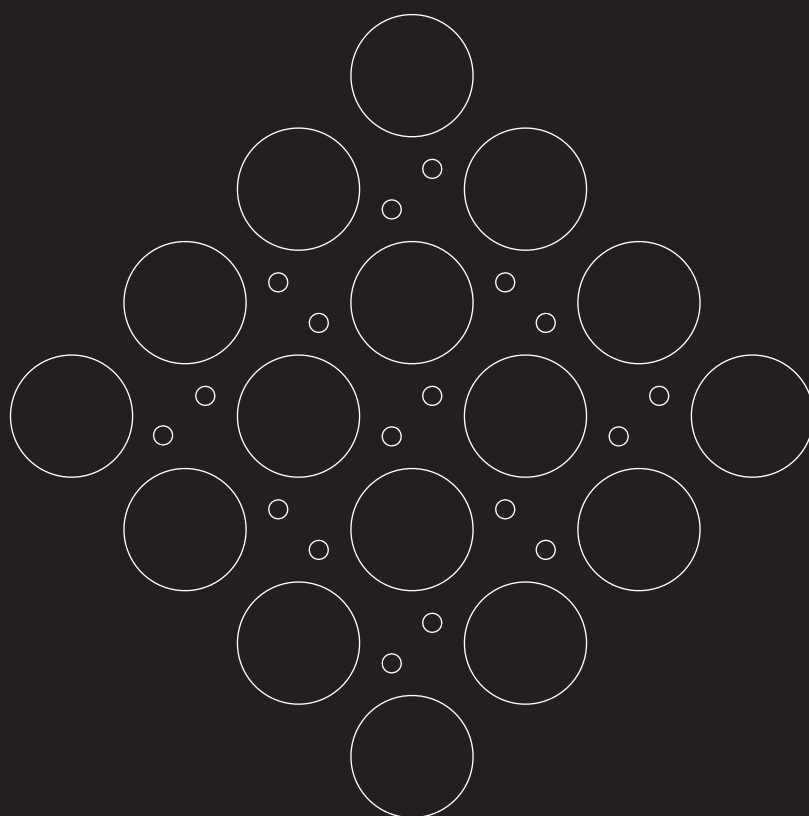


Ministry of Justice

Annual Report and Accounts

2010-11



Ministry of Justice Annual Report and Accounts 2010–11

(For the year ended 31 March 2011)

Accounts presented to the House of Commons pursuant to
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Introduction

By the Secretary of State for Justice and the Lord Chancellor

Keeping the public safe, ensuring that those who break the law face the consequences and providing swift, cost-effective access to justice are fundamental responsibilities of the state towards its citizens. Yet for too long the system has not been working as well as it should. Our prisons are places of enforced idleness rather than proper punishment, and their dreadful reoffending rates blight the lives of new victims every day. Meanwhile, ordinary citizens turning to the courts sometimes find themselves part of a bureaucratic nightmare, not the beneficiaries of a public service. Addressing these problems is an urgent priority. That's why the past year has seen the first steps in one of the biggest shake-ups of the justice system in a generation.

Ministry of Justice (MoJ) and its agencies have made good progress in many areas, taking forward a wide-ranging and bold programme of reform. Though it is still early days in many of the areas where we are implementing change, I've been encouraged by the Department's performance to date – not least in the aftermath of the riots in August, where colleagues across the justice system pulled together with creditable professionalism and dedication.

We remain committed to a long term programme of change.

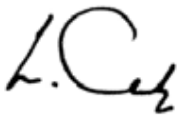
First on punishment, where we are seeking to introduce a full working week in to the prison estate so that our jails are places of hard work, with a proportion of earnings used to fund victims' services. After punishment comes rehabilitation and reform. The current system has often been unable to tackle the underlying causes of criminality such as drug abuse, poor mental health and inadequate skills. We are introducing a range of measures including drug-free wings in jails and greater use of treatment requirements in community sentences, so that more people can have mental health, drug and alcohol issues addressed in the community. More broadly, we are taking forward a fundamental shift in how offenders are rehabilitated, paying by results to deliver better outcomes for the public at the same, or less, cost. This is a world first, and one where the Department and its agencies can be genuinely proud of operating at the cutting edge of public service reform.

A second area of reform is our civil justice system, including the provision of Legal Aid. The aim is to deliver a system that is affordable and promotes the early resolution of disputes – not one that is expensive, slow and which can tend to worsen disagreements. Hence, we are seeking to streamline civil procedure, improve the family justice system and to restore balance to the operation of 'no-win, no fee' agreements. On Legal Aid, we are taking forward legislation to reform the scope of the scheme. To promote the early resolution of disputes, we are increasing funding for mediation by £10 million per year. Our priority is to ensure funding is routinely available in cases where people's life or liberty is at stake, where they are at risk of serious physical harm or immediate loss of their home, or where their children may be taken into care.

Changes to sentencing and the civil justice system are just the most visible parts of a broader vision of reform. Its other elements include looking afresh at how we provide our services – for example, wider use of competition to improve efficiency and effectiveness. We are also pushing ahead with much greater transparency, with the publication of far more data about the way the justice system works.

All told, we have achieved much in the past year, achievements all the more impressive given challenging financial circumstances and the need to make substantial spending reductions. Progress to date is due in no small part to the professionalism, commitment and hard work of all the staff in MoJ and its agencies. I'd like to extend my thanks to everyone for their contribution.

But of course, delivery never stops, and we have a great deal more to do to ensure that we achieve our vision of a transformed justice system. The coming year will doubtless throw up new challenges, and MoJ is nearer the start of its journey than the end. The prize is a great one: lower reoffending and crime, thereby improving public safety and preventing future victims; a civil justice system that works as a true public service.

A handwritten signature in black ink, appearing to read 'K. Clarke'.

**The Rt Hon Kenneth Clarke QC MP,
Secretary of State for Justice and Lord Chancellor**

By the Permanent Secretary

I am pleased to be able to introduce Ministry of Justice's Annual Report and Accounts 2010–11. Our very tight financial settlement has made it a challenging year, we have worked to make efficiencies and target our resources where they are most needed. We've streamlined the business and worked hard to cut out unnecessary overheads and non-essential projects, whilst working to continually improve the service we provide to the public.

I am proud of the progress that Ministry of Justice has made in delivering our vision – to transform the justice system and to transform the Department. We have already delivered substantial reforms, and have a detailed programme of work over this SR period to continue to deliver and implement this programme.

It is only through the efforts of the dedicated people working throughout the Department that we have achieved so much over the past year, and it is only through their efforts that we will continue to improve the service we offer to the public over the challenging year ahead. I am grateful to them for their effort and commitment to making Ministry of Justice a success.



Sir Suma Chakrabarti
Permanent Secretary

Annual Report

Scope

The Annual Report and Accounts report the results of Ministry of Justice (MoJ), the Scotland Office and the Wales Office for the year ended 31 March 2011.

Principal Activities

Ministry of Justice has responsibility for a number of different parts of the justice system – the courts, tribunals, prisons, probation services and attendance centres. Our work spans criminal, civil, family and administrative justice and we are also responsible for making new laws and safeguarding human rights. We work in partnership with other government departments and agencies to serve the public, improve the criminal justice system and support victims of crime.

We have four delivery arms (National Offender Management Service, HM Courts & Tribunals Service, the Legal Services Commission and the Office of the Public Guardian) supported by a smaller corporate centre. We provide services across England and Wales, and in the case of HM Courts & Tribunals Service, non devolved tribunals in Scotland and Northern Ireland.

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 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), which closed on 31 December 2010, prepare separate statutory accounts that are audited by the Comptroller and Auditor General.

The “consolidated department” results include, in addition, 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 have been restated to take the form of group accounts, which consolidate the results of the 35 Probation Trusts that operated throughout 2010–11. There is no requirement to produce consolidated accounts for Probation Trusts separate to the NOMS accounts.

Business area	Responsibility
Ministry of Justice Headquarters (MoJ HQ)	<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 MoJ and worked trilaterally with the three Criminal Justice System departments: 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>
Executive Agencies and Other Bodies:	
National Offender Management Service (NOMS)	<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>From 1 April 2010, probation services have been delivered through a network of 35 Probation Trusts.</p>
Her Majesty's Courts Service (HMCS)	<p>Responsible for the administration of the courts system, including Crown Courts, Magistrates' Courts and Civil Courts, in England and Wales.</p>
Tribunals Service	<p>Provides common administrative support to the main central government tribunals.</p>
From 1 April 2011 HMCS and Tribunal's Service have merged into HM Courts & Tribunals Service	
Office of the Public Guardian (OPG)	<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>

Business area	Responsibility
Associated Offices:	<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 (closed on 31 December 2010)</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 Ministry of Justice

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

Wales	Responsibility
Wales Office	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 Ministry of Justice

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

Executive Non-Departmental Public Bodies (NDPBs)	Responsibility
Legal Services Commission (LSC)	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 MoJ. This is anticipated to take place in 2012–13.
Youth Justice Board for England and Wales (YJB)	Administers the youth justice system in England and Wales.
The Parole Board for England and Wales	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.
Criminal Injuries Compensation Authority (CICA)	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.
Criminal Cases Review Commission (CCRC)	Investigates possible miscarriages of justice in England, Wales and Northern Ireland.
Information Commissioner's Office (ICO)	Reports to Parliament on aspects of data protection and freedom of information.
Judicial Appointments Commission (JAC)	Selects judicial office holders on merit and independently of government through fair and open competition.
Legal Services Board (LSB)	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.
Office for Legal Complaints	A new organisation that handles complaints about the legal profession, which opened in October 2010. It handles 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

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

At the start of 2010–11 the following Ministers were responsible for MoJ headquarters, associated offices and executive agencies.

Ministers	Tenure
Rt. Hon. Jack Straw MP Secretary of State and Lord Chancellor	To 12 May 2010
Rt. Hon. Michael Wills MP Minister of State	To 12 May 2010
Maria Eagle MP Minister of State	To 12 May 2010
Bridget Prentice MP Parliamentary Under Secretary	To 12 May 2010
Lord Bach Parliamentary Under Secretary	To 12 May 2010
Claire Ward MP Parliamentary Under Secretary	To 12 May 2010

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 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 MoJ for administrative purposes. The Parliamentary Under Secretary of State for Wales reports directly to the Secretary of State for Wales.

At the start of 2010–11 the following Ministers served in the Scotland Office and Wales Office:

Ministers	Tenure
Rt. Hon. Jim Murphy MP, Secretary of State for Scotland	To 12 May 2010
Lord Davidson of Glen Clova QC, Advocate General for Scotland	To 12 May 2010
Ann McKechnie MP, Parliamentary Under Secretary for Scotland	To 12 May 2010
Rt. Hon. Peter Hain MP, Secretary of State for Wales	To 12 May 2010
Wayne David MP, Parliamentary Under Secretary for Wales	To 12 May 2010

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

The outgoing Ministers of the former government formally stopped being Members of Parliament when Parliament was dissolved on 12 April 2010, in preparation for the General Election. However, they remained in their Ministerial posts and continued to be paid until polling day, 6 May 2010. The incoming Ministers of the coalition government are paid from 12 May 2010, the date the coalition was formed.

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

Ministers	Tenure
Rt. Hon. Kenneth Clarke QC MP Secretary of State and Lord Chancellor	From 12 May 2010
Rt. Hon. Lord McNally Minister of State	From 12 May 2010
Jonathan Djanogly MP Parliamentary Under Secretary	From 12 May 2010
Crispin Blunt MP Parliamentary Under Secretary	From 12 May 2010
Nick Herbert MP Minister of State (jointly with the Home Office)	From 12 May 2010

Following formation of the coalition government the following Ministers were appointed to serve in the Scotland Office and Wales Office:

Ministers	Tenure
Rt. Hon. Danny Alexander MP Secretary of State for Scotland	From 12 May 2010 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	From 12 May 2010
The Lord Wallace of Tankerness QC Advocate General for Scotland	From 12 May 2010
Rt. Hon. Cheryl Gillan MP Secretary of State for Wales	From 12 May 2010
Rt. Hon. David Jones MP Parliamentary Under Secretary for Wales	From 12 May 2010

The Departmental Boards

The Corporate Management Board

Membership of the Board

The membership of Corporate Management Board (CMB), which operated until 26 April 2010, comprised:

Corporate Board Member	Tenure
Sir Suma Chakrabarti KCB, Permanent Secretary	To 26 April 2010
Rowena Collins-Rice, Director General, Democracy, Constitution and Law and Chief Legal Advisor	To 26 April 2010
Helen Edwards CBE, Director General, Justice Policy	To 26 April 2010
Peter Handcock CBE, Director General, Access to Justice	To 26 April 2010
Ann Beasley CBE, Director General, Finance and Corporate Services	To 26 April 2010
Phil Wheatley CB, Director General, National Offender Management Service retired 8 June 2010	To 26 April 2010
Jonathan Slater, Director General, Business Transformation	To 26 April 2010
Anne Bulford, Non-Executive Board Member and Chair of the Audit Committee	To 26 April 2010
David MacLeod, Non-Executive Board Member	To 26 April 2010

Responsibilities of the Board

The Board was a corporate body, operating within a framework of strategy and policy agreed with the Secretary of State for Justice and Lord Chancellor. Its members took decisions collectively and not as representatives of the business areas which they led.

The Corporate Management Board operationalised the ministerial vision for MoJ, and managed strategic challenges, resource allocations, organisational capability, performance and risk.

The Departmental Board

The Departmental Board replaced the Corporate Management Board, taking over overall responsibility for MoJ's strategic direction, including delivering the Structural Reform Plan and the new public services transparency framework.

Membership of the Board

The Secretary of State chairs the Departmental Board (DB). Membership includes the Ministerial Team, the Permanent Secretary, DG Finance & Corporate Services, DG Transforming Justice, and the Departmental Non-Executive Board Members. Other Directors General are invited to join Board meetings as and when appropriate.

Departmental Board Member	Tenure
The Rt Hon Kenneth Clarke QC MP Secretary of State for Justice and Lord Chancellor	From 12 May 2010
The Rt Hon Lord McNally Minister of State and Deputy Leader of the House of Lords	From 12 May 2010
The Rt Hon Nick Herbert MP* Minister of State	From 12 May 2010
Jonathan Djanogly MP Parliamentary Under Secretary of State	From 12 May 2010
Crispin Blunt MP Parliamentary Under Secretary of State	From 12 May 2010
Sir Suma Chakrabarti KCB, Permanent Secretary	From 26 April 2010
Ann Beasley CBE Director General, Finance and Corporate Services	From 26 April 2010
Jonathan Slater Director General, Transforming Justice	From 26 April 2010
David MacLeod Non-Executive Board Member	From 26 April 2010
Anne Bulford Non-Executive Board Member and Chair of the Audit Committee	From 26 April 2010
Jim Leng Lead Non-Executive Board Member	From 16 December 2010
Dame Sue Street DCB Non-Executive Board Member	From 16 December 2010

* Shared jointly with the Home Office.

Responsibilities of the Board

It approves all major spending decisions and has overall responsibility for allocating resources and delivering efficiency savings. The Departmental Board is also responsible for managing the corporate risk register.

