75,458
Interest cost	155,923	156,597
Contributions by members	34,012	33,366
Actuarial (gains)/losses on liabilities	1,076,048	(329,634)
Benefits paid	(92,539)	(76,848)
Past Service costs	4,536	12,167
Curtailments/settlements	5,288	908
Adjustment arising from merger and restatement of comparatives	724	-
<b>Closing present value of liabilities</b>	<b>3,489,987</b>	<b>2,247,700</b>

## Changes to the fair value of assets during the year

	2009-10	2008-09
	£000	£000
Opening fair value of assets	1,529,098	1,875,550
Expected return on assets	97,454	130,196
Actuarial gains/(losses) on assets	433,488	(522,248)
Contributions by the employer	95,867	89,910
Contributions by the members	34,012	33,356
Benefits paid	(92,539)	(76,838)
Net increase from disposals and acquisitions	-	-
Settlements	127	-
Adjustment arising from merger and restatement of comparatives	2,791	(828)
<b>Closing fair value of assets</b>	<b>2,100,298</b>	<b>1,529,098</b>

## Actual return on assets

	2009-10	Restated 2008-09
	£000	£000
Expected return on assets	97,454	130,196
Actuarial gains/(losses) on assets	433,488	(522,248)
<b>Actual return on assets</b>	<b>530,942</b>	<b>(392,052)</b>

## Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2009-10	Restated 2008-09
	£000	£000
Fair value of assets	(642,560)	(192,614)
Present value of liabilities	(939,925)	(297,365)
<b>Surplus / (Deficit)</b>	<b>(1,582,485)</b>	<b>(489,979)</b>

## History of asset values, present values of liabilities, surplus/deficit and experienced gains and losses

	2009-10	2008-09	Restated 2007-08	Restated 2006-07	2005-06
	£000	£000	£000	£000	£000
Fair value of assets	2,100,298	1,529,098	1,875,550	1,959,247	1,776,536
Present value of liabilities	(3,489,987)	(2,247,700)	(2,378,090)	(2,494,112)	(2,033,143)
<b>Surplus / (Deficit)</b>	<b>(1,389,689)</b>	<b>(718,602)</b>	<b>(502,540)</b>	<b>(534,865)</b>	<b>(256,607)</b>
Experience gains /(losses) on scheme assets	414,222	(465,503)	(244,436)	12,370	222,538
Experience gains /(losses) on scheme liabilities	27,543	(3,368)	109,225	9,021	(14,276)

### 39. 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 are regarded as authorised for issue on the same date the Comptroller and Auditor General certifies the accounts.

On 12 May, a coalition government of Conservatives and Liberal Democrats was announced.

The following Ministers were appointed and will be responsible for MoJ headquarters, associated offices and executive agencies:

Ministers
Rt Hon. Kenneth Clarke QC MP Secretary of State and Lord Chancellor
Rt Hon. Lord McNally Minister of State
Jonathan Djanogly MP Parliamentary Under Secretary
Crispin Blunt MP Parliamentary Under Secretary
Nick Herbert MP Minister of State (jointly with the Home Office)

The following Ministers were appointed to serve in the Scotland Office and Wales Office:

Ministers
Rt Hon. Danny Alexander MP Secretary of State for Scotland (To 29 May 2010)
Rt Hon. Michael Moore MP Secretary of State for Scotland (From 29 May 2010)
Rt Hon. David Mundell MP Parliamentary Under Secretary for Scotland
The Lord Wallace of Tankerness QC Advocate General for Scotland
Rt Hon. Cheryl Gillan MP Secretary of State for Wales
Rt Hon. David Jones MP Parliamentary Under Secretary for Wales

#### Changes to the MoJ Corporate Management Board

Rowena Collins-Rice left the Corporate Management Board on 2 June 2010 and moved to the Cabinet Office.

### **Structural changes in MoJ**

The Prime Minister has agreed those areas of political reform for which the Deputy Prime Minister will have direct responsibility. As a consequence, responsibility for elections, democracy and constitution has been transferred from MoJ to the Cabinet office. The former Democracy, Constitution and Law Group has now been re-constituted from 20 June 2010 as the Law Rights and International Group led by Director General Sharon White.

The intention to create a new joint agency of HMCS and the Tribunals Service was announced in the Budget on 24 March 2010 with the new agency expected to operate from April 2011. This has led to the merger of the Access to Justice (AtoJ) directorate with the Criminal Justice Group (CJG) on 1 April 2010, in order to facilitate more effective coordination of policy-making across the justice system. The Criminal Justice Group is now known as the Justice Policy Group (JPG).

MoJ took responsibility for sole sponsorship of the Youth Justice Board from the Department for Children, Schools and Families from April 2010.

### **Events in HMCS**

Since the year end, HMCS has commenced High Court civil proceedings seeking to recover £22.8m (excluding interest) in relation to property transactions (concerning a court building) in 2002 and 2004. Related civil proceedings are continuing.

### **Events in NOMS**

With effect from 1 April 2010 the remaining 34 Probation Boards achieved Trusts status. Taking five mergers into account, from the 1 April 2010 there will be 35 Probation trusts delivering the work of the previous 8 Trusts and 34 Boards.

The former Director General of NOMS Phil Wheatley retired on 8 June 2010. On 8 June 2010, Michael Spurr was appointed as the first Chief Executive Officer of the NOMS Agency and Corporate Board Member.

### **Devolution in Northern Ireland**

On the 12 April 2010, the Northern Ireland Office (NIO) transferred responsibility for policing and criminal justice to the Northern Ireland Assembly and Executive. With effect from that date, the NIO moved under the MoJ umbrella alongside the Scotland Office and Wales Office. This represents a machinery of government change which will be subject to merger accounting in the 2010-11 MoJ resource accounts. This means that the 2009-10 prior year figures in those accounts will be adjusted to show the position had the NIO always been part of the accounts.

### **Change in indexation rate for public service pensions**

It was announced in the Budget on Tuesday 22nd June 2010 that the Government will adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the operation of pension schemes provided to employees. For those schemes where it is possible to identify the department's share of the underlying assets and liabilities, this will affect the net pension asset or liability shown on the Statement of Financial Position. For MoJ, the impact will be on the pension schemes that the Local Government Pension Scheme provides to probation employees which is shown in note 38 to these accounts. HM-Treasury has not yet provided guidance on the implications of the change for pension scheme valuations and other actuarial costings.

### **Emergency Budget**

The Emergency Budget of 22 June 2010 required MoJ to make savings in its 2010-11 budget of £325 million as its contributions to the £6.2 billion of savings on 2010-11 announced by the coalition government.

# Annex A. Public Expenditure Core Tables

The information in this Annex does not form part of the Resource Accounts.

## Introduction

These tables have been included within the Resource Accounts as a separate annex. The reader should be aware that the financial information in the tables is shown from a different perspective to the Resource Accounts and that figures may, therefore, differ between the Resource Accounts and this Annex. These tables are not audited by the National Audit Office.

The figures in the tables are calculated according to budgeting guidelines. The Departmental family, measures and manages its budgets as below:

- Departmental Expenditure Limit (DEL), which is set annually within the context of the three-year spending plan. The Ministry can largely control this budget, although some elements may be demand-led.
- Annually Managed Expenditure (AME), which is demand-led, volatile and, therefore, difficult to predict. The Ministry sets AME budgets in consultation with HM Treasury through twice-yearly reviews. The majority of the Ministry's AME expenditure relates to the diminution in the value of the MoJ estate and provisions within the Legal Services Commission and Criminal Injuries Compensation Authority.

DEL and AME are broken down further into:

- resource budgets;
- administration budget;
- programme budget; and
- capital budgets.

There are two key differences between the Budgets and Resource Accounts:

- Boundaries – Budgets include resource and capital spend of Central Government Bodies (as classified by the ONS) and exclude grants to these bodies, whereas Resource Accounts include the grants and exclude the spend.
- Capital grants – Budgets allocate these to Capital whereas Resource Accounts allocate these to operating costs.

Central Government entities (including Executive Non Departmental Public Bodies) include:

- National Offender Management Service (NOMS)
- Her Majesty's Courts Service (HMCS)
- Tribunals Service
- Office of the Public Guardian (OPG)
- Legal Services Commission (LSC)
- Youth Justice Board for England and Wales (YJB)
- The Parole Board for England and Wales
- Criminal Injuries Compensation Authority (CICA)



- Criminal Cases Review Commission (CCRC)
- Information Commissioner's Office (ICO)
- Judicial Appointments Commission (JAC)
- Legal Services Board (LSB)
- Office for Legal Complaints (OLC)

The information for the budgetary spend and the Resource Accounts comes from the same financial systems for those bodies which are common to both and the cut-off point for inclusion is the same – 31 March.

The National Audit Office audits the Ministry's Resource Accounts on behalf of the Comptroller and Auditor General and the same core data is used to produce the budget outturn.

The tables show the Ministry of Justice spending Outturn for the six years from 2004-05 to 2009-10 and the budgeted business plan for 2010-11.

All the figures recorded in these tables have been adjusted for Clear Line of Sight changes. The 2009-10 Outturn reflects the Outturn of the Ministry.

The Outturn is reconciled to Resource Accounts included in this document. The 2010-11 plan, reflects the Main Estimate 2010-11 (as published 22 June 2010).

### Explanation of the nine core financial tables

Core Financial Tables Explanation			
	Title	Description	Period covered
Table 1	Total public spending for MoJ	Shows a summary of the Department's total budget, including spending by local authorities on functions relevant to the Department	2004-05 to 2010-11
Table 2	Resource budget for MoJ	Shows how the Department allocates and spends the resources allocated to it by Parliament to deliver the services within its various responsibilities	2004-05 to 2010-11
Table 3	Capital budget for MoJ	Shows how the Department allocates and spends the capital allocated to it by Parliament to deliver the services within its various responsibilities	2004-05 to 2010-11
Table 4	Capital employed by MoJ	Shows capital employed in meeting the Department's objectives	2004-05 to 2011-12
Table 5	Administration budgets for MoJ	Provides a breakdown of the staff and other general costs (including accommodation and other office costs) related to the running of the Department	2004-05 to 2010-11
Table 6	Staff in post in MoJ	A staffing count for the MoJ and its sister departments	2004-05 to 2010-11
Table 7	MoJ's total spending by country and region (over a spread of years)	Provides analysis of spending in each UK country and nine regions of England	2004-05 to 2010-11
Table 8	MoJ's total spending per head by country and region (over a spread of years)	Provides analysis of spending per head of population in each UK country and nine regions of England	2004-05 to 2010-11
Table 9	MoJ's total spending by function or programme, by country and region (for latest outturn year 2008-09)	Provides analysis of spending in each UK country and nine regions of England, under each function of Government	2008-09

### ***Clear Line of Sight (Alignment) Project***

The Clear Line of Sight (Alignment) project seeks to simplify government's financial reporting to Parliament by better aligning the recording of government spending in departmental budgets, Estimates and Resource Accounts. Full details of the alignment reforms were set out in Cm 7567 published in March 2009.

Changes to the budgetary framework resulting from the Clear Line of Sight project have been implemented in 2010-11. The main changes are:

- Near-cash and non-cash controls within resource budgets have been removed;
- Cost of capital charge has been removed from budgets, Supply Estimates and Resource Accounts (depreciation remains within resource);
- Take-up/release/revaluation of provisions is now in Annually Managed Expenditure (AME) rather than non-cash Resource Departmental Expenditure Limit (RDEL); utilisation of provision is now RDEL rather than near-cash, with corresponding credit to AME rather than non-cash; and
- Revaluation of financial assets have been moved from RDEL budgets into AME.

All figures were subject to re-forecasting before the classification changes were made.

These classification changes, which are reflected in the MoJ Estimate, have the effect of reducing DEL budgets in all years. This is mainly due to the removal of cost of capital from RDEL and the reclassification of provisions from RDEL to AME budgets.

**All the following tables have been prepared on a Clear Line of Sight basis.**

#### **Ministry of Justice**

**Table 1 Total Public Spending**

**(£'000)**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
<b>Resource DEL</b>							
1) To promote the development of a modern, fair, cost effective and efficient system of justice for all	7,833,561	7,999,037	8,160,548	8,821,947	9,011,872	9,000,107	8,845,002
2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland	13,836	13,967	6,970	25,466	8,808	8,087	17,289

3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales

3,740      4,112      4,248      4,923      5,006      5,651      3,634

**Total resource costs DEL      7,851,137      8,017,116      8,171,766      8,852,336      9,025,686      9,013,845      8,865,925**

### **Resource AME**

1) To promote the development of a modern, fair, cost effective and efficient system of justice for all

(702,670)      (397,639)      (232,525)      (164,585)      318,203      493,108      (17,542)

2) Judicial Pensions Scheme      61,655      81,322      83,737      102,739      131,349      130,636      156,510

**Total resource costs AME      (641,015)      (316,317)      (148,788)      (61,846)      449,552      623,744      138,968**

**Total resource costs      7,210,122      7,700,799      8,022,978      8,790,490      9,475,238      9,637,589      9,004,893**

*of which: depreciation*      247,283      343,256      330,902      525,345      1,091,251      1,184,504      427,897

RFR1      246,995      342,894      330,674      525,116      1,090,987      1,184,423      427,271

RFR2      253      233      180      181      28      20      265

RFR3      35      129      48      48      236      61      361

### **Capital budget**

#### **Capital DEL**

1) To promote the development of a modern, fair, cost effective and efficient system of justice for all

596,471      502,251      534,932      748,654      899,373      848,023      550,464

2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland

76      64      -      -      89      -      100

3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales	194	127	33	145	96	-	766
<b>Total capital costs DEL</b>	<b>596,741</b>	<b>502,442</b>	<b>534,965</b>	<b>748,799</b>	<b>899,558</b>	<b>848,023</b>	<b>551,330</b>
<b>Capital AME</b>							
<b>Total capital costs AME</b>	-	-	-	-	-	-	-
<b>Total capital costs</b>	<b>596,741</b>	<b>502,442</b>	<b>534,965</b>	<b>748,799</b>	<b>899,558</b>	<b>848,023</b>	<b>551,330</b>
<b>Total departmental spending†</b>							
1) To promote the development of a modern, fair, cost effective and efficient system of justice for all	7,480,367	7,760,755	8,132,281	8,880,900	9,138,461	9,156,815	8,950,653
2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland	13,659	13,798	6,790	25,285	8,869	8,067	17,124
3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales	3,899	4,110	4,233	5,020	4,866	5,590	4,039
Judicial Pensions Scheme	61,655	81,322	83,737	102,739	131,349	130,636	156,510
<b>Total departmental spending†</b>	<b>7,559,580</b>	<b>7,859,985</b>	<b>8,227,041</b>	<b>9,013,944</b>	<b>9,283,545</b>	<b>9,301,108</b>	<b>9,128,326</b>
of which:							
Total DEL	8,200,595	8,176,302	8,375,829	9,225,774	9,519,468	9,429,114	8,989,358
Total AME	(641,015)	(316,317)	(148,788)	(211,830)	(235,923)	(128,006)	138,968

† Total departmental spending is the sum of the resource costs and the capital costs less depreciation. Similarly, total DEL is the sum of the resource costs DEL and capital costs DEL less depreciation in DEL, and total AME is the sum of resource costs and capital costs AME less depreciation in AME.

**Spending by local authorities on functions relevant to the department**

<b>Current spending</b>	<b>435,253</b>	<b>3,798</b>	<b>3,341</b>	<b>3,932</b>	<b>3,165</b>	<b>3,183</b>
<i>of which:</i>						
financed by grants from budgets above	384,010	98,800	123,004	127,200	-	-
<b>Capital spending</b>	<b>3,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>of which:</i>						
financed by grants from budgets above††	46,235	1,121	1,727	21	2,885	-

†† This includes loans written off by mutual consent that score within non-cash Resource budgets and aren't included in the capital support to local authorities line in Table 3.

Due to the implementation of the Clear Line of Sight (CLoS) changes, previous years amounts have been restated.

The Total Resource DEL amounts for all years do not incorporate cost of capital, utilisation of provision (non-cash) and new provision. It now includes profit/loss on disposal of fixed assets.

Plan figures do not distinguish between near-cash and non-cash as part of the CLoS changes.

Resource AME amounts contain utilisation of provision (non-cash) and new provision as part of the CLoS changes.

Total Capital DEL cost for all years does not now incorporate profit/loss on disposal of fixed assets.

The outturn figure in 2008-09 and 2009-10 for AME depreciation has increased mainly due to the impairment of the HMCS and NOMS estate.

The outturn figures for capital in 2008-09 includes the capital spend for 102 Petty France.

## Ministry of Justice

Table 2 Resource DEL

(£'000)

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
<b>Resource DEL</b>							
<b>1) To promote the development of a modern, fair, cost effective and efficient system of justice for all</b>	<b>7,833,561</b>	<b>7,999,037</b>	<b>8,160,548</b>	<b>8,821,947</b>	<b>9,011,872</b>	<b>9,000,107</b>	<b>8,845,002</b>

*of which:*

**Policy, Corporate Services and Associated Offices**

<b>Policy, Corporate Services and Associated Offices</b>	<b>940,783</b>	<b>993,594</b>	<b>773,178</b>	<b>849,808</b>	<b>796,084</b>	<b>613,916</b>	<b>629,931</b>
Policy, Corporate Services and Associated Offices	487,284	635,829	396,542	492,845	413,170	511,152	461,377
National Offender Management Service	188,460	32,940	45,737	-	-	-	-
Prison Service - Private	177,205	226,673	222,693	259,426	226,483	-	-
Office of Criminal Justice Reform HQ	87,834	98,152	108,206	97,537	156,431	102,764	168,554
<b>Executive agencies</b>	<b>2,632,603</b>	<b>3,455,428</b>	<b>3,744,369</b>	<b>4,172,418</b>	<b>4,382,657</b>	<b>4,654,450</b>	<b>5,351,608</b>

*of which:*

HM Courts Service	-	864,241	856,481	981,563	903,036	920,235	872,611
Court Service	437,842	-	-	-	-	-	-
Office of the Public Guardian	121	(1,179)	(222)	(1,766)	115	3,485	(2,908)
Tribunals Service	160,578	85,171	277,232	285,134	295,636	282,479	239,323
Prison Service - Public	2,013,578	1,845,626	1,899,200	2,036,244	2,200,150	-	-
National Offender Management Service HQ	20,484	661,569	711,678	871,243	983,720	132,508	127,407

National Offender Management Service Operations	-	-	-	-	-	3,315,743	4,115,175
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**Local authorities: magistrates' courts grants**  
of which:

299,010	-	-	-	-	-	-	-
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Local authorities: magistrates' courts grants

299,010	-	-	-	-	-	-	-
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**Publicly funded legal services**

<b>2,429,992</b>	<b>2,111,595</b>	<b>2,019,979</b>	<b>2,092,266</b>	<b>2,148,043</b>	<b>2,149,772</b>	<b>2,101,375</b>
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*of which:*

Community Legal Service	1,188,405	842,540	777,318	824,019	902,820	960,548	926,000
Costs from Central Funds	48,694	69,201	52,516	65,060	73,422	88,439	94,000
Criminal Defence Service	1,192,893	1,199,854	1,190,145	1,203,187	1,171,801	1,100,785	1,081,375

**Non departmental public bodies**

<b>1,531,173</b>	<b>1,438,420</b>	<b>1,623,022</b>	<b>1,707,455</b>	<b>1,685,088</b>	<b>1,581,969</b>	<b>762,088</b>
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*of which:*

Legal Services Commission: administration

95,673	97,724	114,052	128,172	125,574	119,485	113,600
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Youth Justice Board

368,689	360,285	418,399	436,254	459,114	432,429	414,490
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Criminal Cases Review Commission

7,317	6,839	6,868	6,988	6,792	6,973	6,640
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Parole Board

4,308	5,467	36,644	21,013	9,218	8,882	11,340
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Criminal Injuries Compensation Authority

365,020	218,681	210,320	258,971	287,300	272,217	202,860
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Information Commissioner's Office

1,144	5,066	7,361	6,280	5,715	5,501	6,160
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Judicial Appointments Commission

-	-	6,404	6,946	8,143	7,534	6,860
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Probation Service

689,022	744,358	822,974	842,831	782,398	729,770	-
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Legal Services Board

-	-	-	-	834	(785)	138
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Office of Legal Complaints

-	-	-	-	-	(37)	-
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**2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland**

	<b>13,836</b>	<b>13,967</b>	<b>6,970</b>	<b>25,466</b>	<b>8,808</b>	<b>8,087</b>	<b>17,289</b>
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*of which:*

Scotland Office	13,836	13,967	6,970	25,466	8,808	8,087	17,289
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**3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales**

	<b>3,740</b>	<b>4,112</b>	<b>4,248</b>	<b>4,923</b>	<b>5,006</b>	<b>5,651</b>	<b>3,634</b>
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*of which:*