To support the new arrangements and manage the day-to-day business of MoJ, the Permanent Secretary chairs the Executive Management Committee of the Board's weekly meetings, which Directors General attend. In addition four other committees also support the Board: Transforming Justice, Workforce, Financial Management, and the MoJ Audit Committee. The Remuneration Committee meets once a year. Its membership is the same as the Workforce Committee and it is chaired by David MacLeod, a Non-Executive Board Member.

In the first few months after the General Election, plans were formulated to enhance the MoJ Departmental Board under the model recommended by the new Government in July 2010. These enhanced Departmental Boards are a Whitehall-made initiative with the emphasis on performance and delivery and to provide strategic leadership. In other words to be businesslike as they review, debate, challenge and support the efforts of the Departments in delivery of their change agendas.

In this new remit, MoJ's enhanced Departmental Board was fully constituted in January 2011 with the appointment of two new Non-Executive Board Members, myself and Sue Street joining the existing Non-Executive Board Members, Anne Bulford and David MacLeod. The focus of the early meetings was on the Department's financial position and the Spending Review. Since I joined in January, and the Departmental Board was fully established, we have spent time developing clarity on the reports to the Board and the significant issues the Board should direct its attention to ensure that debate, challenge and advice can be given as the Department embarks on its programme of delivering its change agenda over the four years of the current spending review period. The Board, at its away day in February, agreed the corporate vision for the department and what the justice system will look like in 2015.

Over the forthcoming year and as the Department moves clearly from plan design to implementation, the Board will engage with the challenges of delivering its formidable objectives. The Board will meet on a regular basis, and in the next review we will report in detail on progress and how the enhanced Board has functioned and operated.

Jim Leng

Lead Non-Executive Board Member

The Executive Management Committee of the Board

Membership of the Executive Management Committee of the Board:

Members of Executive Management Committee of the Board	Tenure
Sir Suma Chakrabarti KCB, Permanent Secretary	From 26 April 2010
Ann Beasley CBE Director General, Finance and Corporate Services	From 26 April 2010
Helen Edwards, Director General, Justice Policy Group	From 26 April 2010
Jonathan Slater Director General, Transforming Justice	From 26 April 2010
Peter Handcock, Chief Executive, Her Majesty's Courts Service	From 26 April 2010
Sharon White, Director General, Law, Rights and International	From 26 April 2010
Michael Spurr, Chief Executive, NOMS	From 26 April 2010
Carolyn Downs, Chief Executive, Legal Services Commission	From 26 April 2010

Sharon White left the Department joining the Department for International Development (DfID) on 1 April 2011 as Director General Middle East and North Africa leading the Government's stabilisation effort in the Middle East.

Responsibilities of the Executive Management Committee of the Board:

To manage the day-to-day business of MoJ through its weekly meetings, chaired by the Permanent Secretary and attended by Directors General.

The Executive Management Committee of the Board:

- directs development of, and recommends to the Departmental Board, the Department's vision and values;
- oversees the day-to-day management of the Department;
- oversees delivery of the Business Plan 2011–15, including major policy decisions, escalating and making recommendations to the Departmental Board as required;
- manages emerging issues;
- manages corporate risk; and
- quality assures all Departmental Board papers and provides supplementary advice where necessary.

The MoJ Audit Committee

Membership:

Membership of the MoJ Audit Committee comprises: Anne Bulford (Chair of the Committee and Non-Executive Board Member of the Departmental Board) and three independent Non-Executives, Jane Tozer OBE, Francis Dobbyn and Mike Hawker.

Responsibilities:

The MoJ Audit Committee is an advisory body. It supports the Permanent Secretary, as Principal Accounting Officer, the Corporate Management Board (when it was in existence) and now the Executive Management Committee of the Board 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 MoJ Audit Committee advises the Principal Accounting Officer and the Executive Management Committee of the Board on the:

- processes for risk management, control and governance and the Statement on Internal Control;
- accounting policies and accounts for 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 MoJ's corporate governance requirements; and,
- anti-fraud policies, whistle blowing processes, and arrangements for special investigation.

The Financial Management Committee (formerly the Value for Money Improvement Committee)

The Financial Management Committee:

- advises the Departmental Board on budget allocation;
- monitors financial performance;
- oversees Spending Review planning and negotiations with HM Treasury;
- advises the Departmental Board on performance against Spending Review outcomes;
- oversees investment and procurement decisions on behalf of the Departmental Board; and
- approves and oversees delivery of the Department's financial plans, ensuring the plans are prioritised as required and take account of outcomes from other committees within the governance structure.

The Transforming Justice Committee

Responsibilities:

The Transforming Justice Committee:

- identifies and monitors cross-cutting issues, risks and dependencies, both between individual change programmes and between policy and delivery;
- monitors corporate resourcing requirements to support effective delivery;
- monitors performance of work within the portfolio to ensure delivery of expected benefits;
- tests and challenges individual projects and programmes in order to provide assurance to the Executive Management Committee of the Board and the Departmental Board on delivery;
- advises Ministers on changes to the portfolio (e.g. starting/ending workstreams) after considering the Department's strategic, financial and policy requirements;
- periodically reviews the overall portfolio to ensure balance; and
- periodically reviews the prioritisation criteria to ensure continuing fitness for purpose.

The Workforce Committee

The Workforce Committee:

- sets the corporate behaviours for the Department and related Agencies;
- oversees the Departmental and Arm's Length Body restructuring;
- oversees the use of people resources within the Department and associated bodies, and monitors headcount;
- monitors the Department's capability to ensure it is aligned with current and future delivery needs;
- oversees the development of a strategic approach to talent identification and management, and monitors its operation;
- agrees and oversees policies and processes for the deployment and development of people (including secondments and loans);
- agrees the reward strategy for the Department and its public appointments;
- agrees SCS remuneration*; and
- oversees discussions with DTUS.

* Discussed annually at a meeting chaired by a Non-Executive Board Member.

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 Executive Management Committee of the Board are appointed by the Permanent Secretary. These appointments are also for an indefinite period. 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 2010–11. Both reported directly to their respective Ministers.

Board Member	Tenure
Alisdair McIntosh, Head of the Scotland Office	Full year
Fiona Adams-Jones, Head of the Wales Office	Full year
David Crawley, Non-Executive Director and Chair of the Audit Committee , Wales Office	Full year
Ian Summers, Non-Executive Director, Wales Office	Full year

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

Throughout 2010–11 the Department continued to sponsor a wide-range of Arm's Length Bodies, including nine executive Non-Departmental Public Bodies (NDPBs) as outlined on page 9. Each NDPB plays a key role in supporting the delivery of Departmental objectives. The Department is committed to the maintenance of sound working relationships with all nine bodies which are managed through the following mechanisms:

- Each NDPB has a Policy Sponsor in MoJ headquarters who is responsible for general oversight of the NDPB and holding it to account for its performance. The Policy Sponsors meet regularly with officials from each NDPB to provide advice and support, approve annual business 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 or Management Statement and a Financial Memorandum which is agreed with the Policy Sponsor.
- The performance of each NDPB against its business plan measures is reported regularly to MoJ throughout the year and reviewed, usually quarterly, by senior departmental sponsors with the Chief Executive and, where applicable, the Chair of the NDPB.
- NDPBs are funded by MoJ through grant-in-aid.
- The previous 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 MoJ and its NDPBs. NDPBs will continue to be separate corporate entities with statutory responsibilities.

Management Commentary

In 2010–11, the central MoJ spent £9.1 billion against Request for Resource 1 (RfR1) within Parliamentary Supply Estimates (Spring Supplementary Estimate).

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. Resource of £26.8 billion were spent under Request for Resource 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. Resource of £13.2 billion were spent against Request for Resource 3 (RfR3), being primarily a grant to the Welsh Consolidated Fund.

MoJ as a whole, across all three Requests for Resources, was responsible for £49.1 billion of net public spending in the financial year after taking account of income appropriated in aid of £1.1 billion.

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 2010–11: At the start of the year MoJ was voted £8,708m in its Main Estimate under RfR 1. By the final Spring Supplementary Estimate, this had increased to £9,313m due to the following main reasons:

- £220m Annually Managed Expenditure (AME) to cover the devaluation of the National Offender Management Service (NOMS) estate, £145m AME to cover the devaluation of the HM Courts Service estate.
- A reserve claim of £139m resource in relation to the prison capacity programme.
- A reserve claim of £36m resource in relation to modernisation funding.
- A reserve claim of £17m resource in relation to pleural plaques.
- A transfer of £14m from the Home Office to cover costs associated with Immigration Asylum Tribunals.
- A transfer of £12m from the Home Office to cover accommodation costs following the Machinery of Government Change in 2007 which transferred former Home Office functions to MoJ.
- A £6m resource Departmental Expenditure Limit (DEL) budget increase to cover the effects of the Implementation of International Financial Reporting Standards (IFRS) on MoJ.
- A transfer of £(12m) to the Cabinet Office following the Machinery of Government Change in 2010 which transferred policy for electoral and constitutional reform to the Cabinet Office.
- A transfer of £(10m) to the Department for Business, Innovation and Skills to cover educational costs within prisons.

- A transfer of £(10m) to the Department of Health to cover prisoner healthcare costs within prisons.
- A transfer of £(8m) to the Crown Prosecution Service in relation to a number of joint initiatives.
- £36m for the workforce modernisation programme, funded by past under spends under the End Year Flexibility arrangements.

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

Overall there was an under spend of 2% / £206m on the RfR 1 estimate provision of £9.3 billion. Note 2 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	407,860	794,346	386,486	48.7

Included within the subhead are the budgets for Estates, Shared Services and Procurement costs for the National Offender Management Service, the outturn for which is shown against sub heads F and G.

Tribunals Service (subhead D)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
D	Tribunals Service	286,298	247,112	(39,186)	-15.9

The overspend within the Tribunal Service relates to the delay in introducing fees for Immigration Tribunals and the full cost of immigration appeals not being met by UK Borders Agency.

Criminal Justice Reform (subhead E)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
E	Criminal Justice Reform	151,567	173,556	21,989	12.7

The underspend against the Estimate is due to a combination of reductions in grant payments to third sector providers and targeted reductions in both staff and consultancy spend across this business area.

National Offender Management Service HQ (subhead F)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
F	National Offender Management Service HQ	137,396	95,936	(41,460)	-43.2

Included within the Estimate at subhead A are the budgets for Procurement costs and an element of the Shared Service operated for the National Offender Management Service. The costs for these services have been captured within the outturn position of this subhead, causing a significant variance between the Outturn and Estimate.

National Offender Management Service Operations (subhead G)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
G	National Offender Management Service Operations	3,918,687	3,640,239	(278,448)	-7.6

Included within the Estimate at subhead A are the budgets for Estates and an element of Shared Services costs for the National Offender Management Service. The costs for these services have been captured within the outturn position of this subhead causing a significant variance between Outturn and Estimate. Once this is eliminated the remaining underspend balance, although not in excess of the agreed tolerance, is the result of reduced staff costs and savings resulting from efficiency controls.

Policy, Corporate Services and associated offices (subhead H) – AME

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
H	Policy, Corporate Services and associated offices	43,478	58,110	14,632	25.2

The underspend relates to the requirement for increased provisions for Judicial Service Awards being lower than budgeted for. This can vary significantly year on year, making accurate estimation of the requirement difficult.

Costs from Central Funds (subhead I) – AME

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
I	Costs from Central Funds	78,026	94,000	15,974	17.0

The underspend of £16m against the Central Fund budget of £94m reflects the impact of the Eighth Amendment of the Criminal Procedure Rules which limit the costs that can be claimed against Central Funds.

Her Majesty's Courts Service (HMCS) (subhead J) – AME

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
J	Her Majesty's Courts Service	178,045	25,000	(153,045)	-612.2

The overspend of £153m is the result of a periodical actuarial assessment of the Magistrates pension scheme which highlighted a significant deficit in the schemes funding provision.

Legal Services Commission: Administration (subhead K)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
K	Legal Services Commission: Administration	119,800	134,796	14,996	11.1

The underspend within subhead K is due to a number of targeted efficiency savings generated in year against staff, estates and IT costs.

Criminal Injuries Compensation Authority (subhead R)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
R	Criminal Injuries Compensation Authority	328,598	297,998	(30,600)	-10.3

The overspend of £31m against the Estimate is planned additional payments for Pleural Plaques and elements of the compensation backlog funded from underspends occurring elsewhere in the department.

HMCS Revaluation Impairment AME (subhead W)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
W	HMCS Revaluation Impairment AME	12,044	145,000	132,956	91.7

The initial Estimate requirement was voted to fund the reduced valuation of the segment of the HMCS estate identified for disposal, property assets are required to be adjusted to market value once identified. This reduction was not as large as first estimated and was offset by the reversal of impairments on other elements of the estate through upward market movements.

National Offender Management Service Operations (Subhead Z) – AME

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
Z	National Offender Management Service Operations	85,582	10,000	(75,582)	-755.8

The overspend relates to the actuarial valuation of Probation pensions being higher than voted budget. The valuation does not take place until the end of the financial year and can vary significantly year on year, making accurate estimation of the requirement difficult.

NOMS Revaluation Impairment AME (Subhead AA)

Spending in Department Expenditure Limits		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
AA	NOMS Revaluation Impairment AME	34,526	220,000	185,474	84.3

The AME provision on subhead AA relates to the estimated reduction in value of NOMS prison estate that arises from professional valuations. Property values did not fall to the extent originally estimated giving rise to an underspend of £185m.

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 1.8% of the Estimate within an under spend of £502m, 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 1.6% of the Estimate within an under spend of £212m, 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.

		2010–11
	Estimate	Total
	£000	£000
Net Resource Outturn (Estimates)	50,056,658	49,136,470
<i>Adjustments to remove:</i>		
Provision voted for earlier years	-	-
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the Statement of Comprehensive Net Expenditure (SoCNE)	165,118	143,281
Consolidated Fund Extra Receipts in the SoCNE	-	(2,954)
Non-Supply adjustment (Income)/Expenditure	-	(36,340)
(Profit) / loss on disposal of property, plant and equipment	-	(3,506)
Net Operating Cost (Accounts)	50,221,776	49,236,951
<i>Adjustments to remove:</i>		
Gains/losses from sale of capital assets	4,944	3,506
Capital grants (to local authorities)	-	(1,388)
European Union income related to capital grants	-	-
Voted expenditure outside the budget	(40,730,021)	(40,016,500)
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	-	-
Resource consumption of non departmental public bodies	(160,842)	115,705
Unallocated resource provision	-	-
Other adjustments	75,150	43,385
Resource Budget Outturn (Budget)	9,411,007	9,381,659
<i>of which</i>		
Departmental Expenditure Limits (DEL)	9,016,049	9,011,557
Annually Managed Expenditure (AME)	394,958	370,102
	9,411,007	9,381,659

The budgetary information shown in the Public Expenditure Core Financial Tables provides more detailed information on the budget outturn.

Review of Activities during 2010–11

This section of the Departmental Annual Report and Accounts sets out:

- what we have achieved in 2010–11, in particular those achievements which contribute to the Coalition Agreement and the Structural Reform Plan; and
- details of our reform plans for the remaining years.