Wales Office	3,740	4,112	4,248	4,923	5,006	5,651	3,634
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**Total resource costs**

<b>DEL</b>	<b>7,851,137</b>	<b>8,017,116</b>	<b>8,171,766</b>	<b>8,852,336</b>	<b>9,025,686</b>	<b>9,013,845</b>	<b>8,865,925</b>
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*of which:*

Pay	2,815,930	3,154,841	3,559,045	3,677,378	3,978,113	4,017,181	3,705,522
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Procurement	3,721,830	4,072,864	4,077,583	4,258,464	4,280,408	4,533,574	4,731,743
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Current grants and subsidies to the private sector and abroad	688,797	315,118	99,007	326,292	266,203	14,755	-
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Current grants to local authorities	384,010	98,800	123,004	127,200	-	-	-
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Depreciation	247,283	343,256	330,902	375,361	405,776	432,754	427,897
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**Resource AME****4) To promote the development of a modern, fair, cost effective and efficient system of justice for all**

	<b>(702,760)</b>	<b>(397,639)</b>	<b>(232,525)</b>	<b>(164,585)</b>	<b>318,203</b>	<b>493,108</b>	<b>(17,542)</b>
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*of which:***Policy, Corporate Services and Associated Offices**

	<b>11,302</b>	<b>63,722</b>	<b>12,415</b>	<b>(4,141)</b>	<b>(453)</b>	<b>93,822</b>	<b>4,389</b>
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*of which:*

## Policy, Corporate Services and Associated Offices

	11,302	63,722	5,419	3,070	(21,185)	81,088	4,389
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## Office of Criminal Justice reform

	-	-	6,996	(7,211)	20,732	12,734	-
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**Executive Agencies**

	<b>2,518</b>	<b>46,424</b>	<b>14,742</b>	<b>169,539</b>	<b>872,169</b>	<b>572,059</b>	<b>5,825</b>
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*of which:*

## HM Courts Service

	-	(25,000)	(1,281)	136,311	344,910	24,053	6,100
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## Court Service

	(79)	-	-	-	-	-	-
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## Office of the Public Guardian

	262	572	918	2	110	2,205	-
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## Tribunals Service

	551	70,852	107	1,412	(474)	3,639	-
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## Prison Service - Public National Offender Management Service

	1,784	-	12,996	22,391	11,526	-	-
	-	-	2,002	9,423	516,097	542,162	(275)

**Publicly funded Legal Services**

	<b>(806,534)</b>	<b>(480,482)</b>	<b>(260,681)</b>	<b>(403,529)</b>	<b>(179,957)</b>	-	<b>(9,550)</b>
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## Community Legal Service

	(765,993)	(497,362)	(299,259)	(356,090)	(195,332)	-	(4,775)
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## Costs from Central Funds

	-	-	38,692	-	12,380	-	-
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## Criminal Defence Service

	(40,541)	16,880	(114)	(47,439)	2,995	-	(4,775)
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**Non departmental public bodies**

	<b>90,044</b>	<b>(27,303)</b>	<b>999</b>	<b>73,546</b>	<b>(373,556)</b>	<b>(172,773)</b>	<b>(18,206)</b>
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*of which:*

## Legal Service

## Commission: administration

	(2,031)	389	(10,919)	(14,710)	(1,202)	-	8,000
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## Criminal Cases Review Commission

	317	312	-	-	219	(140)	394
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Parole Board	-	-	(30,000)	(13,630)	(656)	-	-
Criminal Injuries Compensation Authority	91,758	(3,004)	37,922	86,368	(370,630)	(173,647)	(16,600)
Judicial Appointments Commission	-	-	-	(83)	-	115	-
Probation Service	-	(25,000)	3,996	15,601	(1,287)	899	(10,000)
<b>5) Judicial Pensions Scheme</b>	<b>61,655</b>	<b>81,322</b>	<b>83,737</b>	<b>102,739</b>	<b>131,349</b>	<b>130,636</b>	<b>156,510</b>
<b>Total resource costs AME</b>	<b>(641,015)</b>	<b>(316,317)</b>	<b>(148,788)</b>	<b>(61,846)</b>	<b>449,552</b>	<b>623,744</b>	<b>138,968</b>

of which: †

Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-
Depreciation	-	-	-	149,984	685,475	751,750	-
<b>Total resource costs</b>	<b>7,210,122</b>	<b>7,700,799</b>	<b>8,022,978</b>	<b>8,790,490</b>	<b>9,475,238</b>	<b>9,637,589</b>	<b>9,004,893</b>

† The economic category breakdown of resource costs only shows the main categories, so may not sum to the total. The breakdown may even exceed the total where further income scores in resource costs.

## Notes to table

For full details on the MoJ Departmental Strategic Objectives and Public Service Agreements to which we contribute, refer to section 1 of this report 'Introduction to the Ministry of Justice'.

From 2008-09, the work of the Ministry of Justice (MoJ) has been organised around four policy and delivery areas – Democracy, Constitution and Law; Access to Justice; a delivery-focused NOMS; and Criminal Justice and Offender Management Strategy – plus Corporate Performance.

The Business Groups are underpinned by the four Departmental Strategic Objectives (DSOs).

The MoJ was created on the 9<sup>th</sup> May 2007 and incorporated all the areas of the former Department for Constitutional Affairs (DCA), together with a number of areas from the Home Office, namely National Offender Management Service and the Office for Criminal Justice Reform and some parts of the Privy Council Office.

As a result of the Machinery of Government change, back years figures have been adjusted to reflect figures transferred from the Home Office.

Figures for 2010-11 are as set out in the CSR settlement. However, the allocation of expenditure across business areas is subject to change.

The data in table 2 has been restated to reflect the Clear Line of Sight changes.

**Policy, Corporate Services and Associated Offices**

The increase between 2006-07 and 2007-08 mainly results from costs associated with the DISC transition contract.

**National Offender Management Service (NOMS)**

Following the creation of NOMS agency, structural changes have been made to the 2009-10 and 2010-11 MoJ Estimate and the financial tables 2 and 3 in the current report. NOMS financial data is now shown at two levels, NOMS HQ and NOMS Operations.

From 1<sup>st</sup> April 2010, Probation Boards have been replaced by thirty-five Regional Probation Trusts. From 2010-11, expenditure of the Probation Trusts feeds into NOMS Operations.

**Current Grants and subsidies to the private sector and abroad**

At the time of publication a precise breakdown of the figures for the above for 2010-11 is not known.

**Her Majesty's Courts Service**

The increase in expenditure between 2006-07 and 2007-08 is due to additional change programme funding and increased provisions in relation to the Magistrates Courts' pension transfer deficit.

**Legal Aid**

The split of the 2010-11 Legal Service Fund (between the Community Legal Service and the Criminal Defence Service) is estimated and may be subject to revision. The 2006-07 and 2007-08 figures are impacted by significant write back of provisions for dormant cases. The amounts for 2009-10 are still provisional as the Legal Services Commission's accounts for 2009-10 are as yet unaudited.

**Resource Annually Managed Expenditure**

In accordance with HM Treasury's revised budgeting policy, HMCS and NOMS have incurred AME costs associated with the revaluation and impairment of their Estates in 2007-08, 2008-09 and 2009-10.

The Resource AME figures now incorporate non-cash utilisation of provision and new provisions as per the Clear Line of Sight changes.

## Ministry of Justice

Table 3 Capital budget DEL and AME

(£'000)

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
<b>1) To promote the development of a modern, fair, cost effective and efficient system of justice for all</b>	<b>596,471</b>	<b>502,251</b>	<b>534,932</b>	<b>748,654</b>	<b>899,373</b>	<b>848,023</b>	<b>550,464</b>
<i>of which:</i>							
<b>Policy, Corporate Services and Associated Offices</b>	<b>123,456</b>	<b>47,387</b>	<b>39,858</b>	<b>42,279</b>	<b>221,689</b>	<b>25,658</b>	<b>(120,437)</b>
<i>of which:</i>							
Policy, Corporate Services and Associated Offices	95,676	21,827	20,680	13,735	203,103	25,658	(127,037)
National Offender Management Service HQ	21,789	-	3,519	-	-	-	-
Prison Service - Private	-	-	176	-	-	-	-
Office of Criminal Justice Reform HQ	5,991	25,560	15,483	28,544	18,586	-	6,600
<b>Executive agencies</b>	<b>384,746</b>	<b>439,281</b>	<b>469,132</b>	<b>697,222</b>	<b>661,972</b>	<b>789,291</b>	<b>622,696</b>
<i>of which:</i>							
HM Courts Service	-	89,317	90,144	113,710	121,550	161,989	149,996
Court Service	33,568	-	-	-	-	-	-
Office of the Public Guardian	1,058	792	2,018	770	571	809	1,500
Tribunals Service	3,372	7,028	3,892	1,836	7,680	14,640	12,200
Prison Service - Public	235,410	88,089	11,813	17,891	28,685	-	-
National Offender Management Service HQ	111,338	254,055	361,265	563,015	503,486	-	-
National Offender Management Service Operations	-	-	-	-	-	611,853	459,000

<b>Local authorities: magistrates' courts grants</b>	<b>45,753</b>	-	-	-	-	-	-
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*of which:*

Local authorities: magistrates' courts grants	45,753	-	-	-	-	-	-
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<b>Publicly funded legal services</b>	-	<b>186</b>	<b>130</b>	<b>(1)</b>	<b>(16)</b>	-	-
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*of which:*

Community Legal Service	-	68	(7)	(1)	(2)	-	-
Criminal Defence Service	-	118	137	-	(14)	-	-

<b>Non departmental public bodies</b>	<b>42,516</b>	<b>15,397</b>	<b>25,812</b>	<b>9,154</b>	<b>15,728</b>	<b>33,074</b>	<b>48,205</b>
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*of which:*

Legal Services Commission: administration	4,943	2,476	2,398	5,332	8,570	12,915	19,300
Youth Justice Board	37,463	9,463	20,000	323	178	12,825	20,000
Criminal Cases Review Commission	-	-	(206)	42	53	241	205
Parole Board	-	-	-	46	37	117	-
Criminal Injuries Compensation Authority	110	-	-	1,548	2,862	1,713	1,500
Information Commissioner's Office	-	1,005	703	137	1,092	1,208	2,750
Judicial Appointments Commission	-	-	-	(30)	-	-	800
Probation Service	-	2,453	2,917	1,756	2,864	3,666	-
Legal Services Board	-	-	-	-	72	-	50
Office of Legal Complaints	-	-	-	-	-	389	3,600

2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland

	<b>76</b>	<b>64</b>	-	-	<b>89</b>	-	<b>100</b>
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*of which:*

Scotland Office	76	64	-	-	89	-	100
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3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales

	<b>194</b>	<b>127</b>	<b>33</b>	<b>145</b>	<b>96</b>	-	<b>766</b>
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*of which:*

Wales Office	194	127	33	145	96	-	766
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**Total CAPITAL costs**

<b>DEL</b>	<b>596,741</b>	<b>502,442</b>	<b>534,965</b>	<b>748,799</b>	<b>899,558</b>	<b>848,023</b>	<b>551,330</b>
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*of which:*

Capital expenditure on fixed assets net of salest	550,416	501,301	533,238	748,778	896,673	838,463	551,330
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Capital Grants to the private sector and abroad	-	82	-	-	-	-	-
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Net lending to private sector	-	-	-	-	-	-	-
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Capital support to public corporations	-	-	-	-	-	-	-
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Capital support to local authorities††	46,325	1,121	1,727	21	2,885	-	-
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**CAPITAL AME**

**Total capital costs**

<b>AME</b>	-	-	-	-	-	-	-
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<b>Total capital costs</b>	<b>596,741</b>	<b>502,442</b>	<b>534,965</b>	<b>748,799</b>	<b>899,558</b>	<b>848,023</b>	<b>551,330</b>
<i>of which:</i>							
Capital expenditure on fixed assets net of sales†	550,416	501,301	533,238	748,778	896,673	838,463	551,330
Less depreciation††	247,283	343,256	330,902	525,345	1,091,251	1,184,504	427,897
Net capital expenditure on tangible fixed assets	303,133	158,045	202,336	223,433	(194,578)	(346,041)	123,433

† Expenditure by the department and NDPB's on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants and public corporations' capital expenditure

†† This does not include loans written off by mutual consent that score within Resource costs

††† Included in Resource costs

### Notes to table

Figures for 2010-11 are as set out in the CSR settlement. However, the allocation of expenditure across business areas is subject to change.

The data in table 3 has been restated to reflect the Clear Line of Sight changes.

The outturn figure for Policy, Corporate Services and Associated Offices in 2008-09 includes the capital spend for 102 Petty France.

## Ministry of Justice

<b>Table 4: CAPITAL EMPLOYED</b>									<b>£'000</b>
<i>Assets and liabilities on the balance sheet at end of year:</i>	<b>2004-05 Outturn</b>	<b>2005-06 Outturn</b>	<b>2006-07 Outturn</b>	<b>2007-08 Outturn</b>	<b>2008-09 Outturn</b>	<b>2009-10 Outturn</b>	<b>2010-11 Plans</b>	<b>2011-12 Plans</b>	<b>2012-13 Plans</b>
<b>Assets</b>									
Fixed assets									
Intangible	9,915	3,397	2,335	1,876	5,517	5,793	6,000	6,000	7,000
Tangible	7,937,316	9,319,527	10,520,788	11,065,111	9,847,983	9,766,985	9,997,000	10,353,000	10,706,000
<i>of which</i>									
Land and buildings	7,372,615	8,674,197	9,647,966	9,848,546	8,581,156	8,403,369	8,585,000	8,932,000	9,295,000
Plant and machinery	2,511	97,819	100,704	129,191	153,742	186,411	169,000	161,000	154,000
Information Technology	135,783	157,809	128,086	114,880	120,050	197,180	262,000	270,000	254,000
Other tangible fixed assets	426,407	389,702	644,032	972,494	993,035	980,026	980,000	990,000	1,003,000
Investments	857,478	822,207	802,034	794,806	769,806	744,806	720,000	695,000	670,000
Current assets	375,994	906,333	956,019	1,040,963	1,030,553	1,020,248	1,010,000	1,000,000	990,000
<b>Liabilities</b>									
Creditors (<1year)	(663,664)	(1,224,324)	(1,365,393)	(1,699,208)	(1,359,366)	(1,372,960)	(1,387,000)	(1,401,000)	(1,415,000)
Creditors (>1 year)	(1,295,157)	(1,377,070)	(1,383,388)	(1,388,989)	(1,377,629)	(1,366,155)	(1,355,000)	(1,343,000)	(1,331,000)
Provisions	(88,317)	(814,637)	(1,110,273)	(1,075,594)	(1,386,945)	(1,400,815)	(1,415,000)	(1,429,000)	(1,443,000)
<b>Capital employed within main department</b>									
NDPB net assets	(3,349,889)	(2,896,298)	(2,522,070)	(2,181,909)	(1,611,229)	(1,420,000)	(1,412,000)	(1,255,000)	(1,163,000)
Total capital employed in departmental group	3,783,676	4,739,135	5,900,052	6,557,056	5,918,690	5,977,902	6,164,000	6,627,000	7,021,000
NDPB net assets can be further analysed into:									
Legal Aid Funds net liabilities	(2,120,282)	(1,681,617)	(1,370,822)	(972,258)	(749,523)	(726,000)	(714,000)	(672,000)	(668,000)
Criminal Injuries Compensation Authority net liabilities									
Other NDPB net assets	(1,256,504)	(1,251,680)	(1,187,292)	(1,287,597)	(920,756)	(757,000)	(762,000)	(648,000)	(561,000)
Other NDPB net assets	26,897	36,999	36,044	77,946	59,050	63,000	64,000	65,000	66,000

**Notes to table**

The figures for 2010-11 are projected plans based on the department's latest plans based on the CSR07 settlement. The figures for 2011-12 and 2012-13 are the best available estimates based on current plans. Values for all three years headed 'Plans' are also provisional and subject to revision.

NDPB net assets analysis has been provided to show that the cause of an overall large liability value is the large effect of provisions in a) Legal Services Commission, relating to funds for Legal Aid, and

b) Criminal Injuries Compensation Authority, relating to claims for compensation.



## Ministry of Justice

Table 5 Administration Costs

	£'000						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
<b>Administration Expenditure</b>							
Paybill	236,252	298,293	243,221	274,844	247,589	231,641	
Other	180,267	188,266	198,755	196,536	221,749	213,424	
<b>Total administration expenditure</b>	<b>416,519</b>	<b>486,559</b>	<b>441,976</b>	<b>471,380</b>	<b>469,338</b>	<b>445,065</b>	<b>432,619</b>
Administration income	(15,639)	(17,162)	(12,250)	(22,047)	(21,320)	(21,003)	(21,473)
<b>Total administration budget</b>	<b>400,880</b>	<b>469,397</b>	<b>429,726</b>	<b>449,333</b>	<b>448,018</b>	<b>424,062</b>	<b>411,146</b>

### Analysis by activity

1) To promote the development of a modern, fair, cost effective and efficient system of justice for all	391,685	459,831	419,737	437,163	435,800	410,923	401,583
2) To support the Secretary of State in discharging his role of representing Scotland in the UK government, representing the UK government in Scotland, and ensuring the smooth working of the devolution settlement in Scotland	5,455	5,454	5,770	7,284	7,235	7,530	5,989
3) To support the Secretary of State in discharging his role of representing Wales in the UK government, representing the UK government in Wales and ensuring the smooth working of the devolution settlement in Wales	3,740	4,112	4,219	4,886	4,983	5,609	3,574
<b>Total administration costs</b>	<b>400,880</b>	<b>469,397</b>	<b>429,726</b>	<b>449,333</b>	<b>448,018</b>	<b>424,062</b>	<b>411,146</b>

**Notes to table**

In accordance with HM Treasury guidelines, £261m of administration costs were reclassified to programme and reflected in the 2007-08 Spring Supplementary Estimate. This ensured expenditure was appropriately classified rather than being split based on historical allocations.

Due to the reclassification of admin costs, figures for previous years have been restated.

Under Clear Line of Sight cost of capital has been removed from the Administration costs, and utilisation of provisions has been moved to AME.

## Ministry of Justice

### Staff numbers

**Table 6: Ministry of Justice: Staff numbers Full-time equivalents – FTEs**

	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Plans	2011-12 Plans
Former Department of Constitutional Affairs (DCA):								
Permanent	12,533	24,069	24,567	-	-	-	-	-
Casual	518	498	710	-	-	-	-	-
Ministry of Justice:								
Permanent	-	-	-	73,692	74,966	72,865	*	*
Casual	-	-	-	2,879	1,433	1,234	*	*
<b>Total</b>	<b>13,051</b>	<b>24,567</b>	<b>25,277</b>	<b>76,571</b>	<b>76,399</b>	<b>74,099</b>	<b>*</b>	<b>*</b>
	Apr-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10		

\* Future year plans are still in development.

The figures up to 2006-07 refer to former DCA only.

The figures relate to FTE as at 31<sup>st</sup> March each year.

*Casual* staff are those on fixed term contracts of less than 12 months in accordance with the Office for National Statistics (ONS) definition.

The figures above are taken from the CHRIMSON database, and are in line with ONS reporting.

The data is in line with the ONS statistics and includes: MoJ HQ, National Offender Management Service (excluding Probation), HMCS, Tribunals Service, the Office of the Public Guardian, Scotland and Wales Offices.

## Ministry of Justice

### Total spending by country and region (over spread of years)

Table 7: Total spending by country and region								£m
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	
North East	425.6	431.5	453.1	525.1	586.4	552.3	539.1	
North West	1,236.4	1,306.7	1,336.1	1,451.8	1,542.8	1,541.7	1,491.2	
Yorkshire and Humberside	789.7	806.4	829.9	912.4	903.4	939.4	905.8	
East Midlands	530.0	579.8	570.4	615.4	659.4	658.2	636.2	
West Midlands	785.8	838.1	834.2	873.0	892.9	917.7	883.5	
Eastern	540.7	568.6	581.5	646.3	639.5	642.1	623.4	
London	1,776.0	1,774.5	1,836.5	1,959.0	2,130.4	2,134.0	2,045.4	
South East	743.3	781.9	828.9	989.1	1,044.6	1,028.2	997.7	
South West	494.2	518.2	541.2	619.2	608.0	623.2	602.5	
<b>Total England</b>	<b>7,321.6</b>	<b>7,605.5</b>	<b>7,811.8</b>	<b>8,591.1</b>	<b>9,007.4</b>	<b>9,036.7</b>	<b>8,724.7</b>	
Scotland	(1.7)	(0.7)	(0.9)	0.6	12.4	2.1	3.6	
Wales	419.4	437.6	434.5	475.7	497.5	518.7	500.4	
Northern Ireland	(0.4)	(0.1)	(0.1)	0.3	0.6	0.3	0.7	
<b>Total UK identifiable expenditure</b>	<b>7,738.9</b>	<b>8,042.3</b>	<b>8,245.4</b>	<b>9,067.7</b>	<b>9,517.9</b>	<b>9,557.8</b>	<b>9,229.3</b>	
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Total identifiable expenditure</b>	<b>7,738.9</b>	<b>8,042.3</b>	<b>8,245.4</b>	<b>9,067.7</b>	<b>9,517.9</b>	<b>9,557.8</b>	<b>9,229.3</b>	
Non-identifiable expenditure	1.8	2.2	2.2	4.3	0.1	0.0	0.0	
<b>Total expenditure on services</b>	<b>7,740.8</b>	<b>8,044.5</b>	<b>8,247.6</b>	<b>9,072.0</b>	<b>9,518.0</b>	<b>9,557.8</b>	<b>9,229.3</b>	

## Ministry of Justice

### Total spending per head by country and region (over spread of years)

	Table 8: Total spending per head by country and region							£'s per head
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	
North East	167	169	177	205	228	215	209	
North West	181	191	195	211	224	222	214	
Yorkshire and Humberside	156	158	161	176	173	178	170	
East Midlands	124	134	131	140	149	147	140	
West Midlands	148	157	155	162	165	169	162	
Eastern	98	102	104	114	112	111	107	
London	240	238	244	259	280	278	264	
South East	91	96	101	119	125	122	118	
South West	98	102	106	120	117	118	114	
<b>Total England</b>	<b>146</b>	<b>151</b>	<b>154</b>	<b>168</b>	<b>175</b>	<b>174</b>	<b>167</b>	
Scotland	0	0	0	0	2	0	1	
Wales	142	148	146	160	166	173	166	
Northern Ireland	0	0	0	0	0	0	0	
<b>Total UK identifiable expenditure</b>	<b>129</b>	<b>134</b>	<b>136</b>	<b>149</b>	<b>155</b>	<b>155</b>	<b>148</b>	

## Spending by function or programme, by country and region for 2008-09

	General Public Services			Public Order and Safety			Social Protection		TOTAL MINISTRY OF JUSTICE
	Executive and Legislative organs	General Public Services	Total General Public Services	Law Courts	Prisons	Total Public Order and Safety	Old Age Protection	Total Social Protection	
North East	0.2	0.0	0.2	384.3	196.5	580.9	5.4	5.4	586.4
North West	0.8	0.1	0.9	870.1	657.4	1,527.5	14.4	14.4	1,542.8
Yorkshire and Humberside	0.6	0.0	0.6	426.9	465.2	892.1	10.6	10.6	903.4
East Midlands	0.4	0.0	0.4	348.3	303.4	651.7	7.3	7.3	659.4
West Midlands	0.5	0.1	0.5	435.3	446.0	881.3	11.0	11.0	892.9
Eastern	0.5	0.0	0.6	337.0	293.6	630.6	8.3	8.3	639.5
London	1.0	0.1	1.1	1,259.4	852.0	2,111.4	17.9	17.9	2,130.4
South East	1.1	0.1	1.2	542.0	488.7	1,030.8	12.6	12.6	1,044.6
South West	0.6	0.0	0.7	355.3	244.2	599.4	7.9	7.9	608.0
<b>Total England</b>	<b>5.8</b>	<b>0.5</b>	<b>6.3</b>	<b>4,958.7</b>	<b>3,947.0</b>	<b>8,905.7</b>	<b>95.4</b>	<b>95.4</b>	<b>9,007.4</b>
Scotland	0.0	0.0	0.0	10.4	0.0	10.4	2.0	2.0	12.4
Wales	0.4	0.0	0.4	273.9	216.8	490.7	6.4	6.4	497.5
Northern Ireland	0.1	0.0	0.1	0.0	0.0	0.0	0.5	0.5	0.6
<b>UK identifiable expenditure</b>	<b>6.3</b>	<b>0.6</b>	<b>6.9</b>	<b>5,242.9</b>	<b>4,163.8</b>	<b>9,406.7</b>	<b>104.3</b>	<b>104.3</b>	<b>9,517.9</b>
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total identifiable expenditure</b>	<b>6.3</b>	<b>0.6</b>	<b>6.9</b>	<b>5,242.9</b>	<b>4,163.8</b>	<b>9,406.7</b>	<b>104.3</b>	<b>104.3</b>	<b>9,517.9</b>
Not identifiable	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1
<b>£'s Millions Totals</b>	<b>6.3</b>	<b>0.6</b>	<b>6.9</b>	<b>5,243.1</b>	<b>4,163.8</b>	<b>9,406.9</b>	<b>104.3</b>	<b>104.3</b>	<b>9,518.0</b>

**Notes to tables 7 to 9**

Tables 7, 8 and 9 show analyses of the MoJ's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2009. The MoJ's current responsibilities have been projected backwards, and therefore outturn figures for years up to 2005-06 differ from those in previous DCA Departmental Reports. The figures were taken from the HM Treasury public spending database in December 2009 and the regional distributions were completed in January and February 2010. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some difference from the national accounts measure, Total Managed Expenditure. The tables show the central government and public corporation elements of TES, they include current and capital spending by departments and NDPBs, and public corporations capital expenditure, but do not include payments to local authorities or local authorities own expenditure.

TES is a near-cash measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2009.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in table 9 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in chapter 9 of PESA 2009. These are not the same as the strategic priorities shown elsewhere in the report.

## Annex B. Performance Data Tables

Indicator belongs to:	Indicator	Statement on data	OGDs (where indicator lead different to PSA reporting lead)
DSO 1: Strengthening democracy, rights and responsibilities	Modernised constitutional institutions.	<p><b>Supreme Court Implementation Programme</b> Supreme Court opened on 1 October 2009. The programme was completed on time and within budget.</p>	
		<p><b>Parliamentary Standards Act 2009</b> In response to public concern following the publication of MPs' expenses, the Parliamentary Standards Bill was introduced (June 2009) and received Royal assent on 20 July 2009.</p>	
		<p><b>Independent Parliamentary Standards Authority (IPSA)</b> The Parliamentary Standards Act allows for the establishment of an Independent Authority (IPSA) to undertake the scrutiny and payment of MPs' expenses, the authority was established and operational by January 2010.</p>	
		<p><b>Constitutional Reform and Governance Act 2010</b> Introduced into the Commons on 20 July 2009 and received Royal Assent on 8 April 2010. Provides for a statutory civil service, amendments to the Parliamentary Standards Act to take account of the recommendations of the Committee on Standards in Public Life (the Kelly report), for deeming all MPs and members of the House of Lords to be resident, ordinarily resident and domiciled for tax purposes and changes to the closed period for public records to take account of the recommendations of the Dacre report.</p>	
		<p><b>Rights and Responsibilities</b> A consultation and programme of public engagement on the Green Paper, <i>Rights and Responsibilities: developing our constitutional framework</i> was completed in March 2010 with the publication of two reports: a summary of responses to the Green Paper; and an independent report into the findings of the programme of engagement. Both are available at <a href="http://www.justice.gov.uk/publications/rights-responsibilities.htm">http://www.justice.gov.uk/publications/rights-responsibilities.htm</a>.</p>	
	Reformed arrangements for political party finance and expenditure.	<p><b>Political Parties and Elections Act 2009</b> Received Royal Assent 21 July 2009. Implementation is now underway with some provision already commenced.</p>	



	Increasing the use, safekeeping and availability of public authority information.	<p><b>Data Sharing Review</b></p> <p>The Coroners and Justice Act received Royal Assent in November 2009 and included clauses to introduce assessment notices and place an obligation on the Information Commissioner's Office to produce a statutory code of practice on data sharing. In addition, secondary legislation to introduce tiered notification fees for data controllers was commenced on 1 October 2009. This new fee structure will increase the Information Commissioner's Office's funding for data protection activities to ensure it has sufficient resources to regulate the Act effectively, including its new data protection responsibilities. Secondary legislation to implement Civil Monetary Penalties was approved by both Houses of Parliament and the new penalties came into force on 6 April 2010.</p>
	A Youth Citizenship Commission Reporting in spring 2009.	In June 2009, the Commission published two reports, " <b>Making the connection - Building youth citizenship in the UK</b> ", which made sixteen recommendations and " <b>Old enough to make a mark? Should the voting age be lowered to 16?</b> " The Government response was published in February 2010.
DSO 2: Delivering fair and simple routes to civil and family justice	Delivery of Agency Key Performance Indicators (KPIs)	34 out of 42 (81%).
	Provision of civil and family acts of legal advice and assistance  Measured by the Legal Services Commission (LSC) acts of assistance KPI (annual target 1 million) <sup>1</sup> .	1,172,461 acts of assistance as at March 2010.
	Resolution of civil and family disputes:  Increase the proportion of civil settlements to 65%.  Increase proportion of Family Orders made by consent to 37% in all Her Majesty's Courts Service (HMCS) areas.	<p>The proportion of defended civil claims that were completed without a hearing for 2009-10 was 74.2%.</p> <p>The proportion of Family Orders made by consent was 39.8% in 2009-10, and by HMCS court areas, there were 4 areas lower than 37%.</p>

1 Figure does not include criminal acts of assistance

	<p>Customer service and contact targets:</p> <p>HMCS achieves 41% of very satisfied and 82% overall;</p> <p>Tribunals Service achieves 72% or more;</p> <p>LSC achieves 90% or more; and</p> <p>Office of the Public Guardian (OPG): No target as previous year was based on customer opinion of the old Public Guardianship Office.</p>	<p>The exit survey results for 2009-10 showed 40% of court users were very satisfied (a non-statistically significant difference from the target measure) and an overall satisfaction rate (the combined very and fairly satisfied) was 82%.</p> <p>The survey result in December 2008 was 70% and in December 2009 it was 71%.</p> <p>The LSC achieved over 90% as at February 2009 and in January 2010 showed 91%.</p> <p>The most recent available survey results (March 2009) showed OPG customer satisfaction to be 64%.</p>	
	<p>Delivery of public law targets, carried over from the 2004 Spending Review, to reduce delay in care proceedings.</p> <p>By 2009-10, increase the proportion of care cases being completed within 40 weeks by 10 percentage points in the magistrates' courts (family proceedings courts). Target will be achieved if by March 2010 the family proceedings courts (magistrates' courts) achieve 56%.</p> <p>By 2009-10, increase the proportion of care cases being completed within 40 weeks by 10 percentage points in the care centres (county courts). Target will be achieved if by March 2010 the care centres (county courts) achieve 48%.</p>	<p>Performance against this target in 2009-10 was 46.8% in Family Proceedings Courts.</p> <p>Performance against this target in 2009-10 was 34.8% in County Courts.</p>	
	<p>Achievement of LSC<sup>2</sup>, OPG and HMCS civil court cost recovery targets.</p> <p>Measured by the individual agency cost recovery targets. Indicator will be achieved if the LSC<sup>2</sup>, OPG<sup>3</sup> and HMCS<sup>4</sup> meet their respective targets.</p>	<p>LSC reduced the overall debt owed to it to £301m as at March 2010.</p> <p>OPG cost recovery was 100% of target as at March 2010. The final figure will be available in the OPG annual accounts.</p> <p>HMCS cost recovery was 102% of target as at December 2009. The final figure will be available in the HMCS annual accounts.</p>	

2 Achieves a reduction of overall debt owed to it from £315 to £300 million by 31 March 2010 this replaces the previous target of reducing outstanding debit notes.

3 100% cost recovery.

4 100% of civil cost recovery, which excludes costs for probate and family courts.

	Delivery of Transforming Tribunals Programme <sup>5</sup> .	<p>Progress towards delivery includes the opening on schedule of the East London multi-jurisdictional hearing centre, and the continuation of the population of the First-tier and Upper Tribunals.</p> <p>The Casflow project<sup>6</sup> has been in pilot since November in Nottingham at both TS and ACAS offices. The pilot will help inform plans for roll-out.</p>
DSO 3: Protecting the public and reducing reoffending	Maintaining current performance of no Category A escapes.	There were no category A escapes between April 2009 and March 2010. There have been none since 1995-96.
	Maintaining the existing very low rate of escapes from prison or prisoner escorts.	The rate of escapes as a proportion of the average prison population from April 2009 to March 2010 was 0.01%, against the national target of less than 0.05%.
	Maintaining the existing very low rate of absconds from the open/semi-open estate per 100,000 prisoner days.	The annualised rate is 12.4 absconds per 100,000 prisoner days at the end of March.
	Delivery of NOMS Key Performance Indicators.	The slimmed down list of twelve KPIs for 2009/10 were all met.
	Delivery of relevant Youth Justice Board Key Performance Indicators.	There has been a 24.8% reduction in first time entrants to the Youth Justice System in 2008-09 compared with its 2005-06 baseline, against a 5% target. Data for 2009-10 will be available in November 2010.
	Levels of reoffending as per the PSA 23 indicator.	<p>Baseline (Adults): 165.7 reoffences per 100 offenders (2005)</p> <p>Latest Outturn (Adults): 155.5 reoffences per 100 offenders (2008)</p> <p>Baseline (Youths): 125.0 reoffences per 100 offenders (2005)</p> <p>Latest Outturn (Youths): 113.9 reoffences per 100 offenders (2008)</p>
	Levels of serious reoffending as per the PSA 23 indicator.	<p>Baseline (Adults): 0.85 serious offences per 100 offenders (2005)</p> <p>Latest Outturn (Adults)<sup>7</sup>: 0.87 serious offences per 100 offenders (2008)</p> <p>Baseline (Youths): 0.90 serious offences per 100 offenders (2005)</p> <p>Latest Outturn (Youths): 0.84 serious offences per 100 offenders (2008)</p>

5 Formerly known as Delivery of the 'Transforming Tribunals' agenda'.

6 Joint ACAS and Tribunals Service IT system to improve the administration of employment tribunal cases.

7 These figures must be treated with a degree of caution, due to the small number of serious re-offences in the data. There is less than one serious offence per 100 offenders in the cohort.

DSO4: A more effective, transparent and responsive criminal justice system for victims and the public	Improve performance in bringing serious offences to justice.	<p>The number of serious sexual offences brought to justice rose 4% between the year ending December 2008 and year ending December 2009. The number of recorded crimes for these offences rose 2% over the same period.</p> <p>The number of serious acquisitive offences brought to justice fell 11% between the year ending December 2008 and year ending December 2009. The number of recorded crimes for these offences fell by 11% over the same period.</p> <p>The number of serious violent offences brought to justice rose by 4% between the year ending December 2008 and year ending December 2009. The number of recorded serious violent crimes was 43,391 for year ending December 2009.</p>
	Magistrates' court and Crown Court timeliness.	<p>The average charge-to-completion time for adult charged cases in the magistrates' courts (excludes cases sent or committed to the Crown Court for trial) – baseline position in March 2007 was 8.8 weeks and the position in March 2010 was 7.0 weeks.</p> <p>Crown Court timeliness (from receipt in the Crown Court to the first main hearing) – position in March 2010 was 78.4%</p>
	Increased levels of public confidence recorded by the British Crime Survey.	<p>The proportion of people who think that the Criminal Justice System as a whole is fair (from the British Crime Survey) was 59% for twelve months to December 2009, in comparison with a baseline of 56% in the six months to March 2008, (statistically significant increase).</p> <p>The proportion of people who think that the Criminal Justice System as a whole is effective (from the British Crime Survey) was 41% for the twelve months to December 2009, in comparison with a baseline of 37% for the six months to March 2008, (statistically significant increase).</p>
	Increased levels of victim and witness satisfaction as recorded by the Witness and Victim Experience Survey.	The proportion of victims and witnesses who were satisfied with their overall contact with the CJS (cases closed 12 months to December 2009) was 84%.

<p>PSA 24: Deliver a more effective, transparent and responsive criminal justice system for victims and the public.</p>	<p>Efficiency and effectiveness of the criminal justice system in bringing offences to justice.</p>	<p>The number of serious sexual offences brought to justice rose 4% between the year ending December 2008 and the year ending December 2009. The number of recorded crimes for these offences rose 2% over the same period.</p> <p>The number of serious acquisitive offences brought to justice fell 11% between the year ending December 2008 and year ending December 2009. The number of recorded crimes for these offences fell by 11% over the same period.</p> <p>The number of serious violent offences brought to justice rose by 4% between the year ending December 2008 and year ending December 2009. The number of recorded serious violent crimes was 43,391 for year ending December 2009.</p> <p>The budgeted spend in 2010-11 is £7.3bn compared to £7.55bn in 2007/08.</p>	
	<p>Public confidence in the fairness and effectiveness of the criminal justice system.</p>	<p>The proportion of people who think that the Criminal Justice System as a whole is fair (from the British Crime Survey) was 59% for twelve months to December 2009, in comparison with a baseline of 56% in the six months to March 2008, (statistically significant increase).</p> <p>The proportion of people who think that the Criminal Justice System as a whole is effective (from the British Crime Survey) was 41% for the twelve months to December 2009, in comparison with a baseline of 37% for the six months to March 2008, (statistically significant increase).</p>	
	<p>Experience of the criminal justice system for victims and witnesses.</p>	<p>Victim satisfaction with the Police stands at 83% (year ending March 2009).</p> <p>The proportion of victims and witnesses who were satisfied with their overall contact with the CJS (cases closed 12 months to December 2009) was 84%.</p>	
	<p>Understanding and addressing race disproportionality at key stages in the criminal justice system.</p>	<p>There are increased numbers of Local Criminal Justice Boards (LCJBs) collecting and analysing data on racial disproportionality. LCJBs use the data to identify and explain race disproportionality at key points within the system, and tackle it where it is shown to be unjustified.</p>	
	<p>Recovery of criminal assets.</p>	<p>The value of assets recovered is £152 million at year ending December 2009.</p>	<p>Home Office</p>

### Value for Money (VfM) Savings

The CSR07 efficiency programme was a commitment to an overall target across Government of £35bn efficiency savings for that Spending Review period. The MoJ originally committed to delivering £1,007m of cash releasing VfM savings by March 2011. This savings target was later increased by £70m at the 2009 Budget. This increase took the MoJ's overall VfM savings target to £1,077m.

The table below summarises the Department's year to date VfM savings for MoJ's Headquarters and its biggest Agencies and Non Departmental Public Bodies at March 2010. It includes examples of key initiatives from each area.

Area	2008-09 Savings (£m)	2009-10 Savings (£m)	Cumulative Savings (£m)
<b>Moj Headquarters</b>			
Examples of MoJ HQ savings initiatives include:			
<ul style="list-style-type: none"> <li>IT Savings – The introduction of a new IT contract, the Development, Innovation and Support Contracts and old IT suppliers phased out;</li> <li>Corporate Performance Group Business Support Team – Consolidation of Business Support Teams; and</li> <li>Estate Rationalisation – Through the London Accommodation Programme the MoJ has reduced the number of London buildings used for headquarters, facilitated by the introduction of flexible working with an average of 8 desks for every 10 people.</li> </ul>	97	10	107
<b>National Offender Management Service (NOMS)</b>			
Examples of NOMS savings initiatives include:			
<ul style="list-style-type: none"> <li>Standardisation of the core day. The introduction of a standard core day in prisons has brought greater consistency and predictability to prison operations and allowed prison staff arrangements to be re-profiled, releasing savings;</li> <li>Specification, Benchmarking and Costing (SBC). A framework of costed specifications for all offender services delivered in prisons and Probation Trusts. Specifications will drive better commissioning and ensure resources are targeted at the most effective work with offenders;</li> <li>Area/Regions/HQ: Restructure. Restructuring enables the streamlining of offender management through the removal of duplication and overlap. New NOMS regional structures are delivering VfM savings and providing an enhanced commissioning capability to support the newly created Directors of Offender Management;</li> <li>Procurement Success Programme – Procurement savings are being delivered through the utilisation of the MoJ and Government's bulk purchasing power (including through the use of Office of Government Commerce collaborative contracts), both for NOMS and the rest of the MoJ; and</li> <li>Probation Change Agenda - The creation of Probation Trusts remains a key VfM savings initiative. As part of achieving Trust status Probation Areas must demonstrate a commitment to VfM savings and streamlining of processes in the management and assessment of offenders.</li> </ul>	82	171	253

<b>Her Majesty's Courts Service (HMCS)</b>			
Examples of HMCS savings initiatives include: <ul style="list-style-type: none"> <li>Regional &amp; HQ Management Overheads – HMCS continues to reduce Regional and HQ management overheads to assist in the delivery of VfM savings: and</li> <li>Magistrates' Court Productivity – Reducing overheads in Magistrates' Courts and accelerating other initiatives is helping produce substantial VfM savings.</li> </ul>	82	27	109
<b>Tribunals Service (TS)</b>			
Examples of TS savings initiatives include: <ul style="list-style-type: none"> <li>Regional and HQ Management Overheads – The TS are approaching the delivery of VfM savings by examining where work is processed and the efficiencies that can be realised by consolidating processing activity. This work is being carried out across the TS's three major jurisdictions (Asylum &amp; Immigration, Employment and Social Security &amp; Child Support).The processing activity for the Asylum and Immigration Tribunal has recently been consolidated in one location (Leicester).</li> </ul>	18	39	57
<b>Legal Services Commission: Legal Aid Reform*</b>			
Examples of Legal Aid savings initiatives include: <ul style="list-style-type: none"> <li>Way Ahead Reforms – VfM savings for the LSC are being delivered through the Way Ahead Reforms, including Crown Court Means Testing. Good progress is being made on implementing Way Ahead Reforms.</li> </ul>	52	39	91
<b>Legal Services Commission: Administration</b>			
Examples of LSC Administration savings initiatives include: <ul style="list-style-type: none"> <li>Staff Savings – The LSC have a number of initiatives which are contributing to a reduction in staffing costs through business efficiency improvements.</li> </ul>	7	8	15
<b>Other Savings</b>			
<ul style="list-style-type: none"> <li>Additional MoJ VfM savings are also being made by the Youth Justice Board.</li> </ul>	0	16	16
<b>Total Departmental VfM Saving</b>	<b>338</b>	<b>310</b>	<b>648</b>

\* Legal Aid savings are subject to change in light of the LSC's Financial Management Review. Estimates from 2008-09 have been revised.