Departmental achievements 2010–2011

Between May 2010 and April 2011 MoJ made significant progress in its programme of work to transform the justice system, completing, or commencing, work on many of its commitments in the Coalition Agreement and the Department's 2011–2015 Business Plan.

Table 1 below sets out the number of milestones the Department has within its five key reform priorities for 2011–15, the number of milestones met on time in the last reporting period, and the number of milestones which were missed, and by how many months.

The year saw major achievements across the breadth of MoJ's areas of responsibility, including work to introduce a revolution in the rehabilitation of offenders, reform sentencing and penalties, reform courts, tribunals and legal aid, work with others to reform delivery of criminal justice, assure better law, and reform how we deliver our services.

Key milestones have included the publication of a three major green papers, setting out the Government's approach to the reform of: the legal aid system; sentencing and rehabilitation; and civil justice. The first of a number of 'payment by results' pilots for the rehabilitation offenders was launched, as was a major, independent, review into family justice.

The Department also: established a commission to investigate the creation of a UK Bill of Rights; introduced legislation to extend the scope of the Freedom of Information Act; put in place £10.5 million for rape crisis centres; and announced the new combined Her Majesty's Courts and Tribunals Service (which came into effect 1 April 2011).

In addition, Ministry of Justice reviewed its Operating Model to consider the structures, systems, processes, policies and procedures used to deliver Ministerial priorities and support frontline delivery. This review took account of the challenges the Department is likely to face over the period 2011–15.

The Department's new target operating model blueprint was agreed in November 2010 and between then and the end of the financial year:

- detailed plans were produced to develop how the Department ought to be structured;
- the senior management structure was agreed and implemented (this included a reduction of senior managers of 25%);
- progress was made to prepare for a significant increase in the use of shared services; and
- a number of corporate functions were brought together within the centre of the Department to provide more efficient finance, Human Resources, ICT, legal, analytical and procurement functions.

Table 1 – Structural Reform Plan Milestones for 2010–11

Priority	Number of actions for 10–11	Number met on time in last reporting period	Number missed by <1 month	Number missed by <2 month	Number missed by <3 month
1. Introduce a rehabilitation revolution	5	2	2	1	0
2. Reform sentencing and penalties	8	4	3	1	0
3. Reform courts, tribunals and legal aid, and work with others to reform delivery of criminal justice	17	17	0	0	0
4. Assure better law	8	7	0	0	1
5. Reform how we deliver our services	4	3	1	0	0
Total	42	33	6	2	1

The Department missed two deadlines by two months. One was to develop reform options for the sentencing framework that covered the full range of penalties and restorative measures in adult and youth sentencing and the other to develop a Green Paper setting out the approach to reducing reoffending and improving rehabilitation. Both of these were due to be completed in October 2010. These actions were completed with the publication of the Green Paper 'Breaking the cycle: effective punishment, rehabilitation and sentencing of offenders' on 7 December 2010.

This delay in the publication of the Green Paper had a knock on effect and is directly responsible for the late completion of the six actions which were delayed by one month. These actions were all to consult on proposed reforms through the Green Paper on rehabilitation and reform. The consultation closed on 4 March 2011 and these actions are now complete.

One action still remains outstanding – action 4.6(ii) “Finalise package of measures and agree way forward across departments to provide people with greater protection to prevent crime, apprehend criminals and to defend themselves against intruders” was due to be completed in December 2010. The cross government discussion on the package of proposals is well advanced, with agreement expected shortly.

As well as progressing work on the actions in the Structural Reform Plan, the Department has also been engaged in a detailed programme of transformation to ensure that we are in the best possible shape to meet the challenge of delivering our reform programme.

MoJ progress against Coalition Agreement commitments

Civil Liberties

1. We will introduce a Freedom Bill.

The Department supported the Home Office in the development of the Protection of Freedoms Bill, which was introduced in February 2011.

2. We will extend the scope of the Freedom of Information Act to provide greater transparency.

The Department introduced legislation to widen the scope of the Act in February 2011, as part of the Protection of Freedoms Bill. This will bring in excess of 100 further bodies within the scope of the Act.

3. We will review libel laws to protect freedom of speech.

The Department has prepared a draft defamation bill for introduction in the second session of Parliament. The Department has published a public consultation on the draft bill which closed on 15 June 2011.

4. We will introduce a new mechanism to prevent the proliferation of unnecessary new criminal offences.

The Department established a criminal offences gateway in June 2010. So far the gateway has substantively considered 97 proposals from Whitehall departments for new criminal offences. Of these, 40 were approved only after reductions to the scope of offences proposed and/or made subject to other conditions, while 8 were withdrawn. The remaining 49 applications were approved as submitted. The Department is starting to see a change of approach across Whitehall as departments move away from relying on blanket criminal offences for enforcement in the first instance and move towards more proportionate and targeted offences catching only the most serious behaviour that merits the stigma of a criminal conviction.

5. We will establish a Commission to investigate the creation of a British Bill of Rights that incorporates and builds on all our obligations under the European Convention on Human Rights, ensures that these rights continue to be enshrined in British law, and protects and extends British liberties. We will seek to promote a better understanding of the true scope of these obligations and liberties.

The Department established the Commission, and confirmed its membership, on 18 March 2011. The Commission met for the first time on 6 May, and will provide interim advice to the Prime Minister, the Deputy Prime Minister, and Justice Secretary later this year.

Justice

6. We will introduce a 'rehabilitation revolution' that will pay independent providers to reduce reoffending, paid for by the savings this new approach will generate within the criminal justice system.

The Department has developed options and a strategy for the introduction of a fundamental reform in the rehabilitation of prisoners, which were published for public consultation in December 2010 as part of the 'Breaking the Cycle' green paper. The Department has recently published legislative proposals in the Legal Aid, Sentencing and Punishment of Offenders Bill.

The Department has also launched a payment by results pilot in Peterborough in August 2010, and will design and run a further six between now and 2014.

7. We will conduct a full review of sentencing policy to ensure that it is effective in deterring crime, protecting the public, punishing offenders and cutting reoffending. In particular, we will ensure that sentencing for drug use helps offenders come off drugs.

The Department published its proposals for the reform of the sentencing framework in December 2010. The Department has recently published legislative proposals in the Legal Aid, Sentencing and Punishment of Offenders Bill.

8. We will explore alternative forms of secure, treatment-based accommodation for mentally ill and drugs offenders.

The Department, together with the Department of Health, has developed options for intensive, treatment-based accommodation. These proposals were published for public consultation in December as part of the 'Breaking the Cycle' green paper. Officials are currently considering responses to the consultation ahead of further policy development.

9. We will implement the Prisoners' Earnings Act 1996 to allow deductions from the earnings of prisoners in properly paid work to be paid into the Victims' Fund.

The Department is on schedule to implement the Act via secondary legislation in September 2011.

10. We will carry out a fundamental review of Legal Aid to make it work more efficiently.

The Department published its proposals for the reform of the legal aid system for public consultation in November 2010.

11. We will change the law so that historical convictions for consensual gay sex with over-16s will be treated as spent and will not show up on criminal records checks.

The Department introduced legislation to this effect in February 2011, as part of the Protection of Freedoms Bill.

Reform plans to 2015

Over the four years of the spending review (SR) period MoJ plans to deliver significant reforms to the way its services are delivered.

The Department will continue its work to reform the way that offenders are punished and rehabilitated. This will include the introduction of primary legislation in summer 2011, and work with other departments across government to develop and implement new approaches, including to offenders with drugs and mental health problems.

We will: reform legal aid to provide a more efficient, cost-effective and sustainable scheme, ensuring that we provide support for those who need it most and for those cases that require it; reform civil and family justice, including through the promotion of the wider use of alternative dispute resolution; and work with others to make the Criminal Justice System more efficient and cost effective.

We will also reform libel laws to protect freedom of speech and lead work to repeal unnecessary laws, through bills to be introduced in the second session.

MoJ's spending review settlement is predicated on delivering savings of over £2bn per year by 2014–15. This includes front line efficiency savings of around 10% (including in prisons, probation and courts) and a reduction in the cost of delivering back office functions of around a third. In combination these efficiencies are estimated to deliver around £1bn of annual savings from 2014–15. The Ministry will continue to look at ways to deliver savings in each year of the SR period while prioritising the safety of the public.

These reforms are being undertaken against an uncertain economic back drop. The underlying demand for the Ministry's services is unlikely to fall significantly over the SR period which means it will be necessary to maintain or improve performance and outcomes for less. MoJ will continue to monitor the demand for its services and the likely impact of other external factors such as inflation over the coming years and respond through changes to service delivery and plans where necessary. The financial impact of these factors will be monitored through the Financial Planning Model with oversight from the Financial Management Committee.

Performance Reporting

This section sets out our impact and input indicators, and where available, the information to demonstrate our performance against these measures.

Input and Impact indicators are designed to help the public to judge whether our policies and reforms are having the effect they want and whether they are cost effective.

Whilst these indicators are just a subset of the data gathered by the Department which is made transparently available, they cover the main structural reform priorities.

Since many of these indicators require more detailed breakdowns of data than have previously been available, data on the exact indicator definition may not yet be available – in this case proxy information has been provided. Data on all indicators will be available in 2012.

The Department delivers predominantly through its delivery arms – NOMS, HM Courts & Tribunals Service and the LSC. NOMS and HM Courts & Tribunals Service have continued to perform strongly against their Key Performance Indicators (KPIs) over the last reporting year, and their Annual Reports and Accounts (which provide full detail of this performance) can be found at www.justice.gov.uk. The Legal Services Commission also performed strongly against its KPIs and will be publishing its Annual Report and Accounts for the year 2010–11 in autumn 2011.

Impact indicators

Re-offending

Data is available for 2000–2009 on the previous measure of re-offending for both adults (and adult prisoners) and juveniles.

Figure 1 – Adult and adult prisoner reconviction rates

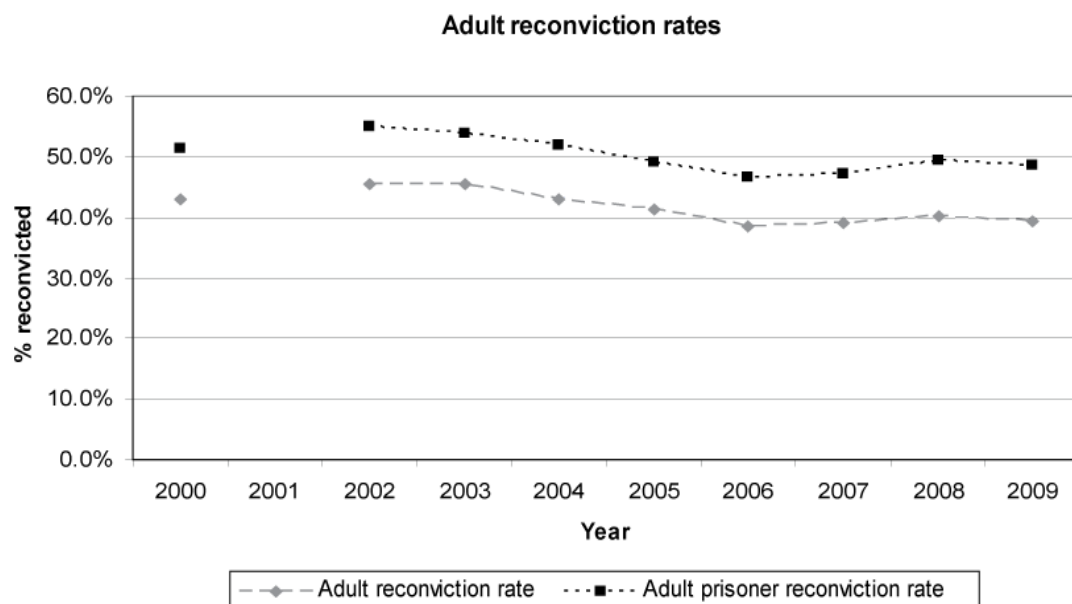
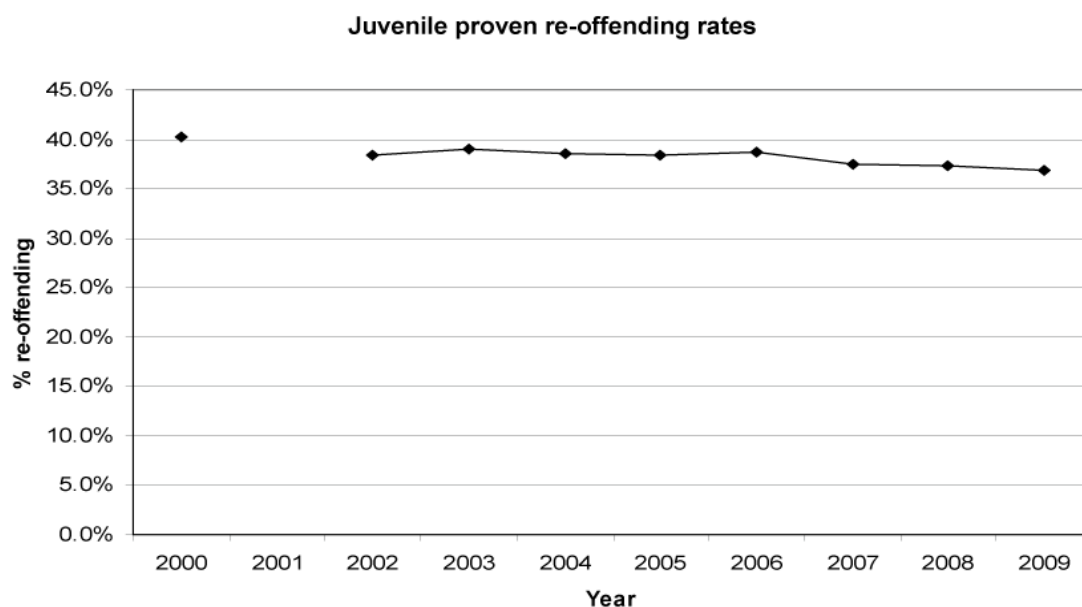


Figure 2 – Juvenile proven re-offending rates



Ministry of Justice concluded a consultation on changes to the measure of re-offending in March 2011. The new measure will be published for the first time in October 2011 and will include a full back data series. For more information on the proposed changes please see <http://www.justice.gov.uk/consultations/565.htm>.

The latest published information on re-offending prior to this consultation shows:

Adults¹

- Adult reconviction rates fell between 2008 and 2009 (from 40.1% to 39.3%) and is lower than the rate in 2000 which was 43.0%.
- The same trend is seen for adult prisoners reconviction rates, with a fall between 2008 and 2009 from 49.4% to 48.5%.
- Rates fell for both males and females, and across all age groups except those aged 50 or over. There were falls for offenders commencing court orders and short prison sentences, but increases in rates for offenders on longer custodial sentences.