## Annex C. Public Accounts Committee Recommendations

The status of the Ministry of Justice's Public Accounts Committee (PAC) recommendations have been reported on three occasions; within the Department's Autumn Performance Reports (APR) in December 2008 and 2009, and in its 2009 Departmental Annual Report (DAR) in June 2009.

Included in this update, for the first time, are three further reports published by the PAC since the 2009 APR was published:

- National Offender Management Information System.
- Maintenance of the Prison Estate.
- The Procurement of Legal Aid in England and Wales by the Legal Services Commission

Recommendations which had been reported as "implemented" in previous reports have been excluded from this update. Recommendations that have been implemented since the publication of the 2009 APR have been included in this update, along with the latest position relating to recommendations where implementation remains "in progress".

### Summary Table of PAC Recommendations since 2002

	Number of Recommendations	Number of Recommendations Implemented	Percentage Implemented
<b>2010 PAC Reports</b>			
The Procurement of Legal Aid in England and Wales by the Legal Services Commission	10	4	40%
<b>2009 PAC Reports</b>			
Maintenance of the Prison Estate in England and Wales (2009)	8	0	0% <sup>1</sup>
The National Offender Management Information System (2009)	12	8	67%
The Administration of the Crown Court	12	6	50%
Protecting the Public: The Work of the Parole Board	12	8	67%
The Procurement of Goods and Services by HM Prison Service <sup>2</sup>	7	7	100%

<sup>1</sup> The implementation of almost all of the recommendations contained in this report is dependent upon the findings of an Asset Review which is currently underway, but which is not scheduled for completion until July 2011.

<sup>2</sup> All the recommendations contained in this PAC report have been reported as implemented or otherwise closed in previous Departmental publications, The report is included here to give a full picture of the Department's performance in implementing recent PAC recommendations. However, the detailed responses to each of the recommendations contained in the report are not repeated in the body of this annex.



<b>2008 PAC Reports</b>			
The National Probation Service: The Supervision of Community Orders in England and Wales	11	9	82%
Compensating Victims of Violent Crime	14	13	93%
<b>2007 PAC Reports</b>			
Legal Services Commission: Legal Aid and Mediation for People Involved in Family Breakdown	9	7	78%
Fines Collection	10	7	70%
<b>2006 PAC Reports</b>			
The Electronic Monitoring of Adult Offenders	15	13	87%
Serving Time: Prisoner Diet and Exercise	10	8	80%
Dealing with Increased Numbers in Custody <sup>2</sup>	12	12	100%
<b>2005 PAC Reports</b>			
Facing Justice: Tackling Defendants' non-Attendance at Court	9	9	100%
Drug Treatment and Testing Order: Early Lessons <sup>2</sup>	8	8	100%
The Management of Sick Absence in the Prison Service <sup>2</sup>	9	9	100%
<b>2004 PAC Reports</b>			
Youth Offending: the Delivery of Community and Custodial Sentences	8	7	88%
<b>2003 PAC Reports</b>			
The Operational Performance of PFI Prisons	9	9	100%
<b>2002 PAC Reports</b>			
Reducing Prisoner Reoffending	12	10	83%
<b>Overall Performance</b>			
In total, 19 sets of PAC Recommendations have been published since 2002	<b>197</b>	<b>154</b>	<b>78%</b>

# The Procurement of Legal Aid in England and Wales by the Legal Services Commission.

(Ninth report published 2 February 2010)

The Committee of Public Accounts (PAC) examined the Ministry of Justice (the Department) and the Legal Services Commission (the Commission) on the procurement and administration of legal aid in England and Wales.

Total number of recommendations contained in this report: 10

Total number of recommendations that remain outstanding: 6

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>There is a lack of clarity in the respective roles of the Ministry of Justice and the Legal Services Commission, leading to uncertainty and duplication. This relationship is currently subject to an independent review. Irrespective of the outcome, the Department needs in future to perform a sponsor role in which its oversight and interventions are proportionate to the risk of spending and activities in respect of legal aid. This needs to be reflected, as a matter of urgency, in the framework document, policy responsibilities, and performance management regime with which the Department governs the Commission.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Sir Ian Magee's review of legal aid delivery and governance considered the relationship between the Department and the Commission. The report was published on 3 March 2010 and recommended actions to simplify governance and accountability arrangements and to streamline policy development and decision-making processes between the Department and the Commission.</li> <li>• The report made clear that the Department's sponsorship role was the key to a successful relationship with the Commission, and included recommendations to develop a revised Framework Agreement which clarified decision-making processes, gave greater weight to respective financial accountability and management responsibilities, and set out mechanisms through which urgent problems could be escalated. Work has already begun on a revised Framework Agreement and the aim is to publish this by the end of September 2010.</li> <li>• Following publication of Sir Ian's review, the previous Government announced the intention to replace the LSC with an executive agency of the Ministry of Justice. The new Government agrees with this change, believing that it will strengthen accountability for, and control of, the legal aid fund. It therefore intends to bring forward legislation as soon as Parliamentary time allows. A Transition Programme has been established to oversee the change to an agency. This is led by the LSC's Chief Executive as Senior Responsible Officer and supported by a number of workstreams looking at individual areas.</li> </ul>

<p>PAC Recommendation (2)</p> <p>The Commission has failed to get a grip of its financial management and weak internal controls led to its accounts being qualified in 2008-09 because of an estimated £25 million of overpayments to solicitors. As a priority, the Commission and the Department should ensure that effective financial management becomes a priority at the most senior level, and should put in place measures to respond more rapidly to emerging financial risks. These measures need to be in place as it moves to making more payments electronically.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Commission, with the support of the Department, has focused on strengthening its financial management and internal controls so it pays providers only what is due. It has taken steps to reinforce its financial controls in relation to processing legal aid applications and bills, including pre-payment checks, as well as increasing its post-payment audit activity. As a result, by the end of July 2010, the Commission had recovered £4.80 million arising from excess claims by providers of legal aid during 2008-09.</li> <li>• Building on the improvements already introduced, additional financial controls were put in place for the start of the new financial year, 2010-2011. This includes the implementation of a new provider management strategy which, with the support of more robust contract sanctions, is starting to change behaviours. Processes to support the preparation of year end accounting have been significantly improved and plans have been laid for replacing current processes and systems with a more integrated approach to meeting financial control and accounting needs.</li> <li>• Much of this strategy draws on the wider programme of work undertaken with the support of Ernst &amp; Young, to strengthen financial management within the Commission and to improve the arrangements for accounting for fund expenditure. The Commission's new Chief Executive and the Department's Director General, Finance, are jointly overseeing this work. In addition, the Commission has been strengthened by the appointment of a new Finance Director who is a member of the Commission's executive team and attends all Commission Board meetings. The Finance Director is also leading the programme to improve financial management skills across the Commission.</li> <li>• The Commission has reviewed all of its current change projects, including the plans for more electronic working, to check that they incorporate the appropriate level of financial stewardship and enable the Commission to account effectively for its use of public money. The Commission is currently considering how best to ensure that such budgetary and financial safeguards are built into all future change projects.</li> </ul>
<p>PAC Recommendation (3)</p> <p>The Commission was unable to account for the significant variation in profits from criminal legal aid work reported by solicitors. Having been requested to abandon its proposals for Best Value Tendering, the Commission should set a timeframe to gather much more coherent information on the costs and profits of firms providing legal aid so that it can set prices which reflect good value for money for the taxpayer while ensuring the sustainability of the service.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The previous Government's announcement in December 2009 that Best Value Tendering (BVT) in the current form would not proceed did not mean the abandonment of competitive tendering. Ministers in the previous administration were persuaded by the Law Society and a number of criminal legal aid firms that the original proposals simply would not have achieved Lord Carter's aim of higher volumes of work being done more efficiently in a restructured market. The previous Government therefore published an outline policy statement on the procurement of criminal defence services on 22 March 2010 (<a href="http://www.justice.gov.uk/news/newsrelease220310b.htm">http://www.justice.gov.uk/news/newsrelease220310b.htm</a>.)</li> <li>• The Commission did gather economic data to underpin the phased implementation of BVT with assistance from independent professional consultants. In addition, the Commission has used its recent tender contract process to gather financial information from those firms which applied for contracts. These two sets of information, when taken with the work on potential introduction of competition, will improve the Commission's and Department's understanding of the profitability of the provider base and the implication of further reform.</li> <li>• The Department is currently taking a fundamental look at the legal aid system and will be seeking views on proposals in the autumn.</li> </ul>

<p>PAC Recommendation (4)</p> <p>The Committee is concerned that the increasing use of solicitors to conduct work in the Crown Court is threatening the long term future of the junior criminal bar and may be affecting the quality of advocacy being provided in the Crown Court. The Commission needs to guarantee the quality of the legal aid services it purchases. As a matter of urgency it needs to finalise how it will measure the quality of advocacy in the Crown Court. It also needs to produce a robust plan for how it will deploy peer review more strategically for solicitors.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The previous Government's policy objective was to safeguard the quality of advocacy in the Crown Court while at the same time maximising the opportunities for innovation and competition arising from recent reforms, including the Legal Services Act 2007. There is no objective evidence of any decline in the quality of advocacy in the Crown Court, whether that is provided by a Higher Courts Advocate (HCA) or a barrister. Quality assurance will have to apply equally to all, with the aim of ensuring consistent good quality in advocacy across the legal professions.</li> <li>• Stakeholders have worked with the Commission and Department over the last three years to identify standards of competence across the range of criminal advocacy. The Department and the Commission are clear that the responsibility for assuring quality of legal services, including advocacy, should sit with the regulators overseen by the Legal Services Board. At the same time, the Commission, as the largest single funder of these services, has a key role in setting standards by which they are commissioned.</li> <li>• A Joint Advocacy Group (JAG), made up of the legal profession's main regulatory bodies, has undertaken to develop and administer a final single quality assurance scheme to cover all arms of the advocacy profession. It met for the first time in November 2009. On 15 February 2010, the Commission published a discussion paper setting out proposals for minimum advocacy standards. This paper also included a summary of findings from the research commissioned from the Centre for Professional Legal Studies at Cardiff University Law School. The Commission published a formal response to the discussion paper on 15 July 2010 in which it confirmed its proposed minimum standards for purchasing advocacy services as well as highlighting issues for the JAG to consider in taking forward development of an operational scheme.</li> <li>• The Commission will continue to support the JAG with their planned delivery of a quality assurance scheme for criminal defence advocacy by July 2011.</li> <li>• In 2009-10, the Commission moved from a risk based approach to the use of 'peer review', the Commission's preferred method of measuring the quality of solicitors' work. This is used to target those providers where there would appear to be a risk to the Legal Aid Fund and will continue to be used in respect of both existing services and new areas of development.</li> </ul>
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<p>PAC Recommendation (5)</p> <p>Everybody is entitled to free legal aid if they are held by the police, but only about half of people take this up. The Commission should develop a mechanism for collecting the views of legal aid users on the service provided and properly investigate the reasons why people do not currently take up legal aid. It should also evaluate the wider impact of low take-up of legal advice on the criminal justice system, and the potential financial consequences of improving access to it.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Recent studies indicate that the proportion of people taking up police station advice and assistance may have increased over recent years. Research undertaken by the Home Office in 1998 and more recently by the Legal Services Research Centre (LSRC) in 2008 showed that 40% and 54% respectively of people held in police stations took up their right to advice.</li> <li>• Whilst the LSRC's study was based on a relatively small number of cases, further investigations into representation at police stations will be undertaken by examining 10,000 custody cases. This research will be published by the end of 2010. The LSRC is also evaluating the wider impact of the current take-up of legal advice at the police station on the disposal of cases in court. In particular, research will look at whether improved liaison between the police, Crown Prosecution Service and defence solicitors in the police station can help to deal with cases more quickly and efficiently in court.</li> <li>• The Department and the Commission are clear that increased take-up of legal advice in police stations would not be affordable without fundamental changes to the way that such advice is provided. However, a more ambitious programme of competitive tendering might ensure the provision of this advice service at the best possible value for money.</li> <li>• The Department is currently taking a fundamental look at the legal aid system and will be seeking views on proposals in the autumn.</li> </ul>
<p>PAC Recommendation (6)</p> <p>Although the Department and the Commission launched a separate system for paying the most expensive Crown Court cases in 2001, eight years later they still do not know whether this system gives value for money. As they seek to make further savings from the legal aid budget, the Department and the Commission should prioritise making savings in these most expensive cases. By July 2010, they should complete an evaluation of past cases to determine at what value it is most efficient to administer cases separately through a contract, and when it would provide better value for money to handle cases using existing graduated fee schemes. They should then set the threshold for using contracts at the value which optimises value for money.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The current system for dealing with Very High Cost Criminal Cases (VHCCs) has delivered significant savings over the previous system where costs were assessed after the event. The comparable spend on VHCC cases that went to a full trial of over 40 days reduced from £152 million in 2003-04 to an estimated £88 million in 2008-09, excluding the additional £20 million on terrorism cases.</li> <li>• The Department and the Commission recognise that further savings might be achieved by examining the boundaries between the VHCC system and the graduated fees schemes that govern payments to advocates and litigators in the bulk of Crown Court cases. Following consultations by the Commission on a new scheme for dealing with VHCCs, and by the Department on Advocates Graduated Fees, the previous Government laid regulations before Parliament on 6 April 2010 extending the Advocates Graduated Fees Scheme (AGFS) to cases due to last up to 60 days. This change came into effect on 14 July 2010. The same regulations also implemented a staged reduction in AGFS fees of 4.5% over each of the next 3 years (a total reduction of 13.5%). The first staged reduction took effect on 27 April 2010.</li> <li>• The Litigators Graduated Fees Scheme (LGFS) was only introduced in January 2008. The Department and the LSC therefore accepted that it was too early to contemplate a similar extension to encompass cases with trial estimates of 41-60 days. The Government will review the position once there is clearer evidence as to how the LGFS operates in practice for cases near the current boundary.</li> </ul>

<p>PAC Recommendation (7)</p> <p>While the Committee accepts that specialist skills need to be properly remunerated we were concerned to find that some barristers, notably Queen's Counsel, can earn up to £1 million a year from publicly funded criminal legal aid cases. The Commission should consider introducing an earnings cap for all individual solicitors and barristers.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Neither the Department nor the Commission believe that it is appropriate that individual advocates should receive criminal legal aid payments from public funds of the order of up to £1 million a year. The contracting of VHCCs was introduced gradually between 2001 and 2004. However, a proportion of payments are still being made under the previous system. These tend to be the more expensive and lengthy cases. This is illustrated by the fact that 56% of the total legal aid payments made to the ten highest earning criminal barristers in 2008-09, were from cases paid under the old arrangements.</li> <li>• Once the reforms have been fully implemented, and those legacy payments cease, top earnings are likely to fall well short of £1 million per year. The Department and the Commission will continue to bear down on costs, particularly in the current economic climate, through the continuing reform programme.</li> <li>• Neither the Department nor the Commission control the earnings of individual solicitors within a firm and the total legal aid payments made to individual firms depend on the volume of work they undertake. It is, therefore, difficult to justify limiting the volume of work, and consequent earnings, of individual firms. However, the Department and the Commission will consider further the practicalities of introducing an earnings cap.</li> <li>• The Department is currently taking a fundamental look at the legal aid system and will be seeking views on proposals in the autumn.</li> </ul>
<p>PAC Recommendation (8)</p> <p>The Commission has struggled to recruit and retain the right skills on its senior team where the high turnover of staff has been disruptive and expensive. The Commission should define the skills it needs, in particular at a time when it has to make significant administrative savings, and set out how it will maintain its skills at this level.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• Over the past 18 months, the Commission has made a number of senior appointments with the necessary skills. The Commission also planned short-term appointments for a number of senior roles to bring in the skills that it needed for a limited period. Once the objectives of the roles had been fulfilled, the post holders were released. The Commission identified that it did not have the skills necessary to transform itself in to a commissioning organisation and therefore undertook to change the senior leadership to provide the correct skills.</li> <li>• Following publication of the Magee Review and the announcement of the forthcoming move to an Executive Agency, the Chief Executive stood down to allow for new leadership during a time of change for the Commission. An interim and experienced Chief Executive was seconded from the Ministry of Justice to lead the organisation through to becoming an Executive Agency.</li> <li>• Since March 2010, senior management costs have reduced by £900,000. This corresponds to 30% of those costs. The move to Executive Agency will further reduce costs through strengthening the skills base available to the new Agency through shared services with the Ministry of Justice.</li> </ul>

<p>PAC Recommendation (9)</p> <p>The Commission lacks a clear strategic direction, reflected in its poor management of the changes to legal aid detailed by Lord Carter. The Department and the Commission need to adopt a more coherent approach to introducing change. The Department must commit that all future reforms should have a clear timetable, should be fully piloted and evaluated, and that these evaluations are timely and consider the impact of reforms on suppliers, as well as identifying any financial impacts of the change.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The implementation of the post-Carter changes followed the timetable set out in 'Legal Aid Reform: The Way Ahead', published in November 2006. The Litigators' Graduated Fee Scheme and the Police Station fixed fees were implemented in January 2008, just three months after the programmed date. The Appeal Court's judgement in November 2007 meant that Phase Two of the family fees could not be introduced until a revised unified civil contract had been tendered. Following the introduction of each of these changes, the Commission has commenced, and in most cases already completed, post implementation reviews to inform future policy development. All Commission projects incorporate post implementation reviews as part of established business practice, and will continue to do so.</li> <li>• The Department and the Commission are committed to piloting policy proposals where it is appropriate and feasible to do so. However, it is not possible to give an undertaking to pilot all proposals, particularly where there may be pressing reasons for more immediate change.</li> </ul>
<p>PAC Recommendation (10)</p> <p>The Committee was disappointed, given the serious nature of the issues discussed at this hearing, that the Ministry of Justice was not represented by its Accounting Officer. Our expectation is that Departmental Accounting Officers will appear in person to account for their spending before the Committee of Public Accounts, and in future the Committee will only consider inviting an alternative witness where a very clear case can be made.</p>	<p>Closed</p> <ul style="list-style-type: none"> <li>• It is a well understood principle that the Committee decides, in consultation with the NAO, who is best placed to attend Committee hearings.</li> <li>• On the occasion referred to by the Committee, the Departmental Accounting Officer suggested that the most appropriate witnesses would be the Commission's Accounting Officer and Chief Executive, the Executive Director for Commissioning at the Commission, and the Department's Director-General for Access to Justice. This was accepted and agreed by the Committee and it was on this basis that the Departmental Accounting Officer did not attend the Committee's hearing.</li> <li>• The Department will continue to work with the Clerk of the Committee to ensure that witnesses who appear at Committee hearings on behalf of the Department are the most appropriate to assist the Committee in reaching its conclusions. The Departmental Accounting Officer is always happy to attend the Committee's hearings when the Committee concludes that, on the grounds of direct accountability, he is the most appropriate person.</li> </ul>

# Maintenance of the Prison Estate in England and Wales

(Fifty-first report published 5 November 2009)

The Committee of Public Accounts (PAC) examined the National Offender Management Service (NOMS) on its management processes, its understanding of whole life costs, and the way it works with external contractors in relation to maintenance of the prison estate