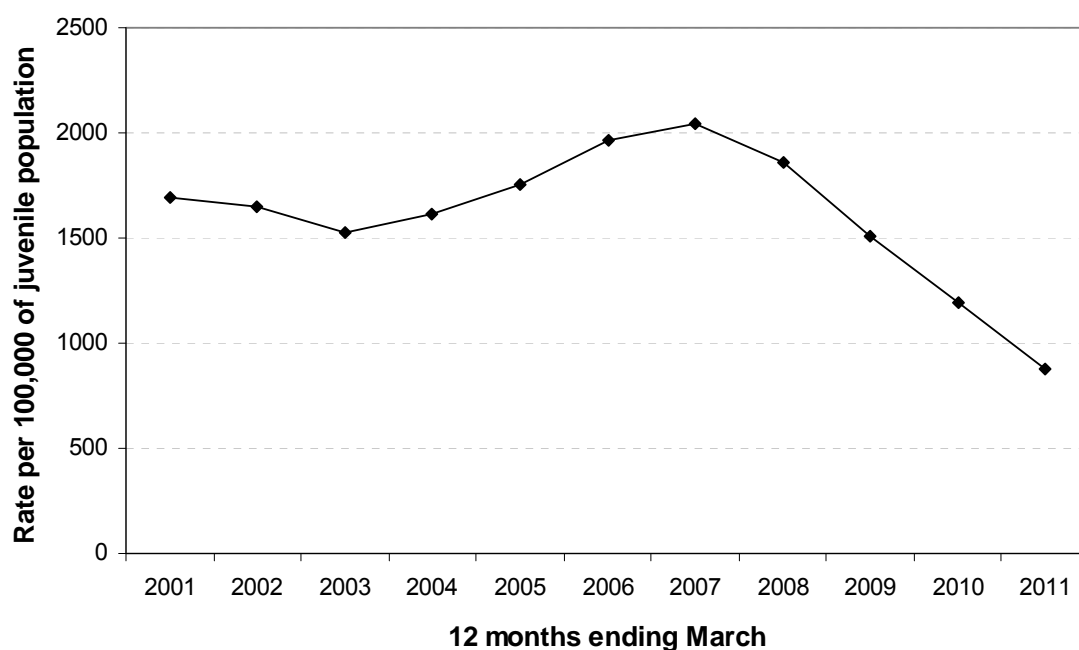
Juveniles²

- Juvenile proven re-offending rates fell between 2008 and 2009 (from 37.3% to 36.9%) and is lower than the rate in 2000 which was 40.2%.
- The main driver of the fall between 2008 and 2009 was a reduction in rates for female offenders.

Juvenile First Time Entrants³

Data was last published on 25 August 2011.

Figure 3 – Rate of Juvenile First Time Entrants



The rate and number of Juvenile First Time Entrants continues to fall.

- Between the 12 months ending March 2010 and March 2011 there was a 26% fall in the rate of juvenile first time entrants, and this follows sharp falls since the peak rate in 2007.

¹ Detailed data on adult re-offending can be found at <http://www.justice.gov.uk/publications/statistics-and-data/reoffending/adults.htm>

² Detailed data on juvenile re-offending can be found at <http://www.justice.gov.uk/publications/statistics-and-data/reoffending/juveniles.htm>

³ Detailed data on Juvenile first time entrants can be found at <http://www.justice.gov.uk/publications/statistics-and-data/criminal-justice/criminal-justice-statistics.htm> within the offending histories tables

- The rate is now 57 percent lower than the peak in 2007 and 48 per cent lower than the rate in the 12 months ending March 2001.
- The main driver of these falls is a reduction in the number of reprimands and warnings for juveniles, which is consistent with the reduction in the use of these disposals for all offenders. The fall in the use of out of court disposals followed the replacement in April 2008 of a target to increase offences brought to justice, with one placing more emphasis on bringing serious crime to justice. The latter target was subsequently removed in May 2010.

Court timeliness

There are a range of indicators on Court timeliness. Overall court timeliness is broadly similar between 2009–10 and 2010–11. There are some slight variations by court type:

- no significant change in the time taken from offence to completion in the magistrates' courts for indictable cases (112 days in 2009–10; 110 days in 2010–11).⁴
- a slight increase in the time taken for civil proceedings which lead to fast/multi track trials (from 48 weeks in 2009–10 to 51 weeks in 2010–11).⁵
- no significant change in the time taken for civil proceedings which lead to a small claims hearing (30 weeks in 2010–11 compared to 31 weeks in 2009–10).
- across all Tribunals, the proportion of appeals dealt with within the relevant target time for each tribunal (see the Ministry's quarterly tribunals statistics for the targets) has risen from 50% to 51% between 2009–10 and 2010–11.⁶
- In care proceedings cases, the average time (in weeks) between an application being received by a family court and the first substantive order is made was 54 weeks during 2010–11. This data was not collected prior to April 2010.⁷
- In the Crown Court, the average waiting time (the time between the date of sending or committal to the Crown Court and the start of the substantive Crown Court hearing) was 14.2 weeks for committed for trial cases in 2010/11, slightly more than the 13.9 weeks in 2009/10. The average waiting time for sent for trial cases was 19.3 weeks, compared to 18.9 weeks in the previous year.

Whilst timeliness is broadly similar, backlogs in the Crown Court and Family courts have fallen during the last year.

In the Crown Court, at the end of March 2010, there were 48,268 cases outstanding, of which 40,012 were committed or sent for trial cases. By the end of March 2011, these had fallen to 43,253 cases outstanding of which 35,306 were committed or sent for trial cases.

In the family courts, there were 41,530 outstanding private law cases which had not received a substantive order at the end of March 2010, which fell to 38,285 in March 2011. Public law backlogs have risen since 2008 but have stayed steady since mid 2010 (20,053 cases in May 2010 and 20,127 in March 2011).

⁴ Detailed data on time intervals in magistrates courts can be found at <http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/magistrates-times.htm>

⁵ Detailed data on civil proceedings can be found at <http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/index.htm>

⁶ Detailed data on Tribunals can be found at <http://www.justice.gov.uk/publications/statistics-and-data/tribunals/quarterly.htm>

⁷ Detailed data on care proceedings can be found at <http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/index.htm>

Civil disputes resolved out of Court

There has been a reduction of 9% in the number of civil proceedings started between 2009–10 and 2010–11. The number of civil proceedings where a small claims hearing or fast/multi track trial took place also fell (by 15% and 4% respectively).⁸

There were 60,045 small claim hearings or fast/multi track trials involving civil disputes in 2010–11, and 1,622,531 civil proceedings started in total during the year. As a proxy estimate, this suggests that 96.3% of civil disputes were resolved without recourse to a full hearing or trial in the county courts in 2010–11, similar to the 2009/10 value of 96.2%.

New and repealed offences

Data on this indicator will be available in December 2011.

⁸ Detailed data on civil proceedings can be found at <http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/index.htm>

Input indicators

For the majority of input indicators, we do not yet have the data available.

Data on cost per prison place and cost per prisoner for 2010–11 will be available in October 2011. The average cost per prison place was £44,006 in 2009–10, and the average cost per prisoner was £40,378. These costs are down slightly from the 2008–09 values of £44,893 and £40,976 respectively.

Data on cost per pre-sentence report, cost per community order and cost per offender supervised on license post-release will be available in 2012, but will only cover data from 2011–12 onwards. These data will come from new systems which will report expenditure by probation trusts on a service by service basis

The average costs per case of legal aid in 2010–11 were:

Scheme	Average Cost
Civil Representation ¹	£5,251
Legal Help ²	£293
Immigration ³	£615
Lower Crime ⁴	£308
Higher Crime ⁵	£2,461

Average cost is reported on for each of the five major legal aid schemes. Activity on cases varies significantly between these different schemes. VAT is included where applicable.

¹ Total cost on civil representation cases includes all authorised expenditure on cases completed within the year where costs have been met from public funds. This does not include cases which are classed as having been completed with zero value, or which have been included within the LSC's dormancy project.

² For legal help we are reporting an average based on the total number of claims and their associated costs, not including telephone advice. Some cases funded under this scheme, for example mental health, can have multiple claims per case.

³ For immigration we are reporting the total number of claims and their associated costs. Immigration cases can result in multiple claims per case.

⁴ Lower crime includes telephone advice

⁵ Higher crime reports the number and value of claims authorised by the LSC.

Figures provided by Legal Services Commission

Data on Office of the Public Guardian staff deployed and accommodation used will be available from April 2012 but will only cover data from 2011–12 onwards.

Data on the staff and judicial cost per sitting day in the Crown Court, Magistrates courts, civil courts and tribunals will be available in August 2012.

Data for 2010–11 shows that total costs of staff and judiciary was £845 million, down slightly from total costs of staff and judiciary of £846 million in 2009–10.

In 2010–11, Staff costs were £553 million and Judiciary costs were £291 million.⁹

⁹ Taken from page 54 of the HMCS Annual Report and Accounts 2010–11.

Other key data

Sentencing trends

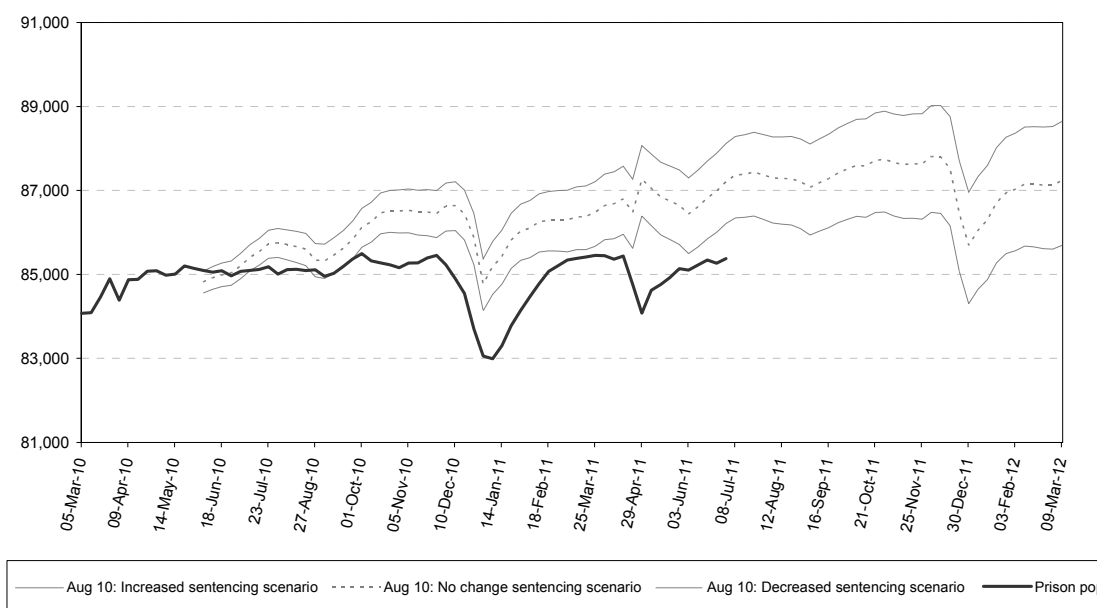
In the 12 months ending March 2011, the number of prosecutions fell by 3.0% to 1.64 million and the total number sentenced fell by 2.9% to 1.36 million. The proportion sentenced to Immediate Custody rose from 7.2% in the 12 months ending March 2010 to 7.6% in the 12 months ending March 2011. The proportion given sentences in the community (Community order or suspended sentence order) rose from 17.0% to 17.6%, while the proportion being fined fell.

Prison population¹⁰

As of the 1 July 2011 the prison population was 85,376, which was 837 below the low projection. The population was lower than the projection due to:

- a lower than projected remand population driven mainly by the increased use of fast-delivery pre-sentence reports;
- a lower than projected recall population;
- the determinate sentenced population being lower than expected mainly due to a decrease in the proportion of the sentence being served in custody.

Figure 4 – Prison population compared to projections



The chart shows the long term ‘decreasing’, ‘no change’, and ‘increasing’ sentencing scenarios from prison population projections published in August 2010.

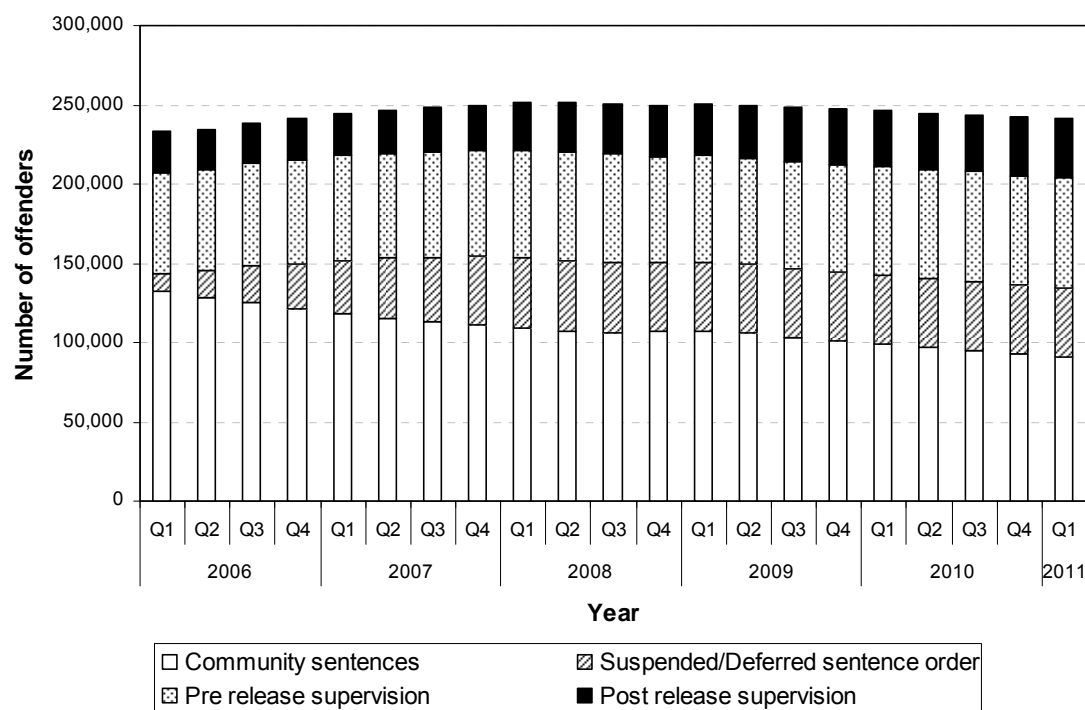
Projections take account of long-term trends in sentencing and the impact of legislative changes (those that had an agreed implementation timetable at the time the projections were done). Legislative impacts are the same for all scenarios.

¹⁰ Detailed data on the prison projections are available at <http://www.justice.gov.uk/publications/statistics-and-data/prisons-and-probation/prison-population-projections-ns.htm>

Probation caseload¹¹

The number of offenders under probation supervision has fallen slightly between Q1 2010 and Q1 2011 (by 1.7%). This followed falls in 2009 and 2010 from the peak in 2008.

Figure 5 – Probation caseload by supervision type



The falls in the last two years have been driven mainly by two factors:

- The number of offenders starting Community Orders fell by 3% between 2009 and 2010, and by 2% between Q1 2010 and Q1 2011.
- The average length of Community Orders started by offenders has fallen in each year since 2005, which means that offenders spend less time on the caseload.