Total number of recommendations contained in the report: 8

Total number of recommendations which remain outstanding: 8

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>NOMS has secured good value for money maintaining the prison estate in the face of the challenges of ageing properties, high turnover of prisoners in some establishments and continuing population pressures. To maintain physical security, secure prisoner and staff safety, and maximise prison capacity, all against the backdrop of a rising prisoner population, as well as make improvements in the estate, NOMS should develop better insight into its long-term maintenance needs.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The National Offender Management Service (NOMS) recognises that it should develop better insight into its long-term maintenance needs. NOMS does have a system for prioritising and ranking maintenance projects, but it is recognised that this could be more robust and consistent. This will be addressed in the context of an Asset Review. Phase 1 of this review started in May 2009, and was substantially completed by end of May 2010. Phase 1 was completed with a report issued at the end of June 2010. The timing of Phase 2 has been adjusted and is now due to complete by the end of July 2011.</li> <li>• The Asset Review will assess the condition of estate assets in each prison establishment by a phased programme of facilities assessment surveys. The condition of the estate will be determined by the surveys, which will also consider the age and economic life of these assets, so that long-term maintenance needs can be identified, and maintenance plans developed to meet those needs. The overall risk assessment and the targeting of resources to the areas of greatest risk identified by this method will be completed by the conclusion of Phase 2 of the Asset Review.</li> <li>• NOMS also consulted the Ministry of Defence (MoD) about its Estate Planning Tool and Estate Performance Measurement System to determine possible use and lessons learned. It has been decided that the Asset Management Planning and Performance System (AMPPS) which is being developed as part of the Asset Review, rather than the MoD estate planning tool, should be used for the maintenance management of NOMS prison assets. However, AMPPS will draw on the MoD experience and the consultation will inform the Asset Review.</li> </ul>



<p>PAC Recommendation (2)</p> <p>NOMS does not have the performance and expenditure data it needs to assess maintenance performance in prisons and across Areas, and to manage its assets more effectively. Prisons are supposed to produce performance data through the NOMS Service Delivery Agreement framework, yet only half of the data asked for by the National Audit Office was provided. NOMS should ensure that the data necessary for effective management is produced by staff when required and on a consistent basis across the Service.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• NOMS acknowledges that it requires full and consistent data in order to be able to assess maintenance performance and track maintenance expenditure across the prison estate. The original maintenance data storage tool, Planet FM, was installed using 12 separate databases representing each area. NOMS is moving to Planet FM Enterprise, which was installed and operational across the prison estate at the end of April 2010. This will be fully functional with data uploaded by end Phase 2 of the Asset Review (target date end of July 2011).</li> <li>• Planet FM Enterprise will operate on a single database, which will allow easier service wide data analysis and will facilitate data analysis across the estate, including the ability to track maintenance expenditure.</li> <li>• Use of the system will be monitored and quality assured centrally by the NOMS Asset Management Unit (AMU). To address the problem of inconsistent data, NOMS has set up a Planet FM principal user group, with membership drawn from NOMS AMU and appropriate representatives from the NOMS regions, to share best practice and work towards consistent recording and reporting of data.</li> </ul>
<p>PAC Recommendation (3)</p> <p>NOMS does not analyse, either at Area level or centrally, the performance and cost data relating to its estates in order to gain an overall view of organisational performance. NOMS should collate all performance and cost data and use it to analyse performance across the prison estate, with the aim of driving up performance, reducing costs and identifying and disseminating best practice. They could also use this data to benchmark the different structures used in Areas to identify the best performing model.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• NOMS has collated data to inform a review of the regional estate management structure, and the resultant report and recommendations was submitted in October 2009. This review has now been subsumed into a wider Ministry of Justice Estates Transformation Review which is planned to complete by the end of 2010.</li> <li>• Phase 2 of the Asset Review will make available accurate data across the estate, which coupled with the new planning system to process the data, will provide asset performance information.</li> </ul>

<p>PAC Recommendation (4)</p> <p>The existing Key Performance Target (KPT) for prison maintenance staff gives no indication of real achievement because it automatically generates 100% performance since uncompleted tasks are not included. NOMS has committed to developing new targets for its maintenance staff in order to incentivise performance, and identify best practice and poor performance. The new target for local maintenance staff should include uncompleted tasks, so that it gives a clearer impression of how prisons are coping with their maintenance workload. At the same time, NOMS should consider using the percentage of cells available for use at any given time as a way of improving performance.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The shortcoming of the current KPT is recognised. The introduction of Service Focussed Maintenance (SFM) across the prison estate will see the introduction of a 100% completion of “red” tasks during Phase 2 of the Asset Review. Regional KPTs, based upon yellow tasks, will also be introduced as well as improved maintenance targets and reporting systems.</li> <li>• SFM operates in the context of delivering essential maintenance. This means that if funds or resources change, the impact of those actions can be measured, by the following “traffic light” system: <ul style="list-style-type: none"> <li>- Red task, which is a legislative or statutory piece of work, i.e. electrical testing or gas safety checks.</li> <li>- Yellow task, deemed business critical i.e. general lighting or compressor tests</li> <li>- Green task, classed as non-essential, i.e. wash hand basins or small extractor fans.</li> </ul> </li> </ul>
<p>PAC Recommendation (5)</p> <p>NOMS’ lack of knowledge of the causes of reactive maintenance work undermines its preventative work. A particularly stark example is the wide disparity in the estimates of vandalism in prisons produced by staff in the centre, Areas and individual prisons. NOMS has committed to rolling out the new national Planet FM system as soon as possible and training all staff to use it. Once sufficient data is available, NOMS should use it to identify the main causes of maintenance work, and develop preventative maintenance programmes to respond to them in the long term</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• NOMS recognises that the causes of maintenance work need to be identified to inform the development of preventative maintenance programmes.</li> <li>• The new Planet FM Enterprise system will assist with addressing the problem of inaccurate reporting of the causes of maintenance. It will enable the AMU Monitoring and Compliance Unit to monitor maintenance spend by viewing the databases and identifying inconsistency in data, which in turn will enable the AMU to challenge the relevant maintenance teams.</li> <li>• The development of preventative maintenance programmes will be considered during Phase 2 of the Asset Review</li> </ul>

<p>PAC Recommendation (6)</p> <p>NOMS does not analyse whole life costs systematically to help it decide when it is most cost effective to patch, refurbish, or replace prison wings, plants and facilities. NOMS should implement systematic processes for considering whole life costs when making purchasing decisions. The full review of assets NOMS is carrying out will help by giving it up to date information about the current condition of the prison estate.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• NOMS recognises that whole life costs should be a factor in making purchasing decisions. The introduction of appropriate processes to achieve this will be considered during Phase 2 of the Asset Review.</li> </ul>
<p>PAC Recommendation (7)</p> <p>NOMS has developed standard specifications for parts and materials used in prisons, but has not included them as requirements when offering maintenance work out for tender. As a result, contractors have used a diverse mix of parts, which can be difficult and expensive to acquire both in individual prisons and across the estate. Where possible, NOMS should increase the standardisation of parts and materials in order to reduce costs through achieving economies of scale, with due regard to reducing whole life costs and without standardising on a poor, inefficient or obsolete design.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• NOMS recognises that it should increase the standardisation of parts and materials where possible. There needs to be a balance between seeking to achieve consistency with existing buildings on a site and introducing products which provide design enhancements and/or improved whole life costs.</li> <li>• The issue will be considered during Phase 2 of the Asset Review. A working group was set up in January 2010 to look into the issue of increased design standardisation of custodial building types. The work of the group has now been subsumed into the review of Technical Standards and Design which started at the beginning of June 2010.</li> <li>• NOMS have consulted Defence Estates (DE) in the MoD and established that the DE approach is similar. NOMS has also contacted the Olympic Delivery Authority (ODA) to find out how they have approached the issue of commonality of product. The information from both the DE and ODA will inform the consideration of the issue by the NOMS AMU.</li> </ul>
<p>PAC Recommendation (8)</p> <p>Prison maintenance staff are not always consulted or made aware of their maintenance responsibilities for new capacity when external contractors hand over new or refurbished prison wings, plants and facilities. NOMS should make sure that the new checklist system for contractors is being used consistently and use the information emerging to improve handovers.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The new handover procedures were implemented in January 2008, and introduced for the first time a formal co-ordinated and comprehensive set of mandatory actions with a checklist. This removes the risk of elements of the knowledge transfer not taking place and ensures that assets, such as heating, lighting and alarm systems, are working effectively, and that defects have been corrected or an action plan put in place.</li> <li>• The problem of consistent use of the procedures has been addressed by a working group led by NOMS AMU which has reviewed the handover guide and considered whether changes to the documentation or process is required. This review was completed and a revised handover guide issued in January 2010. A review of the effectiveness of the new procedures was completed by mid-August 2010. This resulted in some further revisions to the handover guide in the light of experience of operating the procedures. Operation of the procedures will continue to be monitored with a further review in January 2011.</li> </ul>

# The National Offender Management Information System (NOMIS)

(Fortieth report published 3 November 2009)

The PAC examined the National Offender Management Service (NOMS) on the National Offender Management Information Systems (NOMIS) Programme and the C-NOMIS project.

Total number of recommendations contained in the report: 12

Total number of recommendations which remain outstanding: 4

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>The C-NOMIS project has been handled badly, resulting in a three year delay in programme roll-out, reductions in scope and benefit, and a doubling of programme costs. The way the C-NOMIS project was managed and monitored was completely unacceptable. It is deeply depressing that after numerous highly critical PAC reports on IT projects in recent years, the same mistakes have occurred once again. We question the purpose of our hard work if Whitehall accepts all our recommendations but still cannot ensure a minimum standard of competence. In this report we make further recommendations for how other organisations can avoid mistakes made on C-NOMIS through identifying risks, monitoring progress properly and taking action to mitigate risks as they emerge.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The revised NOMIS Programme has introduced measures to ensure that lessons have been learned and is subject to monthly high level scrutiny. Dedicated teams are in place for all aspects of the programme. Risks are actively documented and are assessed for criticality. Those risks that would, if they materialised, have a severe or very severe impact on the programme, are automatically escalated to the NOMIS Programme Board through the highlight report.</li> <li>• The revised Programme has a clear escalation route through the Programme Board to the NOMS Agency Board. Tolerances are set regarding time, cost and quality and the Programme Board is automatically alerted if these are likely to be exceeded.</li> <li>• The NOMIS Programme has made significant progress: <ul style="list-style-type: none"> <li>• the roll-out of the prisons case management system (Prison-NOMIS) to all public prisons was completed to time and agreed budget in May 2010;</li> <li>• a fixed price contract for the Probation Case Management System (PCMS) has been placed with a prime contractor, the project is currently in the build phase;</li> <li>• the Data Share System (DSS) project is due to complete Phase 1 in September 2010; and</li> <li>• a fixed price contract for the Offender Assessment System-Replacement (OASys-R) project has been placed with a prime contractor. The project is currently in the design/build phase.</li> </ul> </li> <li>• In November 2009 the Programme underwent an Office of Government Commerce (OGC) Gateway 0 review which found the Programme had addressed previous concerns and gave it a delivery confidence rating of amber/green.</li> <li>• In July 2010, the Programme underwent a Major Projects Review conducted by OGC, HM Treasury and the Office of the Government Chief Information Officer. The Programme was given a delivery confidence rating of amber.</li> </ul>

<p>PAC Recommendation (2)</p> <p>Planning for the C-NOMIS project was unrealistic, in part because of an over optimistic 'good news' culture which was not challenged with sufficient rigour by senior management with in-depth knowledge of the business. Major projects should be reviewed at the outset and periodically thereafter by senior management with sufficient rigour and scepticism to ensure that proposals are well-focused, realistic and take full account of uncertainties in their budgeting and timescales.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The revised NOMIS Programme has robust governance structures and escalation procedures. It follows PRINCE2 (Projects in Controlled Environments) and Managing Successful Programmes (MSP) principles. There is a clear escalation route through the programme to NOMS and The Department.</li> <li>• The current Senior Responsible Owner (SRO) is experienced in delivering large and complex programmes and reports directly to the CEO of NOMS. The SRO chairs the monthly Programme Board meeting and also chairs a wide variety of ad hoc meetings. Business representatives from both Probation and the Prisons are members of all Project Boards and the Programme Board.</li> <li>• The revised Programme has delivered Programme Board training to its Board members to ensure it remains focused on its purpose and new members are clear about their remit.</li> </ul>
<p>PAC Recommendation (3)</p> <p>The individuals who took the key decisions on C-NOMIS and were responsible for its monitoring and oversight have all retired or moved on, and no-one has been held to account for the estimated £41 million wasted due to delays and cost overruns. It is not enough to wait for blame to follow failure. There needs to be proper performance management at all levels in organisations, with delivery of major projects to time and cost forming part of the annual performance objectives for the Senior Responsible Owner and Project Manager.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Department has appointed a Project and Programme Management (PPM) Head of Profession and a PPM Leader. These two key posts have been specifically tasked with improving PPM capability across all areas of the Department. They are working with senior leaders to build PPM capability across MoJ, they have reviewed the core competencies for SROs and Programme/Project Manager roles and they have followed this work up by having discussions with SROs around capability and skills initially concentrating on programmes in the Department's Transforming Justice Portfolio. Major programmes and projects will now be scrutinised at a Ministry of Justice (MoJ) level by the Transforming Justice Committee. The progress of and achievements resulting from these changes will be evaluated by December 2010.</li> <li>• The NOMIS Programme Manager and Project Managers' objectives clearly identify their responsibility for escalating risks and issues early enough to enable the Project and Programme Boards to take corrective action. The successful delivery of the NOMIS Programme is also included as a performance objective for the SRO.</li> </ul>
<p>PAC Recommendation (4)</p> <p>NOMS should have thought through its business processes and introduced new, standardised ways of working in conjunction with new IT support systems to deliver end to end offender management. Before making a case for an IT-based solution, NOMS should have identified and planned the changes to its business needed to deliver end-to-end offender management. A plan showing how business change and new IT are to be integrated should be upfront in the Full Business Case for all major IT projects.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Programme Full Business Case includes a section on business change. Each of the projects has resources from the business to ensure that change is effective. NOMS has made a concerted effort to simplify and standardise business processes, rather than change the IT. Establishments were being supported in undertaking business process mapping during a nine month preparation period, prior to receiving Prison-NOMIS. For the PCMS project, a standardised national system will bring with it the potential for simpler processes that can be mandated or planned from the centre.</li> <li>• The PCMS project addresses a common approach to loading data within National Delius case management system. Each Probation Trust will undertake a process review in order to establish the changes needed to comply with the data input requirements of the national system. Future requirements will be agreed at a national level and, as National Delius is a national system, they will apply to all Areas or Trusts at the same time.</li> <li>• Each Project business case follows Treasury guidance and includes explanations of the project management approach and the approach to business change.</li> </ul>

<p>PAC Recommendation (5)</p> <p>NOMS lacked the capacity at senior levels to manage this complex project effectively and the Senior Responsible Owner did not have the right experience for the role. Departments should assess and, where appropriate, strengthen their capacity to manage major projects. In particular, the Senior Responsible Owner should have sufficient relevant project management experience, training, capacity and support to perform the role effectively. If necessary, Departments should appoint a candidate from another government body or elsewhere.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Department's PPM Head of Profession and PPM lead are continuing to review the skills and experience of all the Department's SROs, in order to ensure that the most appropriate person is in place. The initial focus of the review has been to provide full support and training where required to those SROs who are responsible and accountable for delivering the Mission Critical portfolio.</li> </ul> <p>The Department has:</p> <ul style="list-style-type: none"> <li>• created a PPM &amp; Change Network made up of senior change delivery experts. The purpose of this group is to offer SROs and PPM leads access to mentoring, peer support and problem fixing expertise at all times;</li> <li>• rolled out across MoJ a project management competency assessment tool to provide a snapshot and gap analysis of project management capability;</li> <li>• consulted on the implementation of a "project passport" to help project managers to evidence their continuous professional development towards full capability.</li> <li>• put together a PPM training framework which has been rolled out across MoJ in order to ensure that all SROs and other PPM staff are able to access relevant training as and when it is needed (and at a reduced cost); and</li> <li>• developed some key guidance products for SROs and members of programme boards, including the SRO Masterclasses. These are designed to help those in critical roles to understand their roles and responsibilities. Take up of the newly commissioned SRO Masterclasses has proved popular.</li> <li>• Lessons learned from the recent reviews of NOMIS will continue to be examined by the Department to ensure improvements in future policy.</li> <li>• The progress of and achievements resulting from these changes will be evaluated by December 2010.</li> </ul>
<p>PAC Recommendation (6)</p> <p>Accountability arrangements changed several times over the course of the project and upward reporting was weak. Too much rested on the performance of a few key individuals to deliver success. It should not have been possible for the project to drift for three years without those in charge being aware of it. Departments should monitor key projects closely using reporting systems that are fit for purpose, based on actual evidence of performance, together with managers' reports and assessments.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Department has introduced a Mission Critical Portfolio. The Transforming Justice Committee (made up of all of the Department's Director Generals) is now also responsible for providing scrutiny and support for this portfolio. Oversight is mainly achieved through regular progress reports, which are backed up by an 'Exceptions' process. This process dictates that any significant concerns are escalated to the Committee for information or direction as necessary.</li> <li>• Since 1 February 2010, the Director of Finance and Performance, NOMS, and SRO for the NOMIS Programme, has become the Director General of Finance for MoJ. She continues, however, as the SRO for the NOMIS Programme.</li> <li>• The NOMIS Programme Director holds fortnightly meetings with the Senior Business Owners of the projects. The NOMIS Programme Manager holds fortnightly meetings with Project Managers and team leads to discuss issues, risks, resolutions and escalations. The Project Boards report to the NOMIS Programme Board on a monthly basis and the Programme Manager attends all Project Board meetings to ensure consistency and adherence to governance.</li> <li>• Additional scrutiny to provide assurance that the NOMIS Programme remains well focused and realistic is provided to the Project and Programme Boards through internal audit, OGC Gateway reviews and quality reviews at each formal stage of the projects.</li> </ul>

<p>PAC Recommendation (7)</p> <p>NOMS did not respond with sufficient vigour to the Gateway review in 2006 that raised serious concerns about the delivery of the project. Accounting Officers should ensure that swift and robust action is taken when an OGC review identifies concerns or shortcomings in the management or progress of a project.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Department has recently implemented a policy, which ensures that all amber/red and red gateway reports are subjected to an independent 'Assurance of Action Plan' review. This is in accordance with OGC best practice guidelines.</li> <li>• An OGC Gateway 0 review of the NOMIS programme took place in March 2009. The Programme Board agreed an action plan and a way forward to address the review's recommendations. A further review of the programme took place in November 2009, and a revised action plan was developed to take forward the recommendations. All recommendations and actions from reviews are included within the Programme Issues Log to ensure they are monitored at fortnightly Programme Management Team (PMT) meetings.</li> <li>• Following the Major Projects Review carried out in July 2010; an action plan has been developed and is being taken forward.</li> <li>• The OGC Gateway 0 review in November 2009 found that the Programme had made substantial progress against previous recommendations. The report stated 'The NOMIS Programme has made substantial progress in the eight months since its previous Gateway 0 Review. Most visibly, it completed roll out of Prison-NOMIS to all public prisons in May 2010. This is a significant milestone in its own right and a particularly noteworthy achievement given its predecessor programme's troubled history. The Programme has also taken less visible but equally important steps to address areas of concern identified at the previous review.</li> <li>• The next OGC Gateway 0 review will take place in late 2010.</li> </ul>
<p>PAC Recommendation (8)</p> <p>The C-NOMIS project did not have a dedicated financial team leading to poor budgeting and cost control, uncertainty over the extent of cost escalations and inadequate reporting of the financial position. Avoidance of the problems experienced on C-NOMIS does not require new learning. The Treasury sets demanding standards for Accounting Officers and guidance is available, for example, the Treasury's Managing Public Money, and the Doing the Business guides issued as part of the Treasury's financial management reform agenda. To avoid repeating the mistakes of the past, Departments must use existing guidance.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The finance model for the Programme was extensively updated in January 2008 and was further enhanced in early 2009. A dedicated finance team (staffed by permanent civil servants) is in place, headed by a qualified accountant. The NOMIS Programme finance team has completed a compliance check, with the Treasury's Managing Public Money and the Doing the Business guides, to ensure the Programme is in line with these practices where appropriate. The NOMIS Head of Finance has developed an action plan to enhance financial reporting and to embed robust financial management from 2010/11 onwards.</li> <li>• The Programme has a cost model that is a set of integrated spreadsheets and this financial tool is progressively being improved. Each project monitors its budget in detail ensuring delivery matches spend. In recent months, the cost model has been enhanced to provide greater clarity and transparency of contingency usage and separation of one off investment and live service costs in the aggregation of figures. Earned value analysis is being employed on contracts awarded since 2009, where appropriate.</li> </ul>

<p>PAC Recommendation (9)</p> <p>NOMS still cannot easily match its spending on the NOMIS programme against what has been delivered. To help it monitor costs against progress to date and to forecast time and cost to completion, NOMS should negotiate contracts which require suppliers to match expenditure against deliverables.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Programme has improved its ability to act as an intelligent client by relying less on supplier knowledge and by bringing in experienced staff and independent experts (internal and external) for assurance and challenge. Members of the senior management team meet with suppliers regularly to discuss progress and any arising issues. In addition, suppliers are also represented at project checkpoint meetings, project boards and programme board meetings.</li> <li>• Where appropriate the programme has negotiated fixed price contracts, it awarded a fixed price contract for the PCMS and OASys-R projects in November and December 2009 respectively. The Programme has included earned value analysis in contracts, where possible, to be able to align expenditure to deliverables.</li> </ul>
<p>PAC Recommendation (10)</p> <p>Despite the intentions, there will not be an integrated information system providing a single offender record that will be accessible by all service providers who come into contact with an offender. C-NOMIS was initially developed with the intention of having a single shared record for each offender. Now that there will be three databases, each recording different information about an offender, together with limited data sharing, it is essential that the programme is developed with the desirability for data sharing enhancements in mind. Once delivered, NOMS should assess the adequacy of its current limited data sharing capacity with its partners and third party providers.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The NOMIS Programme is addressing data sharing enhancements, by providing the Probation Trusts with the ability to view core Prison-NOMIS offender information, through its DSS project. However, it should be noted that the Major Projects Review made a recommendation to de-scope Phase 3 of DSS, from the NOMIS Programme.</li> <li>• In the longer term, the Department will ensure that technical standards for the development of systems to facilitate the creation of future database links are clear, and that there is potential for future enhancements to build interoperability. NOMS will also be examining whether the Programme should achieve more joining-up. The Programme will ensure this is followed up by the Department's Information and Communications Technology organisation, once the Programme completes delivery at the end of 2011.</li> </ul>
<p>PAC Recommendation (11)</p> <p>The business case for NOMIS makes no provision for the cost of carrying out data cleansing to remove duplicate records created by the merger of 42 existing probation databases. NOMS should carry out an assessment of the potential effects of failing to amalgamate records, and of the likely cost and duration of the data cleansing effort required, including the implications for front line delivery of probation if cleansing has to be accommodated within existing probation service budgets.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The PCMS proposal to implement a redeveloped Delius as a single modernised case management system for Probation requires only minimal data cleansing. Records will be identified against the area they originate from and natural de-duplication will occur during business as usual processes. For example, as and when duplicate records are found through searches, they can be amended. Because of this, significant data cleansing is not required, and costs are reduced.</li> </ul>



<p>PAC Recommendation (12)</p> <p>NOMS has promised substantial progress with the NOMIS programme and said that all of the Comptroller and Auditor General's recommendations will be clearly achieved should he repeat his review in early 2010. We welcome this assurance and expect that improvements should be both made and easily identifiable to a future Committee hearing. To help demonstrate progress and improvement to its processes, NOMS needs to monitor the implementation of the NOMIS programme, and record and validate benefits and financial savings</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• Each project has completed its Full Business Case, which includes the benefits realisation plans. These benefits realisation plans will be revisited and validated prior to implementation and post-implementation. Sign off of these benefits has been agreed at NOMS Executive Board level.</li> <li>• The revised NOMIS Programme has sought and received advice from OGC, which led to a Benefits Strategy being produced that maps the Programme objectives through to NOMS objectives and relevant Departmental targets. Each project will deliver a benefits realisation plan, which is agreed with the business. Sign off of these benefits is sought at senior level in NOMS. The Programme has a dedicated benefit realisation manager in place to identify, quantify and monitor realisation of benefits. Directors of Offender Management will be responsible for ensuring the realisation of these benefits is monitored.</li> <li>• The NOMIS Programme will also continue to be part of the Department's Mission Critical portfolio and will be subject to OGC Gateway Reviews until Programme closure.</li> </ul>
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# The Administration of the Crown Court

(Thirty-fifth report published 9 July 2009)

The PAC examined HM Courts Service and the Ministry of Justice on improving the performance of the Crown Court, getting the right resources for the Crown Court and modernising Crown Court technology.

Total number of recommendations contained in the report: 12

Total number of recommendations which remain outstanding: 6

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>HM Courts Service's overall performance in commencing Crown Court cases improved significantly during 2008–09, but the Service did not expect to achieve its target for starting cases which have been committed for trial. To reduce delays in starting cases committed for trial, HM Courts Service should:</p> <p>a) categorise cases, identifying those which require limited preparation and court time, and those which are more complex, such as fraud cases, and are thus likely to take longer; and</p> <p>b) work with its partner, including the Crown Prosecution Service, to examine the main causes of delay for each category of case, and use this analysis to develop business processes that address the different barriers cases face in progressing promptly.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• HMCS has processes in place to categorise cases by seriousness and estimation of length of trial such as those suggested and are working with the judiciary and other agencies to achieve more consistency.</li> <li>• HMCS appoints case progression officers who check with the parties to ensure they are progressing to timetable. In addition most courts hold case progression meetings with the local prosecution teams to check the readiness of forthcoming trials and to discuss and review recent cases that have cracked or been ineffective.</li> <li>• Every time a trial is listed a form is completed and signed by prosecution, defence, court clerk and judge, giving information such as reasons for the case not proceeding or whether tried in the absence of the defendant. These forms are then used at the local meetings to discuss the issues that have caused the problem and are used by the court case progression team or Resident Judge to analyse trends that can be addressed or that need action taken.</li> <li>• Finally, guidance on cracked and ineffective trials is currently being reviewed. The Senior Presiding Judge's (SPJ) Crown Court Efficiency Board was initially due to consider this guidance, however, the Efficiency Board has altered its focus so it has been agreed that this documentation will be reviewed as a separate piece of work which will be taken forward by HMCS in conjunction with the SPJ's office.</li> </ul>

<p>PAC Recommendation (2)</p> <p>There are wide variations across England and Wales in the time taken to commence Crown Court trial cases. HM Courts Service is seeking to address these variations by targeting resources at locations facing the greatest demands in terms of the number and complexity of cases. The Service should consider introducing local targets for those locations with longer waiting times.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Crown Court is a single entity, which sits at many locations and which should have a single target for commencing all cases, including trials.</li> <li>• Performance at court, area and regional level is regularly reviewed. HMCS recognises that there is variation in performance and in order to continue to drive up performance, those centres significantly missing the target will set locally agreed improvement targets as part of the in-year review process (June, October, and March). This process started in October 2009.</li> <li>• The Crown Court model, introduced for the financial year 2009-10, also enables resources to be targeted according to planned workload.</li> <li>• HMCS has allocated an additional 1,800 Crown Court sitting days for 2009-10 compared with those sat during 2008-09. Sitting days have also been redistributed to those Areas with the greatest need, including London and the South East, to equalise against target performance. The court-building programme is also being redistributed to increase capacity where it is needed in the longer term.</li> </ul>
<p>PAC Recommendation (3)</p> <p>HM Courts Service does not have targets for increasing the proportion of planned Crown Court trials which are effective, and despite recent improvement, fewer than half of all trials proceed on the date scheduled. Case progression officers should identify key reasons for trials not being effective. Where necessary, they should identify whether particular lawyers are regularly involved in trials, which do not proceed when scheduled and work with them to improve performance.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• HMCS is working with the judiciary and other agencies to ensure proper and more effective use is made of the 'Cracked and Ineffective Trial' form, (used to record the reasons for the cracked or ineffective trials) and that they are completed in detail. The Cracked and Ineffective Trial Guidance is currently being reviewed. Trends in performance by specific Crown Prosecution Service teams or defence firms can be identified and referred to the judge.</li> <li>• The HMCS Performance Database and CREST case management system produce reports summarising the reasons for every cracked or ineffective trial by court, area or region. This will be used by performance teams for analysis when required.</li> <li>• HMCS is working with the Department and the Legal Services Commission (LSC) to ensure that publicly paid lawyers involved in the trial contribute to the process in a positive manner. The judiciary have the power to issue wasted cost orders in appropriate situations.</li> </ul>
<p>PAC Recommendation (5)</p> <p>Judges are responsible for the administration of justice, and their decisions on listing and trial proceedings can significantly impact on the efficiency of the courts. The establishment of a new governing Board for the Service provides its executive team with regular opportunities to discuss performance issues with the Board's three judicial members, one of whom is the Senior Presiding Judge, responsible to the Lord Chief Justice for the judicial management of the Crown Court. To inform these discussions the Service should provide the judiciary with an assessment of the performance of individual court locations, taking account of their workload and resources.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• HMCS has reviewed the way performance data is reported to the judiciary, and intends to provide the judiciary with a monthly national and local jurisdiction (Crown, magistrates', county and family) based report. This includes regional, area and court level performance data and workload figures. Agreement has been reached that Judges with leadership responsibilities should be provided with standard performance reports. Work is underway to consider the level and type of information required.</li> <li>• In addition, HMCS is improving the way in which it presents information to the HMCS Board to provide a more cohesive report that links finance and performance data.</li> </ul>

<p>PAC Recommendation (6)</p> <p>HM Courts Service has introduced a model for determining the number and type of staff required at each court, but this cannot guarantee a good match on each court day between the work to be undertaken and the staff available. The Service should, therefore, provide appropriate training and support so that its ushers, clerks and administrative staff can work flexibly and undertake a range of Crown Court tasks.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The training provided by HMCS includes specific training for ushers, court clerks and a range of 22 courses aimed at administrative staff.</li> <li>• In August 2009, all Crown Court managers provided the Department with details of any staff training requirements. A new training programme has now been established to meet these requirements.</li> <li>• Crown Court managers assess any training requirements on a quarterly basis, to enable staff to be trained fully and deployed flexibly according to local operational needs. These requirements will be met within 12 weeks, by full or part time trainers, as appropriate.</li> </ul>
<p>PAC Recommendation (7)</p> <p>By moving cases between Crown Court locations in parts of London and the South East to improve waiting times, HM Courts Service has placed burdens on victims, witnesses and other parties attending court. When planning and reviewing its estate, HM Courts Service should give high priority to providing good local access to justice.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• HMCS has to balance a number of competing factors. These include ensuring access for victims, witnesses and other court users; witnesses' requirements for a timely outcome; providing value for money and increasing efficiency.</li> <li>• HMCS must also provide courts in strategic locations that allow greater flexibility and efficiencies in listing practices in order to enable increased courtroom utilisation.</li> <li>• Instructions have been issued to Regional and Area Directors reminding them of the need to carry out an assessment of the impact of transferring cases on court users when transfers are being considered. Listing guidance is also in the Crown Court Manual.</li> </ul>
<p>PAC Recommendation (8)</p> <p>Reducing the number of courts where magistrates hear criminal cases risks dividing magistrates from their localities. We welcome the Service's assurance that there are no plans to close any more magistrates' courts. The Service should only consider centralisation of the magistrates' courts if it has undertaken a full assessment of the impact on the local community.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• HMCS must always balance the importance of local justice against keeping magistrates' courts open at public expense when those courts are significantly under-utilised. HMCS has reviewed and re-issued the standing instructions to Operational Directors on "Court and courthouse closure, and jurisdictional guidance" to re-emphasise the importance of assessing the impact on the local community.</li> <li>• The Government is currently consulting on the closure of a number of magistrates' and county courts. In drawing up the list of courts on which to consult HMCS was mindful of the potential impacts on access to justice. The Government is currently seeking the views of interested parties as well as producing full impact assessments, both of which will help to assess the impact of any closure on local communities before any decisions on court closures are made.</li> </ul>
<p>PAC Recommendation (9)</p> <p>HM Courts Service cut staff absence levels during 2008–09, but at around 10.1 days a year, the level remains high, exceeding the civil service average by 6%. The Service should strengthen incentives for staff and managers to reduce absence levels by incorporating its targeted level of absence of 7.5 days per year into the models it uses for determining the staff required at each court.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• HMCS is committed to reducing its absence levels to meet the Department's target. HMCS has incorporated the 7.5 day target into the assumptions for the resourcing model of the Crown Court.</li> <li>• HMCS is also introducing further measures to help managers tackle sick absence and continue to reduce absence levels. Each region has undertaken an absence audit to identify areas which need to be addressed.</li> <li>• As a result of the audits a 10-point action plan has now been agreed and implemented across HMCS, with an emphasis on accountability of managers to operate the Managing Attendance policy. All managers now have an objective to manage attendance in accordance with the policy and further audits will follow to ensure compliance. Work will also be undertaken to assess what support on health and wellbeing can be provided for staff.</li> <li>• Data in the first two months of 10/11 is showing signs of improvement in absence levels when compared with the same period in 09/10.</li> </ul>

<p>PAC Recommendation (10)</p> <p>The 20 year-old case management system CREST has been reliable but its limited functionality increases the risk of error and reduces efficiency. During 2009 to 2011, when CREST is being put onto modern supported software and hardware, the Service should work with its IT partners to establish realistic plans for improving the system's functionality.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• CREST is reliable and has been kept up-to-date with legislative and business requirements. However, the underlying technology has aged and a project is planned to modernise this technology, which, subject to financial approval, is due for completion by November 2011. This will allow for the electronic transfer of cases between Crown Court sites, addressing concerns about risks of errors and inefficiencies, and will also provide other efficiency benefits.</li> <li>• HMCS will continue to work with its suppliers to develop plans for improving the functionality of the system and to maximise the benefits of this updated technology.</li> </ul>
<p>PAC Recommendation (11)</p> <p>Three years after the Government's target to implement by 2006 new procedures to enable automatic updating of the Police National Computer with court results, the police still have to input data manually. Later this year the new automatic procedures are due to go live, but some cases will still be too complex to use them. HM Courts Service should, as a matter of urgency, work with its partners to increase the range of cases that can be automatically updated on the Police National Computer, thereby reducing the risk that police investigations are hindered by poor information on court results.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Bichard 7 automated solution developed by the Office of Criminal Justice Reform, in partnership with both HMCS and the Police is now delivering the transfer of magistrates' court results to the Police National Computer (PNC) electronically across England &amp; Wales. This is a significant achievement and further strengthens the public protection arrangements by improving the quality and timeliness of PNC data.</li> <li>• In April 2010 the Crown Court Resulting Improvements (CCRI) Project was initiated to deliver improvements to the recording of Crown Court results and to generate further options for practical improvements in the criminal justice resulting process e.g. a standardised conditional bail process for the Crown Court and Management Information to monitor resulting performance within the Crown Court. This work involves HMCS, the Association of Chief Police Officers, National Policing Improvement Agency and the Crown Prosecution Service. The target date for delivery is 31st March 2011.</li> <li>• The CCRI Project has recently performed a re-scoping exercise to rank agency resulting issues in order of priority against the agreed public protection criteria. HMCS has submitted the highest ranking Requests for Change (RFCs) for approval. If agreed, the level of resulting information provided to Police would be significantly increased.</li> </ul>
<p>PAC Recommendation (12)</p> <p>From April 2009, network constraints limiting the number of courts able to use prison video links should have been removed and HM Courts Service should decide whether to seek the funding necessary to increase provision. In preparing its business case, HM Courts Service should work with HM Prison Service to identify potential levels of use and confirm that the consequent reduction in prisoner movements would deliver savings.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Prison Court Video Links play an important role as part of a range of measures to facilitate attendance at court and reduce the impact of prisoner movements. HMCS is committed to working with HM Prison Service (HMPS) to ensure that the links are used as efficiently and effectively as possible.</li> <li>• HMCS and HMPS have worked together to update best practice guidance already available to courts and prisons on the use of video links. HMCS will ensure that this is effectively communicated and published when a firm date for delivery of the new service is available. Publication has not yet taken place as piecemeal publication would not lead to a clear coherent message.</li> <li>• Slower than expected progress in removing the network constraints envisaged for April 2009 have delayed further implementation and work is on-going to resolve these issues. Proof of concept work has now recommenced and is due to complete by the end of January 2011.</li> <li>• HMCS is seeking funding to increase provision of video links in the next spending review period, but this will be dependent upon a number of issues, including: funding available, the demand for the service, current availability, the benefits that may be accrued through the reduction of prisoner movements and the need to ensure that the needs of justice are fulfilled.</li> </ul>

# Protecting the Public: The Work of the Parole Board

(Ninth report published 17 March 2009)

The PAC examined the Parole Board on whether its members are well equipped to make decisions; whether the Board manages its workload in a timely and efficient way; and whether the Board has adequate processes for reviewing its performance and learning lessons.

Total number of recommendations contained in the report: 12

Total number of recommendations which remain outstanding: 4

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>Assessing the risk posed by offenders, especially those on life sentences or an indeterminate sentence for public protection, is a difficult task for Board members, and is made more difficult if key documents are not available or late. The Board is demanding that dossiers are received complete and on time, and if key documents are not available it will defer hearings. This approach is not a tenable solution. All relevant parts of the criminal justice system must provide the reports required for the parole process on time and in full.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• In April 2009, the Generic Parole Process (GPP) was introduced for indeterminate sentence prisoners which established the performance monitoring of all agencies at all key stages of the parole process. This is overseen by the Parole Process Performance and Monitoring Board which meet quarterly and include representatives from all agencies involved.</li> <li>• Performance targets have been agreed by all agencies in the Parole process to ensure dossiers are submitted complete and on time. The targets are supported by a single IT system the Public Protection Unit Database (PPUD) which has users in the Prisons, Probation Service, Parole Board and central NOMS.</li> <li>• Regional Directors of Offender Management have been established which allow NOMS to liaise directly with offices to identify possible barriers to successful performance at an early stage. Each NOMS region has an identified lead for Parole process issues.</li> <li>• Prison Service Order (PSO) 6010 identifies exactly which reports are required for the dossier and Governor Grade staff are responsible for quality assuring the completed dossiers and signing that they are complete and to the required standard before submitting them to the Board.</li> <li>• In July 2010 40% of the dossiers were received on time against a GPP target of 80%.</li> </ul>

<p>PAC Recommendation (4)</p> <p>More than two-thirds of oral hearings did not take place as planned and 20% were held more than 12 months late. These delays are completely unacceptable but until recently the Board did not monitor its performance in this area. As part of the wider changes being proposed to the management and oversight of the parole process, the Board should set a target for holding oral hearings in the planned month, and manage its achievement accordingly.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• In April 2009, as part of the GPP, the Department introduced a target for holding the oral hearing of every indeterminate sentence prisoner by a certain date. The target, which has yet to be achieved, is for 80% of all cases to be determined within a calendar month of the scheduled GPP.</li> <li>• The GPP delivers agreed end-to-end targets allowing for performance to be monitored within each element of the process, offers clear lines of accountability and holds agencies to account for their performance.</li> <li>• A Parole Process Performance and Monitoring Board, chaired by the head of the Department's Sponsorship and Performance Unit, the sponsors of the Parole Board, monitors this process (in addition to ongoing monitoring by the agencies concerned).</li> <li>• In 2009, the Department carried out a recruitment campaign which resulted in the recruitment of 35 new members and the reappointment of 30 members. The 2010 campaign resulted in the appointment of 48 new independent members and the reappointment of 20 members.</li> <li>• The Board and its sponsors have been working with senior judiciary and HMCS to increase the number of judicial members; Ministers have agreed that judge members will no longer be appointed through the OCPA process but through deployment by the Lord Chief Justice. As a result over 60 positive responses were received from serving Judges with 59 appointments being made. Training started in March 2010, and in August 2010, 37 judges have been trained. A further 17 Judges are due to be trained in September.</li> <li>• In order to cope with the further 37% increase in Indeterminate Sentence for Public Protection (IPP) workload and 12% increase in life sentence prisoners workload the Board has increased the number of monthly panels. However, despite a record number of oral hearings taking place in 2009/10, the volume of cases referred to the Board has outstripped the capacity to hear them. The appointment of more Judges will increase the Board's ability to hear more cases in a timely manner. The implementation of the revised Parole Board Rules has also allowed the Board to use independent members to chair IPP oral hearings so that Judges can concentrate on considering life sentence prisoners.</li> <li>• In June 2010 29% of all cases were determined within the scheduled calendar month, against the target of 80%.</li> </ul>
<p>PAC Recommendation (5)</p> <p>The Board's administration of cases and its recording of data are being hampered because it holds details of cases on three separate databases and combined them manually. The Board should work with its new sponsor in the Ministry of Justice to implement a new database as soon as possible.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The replacement system, as well as replacing the existing internally developed systems, also supports the IT system designed for the inter-agency GPP which will track cases in a more effective way.</li> <li>• The linked PPUD/CMS IT system provides one shared database for all cases arising since 1 April 2009. Parole Board Staff have received guidance about entering data onto the existing PPUD part of this system. The system went live in May 2010.</li> </ul>

<p>PAC Recommendation (6)</p> <p>Money is being wasted because hearings cannot be held on time and offenders are held in prison when they should have been released, at a time when the prison population is at an all-time high. The cost to the Board of hearings that were adjourned or deferred was nearly £1 million in the nine months to 30 September 2007. The cost to HM Prison Service of keeping offenders in jail who were subsequently released at rescheduled hearings or were transferred from closed to open conditions was estimated to be nearly £2million in the same period.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Parole Board has worked hard with its criminal justice partners to ensure that all necessary information is provided at oral hearings so that the number of cases adjourned or deferred is kept to a minimum. The Board introduced the Intensive Case Management process to ensure that all dossiers contained adequate evidence to enable an oral hearing to proceed as scheduled. This reduces the risk of hearings being deferred on the day.</li> <li>• The Board regularly reviews reasons for adjournments and deferrals to identify common problems and take remedial action to reduce the number of on-the-day deferrals to the necessary minimum.</li> <li>• The Parole Board will also be recording all instances of deferrals in advance of the oral hearings scheduled between October and December 2010. The Board will analyse the reasons for each deferral, with a view to making further process improvements.</li> <li>• Despite an increase in the overall number of hearings held, the number of adjournments/deferrals on the day has fallen from 27% in 2006/07 to 17% in 2009-10 for lifers and from 32% to 17% in respect of IPPs in the same period.</li> </ul>
<p>PAC Recommendation (9)</p> <p>The Board's independence was challenged in a Court of Appeal ruling in February 2008, which stated that sponsorship by the National Offender Management Service of the Ministry of Justice meant that the Board was not sufficiently independent. In April 2008, the Secretary of State announced that the sponsorship of the Board would be transferred to the Access to Justice Directorate within the Ministry. The Board's preferred option is that it should become a court and become part of HM Courts Service.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• A consultation paper entitled "The Future of the Parole Board" published in July 2009 explores some of the options for the future status of the Parole Board, its functions and powers, and where it is best placed within the criminal justice system given its evolution from an advisory body when it was established to the decision-making body that it is today.</li> <li>• Following the judgment in Brooke, which was critical of the independence of the Parole Board's then sponsorship arrangements, sponsorship of the Board was in April 2008 moved from the National Offender Management Service to the Access to Justice business group. Access to Justice is a business group of the MoJ but is removed from the management of offenders. In October 2010, following organisational changes, the Sponsor Unit is moving to the Corporate Performance Group.</li> <li>• In 2009 the previous government published a consultation paper seeking views on where the Parole Board would be best placed in the Criminal Justice System in order to deliver timely, fair and rigorous decisions. Since the time of that consultation there have been significant developments including a new Government in place with new priorities, and the integration of HMCS and the Tribunals Service which is beginning to take shape. The Coalition Government is carrying out a review of sentencing policy to ensure that it is effective in deterring crime, protecting the public, punishing offenders and reducing reoffending and will consult in a Green Paper, which is due to be published in November 2010. This will inevitably have implications on the future role of the Parole Board. Therefore, it is necessary to pause before making final decisions on the future role or the appropriate location of the Parole Board.</li> <li>• More broadly, the Department is developing guidance on the principles by which all of its Arms Length Bodies (ALBs) should be governed. This guidance will be further developed in light of the outcomes of HM Treasury's review into arms length bodies that forms part of the Public Value Programme.</li> </ul>



# The National Probation Service: The Supervision of Community Orders in England and Wales

(Forty-eighth report published 4 November 2008)

The PAC examined the Ministry of Justice on increasing the effectiveness of community orders; building the confidence of both the court and the community in community orders; improving the funding formula; and tightening adherence to the requirements of orders through compliance and enforcement procedures.