Civil and Family workloads

Civil (non-family) proceedings commencing in the county courts fell from 1.78m in 2009–10 to 1.62m in 2010–11, continuing a falling trend seen since 2006. This fall is driven by a fall in 'specified amount' money claims.

In the family courts, petitions filed for the dissolution of marriage decreased marginally in 2010–11 compared to 2009–10 (by less than 1% to 133,524), while disposals of ancillary relief applications increased (by 4 per cent to 83,210). There were 23,188 applications for domestic violence orders in 2010–11, a drop of 9%, continuing a generally declining trend over the last six years. In matters concerning children, there were 23,400 public law applications and 118,400 private law applications received in 2010–11; these were falls of 10% and 14% respectively compared to 2009–10 but followed substantial increases in the previous year.

¹¹ Detailed data on the probation caseload are available at <http://www.justice.gov.uk/publications/statistics-and-data/prisons-and-probation/oms-quartly.htm>

General Departmental reporting

This section provides general reporting on how the Department has dealt with key issues over the course of the last reporting year.

Recruitment

Ministry of Justice's recruitment processes are based on the principle of selection on merit on the basis of fair and open competition, as described in the Civil Service Commission Recruitment Code. These are tested annually by the Civil Service Commission who rated the Ministry as low risk.

Strict controls on all external recruitment came in to effect on 24 May 2010 across MoJ (in line with wider Government controls) and remain in place. This applies to all external recruitment of permanent, fixed term contract, or agency staff. The only exceptions to these controls are frontline and business critical roles.

Frontline roles

The Secretary of State has agreed delegations to HM Courts & Tribunals Service and the National Offender Management Service (NOMS) to recruit externally where it is necessary to maintain frontline delivery.

Business critical roles

Any request for business critical roles during 2010–11 had to be authorised by the Secretary of State on a case by case basis, based on the recommendation of the Permanent Secretary.

Across the Department we also have controls in place to ensure that employees who are surplus as a result of restructuring are offered opportunities for redeployment into permanent posts as a priority, given our desire to manage restructuring without recourse to compulsory redundancies wherever possible.

Equality and Diversity

The Department is committed to ensuring that we consider thoroughly the diverse needs of our staff and all those with an interest in the services we provide. We promote a culture where staff and service users are treated with fairness and respect. We ensure that we are sensitive to the needs of those who are vulnerable or socially excluded. This enables everyone to develop to their full potential and contribute to a safe, just and democratic society.

The Department works hard to ensure equality for disabled staff and customers. We have a Reasonable Adjustment Policy under which advice, support and guidance are provided on the wide variety of adjustments available to disabled staff and customers. Guidance on supporting disabled staff and providing reasonable adjustments is also incorporated into the Departmental Ability Manual. The Department is an authorised user of the Two Ticks Scheme and participates in the Guaranteed Interview Scheme for candidates with a disability.

Following implementation of the *Equality Act 2010*, which consolidated and strengthened equality law, the Department has reviewed and updated its internal guidance and training to ensure that all our staff understand how to meet the legal requirements of the Act in their daily work in all areas of our business.

The general equality duty introduced by the *Equality Act 2010* requires all public bodies to consider the needs of all individuals in shaping policy, delivering services and in relation to their own employees. The Department demonstrates the necessary 'due regard' to this duty by proportionate use of an equality impact assessment toolkit which ensures that the right steps are taken by the right people at the right time.

In paying due regard to the equality duty, the Department takes a light touch approach which focuses on achieving effective outcomes and reduces unnecessary bureaucracy. We are currently reviewing the equality information we collect and publish to help the public to understand what we do and hold us to account.

Provision of information and consultation with employees

The Department 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 Trade Unions at all levels of the organisation.

The Department participated in the Civil Service People Survey in October 2010. Our overall Engagement Index, a measure that reflects the extent to which employees contribute through their effort and enthusiasm to the success and performance of their organization, increased by 2% compared to 2009. Staff scored eight of the nine key drivers of engagement more highly than in the previous year. The 2010 Survey showed leadership, the management of change, job satisfaction and line management are the key drivers of engagement the Department should focus on in 2011. Work is being taken forward to further develop our engagement strategy and test the link between engagement and business performance through the Engaging Our People Programme, in support of the Department's Transforming Justice portfolio.

Health and Safety

The Department is committed to ensuring effective health and safety systems are in place for our staff and those affected by our undertakings. We aim to ensure that health and safety management systems are proportionate and effective to meet the business needs of the Ministry, its agencies and sponsored Non Departmental Public Bodies.

The Department's Corporate Health and Safety Policy (supported through an overarching delivery plan) and the arrangements for managing health and safety are currently being reviewed in light of the move to the new changes to the MoJ Operating Model. The review will ensure that: management systems remain fit for purpose; the Department's legal obligations are effectively discharged; and risks are managed in a cost effective and proportionate way.

Ministerial correspondence

MoJ views correspondence handling as one of our core services, and we are committed to providing prompt, accurate and courteous replies to the correspondence we receive from MPs and members of the public. We aim to continuously improve our correspondence handling, so that MPs and members of the public receive an excellent service from the Department.

All government departments are required to set themselves targets for turning around correspondence that requires a reply from Ministers, which they then report against to Parliament. As part of a sustained effort to improve our handling of correspondence, during 2010 MoJ adopted a more challenging target of aiming to turn around 90% of Ministerial correspondence within 15 working days of receipt (previously 20 working days).

During 2010 Ministers replied to 6856 separate pieces of correspondence (broadly in line with the 2009 total) with the target met in 78% of cases compared to 63% in 2009, when the target was longer. We are committed to building upon this improvement during 2011 to ensure that we fully achieve our target, and that all correspondence from MPs and members of the public receives a full, accurate and timely reply.

Complaints to the Parliamentary and Health Service Ombudsman

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 provide an opportunity for the Department not only to put right any mistakes we might have made, but also to improve the overall standard of the service we provide. They are therefore treated very seriously.

In the PHSO Annual Report 2009–10 – Making an Impact – published in July 2010, MoJ was listed as the fourth most complained about department, compared to third in 2008–09. PHSO received 931 complaints against MoJ in 2009–10 and accepted 7 of these for further investigation. Of the 28 complaints reported upon in that period (which would include complaints received during the previous year) 57% were fully upheld and a further 29% were partially upheld.

Figures by business area, all figures taken from PHSO Annual Report 2009/10:

Figure 1: Complaints Received in 2009/10	
HM Courts Service	275
Tribunals Service	135
Legal Services Commission	114
Information Commissioner	80
HM Prison Service	67
Land Registry	48
Criminal Injuries Compensation Authority	46
Office of the Public Guardian	44
Ministry of Justice	43
Prisons and Probation Ombudsman for England and Wales	27
Independent Complaints Reviewer (Land Registry)	17
Adjudicator to HM Land Registry	6
Official Solicitor	6
Legal Complaints Service	5
Parole Board	5
Crown Prosecution Service (Victims Code)	4
Court Funds Office	3
Judicial Appointments and Conduct Ombudsman	2
National Probation Service (Victim's Code)	2
Legal Services Complaints Commissioner	1
National Archives	1
Total	931

Figure 2: Complaints accepted for investigation in 2009/10	
HM Courts Service	2
Land Registry	2
Criminal Injuries Compensation Authority	1
Office of the Public Guardian	1
Independent Complaints Reviewer (Land Registry)	1
Total	7

Figure 3: Complaints Reported on in the year (including cases in hand from previous year)

	Reported on	Fully upheld	Partly upheld	Not upheld
Criminal Injuries Compensation Authority	5	4	1	0
HM Courts Service	7	5	2	0
HM Prison Service	5	2	2	1
Information Commissioner	1	0	1	0
Legal Service Commission	5	3	2	0
National Probation Service	2	2	0	0
Tribunals Service	3	0	0	3
Total	28	16	8	4

Better Regulation

At the completion of the Better Regulation Programme in May 2010, MoJ had risen to the challenge of the Administrative Burden Reduction Programme and produced some valuable savings as well as exceeding the target for reducing the number of data streams on front line staff (<http://www.bis.gov.uk/assets/biscore/better-regulation/docs/s/10-1083-simplification-plans-2005-2010-final-report>).

Although not one of the bigger regulating government departments, MoJ takes its role seriously in implementing the new regulatory agenda and approach of the current Government in reducing the costs and volume of regulatory burden on business and civil society organisations.

One-in, One-out (OIOO)

The Government introduced a One-in, One-out rule in September 2010 which means no new primary or secondary legislation which imposes costs on business or civil society can be brought in without the identification of existing regulation that can be removed. This has been applied and will be reported on in the next Statement of New Regulation. At the time of writing, MoJ has a projected zero net cost balance for regulatory 'INs' and 'OUTs' for the period July to December 2011, having had a nil total brought forward from the earlier *'One-in, One-out: Statement of New Regulation'* published by the Department for Business Innovation and Skills in April 2011 (<http://www.bis.gov.uk/assets/biscore/better-regulation/docs/o/11-p96a-one-in-one-out-new-regulation.pdf>).

Regulatory Policy Committee opinions

The Department submitted 14 Impact Assessments (IA) for scrutiny by the Regulatory Policy Committee during the period 1 October 2010 to 31 March 2011. 13 of these were assessed 'fit for purpose' and 1 'not fit for purpose'. The rejected IA was subsequently updated and resubmitted and has now achieved a 'fit for purpose' rating by the Regulatory Policy Committee.

Review of the regulatory stock

Ministry of Justice is undertaking a review of the regulatory stock it holds, and the regulatory burden it places on the private sector as part of the 'Red Tape Challenge'. The Department is due to consult on its regulatory stock over the course of the next reporting year and will provide further detail in the next Annual Report and Accounts.

Alternative to regulation

MoJ has not taken forward any alternatives to regulation.

EU regulations

Ministry of Justice has responsibility for the negotiation and implementation of a number of EU measures in the areas of civil, family and criminal law, data protection and human rights. During the last year the European Commission has proposed the revision of Regulation 44/2001 (also known as Brussels I) the foundation instrument in the area of EU civil law which deals with civil jurisdiction and the recognition and enforcement of foreign judgments within the EU. Ministry of Justice carried out public consultation both during the Commission's Green Paper stage in 2009 and when the proposal was issued in December 2010. The results of those consultations helped to inform the UK's response to the Green Paper, many of the issues of which were taken up by the Commission in their subsequent legislative proposal, and are guiding the UK's position during the current negotiations. The Department remains in contact with relevant experts as the negotiations progress.

Non-Departmental Public Bodies

A significant proportion of MoJ business is delivered through Arm's Length Bodies (ALBs) – they are key to successful delivery of both MoJ, and wider Government objectives.

Our vision is to deliver excellence in the delivery of services through our ALBs. To achieve this we aim to:

- retain the minimum number of ALBs, but sufficient to effectively deliver our objectives;
- support and value our ALBs, providing proportionate sponsorship, tailored to the needs of both the Department and the ALB, dependent on size and an assessment of risk; and
- increase the transparency, strengthen governance and ensure clear lines of accountability for all of our ALBs.

Ministry of Justice provides a central publication which lists the public bodies for which it is responsible. This document can be access through the link below.

<http://www.justice.gov.uk/publications/corporate-reports/moj/2010/ministry-of-justice-public-bodies-2010/index.htm>

Sustainable Development

Ministry of Justice sustainability performance is overseen by the Sustainable Development Board comprising senior representatives from each business group within the Department.

Following the Prime Minister's commitment in May 2010 to reduce carbon emissions from central government's office estate by 10% in 12 months, we have been proactive in reducing energy consumption. This included ring fencing monies for low carbon technologies and other measures. Further work has ranged from initiatives with relatively short pay back times, such as installing timer switches and thermostatic controls, to more capital-intensive measures such as putting in voltage optimisation kit, installing new energy efficient boilers and chillers and ensuring plant is kept in optimum working condition.

Noteworthy actions taken during the year:

The Department met the deadline for registering under the Carbon Reduction Commitment.

Carbon management:

- HM Prison Service (HMPS), under their Carbon Management Programme, aim to achieve a relative CO₂ reduction target of 3% year on year from April 2010 to March 2015. HMPS was one of only 8 government organisations to gain the Carbon Trust Standard in recognition of its success in reducing carbon emissions over the past 3 years.
- The National Probation Service and MoJ HQ signed up to the Carbon Trust Carbon Management Service pilot programme; the Carbon Trust said: "MoJ HQ has provided an exemplar approach to carbon management".
- In February, HM Courts & Tribunals Service committed to the Carbon Trust Carbon Management Service programme and a scoping study is underway.

As part of the Prime Minister's commitment to be the greenest government ever, all central government HQ buildings were required to provide their real time energy consumption on line. The Department has published real time energy consumption for 102 Petty France (its HQ building) since 20 June 2010.

NOMS, in a joint project with Partnerships for Renewables, has continued exploring the potential of wind energy and submitted its first planning application for two wind turbines in December 2010.

HM Courts & Tribunal Service, in a joint venture that extended across the North West and North East regions, re-tendered the contract for providing drinking water in courts, replacing bottled water coolers with more sustainable point-of-use coolers which will save a quarter of a million pounds and is further reducing HM Courts & Tribunals Service's carbon footprint.

Increased training on video and teleconferencing facilities, promoting their use as an alternative to staff travelling to meetings, is reducing carbon from business travel. And better management of waste and increased recycling continues to reduce the amount of waste sent to landfill across the MoJ estate.

Turning to biodiversity, from a total of 21 entries for the National Offender Management Service 2010 Wildlife Award, HMP Woodhill was selected as the winner for the creation of a secure wildlife area from a grassed area within the prison. This not only creates a habitat for wildlife, providing activity and learning skills for Young Offenders but also grows fruit for the prison's kitchen. HMP Woodhill is the first prison on the High Security estate to win the award.

Personal data related incidents

In the Cabinet Office's *Interim 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 2010–11 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 exemptions contained in the *Freedom of Information Act 2000* or may be subject to limitations of other UK information legislation.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
November	Inadvertent release of 8 miscarriage of justice payments to media outlets in advance of the official publication of spend data on government websites	Names, payment amount	8	ICO notified and concluded no regulatory action was necessary
Further action on information risk	Robust processes have been developed to prevent similar incidents occurring again.			

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

Summary of other protected personal data related incidents in 2010–11		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises ¹	154
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	457
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	9
IV	Unauthorised disclosure	1,168
V	Other	11

¹ The Department has seen a significant increase within these categories compared to 2009–10. This is largely the consequence of increased levels of reporting due to enhanced staff awareness of security incident reporting requirements. Most of the additional incidents relate to loss of paper records containing personal data often limited to an individual. These have invariably been the consequence of misdirected post or loss from third party suppliers. Stringent operational and procedural controls are being implemented in affected areas to control these risks and a reduction of such incidents types is expected to occur.