Total number of recommendations contained in the report: 11

Total number of recommendations which remain outstanding: 2

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (3)</p> <p>The most widely used measure of reoffending, the reconviction rate, does not include all offences committed in the two year monitoring period after sentencing and is not comprehensive enough to be a useful measure of sentence effectiveness. Offences occurring during the two year monitoring period, but identified more than six months later are not included in the reconviction rate, which is therefore understated. To gain a fuller picture of reoffending, the Ministry should supplement its two year reconviction data with information on offences identified later.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• An initial unpublished comparison of reconviction rates using data available in 2007 (and based on a slightly outdated method) showed that for the majority of offences, rates over one year are highly indicative of those over two and five years. However, NOMS are updating this with reoffending rates based on the current methodology (frequency and severity of reoffending) over a period of one to seven years.</li> <li>• This work will be completed and published in November 2010.</li> <li>• This work will also assess the impact of offences which were committed during the one year follow up period, but were identified more than six months after the end of this period.</li> </ul>

<p>PAC Recommendation (4)</p> <p>The National Probation Service does not have accurate, complete and up-to-date information about its capacity to oversee community orders, the relative costs between areas or the number of community orders completed as sentenced. In the face of changing demands on the National Probation Service, good decision making is difficult without accurate information. The changes set out in the Ministry's Action Plan should improve the reliability and timeliness of management information, and the National Probation Service should publish periodic reports on progress made on implementation.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Improvements in these areas are being taken forward under two main work programmes:</li> <li>• In May 2008, the Specification, Benchmarking and Costing Programme (SBC) was established to support improvements in efficiency and effectiveness by addressing unnecessary variation in service provision and developing specifications for each service which will be costed, enabling fair comparison of the costs for key services across the National Probation Service. The first specifications received Ministerial approval in July 2009. A full set of specifications is due to be completed by March 2012; and</li> <li>• The Performance Management Framework contains a number of work strands including: <ul style="list-style-type: none"> <li>a) the development of a performance information hub that widens access to performance information.</li> <li>b) the development of an enhanced management information strategy which aims to make the best use of available data.</li> <li>c) the implementation of 'Best Value' work for Probation Services as part of the Probation Trust Programme which focused on work with victims and unpaid work during 2009/10.</li> </ul> </li> <li>• Whilst accurate information is available on orders completed by Probation Areas/Trusts it is currently difficult to access high quality, consistent data on the completion of an individual's requirements within those orders. However, this data will be available when all Probation Trusts migrate to a new, standard case management system (expected completion summer 2011) and an appropriate indicator will be included within the Probation Performance Management Framework.</li> <li>• NOMS' Performance Management Group are working with the Department's Chief Statistician on how to make more data and reports publicly available.</li> </ul>
<p>PAC Recommendation (5)</p> <p>Funding for the delivery of community orders is not aligned with the demands falling on individual local Probation Areas. The Ministry should adjust its funding arrangements to more flexibly respond to changes in demand from sentencers, as well as local Area circumstances.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• Changes to the allocation process have already taken place to ensure that the allocation of funds is adjusted to align more closely with local demands and offender needs.</li> <li>• The allocation process will be informed and improved by the results of the work set out in our response to Recommendation 4 and by other management information, such as conviction data for each Probation Trust.</li> <li>• The allocations for individual Probation Areas 2009-10 were adjusted to take account of local conviction data. The 2010-11 allocations were further adjusted using conviction data. The Specification, Benchmarking and Costing work is also now being deployed to probation services.</li> <li>• Now all the Directors of Offender Management (DOMs) are in post, the 2010-11 Probation Trust contract price was negotiated locally by the regional DOM.</li> </ul>

# Compensating Victims of Violent Crime

(Fifty-fourth report published 20 November 2008)

The PAC examined the Ministry of Justice, the Criminal Injuries Compensation Authority (CICA) and the Tribunals Service on the reasons for the deterioration in performance since it last reported and the steps that they had taken, and planned to take, to improve performance in the future.

Total number of recommendations contained in the report: 14

Total number of recommendations which remain outstanding: 1

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>In 2006, 64% of victims of violent crime were unaware of the Criminal Injuries Compensation Scheme and only 5% applied. The Scheme continues to be undersubscribed and application rates varied by gender, age, location, employment status and ethnicity. The Ministry and the Authority should increase awareness of the scheme by using research and the Authority's database to examine the characteristics of both applicants and eligible victims and to improve the marketing of the scheme. It should also make information more widely available on how and where to apply, and who is eligible.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The Criminal Injuries Compensation Authority (CICA) has raised awareness by:               <ul style="list-style-type: none"> <li>• Consulting widely with victims' groups and other stakeholders;</li> <li>• Participating in victims' conferences and arranging Stakeholder conferences;</li> <li>• Revising literature and guidance notes and re-designing its website;</li> <li>• Piloting a poster campaign during August to October 2009; and</li> <li>• Producing three editions of 'In Touch' (a new quarterly publication for stakeholders.)</li> </ul> </li> <li>• Full details on how to apply for compensation are now clearly available on CICA's redesigned website and previous guidance on the scheme has been consolidated into a Booklet entitled "A Guide to the Criminal Injuries Compensation Scheme 2008". This is available on CICA's website and also in hard copy on request. This booklet contains clear guidance on how to apply and eligibility.</li> <li>• CICA has completed a piece of work to try to identify the characteristics of victims of crime. A draft report has been produced, including contributions from the Ministry of Justice's research unit. CICA sought views on the draft report at the Criminal Injuries Compensation Scheme Interdepartmental Committee (CICSIC) and it was agreed (in conjunction with the NAO) that the research will be ongoing and incremental. The MoJ research unit will assist and advise CICA going forward.</li> </ul>

<p>PAC Recommendation (2)</p> <p>Almost a fifth of applicants responding to the Authority's survey found the application form difficult to complete, and almost half of those using representatives did so because of the form's complexity. The Authority should:</p> <ul style="list-style-type: none"> <li>• make use of good practice developed elsewhere in government and by bodies such as the Plain English Campaign to make its application forms easier to complete;</li> <li>• advertise its helpline number widely and encourage applicants to use the service to apply over the phone, with appropriate support; and</li> <li>• encourage use of its interactive online application form.</li> </ul>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• All application forms have been revised, making them easier to complete. A further review of application forms commenced in July 2009 and will be dovetailed with the Online Application Forms IT project relating to online application forms to ensure consistency.</li> <li>• Plain English is now used in all key documentation and relevant staff have received plain English training.</li> <li>• A single freephone helpline for all applicants has been introduced, which is publicised on all its literature and its website.</li> <li>• In October 2009, CICA began taking new applications over the telephone. This was gradually rolled out, and fully implemented in February 2010.</li> <li>• An on-line application form was launched at the end of October 2009.</li> </ul>
<p>PAC Recommendation (9)</p> <p>The Authority relies on information from third parties to assess eligibility in 98% of cases but police forces, hospitals and General Practitioners often fail to meet the 30-day response deadline required by the Code of Practice for Victims of Crime. To improve performance in deciding cases:</p> <ul style="list-style-type: none"> <li>• the Authority should improve relations with GPs and hospitals in the short term and over a longer timescale, develop other ways of gathering medical information to decide cases;</li> <li>• the Authority should review its forms to check it requires all the information requested and to make them easier to complete;</li> <li>• the Ministry should discuss with the Home Office and the Association of Chief Police Officers how to improve the individual performance of police forces against the requirements of the code. Similar action will be required by the Scottish Government with respect to the Association of Chief Police Officers for Scotland.</li> </ul>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• After further consideration, the Authority identified that it was more appropriate to liaise with Strategic Health Authorities (SHAs) or Health Boards (HBs) and approaches were tested on cases in our Wales team from March 2010. Lessons learned from these tests have been recorded. The Authority now proposes to place more onus on applicants to provide medical evidence as part of its Target Operating Model and intends to pursue that route rather than through SHAs or HBs.</li> <li>• The Authority: <ul style="list-style-type: none"> <li>• Has requested that applicants enclose Accident &amp; Emergency reports with their applications since November 2008, to provide timely access to basic medical information.</li> <li>• Has established regional case-working teams to work with local police forces and medical authorities</li> <li>• Held workshops early 2008 which considered the end-to-end customer experience with a view to reducing bureaucracy and improving the service provided.</li> </ul> </li> <li>• MoJ and CICA are working with the Association of Chief Police Officers (ACPO) and the Association of Chief Police Officers Scotland (ACPOS) and other relevant bodies to agree the best way of collecting information from police forces and to redesign the forms accordingly. Agreement on a Service Level Agreement has been reached with ACPOS and this became operational on 1 June 2010. Agreement on an SLA is expected later in 2010 for ACPO.</li> <li>• CICA is introducing an IT strategy which will provide for further developments to allow police to submit information by way of third party portals.</li> <li>• Since the introduction of the Victims' Code in April 2006, police forces in England and Wales have been legally required to return forms within 30 days. At the time the Code was introduced, 27% of forms returned on time. This has improved to 40% in the year December 2007 at the time of the NAO report, and to 62% in the year to December 2009. Target for end of 2010 is 80%.</li> <li>• CICA is currently looking at receiving information electronically from police forces which should speed the process up further.</li> </ul>

# Legal Services Commission: Legal Aid and Mediation for People Involved in Family Breakdown

(Fifty-first report published 16 October 2007)

This report considered the current system for referring clients to mediation in legally aided family cases. It also considered the actions the Legal Services Commission (LSC) has in progress to increase referrals to mediation services, to improve the quality of mediation offered, and to strengthen the LSC oversight of solicitors and mediation providers.

Total number of recommendations contained in the report: 9

Total number of recommendations which remain outstanding: 2

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (2)</p> <p>Of the 148 people surveyed who commented on the quality of the mediation they received, 67 (25%) were dissatisfied. The Commission does not have sufficient information on the quality and effectiveness of individual mediators' work to be confident it is getting maximum value from legal aid funding, and that members of the public are achieving the potential benefits. The Commission should:</p> <p>a) carry out regular user satisfaction surveys;</p> <p>b) incorporate measures of mediator performance into its quality assurance procedures including the proportion of cases in which agreement is reached;</p> <p>c) seek agreement from the UK College of Family Mediators, Law Society and Bar Council to share information about the quality of service provided by solicitors and mediators when funded by legal aid;</p> <p>d) revise its leaflets and online guidance to ask clients to copy to the Commission all complaints made to the complaints services of those professional bodies about legal aid funded work;</p> <p>e) in mediators' contracts include scope for financial penalties to be applied to the poorest performers including provision, ultimately, for contracts to be terminated.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The Mediation Quality Mark requires comprehensive client satisfaction feedback. LSC believes a more cost effective approach is to review a sample of these records to identify trends and understand client satisfaction levels and this has been included in the Mediation Quality Mark Audit Process.</li> <li>• In June 2007, a Mediation Provider Contract Management Review Criteria Report was introduced. This report looks at individual mediation service performance in terms of conversion rates and agreements reached. This allows the Commission to work with mediation services to improve performance and take remedial action where it is appropriate to do so. These reports will be central to the new revised Mediation Audit Process which will be introduced in October 2010.</li> <li>• Representative bodies and the Solicitors' Regulation Authority deal with all complaints about their members. LSC meet these stakeholders quarterly to address concerns regarding solicitor and mediator performance relating to publicly funded work.</li> <li>• LSC believe that addressing any fundamental issues via our quarterly meetings with the Representative Bodies is a more effective approach to monitoring the nature of complaints made. To complement this, LSC also reviews complaints made to individual services when it visits the representative bodies to undertake the Mediation Quality Mark Audit.</li> <li>• The LSC's audit activities include an assessment of performance against the quality requirements in the Mediation Quality Mark and the LSC only pay for work carried out by mediators who have passed LSC's Competence Assessment Process. Contracts can be terminated where there is a failure to comply with this standard. From October 2010, LSC will introduce Key Performance Indicators (KPIs) for mediation services. Failure to meet these will result in sanctions being taken.</li> </ul>

<p>PAC Recommendation (6)</p> <p>The Commission's management data on mediation referral and take up rates is poor, reducing the scope for comparison between suppliers. The Commission is currently developing a new supplier management database which will be implemented in October 2007 for solicitors undertaking family work and in April 2008 for mediators. The Commission plans to develop a client database to accurately identify clients across all schemes, including mediation. Meanwhile, it should use the supplier database to record variations in rates of referral to and take up of mediation, identify and investigate significant outliers, and, where necessary, take remedial action.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• A mediation module of the LSC supplier management system will be developed and include the functionality to track individuals across all databases. The implementation date of April 2009 has been delayed as all LSC IT projects are being reviewed to ensure the correct prioritisation of limited IT resources. It is currently anticipated that the new IT Supplier Management System will be introduced by October 2010.</li> <li>• In the longer term, all LSC databases will be replaced and, under the LSC's Delivery Transformation Programme, a client database will be created to allow clients to be properly identified across schemes.</li> <li>• In the meantime LSC have been using the existing supplier database to monitor variations in rates of referral and take up of mediation. In the year to Sept 2007, there were 40,180 exemption reasons used by solicitors against 32,747 in the year to September 2008, a drop of 19%. This fell further to 26,739 in the year to September 2009, although has risen to 27,095 in the 12 months up to January 2010. This can be accounted for by a significant increase in the number of certificates being applied for in private law family proceedings in the last 12 months.</li> <li>• In the year to September 2007, 21% of exemption reasons were because of domestic abuse, dropping to 13.9% in the year to September 2008 and falling to 7.9% in the year to September 2009. In the 12 months up to January 2010 this reduced further to 7.4%.</li> <li>• The "existing proceedings" rule during these same 12-month periods pre and post October 2007 also fell from 20% to 14.5% during 2008/09, although has risen to 21.5% in the 12 months to January 2010, but this picture has again been distorted by a significant increase in private law family proceedings in the last 12 months.</li> <li>• In April 2009, LSC introduced internal Key Performance Indicators for family solicitors which looked at mediation exemption reasons used to ensure that those cases suitable for mediation are referred. LSC analyses the data and where issues are identified, contact is made with the service provider and an action plan to improve performance is agreed, where appropriate to do so.</li> </ul>
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# Fines Collection

(Tenth report published 31 January 2007)

This report examined the Ministry of Justice and Her Majesty's Courts Service (HMCS) on the information available on the payment of fines, how courts might set appropriate penalties and how they might increase and speed up the payment of fines.

Total number of recommendations contained in the report: 10

Total number of recommendations which remain outstanding: 3

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>The Department does not know the number or percentage of offenders who pay their fine nor the amount of fines imposed each year that it is collected. Delays to the introduction of Libra, the Department's new management information system, mean that the Department does not have the basic information required to manage the collection of fines.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The LIBRA IT system was fully rolled out in December 2008 in all magistrates' courts. A number of reports have been developed to provide the information referred to in the recommendation. The report on Outstanding Balances and Arrears is ready to rollout. Guidance is being written and once signed off will be released by October 2010. The reports – Account Payments and Enforcement Rate and Financial Imposition Collections – both require further development due to data issues found. Development on those reports will continue and will be rolled out in April 2011.</li> <li>• Through improvements in the management of fine collection HMCS collected £12m more in 2009-10 than the previous year despite the economic downturn.</li> </ul>
<p>PAC Recommendation (2)</p> <p>The Department should replace the "payment rate" as a measurement of performance with:</p> <ul style="list-style-type: none"> <li>• the number of offenders annually who pay their fine as a proportion of the number of offenders who have had a fine imposed in the year;</li> <li>• the percentage of fines (by value) imposed in the year that are collected;</li> <li>• the proportion of fines annually that require enforcement action;</li> <li>• the annual change in arrears; and</li> <li>• the number and value of cancelled fines, broken down by reason for cancellation.</li> </ul>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The fine payment rate is reported in two forms:               <ul style="list-style-type: none"> <li>- Overall payment rate.</li> <li>- Payment rate excluding those that were administratively cancelled.</li> </ul> </li> <li>• The payment rate will be supported by a number of measures, which are being developed as recommended. Business testing of these is underway and these measures should be in place for the 2011-12 Financial Year.</li> </ul>

<p>PAC Recommendation (4)</p> <p>In 2004-05, £69 million of fines were cancelled at a cost of some £28 million. The Department for Constitutional Affairs stated that the main cause of cancellations is fines being set at too high a level, but cannot provide a detailed breakdown of the reasons. The Department should take action to reduce the number of cancelled fines by:</p> <ul style="list-style-type: none"> <li>• reminding legal advisers to provide magistrates with the information from the means forms and the offenders' history of fines payment, so that</li> <li>• magistrates can set fines at an appropriate level;</li> <li>• requiring legal advisers to record the reasons for cancelling fines; and</li> <li>• analysing the reasons for cancellations to identify ways to reduce their number.</li> </ul>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The LIBRA system has the ability to record the reason why a fine was cancelled.</li> <li>• Following twelve months of business testing, full operational roll-out of reports will commence. This is not expected to occur before April 2011. Guidance to enforcement teams and legal advisors, which will reinforce the need to record the reasons for cancelling fines, will coincide with that roll-out. The Department will then be in a position to analyse the reasons for judicial cancellations.</li> <li>• In the meantime, The Criminal Compliance and Enforcement Services Blueprint, implemented in July 2008, contains specific guidance advising that administrative teams should complete a case summary which includes offender details, means information, enforcement history and outstanding accounts in the local justice area.</li> <li>• A DVD has been produced by HMCS Enforcement entitled <i>That Fine's Payable Now</i> and approved by the Judicial Studies Board. This has been sent out to all regions for distribution to magistrates. One of the recommendations in the DVD is that a means form is obtained in every case where a defendant appears in court.</li> <li>• These measures have contributed to a 32% reduction in cancellations between financial years 04/05 and 09/10 despite an increase in the number of impositions.</li> </ul>
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# The Electronic Monitoring of Adult Offenders

(Sixty-second report published 12 October 2006)

This report examined the Home Office (now the Ministry of Justice for the purposes of this report), the National Offender Management Service and the two contractors on the robustness of electronic monitoring and its use in rehabilitating offenders.