The Department is applying the *Government's Security Policy Framework* to control risks across the organisation. This comprises the requirement to identify and manage threats to the security (confidentiality, integrity and availability) of its information assets and control these by applying proportionate measures. Effective implementation of security is monitored at a local level by a network of trained security and information assurance practitioners. All staff are required to

undertake a compulsory information assurance training course upon joining the Department and yearly thereafter. Management systems are checked for effectiveness on a risk based approach to need to ensure continuous improvement of our systems. A key challenge for the year ahead will be delivering security and information assurance in the current economic climate. The Department is ensuring that there is 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 2010–11 was 9.2 days (2009–10: 9.5 days). Within this figure staff in MoJ HQ recorded 4.6 days, HMCS 8.1 days, Tribunals 7.0 days and OPG 6.2 days AWDL against the Cabinet Office target of 7.5 days. NOMS (including Probation) recorded 9.8 AWDL (2009–10: 10.48 AWDL) against its target of 10.5 days (9.9 AWDL (2009–10: 10.7 AWDL) excluding Probation), and the figure for NOMS HQ staff was 6.8 AWDL (2009–10: 7.7 AWDL).

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

Engagement and consultation

The Department 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 Department 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 Department 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 2010–11, MoJ issued 19 written formal consultations on matters of policy and delivery of public services.

Social and Community Responsibility

We are committed to making 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 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.

Research and Development

The Department undertakes research to enhance policy development and programme evaluations. Expenditure is charged to the Statement of Comprehensive Net Expenditure as incurred and is reported in Notes 11 and 12 to the accounts.

Estates Management Strategy

The Department aims to manage its estate in the most efficient manner to minimise running costs and environmental impacts. 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. Throughout 2010–11 the Department continued to deliver additional prison places as part of the prison capacity programme that delivered its first places in 2007. The programme involves building new modern establishments, expanding existing prisons and increasing the usable operational capacity of the existing estate. In 2010–11 around 2,400 additional prison places were provided, including 622 at a new establishment, HMP & YOI Isis, in London.

Payment to suppliers

During financial year 2010–11 the Department's policy has been to pay suppliers in accordance with the Prime Ministerial commitment of May 2010 that Government Departments should pay suppliers within 5 days of receipt of a valid invoice at the correct billing address.

Excluding the Probation Trusts, for the financial year 2010–11: 82% of invoices were paid within these terms against the cross-government target of 80% (2009–10: 90.7% within 10 days of receipt against the then target of 90%). Including the Probation Trusts, interest paid under the *Late Payment of Commercial Debts (Interest) Act 1988* was £22,770 (2009–10: £172k).

From 1 April 2010 the 34 Probation Boards and 8 Probation Trusts were reorganised into 35 Probation Trusts. The percentage of undisputed invoices paid within 30 days by the Probation Trusts is shown below in 5% ranges.

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

Range	No. of Trusts within range	
	2010–11	2009–10
95 % to 100%	14	18
90% to 94.9%	10	11
85% to 89.9%	7	6
80% to 84.9%	0	5
75% to 79.9%	0	1
70% to 74.9%	3	1
65% to 69.9%	0	0
60% to 64.9%	0	0
55% to 59.9%	1	0
Less than 55%	0	0
No of Boards and Trusts reporting	35	42

Spend on Consultancy

The spend on Consultancy by the Department in 2010–11 is £30,571,480. This includes MoJ HQ and its four executive agencies.

Spend on Temporary Staff

£125,952,000 has been spent on Agency and Contract Staff in 2010–11. This data has been taken from Note 10.1 – Staff costs in the Accounts.

Spend on Publicity and Advertising

The spend on Publicity and Advertising by the Department in 2010–11 is £436,270. This includes MoJ HQ and its four executive agencies.

Sponsorship Spend Over £50,000

There was no spend on sponsorship over £50,000 by the Department in 2010–11.

Charitable donations

There were no Charitable donations made by the Department in 2010–11 (2009–10: £5,200 to the Civil Service Benevolent Fund).

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 2010–11 is £317,000 plus an additional £90,000 for the Consolidated Accounts (2009–10: £340,000 and £100,000).

The total cost of audits across the MoJ group is £2,949,223, of which £1,470,000 is cash and £1,479,223 is a notional cost (2009–10: £3,384,500 comprising £1,557,000 cash and £1,827,500 notional cost).

This total cost includes:

	2010–11			Restated 2009–10		
	Fee		Total Fee	Fee		Total Fee
	Cash	Notional		Cash	Notional	
	£	£	£	£	£	£
Main audit						
Core Accounts	-	317,000	317,000	-	340,000	340,000
Consolidated Accounts	-	90,000	90,000	-	100,000	100,000
	-	407,000	407,000	-	440,000	440,000
IFRS restatement						
MoJ Core	-	-	-	-	28,000	28,000
Her Majesty's Courts Service	-	-	-	-	100,000	100,000
Tribunals Service	-	-	-	-	29,000	29,000
Office of the Public Guardian	-	-	-	-	7,000	7,000
National Offender Management Service	-	-	-	-	70,000	70,000
	-	-	-	-	234,000	234,000
Annual Report and Accounts						
MoJ core	-	407,000	407,000	-	440,000	440,000
MoJ WGA	-	20,000	20,000	-	20,000	20,000
National Offender Management Service	1,446,000	300,000	1,746,000	1,557,000	285,000	1,842,000
Consolidated Accounts of the Local Probation Boards	-	-	-	-	67,000	67,000
Work for local probation auditors	24,000	-	24,000	-	-	-
Judicial Pensions Scheme	-	27,000	27,000	-	31,000	31,000
Judicial Pensions Scheme (WGA)	-	3,000	3,000	-	-	-
Funds in Court Part A	-	52,067	52,067	-	63,000	63,000
Funds in Court Part C	-	20,573	20,573	-	21,000	21,000
Her Majesty's Courts Service	-	398,333	398,333	-	415,000	415,000
Office of the Legal Services Ombudsman	-	25,000	25,000	-	13,000	13,000

	2010–11					Restated 2009–10
	Fee		Total	Fee		Total
	Cash	Notional	Fee	Cash	Notional	Fee
	£	£	£	£	£	£
Office of the Legal Services Complaints Commissioner	-	-	-	-	13,500	13,500
Office of the Public Guardian	-	46,750	46,750	-	46,000	46,000
Official Solicitor and Public Trustee	-	58,000	58,000	-	58,000	58,000
Tribunals Service	-	116,000	116,000	-	116,000	116,000
Wales National Loans Fund	-	2,750	2,750	-	2,500	2,500
Scotland National Loans Fund	-	2,750	2,750	-	2,500	2,500
	1,470,000	1,479,223	2,949,223	1,557,000	1,593,500	3,150,500
Total cost of audits	1,470,000	1,479,223	2,949,223	1,557,000	1,827,500	3,384,500

The audit of the 35 Probation Trusts, 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 MoJ.

To the best of the Accounting Officer's and MoJ's knowledge, there is no relevant audit information of which 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 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.

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 41 to the Accounts.

Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk. The Department has not engaged in any hedging policies.

Management of contingent liabilities

Note 33 to the accounts sets out the contingent liabilities faced by MoJ within the scope of IAS 37 *‘Provisions, Contingent Liabilities and Contingent Assets’*. Note 33.b) 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. 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 MoJ are defended to the extent that it is cost effective to do so.

Pension liabilities

Staff employed by local Probation 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 39 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 which produces its own accounts which are prepared by MoJ.

Directorships and other significant interests

A register is maintained by 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 2011

Remuneration Report

Auditable Sections

In accordance with the requirements of *Schedule 7A to 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 (MPs) 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; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Board members and senior civil servants remuneration

The salaries of MoJ Board members and the Departmental Board members were determined by the Remuneration Committee 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 civilservicecommission.independent.gov.uk.

Ministers' salary and pension entitlements

The salary, taxable benefits in kind and pension entitlements for ministers are shown in the following tables. Salary figures include all allowances payable by MoJ, whereas full-year equivalents are calculated net of allowances, bonuses and ex gratia payments. For ministers in the House of Lords, this can mean that the ministers' in-year remuneration exceeds their calculated full-year equivalent, as their total remuneration is paid by MoJ.

For the sake of clarity following a change of government, ministers who left post in 2009–10 but who were included in the comparative disclosures for 2009–10 have been omitted from this year's disclosure:

Remuneration		2010–11		2009–10
Ministers	Salary (including allowances) £	Benefits in kind (rounded to the nearest £100) £	Salary £	Benefits in kind (rounded to the nearest £100) £
The Rt Hon Kenneth Clarke QC MP, Secretary of State for Justice and Lord Chancellor (from 12 May 2010)	67,341 (69,953 full-year equivalent)	-	n/a	n/a
The Rt Hon Jack Straw MP, Secretary of State for Justice and Lord Chancellor (to 12 April 2010)	2,612 (78,356 full-year equivalent)	-	78,356	-
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords (from 12 May 2010)	101,934 (78,891 full-year equivalent)	-	n/a	n/a
The Rt Hon Michael Wills MP, Minister of State (to 12 April 2010)	4,589 (40,646 full-year equivalent)	-	40,533	-
Maria Eagle MP, Minister of State (to 12 April 2010)	4,589 (40,646 full-year equivalent)	-	38,737	-
Crispin Blunt MP, Parliamentary Under Secretary of State (from 12 May 2010)	20,894 (23,697 full-year equivalent)	-	n/a	n/a

Remuneration		2010–11		2009–10
Ministers	Salary (including allowances) £	Benefits in kind (rounded to the nearest £100) £	Salary £	Benefits in kind (rounded to the nearest £100) £
Jonathan Djanogly MP, Parliamentary Under Secretary of State (from 12 May 2010)	20,894 (23,697 full-year equivalent)	-	n/a	n/a
Lord Bach, Parliamentary Under Secretary of State (to 12 April 2010)*	12,488 (72,326 full-year equivalent)	-	89,714 (72,326 full-year equivalent)*	-
Bridget Prentice MP, Parliamentary Under Secretary (to 12 April 2010)	3,492 (30,937 full-year equivalent)	-	30,937	-
Claire Ward MP, Parliamentary Under Secretary (to 12 April 2010)	3,483 (30,851 full-year equivalent)	-	25,024 (30,851 full-year equivalent)	-
Scotland				
The Rt Hon Michael Moore MP, Secretary of State for Scotland (from 29 May 2010)	57,726 (68,827 full-year equivalent)	-	n/a	n/a
The Rt Hon Danny Alexander MP, Secretary of State for Scotland (from 12 May 2010 to 29 May 2010)	3,700 (68,827 full-year equivalent)	-	n/a	n/a
The Rt Hon Jim Murphy MP, Secretary of State for Scotland (to 12 April 2010)	8,847 (78,356 full-year equivalent)	-	78,356	-
The Rt Hon David Mundell MP, Parliamentary Under Secretary of State (from 12 May 2010)	20,894 (23,697 full-year equivalent)	-	n/a	n/a
Ann McKeichin MP, Parliamentary Under Secretary of State (to 12 April 2010)	3,483 (30,851 full-year equivalent)	-	30,808	500
The Rt Hon the Lord Wallace of Tankerness QC, Advocate General for Scotland (from 12 May 2010)	112,967 (91,755 full-year equivalent)	-	n/a	n/a
Lord Davidson of Glen Clova QC, Advocate General for Scotland (to 12 April 2010)	15,227 (96,584 full-year equivalent)	-	139,109	-
Wales				
The Rt Hon Cheryl Gillan MP, Secretary of State for Wales (from 12 May 2010)	61,056 (68,827 full-year equivalent)	-	n/a	n/a

Remuneration		2010–11		2009–10
Ministers	Salary (including allowances) £	Benefits in kind (rounded to the nearest £100) £	Salary £	Benefits in kind (rounded to the nearest £100) £
The Rt Hon Peter Hain MP, Secretary of State for Wales (to 12 April 2010)	8,847 (78,356 full-year equivalent)	-	64,208 (78,356 full-year equivalent)	-
David Jones MP, Parliamentary Under Secretary of State (from 12 May 2010)	20,894 (23,697 full-year equivalent)	-	n/a	n/a
Wayne David MP, Parliamentary Under Secretary of State (to 12 April 2010)	3,483 (30,851 full-year equivalent)	-	30,851	-

Notes to the table:

The outgoing Ministers of the former government formally stopped being Ministers when Parliament was dissolved on 12 April 2010, in preparation for the General Election. However, they remained in post and continued to be paid until polling day, 6 May 2010. The incoming Ministers of the current Government are paid from 12 May 2010, the date the coalition was formed.

The Police Minister, the Rt. Hon. Nick Herbert MP is responsible for criminal justice strategy, reporting on this jointly to the Secretary of State for Justice and the Home Secretary. The costs of his remuneration are borne by the Home Office and are disclosed in their accounts.

* The full year equivalent value for Lord Bach was overstated in 2009–10 as £110,606 by including allowances in the figure. This has been corrected for the comparative this year.

Pension Benefits						
Ministers	Accrued pension at age 65 as at 31 March 2011 £000	Real increase in pension at age 65 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010 (recalculated) £000	CETV at 31 March 2010 (published) £000	Real increase in CETV £000
The Rt Hon Kenneth Clarke QC MP, Secretary of State for Justice and Lord Chancellor (from 12 May 2010)*	0	0	0	0	0	0
The Rt Hon Jack Straw MP, Secretary of State for Justice and Lord Chancellor (to 12 April 2010)*	0	0	0	0	525	0
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords (from 12 May 2010)	0–5	0–2.5	33	0	0	24
The Rt Hon Michael Wills MP, Minister of State (to 12 April 2010)	0–5	0–2.5	63	62	68	0
Maria Eagle MP, Minister of State (to 12 April 2010)	5–10	0–2.5	77	76	88	1
Crispin Blunt MP, Parliamentary Under Secretary of State (from 12 May 2010)	0–5	0–2.5	8	0	0	4

Pension Benefits						
	Accrued pension at age 65 as at 31 March 2011	Real increase in pension at age 65	CETV at 31 March 2011	CETV at 31 March 2010 (recalculated)	CETV at 31 March 2010 (published)	Real increase in CETV
Ministers	£000	£000	£000	£000	£000	£000
Jonathan Djanogly MP, Parliamentary Under Secretary of State (from 12 May 2010)	0–5	0–2.5	6	0	0	3
Lord Bach, Parliamentary Under Secretary of State (to 12 April 2010)	15–20	0–2.5	299	296	310	2
Bridget Prentice MP, Parliamentary Under Secretary (to 12 April 2010)	5–10	0–2.5	104	102	109	1
Claire Ward MP, Parliamentary Under Secretary (to 12 April 2010)	0–5	0–2.5	24	22	28	0
Scotland						
The Rt Hon Michael Moore MP, Secretary of State for Scotland (from 29 May 2010)	0–5	0–2.5	11	0	0	5
The Rt Hon Danny Alexander MP, Secretary of State for Scotland (from 12 May 2010 to 29 May 2010)	0–5	0–2.5	0	0	0	0
The Rt Hon Jim Murphy MP, Secretary of State for Scotland (to 12 April 2010)	5–10	0–2.5	62	61	75	0
The Rt Hon David Mundell MP, Parliamentary Under Secretary of State (from 12 May 2010)	0–5	0–2.5	7	0	0	4
Ann McKechin MP, Parliamentary Under Secretary of State (to 12 April 2010)	0–5	0–2.5	14	12	14	0
The Rt Hon the Lord Wallace of Tankerness QC, Advocate General for Scotland (from 12 May 2010)	0–5	0–2.5	30	0	0	20
Lord Davidson of Glen Clova QC, Advocate General for Scotland (to 12 April 2010)	10–15	0–2.5	161	158	170	3
Wales						
The Rt Hon Cheryl Gillan MP, Secretary of State for Wales (from 12 May 2010)	0–5	0–2.5	34	15	0	12
The Rt Hon Peter Hain MP, Secretary of State for Wales (to 12 April 2010)	10–15	0–2.5	295	291	26	4
David Jones MP, Parliamentary Under Secretary of State (from 12 May 2010)	0–5	0–2.5	11	0	0	8
Wayne David MP, Parliamentary Under Secretary of State (to 12 April 2010)	0–5	0–2.5	25	24	28	1

Notes to the table:

The CETV at 31 March 2010 (published) was calculated using actuarial assumptions applicable at the year-end. The CETV at 31 March 2010 (recalculated) reflects the actual position based on the crystallisation of those yield assumptions.

* Neither The Rt Hon Jack Straw MP nor The Rt Hon Kenneth Clarke QC MP made any contributions to the Parliamentary Pension Scheme for the year 2010–11.

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 1/40th 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 1/50th 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 Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% of salary if they have opted for the 1/40th 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 members' accrued benefits and any contingent spouses' 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 2008* and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is 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 membership of the Executive Management Committee of the Board, (EMCB) which was formed when the Departmental Board replaced the Corporate Management Board, is marked in the table below with an asterisk (*), with the exception of Carolyn Downs, who is a member of the EMCB but whose costs are borne by Legal Services Commission (LSC). Her details are therefore disclosed in the LSC remuneration report. The Remuneration Committee was formed from the membership of the Workforce Committee with the addition of the Non-Executive Board Member David MacLeod (as Chair). The salary, taxable benefits in kind and pension entitlements for Senior Managers is shown in the following tables.

Salary figures include all allowances payable by MoJ, whereas full-year equivalents are calculated net of allowances, bonuses and ex gratia payments. Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010–11 relate to performance in 2009–10 and the comparative bonuses reported for 2009–10 relate to performance in 2008–09.

For the sake of clarity following a change of government, Senior Management members who had left post in 2009–10 but who were included in the comparative disclosures for 2009–10 have been omitted from this year's disclosure.

Remuneration			2010–11			2009–10
	Salary exc bonuses (including allowances)	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)	Salary exc bonuses (including allowances)	2008–09 bonuses paid in 2009–10	Benefits in kind (rounded to the nearest £100)
Senior Managers	£000	£000	£	£000	£000	£
Sir Suma Chakrabarti* KCB, Permanent Secretary	180–185	-	19,200	180–185	-	38,400
Helen Edwards* CBE, Director General, Justice Policy Group	160–165	5–10	200	160–165	15–20	100
Peter Handcock* CBE, Chief Executive, HM Courts & Tribunals Service [§]	145–150	5–10	-	145–150	-	3,200
Ann Beasley* CBE, Director General, Finance and Corporate Services	145–150	10–15	-	20–25 (130–135 full-year equivalent)	-	-
Jonathan Slater*, Director General, Transforming Justice	145–150	5–10	-	145–150	10–15	-
Sharon White*, Director General, Law, Rights and International (from 2 June 2010) ^{†‡}	95–100 (115–120 full-year equivalent)	5–10	-	n/a	n/a	n/a
Rowena Collins-Rice*, Director General, Democracy, Constitution and Law (to 2 June 2010) [†]	20–25 (130–135 full-year equivalent)	10–15	-	130–135	-	-
Phil Wheatley CB, Director General, National Offender Management Service (to 2 June 2010)	40–45 (160–165 full-year equivalent)	10–15	-	160–165	10–15	-

Remuneration			2010–11			2009–10
	Salary exc bonuses (including allowances)	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)	Salary exc bonuses (including allowances)	2008–09 bonuses paid in 2009–10	Benefits in kind (rounded to the nearest £100)
Senior Managers	£000	£000	£	£000	£000	£
Michael Spurr*, Chief Executive, National Offender Management Service (from 2 June 2010) [†]	140–145 (145–150 full-year equivalent)	5–10	-	n/a	n/a	n/a
Alisdair McIntosh, Director of the Scotland Office [‡]	80–85	5–10	-	90–95	5–10	-
Fiona Adams-Jones, Head of Wales Office [‡]	80–85	-	-	45–50 (80–85 full-year equivalent)	-	-

Notes to the table

Salaries and bonuses are now disclosed separately. Figures for 2009–10 have been restated to express this change. Permanent Secretaries across government have decided not to accept individual non-consolidated performance related pay awards (bonuses) in relation to the 2008–09 and the 2009–10 performance years.

* A member of the Executive Management Team (EMT). Carolyn Downs is also member of the EMT. Her costs are borne by the Legal Services Commission in whose accounts details of her salary and pension entitlements can be found.

‡ Alisdair McIntosh is on loan from the Scottish Government. Fiona Adams-Jones is on loan from the Welsh Assembly until September 2011.

§ Peter Handcock was Director General, Access to Justice, until the group was dissolved in June 2010. Peter Handcock became Chief Executive Her Majesty's Courts Service from October 2010 until 31 March 2011, at which point he became Chief Executive Her Majesty's Courts & Tribunals Service.

† The Democracy, Constitution and Law Group was subject to a Machinery of Government change with Cabinet Office in June 2010, and its remaining activities were continued as the Law, Rights and International Group.

‡ Sharon White's salary had not been disclosed in the accounts of her previous department for the year 2009–10. Michael Spurr's salary was disclosed in the NOMS accounts.

Non-Executive Directors

Remuneration			2010–11			2009–10
	Salary exc bonuses	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)	Salary exc bonuses	2008–09 bonuses paid in 2009–10	Benefits in kind (rounded to the nearest £100)
Non-Executive Directors	£000	£000	£	£000	£000	£
David Crawley, Audit Committee Chair and Non-Executive Director, Wales Office	5–10	-	-	5–10	-	-
Ian Summers, Non-Executive Director, Wales Office	5–10	-	-	5–10	-	-
Jim Leng,* Lead Non-Executive Director	0	-	-	n/a	-	-
Dame Sue Street* DCB, Non-Executive Director	0–5 (15–20 full-year equivalent)	-	-	n/a	-	-

Remuneration			2010–11			2009–10
	Salary exc bonuses	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)	Salary exc bonuses	2008–09 bonuses paid in 2009–10	Benefits in kind (rounded to the nearest £100)
Non-Executive Directors	£000	£000		£000	£000	£000
David MacLeod, Non-Executive Director	5–10	-	-	5–10	-	-
Anne Bulford, Audit Committee Chair and Non-Executive Director	5–10	-	-	5–10	-	-

Notes to the tables:

Non-Executive Directors serving from the beginning of the financial year (Anne Bulford and David McLeod) were paid on a daily basis (where a day was 7 hours attendance) until 20 April 2011. The Non-Executive directors were entitled to an annual honorarium of £15k.

None of the Non-Executive Directors have pension entitlements with the Ministry. Dame Sue Street and Jim Leng started working for MoJ on 4 January 2011.

Ian Doig, John Aldridge and Charlotte Barbour are Non-Executive Directors for the Scotland Office and receive no remuneration for their services.

* Jim Leng waived his fee for this financial year. Dame Sue Street's fee for 2010–11 is paid directly to three charities via the Give As You Earn scheme.

Compensation for loss of office

No senior managers received compensatory payments in 2010–11 (£48,548 in 2009–10).

Service Contracts

	Contract Start Date	term (years)	Notice period (months)
Senior Managers			
Sir Suma Chakrabarti KCB, Permanent Secretary	1 September 1984	13	3
Helen Edwards CBE, Director General, Justice Policy Group	14 January 2002	7	3
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service [§]	4 January 1971	5	3
Ann Beasley CBE, Director General, Finance and Corporate Services	1 July 2002	12	3
Jonathan Slater, Director General, Transforming Justice	17 October 2001	15	3
Sharon White (from 2 June 2010)*, Director General of Law, Rights and International [†]	9 June 2009	Seconded	3
Rowena Collins-Rice (until 2 June 2010), Director General of Democracy, Constitution and Law Group [†]	n/a	Left MoJ	n/a
Phil Wheatley CB (until 2 June 2010), Director General, National Offender Management Service	n/a	Left MoJ	n/a

Senior Managers	Contract Start Date	term (years)	Notice period (months)
Michael Spurr (from 2 June 2010), Chief Executive, National Offender Management Service	10 October 1983	16	3
Alisdair McIntosh, Director of the Scotland Office	26 June 2000	17	3
Fiona Adams-Jones, Head of Wales Office	25 February 1974	8	3

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.

§ Peter Handcock was Director General, Access to Justice, until the group was dissolved in June 2010. Peter Handcock became Chief Executive Her Majesty's Courts Service from October 2010 until 31 March 2011, at which point he became Chief Executive of Her Majesty's Courts & Tribunals Service.

† The Democracy, Constitution and Law Group was subject to a Machinery of Government change with Cabinet Office in June 2010, and its remaining activities were continued as the Law, Rights and International Group.

* Sharon White joined the Department for International Development from 1 April 2011 on secondment for four months.

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2011 £000	Real increase in pension and related lump sum at pension age at 31 March 2011 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010 (recalculated) £000	CETV at 31 March 2010 (published) £000	Real increase / (decrease) in CETV £000
Sir Suma Chakrabarti KCB, Permanent Secretary	55–60 plus 175–180 lump sum	0.0–2.5 plus 160–162.5 lump sum	1,114	842	1,077	152
Helen Edwards CBE, Director General, Justice Policy Group	15–20 plus 0–5 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	355	290	310	25
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service [§]	85–90 plus nil lump sum	0.0– (2.5) plus nil lump sum	1,802	1,705	1,702	(6)
Ann Beasley CBE, Director General, Finance and Corporate Services	50–55 plus 160–165 lump sum	7.5–10.0 plus 22.5–25.0 lump sum	1,003	754	823	143
Jonathan Slater, Director General, Transforming Justice	35–40 plus 105–110 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	604	519	589	6
Sharon White* (from 2 June 2010), Director General of Law, Rights and International [†]	30–35 plus 45–50 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	391	332	n/a	7
Rowena Collins-Rice (until 2 June 2010), Director General of Democracy, Constitution and Law Group [†]	40–45 plus 120–125 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	663	628	702	1

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2011	Real increase in pension and related lump sum at pension age at 31 March 2011	CETV at 31 March 2011	CETV at 31 March 2010 (recalculated)	CETV at 31 March 2010 (published)	Real increase / (decrease) in CETV
	£000	£000	£000	£000	£000	£000
Phil Wheatley CB (until 2 June 2010), Director General, National Offender Management Service	80–85 plus 240–245 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	1,842	1,824	1,891	(3)
Michael Spurr* (from 2 June 2010), Chief Executive, National Offender Management Service	50–55 plus 150–155 lump sum	2.5–5.0 plus 12.5–15.0 lump sum	804	671	-	71
Alisdair McIntosh, Director of the Scotland Office	15–20 plus 45–50 lump sum	0.0–2.5 plus 0.0–2.5 lump sum	237	197	323	1
Fiona Adams-Jones, Head of Wales Office	40–45 plus 120–125 lump sum	2.5–5.0 plus 12.5–15.0 lump sum	891	698	734	100

Notes to the table:

The CETV at 31 March 2010 (published) was calculated using actuarial assumptions applicable at the year-end. The CETV at 31 March 2010 (recalculated) reflects the actual position based on the crystallisation of those yield assumptions.

[§] Peter Handcock was Director General, Access to Justice, until the group was dissolved in June 2010. Peter Handcock became Chief Executive Her Majesty's Courts Service from October 2010 until 31 March 2011, at which point he became Chief Executive of Her Majesty's Courts & Tribunals Service.

[†] The Democracy, Constitution and Law Group was subject to a Machinery of Government change with Cabinet Office in June 2010, and its remaining activities were continued as the Law, Rights and International Group.

^{*} Sharon White's pension benefits had not been disclosed in the accounts of her previous department for the year 2009–10. Michael Spurr's pension benefits were disclosed in the NOMS accounts.

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 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 an MP (£65,738 as of 1 April 2010), 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 MoJ and is therefore shown in full in the figures above.

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.

Sir Suma Chakrabarti's benefit in kind related to the use of a car and the associated tax liability which is assessed at £19,200 (2009–10: £38,400 to the nearest £100). As this arrangement extended the official working time of the Permanent Secretary, MoJ met the tax liability. The Permanent Secretary stopped using a dedicated car in June 2010 but continues to make occasional journeys using a car from the Departmental pool, which is also factored into the benefit in kind calculation.

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

Benefits in kind 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). 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.

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 2008* and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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 2011

Public Expenditure Core Financial Tables

Introduction

The Public Expenditure Core Financial Tables are prepared on a different basis to the financial statements. Therefore, amounts within this section may be different from those shown in the financial statements and related notes.

MoJ manages its Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) budgets in line with HM Treasury budgeting guidelines and the data in the Core Financial Tables is calculated according to these guidelines.

The Core Financial Tables provide DEL and AME data broken down further into:

- Resource budgets;
- Administration budgets;
- Programme budgets; and
- Capital budgets.

Clear Line of Sight (CLOs)

Due to the implementation of HM Treasury's Clear Line of Sight (CLOs) project, prior year amounts in the Core Financial Tables have been restated.

The Total Resource DEL amounts for all years do not incorporate cost of capital, utilisation of provisions (non-cash) and new provisions. It now includes profit/loss on disposal of non-current assets.

Resource AME amounts contain utilisation of provisions (non-cash) and new provisions as part of the CLOs changes.

Total Capital DEL cost for all years does not now incorporate profit/loss on disposal of non-current assets.

These classification changes, which are reflected in the MoJ Estimate, have the effect of reducing DEL budgets in all the years. This is mainly due to the removal of cost of capital from resource DEL and the reclassification of provisions from resource DEL to AME budgets.

Individual Lines in the Tables

Section A: Policy, Corporate Services and Associated Offices – This line now includes all spending relating to the Office of Criminal Justice Reform previously shown separately.

Section C: National Offender Management Service – This line includes spending on both Headquarters and Operations from 2009–10 onwards, Public and Private Prisons were shown separately in prior years.

Section D: HM Courts & Tribunals Service – From April 2011 HM Courts Service and Tribunals Service merged to form an executive agency of Ministry of Justice. Amounts for 2011–12 onwards reflect this new structure. Prior year's amounts have been recorded against the respective HM Courts Service or Tribunals Service Line.

Section O: Higher Judiciary Judicial Salaries paid from the consolidated fund are now shown separately on the face of the Core Financial Tables; previously these were included under HM Courts Service. This is as a result of the CLoS changes.

Machinery of Government changes

Constitutional and Political Reform

On 2 June 2010 the Prime Minister announced that responsibility for political and constitutional reform was transferring from MoJ to the Cabinet Office to support the Deputy Prime Minister. The transfer of responsibility also covered a range of other functions relating to elections, political parties and related matters and various constitutional matters. The Machinery of Government change was affected in the Winter Supplementary Estimate in 2010.