Total number of recommendations contained in the report: 15

Total number of recommendations which remain outstanding: 2

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (4)</p> <p>Home Detention Curfew eligibility assessments are not routinely sent with prisoners when they are transferred between prisons. We recommended in a previous report that all records should be transferred with prisoners when they are moved between prisons. Until all records are available electronically to all prisons, the Prison Service should transfer all paperwork associated with eligibility assessments with prisoners, to prevent duplication of effort and to help prisoners to be released on their eligibility date.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• The transfer of eligibility assessments for Home Detention Curfew (HDC) is one of the system tasks on the NOMS Information System (NOMIS), under which paperwork will be transferred electronically and automatically as part of the NOMIS standard transfer process. The national roll out of the prisons case management system (Prison-NOMIS) to all public prisons was completed in May 2010.</li> <li>• Workshops organised by the HDC policy team have taken place in each prison area covering recent changes in legislation and also the HDC process generally.</li> <li>• HDC clerks were reminded to ensure HDC paperwork is sent with the prisoner at the time of transfer or if not, that it goes immediately the following day. Staff were reminded of the delays and duplications that can occur when paperwork is not sent straight away.</li> </ul>
<p>PAC Recommendation (6)</p> <p>There is insufficient evidence available to determine whether electronic monitoring helps to reduce reoffending or promote rehabilitation. The Home Office should carry out further research to establish the role that electronic monitoring could play in reducing reoffending. It should make the results of the research available to courts and prisons, which make decisions on whether to place offenders on curfews.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Following initial assessment of the data available and scoping of the work required in 2007, Offender Management &amp; Sentencing Analytical Services identified the need for a feasibility study.</li> <li>• The study was contracted to the London School of Economics which is now conducting the main stage of analysis using the specialist methods identified by OMSAS.</li> <li>• Preliminary analysis was conducted by LSE and a report of preliminary findings delivered in March 2008. Further analysis has been completed by the research contractor and a report submitted. The analysis and report are currently being quality assured. A summary of the report has been drafted and is being agreed with the contractor prior to being sent to policy and analytical colleagues for comment. Due to resource constraints we are unable to state a firm publication date however we would hope that this would be late 2010/early 2011.</li> </ul>

<p>PAC Recommendation (12)</p> <p>The Home Office has recently obtained real-time access to the contractors' databases. The Home Office should use this access to carry out independent monitoring and auditing of the contractors' performance and it should publish information on their performance where this does not undermine the effectiveness of curfews.</p>	<p>In Progress</p> <ul style="list-style-type: none"><li>• The Electronic Monitoring Data Access Service (EMDAS) project was closed in 2007 as it failed to meet the Department's audit requirements.</li><li>• NAO audit standards would require access to original documentation which auditors need to verify. The direct access system was unable to do this. Also, due to Home Office requirements for security it was extremely slow and was, therefore, not robust enough to roll out to Offender Managers.</li><li>• However the NOMS audit process has been strengthened and has helped to achieve changes to the contractor's processes, such as the establishment internal audit systems. NOMS undertakes its own audits as well as auditing the contractors' audits.</li><li>• A dedicated Electronic Monitoring page containing general information has been available on the Probation website since August 2010. NOMS are consulting with the Department's Commercial Group and the EM providers themselves on whether this website will include reference to the performance of its EM providers. Performance data does not yet feature on this site as consultations with MoJ Commercial leads and contractors are not complete. The revised target date for completion of consultations is November 2010. In the meantime, the Department has, where applicable, provided information on performance in reply to requests under the Freedom of Information Act.</li></ul>
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# Serving Time: Prisoner Diet and Exercise

(Fifty-sixth report published 19 July 2006)

The Committee examined the Prison Service's progress on catering since it last reported in 1998 and how prisoners' access to nutritious food and exercise could be improved.

Total number of recommendations contained in the report: 10

Total number of recommendations which remain outstanding: 2

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (4)</p> <p>The Prison Service has not yet reacted to research completed in 1997, which indicated a link between nutrition and behaviour. The Prison Service should arrange for further research to be carried out into this subject. It should agree a timetable with its research partners to carry out further research, or if they are unable to deliver suitable research within an acceptable timetable request that the Home Office Research Development and Statistics Directorate fund the research.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• The study is being carried out and funded independently by Natural Justice at three HM Young Offenders Institutions - Hindley, Greater Manchester; Lancaster Farms, Lancashire; and Polmont, Falkirk.</li> <li>• The research aims to involve over 1,000 young men in prison (aged between 16 and 21). The timetable for completion is a matter for Natural Justice, but is currently scheduled to be conducted over a three-year period, reporting by December 2011.</li> </ul>
<p>PAC Recommendation (9)</p> <p>The cost of physical education per prisoner varied by over 175% between the cheapest and the most expensive prisons visited by the National Audit Office in 2004–05. Variation is to be expected between different types of prison but there were large variances between prisons of the same type. The cost of physical education at male local prisons visited by the National Audit Office varied by 68% between the lowest and highest. The Prison Service should investigate large variations in the cost and provision of physical education, and disseminate good practice from prisons providing high quality physical education cost effectively, including the use of civilian instructors.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Across the estate, there are wide variations in prison population, regime resources and Physical Education (PE) facilities and therefore variation between services provided and cost are to be expected.</li> <li>• A system of PE reviews, which identify the opportunities for increased effectiveness or efficiency savings within PE have been introduced. These reviews involve assessing resources, both physical and staffing, and advising individual Prison Governors how they can get the most efficient and effective PE programmes in place.</li> <li>• Provision and analysis of PE is part of the wider NOMS Specification, Benchmarking and Costing (SBC) Programme, to create a framework of costed service specifications covering the entire NOMS business. The PE specification is due to be implemented in April 2011.</li> </ul>

# Facing Justice: Tackling Defendants' non-Attendance at Court

(Twenty-second report published 16 June 2005)

The Committee examined the Home Office (now the Ministry of Justice for the purpose of this report), the Court Service, the Crown Prosecution Service, the Office for Criminal Justice Reform and the Association of Chief Police Officers on whether they were taking effective action to improve performance in getting defendants to court.

Total number of recommendations contained in the report: 9

Total number of recommendations which remain outstanding: 0

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>15% of defendants fail to attend court hearings, which undermines confidence in the criminal justice system, and is the second largest cause of ineffective trials in England and Wales in the year ended June 2004. The National Criminal Justice Board should make available on the internet and by other means data on the success rates of individual local criminal justice boards in achieving defendants' attendance at court, to encourage more effective joined up working by the criminal justice agencies and early sharing of good practice. The Board should consider "naming and shaming" poor performing areas by issuing a press notice reporting local performance across the country for the attention of the local news media.</p>	<p>Closed</p> <ul style="list-style-type: none"> <li>• Data on failures to appear following bail or summons are published annually at a national level in Criminal Statistics, England and Wales (see Tables 4.6 and 4.8 in <a href="http://www.justice.gov.uk/publications/docs/criminal-stats-2008.pdf">http://www.justice.gov.uk/publications/docs/criminal-stats-2008.pdf</a>). From these data it is possible to calculate the proportion of completed cases that have had one or more instances of recorded failures to appear during the case. However; It is not possible to show the percentage of instances of failure to appear for all hearings.</li> <li>• The Coalition Government has ended the previous Government's framework of Public Service Agreements, and going forward will not rely on top-down performance management.</li> </ul>

# Youth Offending: The Delivery of Community and Custodial Sentences

(Fortieth report published 12 October 2004)

The Committee examined the Home Office (now the Ministry of Justice for the purpose of this report) on the delivery of custodial and higher tariff community sentences; the efforts made to address the main causes of offending behaviour; and the Youth Justice Board's role in overseeing the performance of custodial establishments and Youth Offending Teams. The Committee also visited Haringey Youth Offending Team and met staff working with young offenders, senior council officials, and the local police commander and young offenders attending the various programmes.

Total number of recommendations contained in the report: 8

Total number of recommendations which remain outstanding: 1

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (4)</p> <p>The average annual cost of custodial places varies significantly between providers, but no research has been undertaken as to their relative effectiveness. A secure Training Centre place (run by private contractors) costs £164,750, and a local Authority Secure Children's Home place costs £185,780, reflecting staffing ratios of 4 staff to 8 youngsters. A place at a Young Offender Institution run by the Prison Service costs £50,800, with a ratio of around 4 staff to 60 youngsters. The Youth Justice Board should</p> <p>(a) commission research into each option's cost effectiveness in terms of reoffending rates and the welfare of the young person;</p> <p>(b) establish a strategy for the nature of custodial place provision and its geographical spread; and</p> <p>(c) carry out an opportunity cost analysis of steadily moving part of the custodial places into effective community surveillance and supervision.</p>	<p>In Progress</p> <p>a) Following significant pilot study research, the YJB have commissioned a major new study to look at the secure estate for children and young people by Kings College London and Ipsos MORI. The research is underway: data collection started in January 2010. The first draft is due in December 2012. This is a year behind the schedule indicated in the APR 2009: delays stemmed from difficulties in agreeing a robust methodology.</p> <ul style="list-style-type: none"> <li>• The research is titled 'Young People, Interventions and the Secure Estate' and the questions it attempts to answer are: <ul style="list-style-type: none"> <li>• Identify what types of interventions young offenders receive within the establishments</li> <li>• Describe the extent to which interventions are matched to young offenders identified needs</li> <li>• Describe the association between interventions received and reconviction and other positive outcomes</li> <li>• To elicit and describe young people's experiences within the secure estate</li> <li>• To assess the qualifications and expertise of staff within the secure estate</li> </ul> </li> <li>• The research will be looking at practice within Secure Children's Homes, Secure Training Centres and Youth Offender Institutions separately, examining regime quality and interventions and their correlation with outcomes such as re-offending.</li> <li>• The research is using qualitative and quantitative methods, including analysing administrative data. There are methodological limitations to comparing the institutions, given the distinct characteristics of young people who enter custody in each. However, as far as is possible, the research will aim to identify how the different establishment types add value, including re-offending, welfare and using models of costs.</li> <li>• Additionally the Youth Justice Board has developed new reporting tools to enable better use of existing data flows. These data flows may make possible the analysis of outcomes linked to the different custodial sectors but a difficulty in any such analysis is the effect of what happens in the community once an offender leaves the secure estate.</li> </ul> <p>b) This part of the recommendation has been completed. For full details, please refer to the Department's Autumn Performance Report 2009, published on 8 December 2009.</p> <p>c) This part of the recommendation has been completed. For full details, please refer to the Department's Autumn Performance Report 2009, published on 8 December 2009.</p>

# The Operational Performance of PFI Prisons

(Forty-ninth report published 2 December 2003)

The Committee examined the extent to which good practice is shared between PFI and public prisons, and how the operational performance of PFI and public prisons is measured and managed.

Total number of recommendations contained in the report: 9

Total number of recommendations which remain outstanding: 0

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (6)</p> <p>The monitoring and recording of performance data is at present less reliable in the public sector than in the PFI sector. The Prison Service should examine the feasibility of introducing within the next year a performance data monitoring function, similar to the Controller function in PFI prisons, throughout publicly managed prisons. The cost of such an initiative could be reduced by making such monitors responsible for a number of prisons within a geographical area.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• As of April 2010 the same data is being collected to the same standard across all prison establishments, public and contracted. In both types of establishment a three-stage sign-off process is in place, involving: (1) data input by prison data entry clerk, (2) first sign-off by prison Head of Secretariat (often Performance Manager) and (3) second level of sign-off provided by prison Senior Management Team (SMT) in public prisons and the controller's office for the contracted sector.</li> <li>• From April 2010 NOMS has introduced a further layer of quality assurance which sits outside the establishments using the NOMS Performance Hub, a secure website which provides NOMS staff and associated organisations with data collection, validation and reporting systems. This fourth layer is the same for both public and private prisons. We anticipate Regional Managers (Custody) and Regional Managers for Finance and Performance in Directors of Offender Management (DOM) offices will take responsibility for this fourth level. Although they do not have the capacity to undertake formal sign-off of data (which will remain the responsibility of the establishment), they will fulfil a dual role as first-line identifiers of data quality issues and as on the ground support to NOMS Performance, Information &amp; Analysis Group (PIAG) in attempts to rectify and resolve issues of data quality and completeness. A fifth layer of assurance is provided by PIAG's scrutiny of the data at the centre.</li> <li>• There is a drive to capture performance information directly from operational systems which will reduce the burden and improve accuracy.</li> <li>• New IT programmes (such as Phoenix and NOMIS) which are being rolled out have the functionality to include performance requirements in reporting databases.</li> <li>• The Ministerial approved decommissioning of the PSIMON system and the switch-over to its replacement by the NOM Performance Hub was completed in time for submission of the first data returns for the 2010/11 financial year.</li> </ul>

# Reducing Prisoner Reoffending

(Fifty-third report published 5 September 2002)

The Committee examined the Prison Service on the development and delivery of programmes, and the support given to prisoners prior to release.

Total number of recommendations contained in the report: 12

Total number of recommendations which remain outstanding: 2

Recommendations	Detail of Progress made to date
<p>PAC Recommendation (1)</p> <p>We agree with the Director of the Prison Service in seeking to give priority to constructive programmes to reduce reoffending, given the urgent need to get more prisoners to resume law-abiding lives on release. However, programmes should be available to short-term prisoners to lower the risk of them becoming repeat offenders.</p>	<p>Closed</p> <ul style="list-style-type: none"> <li>Progress against this recommendation, relating to management of "short-term prisoners" has been reported in previous Departmental publications. The National Audit Office published a Value for Money study on this specific topic, entitled "Managing Offenders on Short Custodial Sentences", on 10 March 2010. The Public Accounts Committee (PAC) has subsequently held a hearing on this subject and their report is expected shortly. As agreed with the National Audit Office (NAO), this recommendation will therefore be superseded by the more comprehensive recommendations contained in the forthcoming PAC report on managing offenders on short custodial sentences. The Department's response to the PAC Report will be made in the usual way via a Treasury Minute with progress against each individual recommendation reported in future iterations of this annex.</li> </ul>



<p>PAC Recommendation (3)</p> <p>Over 5,000 prisoners suffer from a functional psychosis and many are in need of in-patient treatment for mental disorders. The Prison Service and the National Health Service should agree targets for reducing the length of time such prisoners spend waiting for in-patient treatment</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• Building on Lord Bradley's Review recommendation to develop diversion services, all relevant authorities are:             <ol style="list-style-type: none"> <li>i) in agreement that the time to transfer those with acute severe mental illness from prison to an inpatient psychiatric setting should be reduced to a minimum; and</li> <li>ii) aiming at an overall goal of having liaison and diversion services available at police and court stages of the CJS, within the next five years.</li> </ol> </li> <li>• Good progress has already been made in reducing delays in the transfer process and we have introduced tighter monitoring to identify prisoners waiting an unacceptably long period. There has been a significant decrease in the number of prisoners waiting over 12 weeks for a transfer and information taken from the quarterly prison performance data for transfers under the Mental Health Act indicates a continuing downward trend in transfer delays. In the quarter ending March 2010, 25 prisoners were waiting in excess of 12 weeks for transfers – down from 40 prisoners in the same quarter of the preceding year.</li> <li>• The Health and Criminal Justice Programme Board and Advisory Group are currently in the process of reprioritising the work, to reflect the emphasis set out in The Coalition: our programme for government. Areas of policy in the existing programme strongly support coalition commitments on rehabilitation, sentencing and exploring alternative forms of secure, treatment-based accommodation for mentally ill and drugs offenders.</li> <li>• In addition, the Prison Transfer Project will deliver a joint training package for Prison Service and NHS staff to increase understanding and appropriate use of the national transfer procedure by clinical and non-clinical staff in the Prison Service and NHS. It will also help prisoners, as well as clinical and non-clinical staff in both the Prison Service and NHS, to increase understanding of and confidence in the transfers and remittance process. Responsibility for delivering effective transfers lies at local level. It is important that commissioners, provider organisations, offender health teams, individual establishments and Regional Managers work closely together in regions and clusters to ensure delays are minimised.</li> </ul>
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<p>PAC Recommendation (4)</p> <p>The Prison Service should identify measures to enable it to routinely compare the success of individual prisons in reducing reoffending so it can build on best practice and bring about improvements where necessary.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• Producing prison-specific reoffending rates is technically challenging as offenders maybe housed in more than one prison during their custodial sentence; or the main function of the prison may change over time, for example.</li> <li>• The project to develop individual prisons' reoffending rates is progressing well; we have investigated impacts of attributing reoffending to discharging prison, compared to attributing reoffending proportionally between each prison they have spent time in.</li> <li>• There remain however a range of the technical and methodological challenges involved in quantifying reoffending rates for individual prisons, data is currently being quality assured and we expect to publish initial findings in November 2010.</li> </ul>
<p>PAC Recommendation (5)</p> <p>Non-accredited programmes within prisons can play a valuable role, for example, in helping to meet the needs of short term prisoners. The Prison Service should maintain a central record of the objectives and content of these programmes, identify good practice and encourage the development and delivery of worthwhile new programmes.</p>	<p>In Progress</p> <ul style="list-style-type: none"> <li>• A NOMS project, the Effective Interventions Programme, is underway to identify all non-accredited programmes being delivered in prison or probation settings.</li> <li>• A central database has been created holding information on all interventions. This has been live since July 2010, with plans to expand access to all regional offices and policy leads.</li> <li>• Following its launch, and further data verification, Management Information reports will start to be produced over the summer period.</li> <li>• New policy for approving interventions is in its final stages of development and is due for issue by December 2010.</li> <li>• Work has started (and is ongoing) on reviewing and assessing evidence on a number of offending streams with the aim of informing developers and commissioners on effective practice.</li> </ul>
<p>PAC Recommendation (9)</p> <p>Maintaining family relationships can be an important influence in reducing reoffending, yet only around a fifth of all prisons have involved families in working with offenders to prepare them for release. The Prison Service should give prisoners' families the opportunity to contribute to resettlement planning.</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• New assessment tools now identify family issues and many prisons involve family members in resettlement planning as a result of this</li> <li>• The majority of prisons now run family days and offer family and parenting interventions which encourage support for the resettlement process. Minimum standards for delivery of services to visitors have been drawn up.</li> </ul>

## **Annex D.** Complaints to the Parliamentary Ombudsman

### Complaints Received

The Parliamentary and Health Service Ombudsman (PHSO) addresses complaints made by members of the public, brought to her attention by MPs, where there has been alleged maladministration by Government departments and other bodies within their jurisdiction.

Complaints are an opportunity for the MoJ not only to rectify mistakes but also to improve the overall standard of the service we provide and are therefore treated very seriously.

In the PHSO Annual Report - Every complaint matters – published in July 2009, MoJ was listed as the fourth most complained about department, compared to third in 2007-08. PHSO received 743 complaints against MoJ in 2008/09 and accepted 18 of these for further investigation. Of the complaints reported upon in that period 11% were fully upheld and a further 53% were partially upheld.

Figures by business area, taken from PHSO Annual

<b>Figure 1: Complaints Received</b>	
HM Courts Service	229
Legal Services Commission	125
Information Commissioner	80
Tribunal Service	52
Land Registry	43
The Office of the Public Guardian	42
HM Prison Service	37
Ministry of Justice	29
Employment Tribunals Service	17
Independent Complaints Reviewer (Land Registry)	17
Employment Appeal Tribunal	15
Prisons and Probation Ombudsman	13
Asylum and Immigration Tribunal	8
Adjudicator to HM Land Registry	7
Official Solicitor	6
Office of Social Security and Child Support Commissioners	4
Legal Complaints Service	3
Boundary Commission for England	2
Court Funds Office	2
HMP Rye Hill	2
National Archives	2
HMP Brixton	1
HMP Hollesley Bay	1
HMP Peterborough	1
HMP The Mount	1
HMP Wakefield	1
Mental Health Review Tribunal	1
Unknown Prison	1
Youth Justice Board for England and Wales	1
<b>Total</b>	<b>743</b>

**Figure 2: Complaints accepted for investigation in the year**

Ministry of Justice	0
Asylum and Immigration Tribunal	2
HM Courts Service	7
HM Prison Service	1
Information Commissioner	1
Legal Services Commission	6
National Probation Service	0
Official Solicitor	0
Tribunals Service	1
<b>Total</b>	<b>18</b>

**Figure 3: Complaints Reported on in the year (including cases in hand from previous year)**

	Reported on	Fully upheld	Partly upheld	Not upheld
Ministry of Justice	1	-	-	1
Asylum and Immigration Tribunal	0	-	-	-
HM Courts Service	5	-	4	1
HM Prison Service	4	1	1	2
Information Commissioner	0	-	-	-
Legal Services Commission	8	-	5	3
National Probation Service	0	-	-	-
Official Solicitor	0	-	-	-
Tribunals Service	1	1	-	-
<b>Total</b>	<b>19</b>	<b>2</b>	<b>10</b>	<b>7</b>



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