Consequently prior years' numbers have been adjusted to reflect the Machinery of Government change.

Reconciliation of Core Financial Tables 1, 2 and 4

Tables 1, 2 and 4

Amounts contained within Tables 1, 2 and 4 do not necessarily agree to the financial statements and related notes due to:

- Boundaries – budgets include resource and capital expenditure of Central Government Bodies (as classified by ONS) and exclude grants to these bodies, whereas the financial statements and related notes include the grants and exclude the expenditure; and
- Clear Line of Sight changes – data in the Core Financial Tables is restated post CLoS changes, whereas the 2009–10 data in the financial statements and related notes has not been restated.

Ministry of Justice

Table 1 Total Departmental Spending £000

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Resource DEL										
Section A: Policy, Corporate Services and Associated Offices	654,777	496,133	571,784	559,772	509,366	566,038	720,061	504,306	411,635	307,251
Section B: Central Funds	69,201	52,516	65,060	73,422	88,439	78,026	90,500	88,000	62,000	50,000
Section C: National Offender Management Service	694,509	757,415	871,243	983,720	3,448,251	4,056,083	3,781,967	3,761,000	3,712,000	3,624,000
Section D: HM Courts & Tribunals Service	-	-	-	-	-	-	1,055,474	1,068,000	1,067,000	1,041,000
Section E: Office of the Public Guardian	(1,179)	(222)	(1,766)	115	3,485	1,037	(500)	7,500	8,400	10,200
Section F: Legal Services Commission Administration	97,724	114,052	128,172	125,574	119,485	119,186	107,400	101,000	101,000	101,000
Section G: Legal Aid Fund : Criminal	1,199,854	1,190,145	1,203,187	1,171,801	1,100,785	1,233,960	1,139,000	1,092,000	984,600	930,600
Section H: Legal Aid Fund : Civil	842,540	777,318	824,019	902,820	960,548	930,882	1,005,000	956,400	907,400	912,400
Section I: Youth Justice Board	360,285	418,399	458,349	485,953	471,009	454,457	379,978	348,000	331,000	315,000
Section J: Criminal Injuries Compensation Authority	218,681	210,320	258,971	287,300	272,217	353,764	202,200	201,500	201,500	201,500
Section K: Parole Board	5,467	6,644	7,383	8,562	8,882	10,167	11,000	11,000	11,000	11,000
Section L: Criminal Cases Review Commission	6,839	6,868	6,988	6,792	6,973	5,927	6,050	6,000	6,000	6,000
Section M: Judicial Appointments Commission	-	6,404	6,946	8,143	7,534	6,733	5,520	5,500	5,600	5,600
Section N: Information Commissioner' Office	5,066	7,361	6,280	5,715	5,501	4,853	4,586	4,700	4,700	4,700
Section O: Higher Judicial Salaries	126,278	127,599	130,326	139,854	144,255	143,203	138,200	135,000	135,000	135,000
Section: Office of Legal Complaints	-	-	-	-	(37)	-	-	-	-	-
Section: Legal Services Board	-	-	-	834	(785)	138	-	-	-	-
Section: HM Courts Service	737,963	728,882	851,237	763,182	775,980	703,726	-	-	-	-
Section: Tribunals Service	85,171	277,232	285,134	295,636	282,479	286,298	-	-	-	-
Private Prisons	226,673	222,693	259,426	226,483	-	-	-	-	-	-
Public Prisons	1,845,626	1,929,200	2,049,874	2,200,806	-	-	-	-	-	-

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
National Probation Service (Local Area Boards)	744,358	822,974	842,831	782,398	729,770	-	-	-	-	-
Total Resource DEL	7,919,833	8,151,933	8,825,444	9,028,882	8,934,137	8,954,478	8,646,436	8,289,906	7,948,835	7,655,251
<i>Of which:</i>										
Pay	3,145,869	3,549,883	3,667,316	3,966,861	4,005,245	3,959,827	3,553,816	3,517,888	3,482,388	3,480,188
Net current procurement ¹	3,984,945	4,067,164	4,219,810	4,268,307	4,450,747	4,506,949	4,497,385	4,234,118	3,903,747	3,583,063
Current grants and subsidies to the private sector and abroad	315,118	99,007	348,387	293,042	29,934	93,075	102,000	-	-	-
Current grants to local government	98,800	123,004	127,200	-	-	-	-	-	-	-
Depreciation ²	342,894	330,674	375,132	405,512	432,673	354,114	489,500	537,900	562,700	592,000
Other	32,207	(17,799)	87,599	95,160	15,538	40,513	3,735	-	-	-
Resource AME										
Section P: Policy, Corporate Services and Associated Offices	63,722	12,415	(4,141)	(453)	54,622	50,305	598	(400)	(700)	(1,000)
Section Q: National Offender Management HQ	-	2,002	9,423	4,392	25,140	78,224	60,000	60,000	60,000	60,000
Section R: Legal Services Commission Administration	389	(10,919)	(14,710)	(1,202)	-	2,226	7,800	-	-	-
Section S: Legal Aid : Criminal	16,880	(114)	(47,439)	2,995	-	(12,528)	(10,000)	(12,600)	1,000	1,000
Section T: Legal Aid : Civil	(497,362)	(299,259)	(356,090)	(195,332)	-	(9,450)	10,000	6,000	5,000	5,000
Section U: Criminal Injuries Compensation Authority	(3,004)	37,922	86,368	(370,630)	(173,647)	70,558	14,000	-	-	-
Section V: HM Courts & Tribunals Service	-	-	-	-	-	-	(4,840)	6,000	6,000	6,000
Section: Central Funds	-	38,692	-	12,380	-	-	-	-	-	-
Office of the Public Guardian	572	918	2	110	2,205	-	-	-	-	-
Criminal Cases Review Commission	312	-	-	219	(140)	327	-	-	-	-
Judicial Appointments Commission	-	-	(83)	-	115	-	-	-	-	-
Information Commissioner's Office	-	-	-	-	-	126	-	-	-	-
HM Courts & Tribunals Service AME Impairment	-	-	149,984	173,770	187,496	12,044	-	-	-	-
Section: HM Courts Service	(25,000)	(1,281)	(13,673)	171,140	(163,443)	142,422	-	-	-	-
Tribunals Service	70,852	107	1,412	(474)	3,639	-	-	-	-	-
Public Prisons	-	(17,004)	8,761	10,870	-	-	-	-	-	-

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
National Probation Service (Local Area Boards)	(25,000)	3,996	15,601	(1,287)	899	-	-	-	-	-
National Offender Management Service Impairment	-	-	-	511,705	525,054	34,526	-	-	-	-
Supreme Court Impairment	-	-	-	-	39,200	-	-	-	-	-
Total Resource AME	(397,639)	(232,525)	(164,585)	318,203	501,140	368,780	77,558	59,000	71,300	71,000
<i>Of which:</i>										
Pay	-	-	-	-	-	-	-	-	-	-
Net current procurement ¹	-	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-	-	-
Net public service pensions ³	(25,000)	-	11,958	(1,287)	899	-	-	-	-	-
Take up of provisions	1,888,396	2,206,669	2,260,246	2,208,232	2,169,586	2,875,496	2,655,676	2,519,400	2,353,000	2,193,000
Release of provisions	(2,334,169)	(2,479,024)	(2,593,563)	(2,574,536)	(2,429,127)	(2,553,286)	(2,578,118)	(2,460,400)	(2,281,700)	(2,122,000)
Depreciation ²	-	-	149,984	685,475	751,750	46,570	-	-	-	-
Other	73,134	39,830	6,790	319	8,032	-	-	-	-	-
Total Resource Budget	7,522,194	7,919,408	8,660,859	9,347,085	9,435,277	9,323,258	8,723,994	8,348,906	8,020,135	7,726,251
<i>Of which</i>										
Depreciation ²	342,894	330,674	525,116	1,090,987	1,184,423	400,684	489,500	537,900	562,700	592,000
Capital DEL										
Section A: Policy, Corporate Services and Associated Offices	47,387	36,163	42,279	221,689	25,658	300,893	52,150	90,000	138,000	216,600
Section C: National Offender Management Service	254,055	364,784	563,015	503,486	611,853	55,249	224,000	34,000	36,000	37,000
Section D: HM Courts & Tribunals Service	-	-	-	-	-	-	121,000	143,000	64,000	29,000
Section E: Office of the Public Guardian	792	2,018	770	571	809	411	10,200	1,500	1,000	1,000
Section F: Legal Services Commission Administration	2,476	2,398	5,332	8,570	12,915	14,825	19,000	11,000	9,000	8,000
Section G: Legal Aid Fund : Criminal	118	137	-	(14)	-	-	-	-	-	-
Section H: Legal Aid Fund : Civil	68	(7)	(1)	(2)	-	-	-	-	-	-
Section I: Youth Justice Board	9,463	20,000	323	178	12,825	12,952	-	28,000	29,000	8,000
Section J: Criminal Injuries Compensation Authority	-	-	1,548	2,862	1,713	1,654	1,000	2,000	1,000	1,000

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Section K: Parole Board	-	-	46	37	117	187	-	-	-	-
Section L: Criminal Cases Review Commission	-	(206)	42	53	241	212	-	-	-	-
Section M: Judicial Appointments Commission	-	-	(30)	-	-	-	1,100	-	-	-
Section N: Information Commissioner's Office	1,005	703	137	1,092	1,208	2,430	850	-	-	-
Section: Office of Legal Complaints	-	-	-	-	389	5,413	-	-	-	-
Section: Legal Services Board	-	-	-	72	-	50	-	1,000	500	500
Section: HM Courts Service	89,317	90,144	113,710	121,550	161,989	152,990	-	-	-	-
Section: Tribunals Service	7,028	3,892	1,836	7,680	14,640	(6,856)	-	-	-	-
Private Prisons	-	176	-	-	-	-	-	-	-	-
Public Prisons	88,089	11,813	17,891	28,685	-	-	-	-	-	-
National Probation Service (Local Area Boards)	2,453	2,917	1,756	2,864	3,666	-	-	-	-	-
Total Capital DEL	502,251	534,932	748,654	899,373	848,023	540,410	429,300	310,500	278,500	301,100
<i>Of which:</i>										
Net capital procurement ⁴	501,110	533,205	748,633	896,488	838,463	539,022	429,300	310,500	278,500	301,100
Capital grants to the private sector and abroad	82	-	-	-	-	-	-	-	-	-
Capital support for local government	1,121	1,727	21	2,885	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	(62)	-	-	-	9,560	1,388	-	-	-	-
Capital AME										
Total Capital AME	-	-	-	-	-	-	-	-	-	-
Total Capital Budget	502,251	534,932	748,654	899,373	848,023	540,410	429,300	310,500	278,500	301,100
Total departmental spending⁵	7,681,551	8,123,666	8,884,397	9,155,471	9,098,877	9,462,984	8,663,794	8,121,506	7,735,935	7,435,351
<i>Of which:</i>										
Total DEL	8,422,084	8,686,865	9,574,098	9,928,255	9,782,160	9,494,888	9,075,736	8,600,406	8,227,335	7,956,351
Total AME	(397,639)	(232,525)	(164,585)	318,203	501,140	368,780	77,558	59,000	71,300	71,000

¹ Net of income from sales of goods and services.

² Includes Impairments.

³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible non-current assets net of sales.

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Spending by local authorities on functions relevant to the department

	£000					
	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn
Current spending						
<i>Of which:</i>						
Financed by grants from budgets above	7,467,984	7,711,071	8,322,413	8,624,236	8,486,243	8,559,851
Capital spending						
<i>Of which:</i>						
Financed by grants from budgets above	501,130	533,205	748,633	896,488	848,023	539,022

The outturn figure in 2007–08, 2008–09, 2009–10 and 2010–11 for AME depreciation has increased mainly due to the impairment of the HMCS and NOMS estate.

The outturn figures for capital DEL in 2008–09 includes the capital spend for 102 Petty France.

The outturn figures for capital DEL increase in NOMS in 2007–08 is due to the increase in Capital funding as part of the Carter Review of Prisons funding.

Scotland Office (RfR2) and Wales Office (RfR3)

Table 1a Total Departmental Spending £000

	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans	Plans
Resource DEL										
Scotland										
Section A: Scotland Office and Office of the Advocate General	5,454	5,770	7,284	7,235	7,530	7,650	7,619	7,400	7,100	6,430
Section B: Boundary Commission for Scotland	141	119	170	593	557	188	537	457	300	300
Section C: Election Expenses	8,237	1,081	18,012	980	10,298	9,632	1	-	-	-
Scotland Total resource DEL	13,832	6,970	25,466	8,808	18,385	17,470	8,157	7,857	7,400	6,730
<i>Of which:</i>										
Pay	3,529	3,562	4,339	4,869	5,548	5,486	5,434	5,214	5,064	4,544
Net current procurement ¹	10,189	3,204	20,920	3,885	12,765	11,968	2,667	2,587	2,280	2,130
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-	-	-
Depreciation ²	233	180	181	28	20	16	30	30	30	30
Other	(119)	24	26	26	52	-	26	26	26	26
Total Resource Budget – Scotland	13,832	6,970	25,466	8,808	18,385	17,470	8,157	7,857	7,400	6,730
Wales										
Section A: Wales Office	4,112	4,248	4,923	5,006	5,609	5,117	6,017	6,052	6,132	5,031
Wales Total Resource DEL	4,112	4,248	4,923	5,006	5,609	5,117	6,017	6,052	6,132	5,031

[illegible]

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Capital support for local government	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital DEL – Scotland	64	-	-	89	-	-	89	77	66	55
<i>Of which:</i>										
Net capital procurement ⁴	64	-	-	89	-	-	89	77	66	55
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Wales										
Section A: Wales Office	127	33	145	96	-	130	724	724	724	25
Total Capital DEL – Wales	127	33	145	96	-	130	724	724	724	25
<i>Of which</i>										
Net capital procurement ⁴	127	33	145	96	-	130	724	724	724	25
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital DEL	191	33	145	185	-	130	813	801	790	80
<i>Of which:</i>										
Net capital procurement ⁴	191	33	145	185	-	130	813	801	790	80
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Budget	191	33	145	185	-	130	813	801	790	80
Total departmental spending⁵	17,773	11,023	30,305	13,735	23,913	22,474	14,977	14,591	14,203	11,722
<i>Of which:</i>										
Total DEL	18,135	11,251	30,534	13,999	23,994	22,717	14,987	14,710	14,322	11,841
Total AME	-	-	-	-	-	-	90	(19)	(19)	(19)

From April 2011, both Scotland and Wales Offices have separate estimates and no longer appear in the MoJ estimate.

¹ Net of income from sales of goods and services.

² Includes Impairments.

³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible non-current assets net of sales.

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Total DEL is the sum of the resource budget DEL and capital budget DEL, and total AME is the sum of resource budget AME and capital budget AME.

Spending by local authorities on functions relevant to the department

		£000					
		2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
		Outturn	Outturn	Outturn	Outturn	Outturn	Outturn
Current spending							
<i>Of which:</i>							
Financed by grants from budgets above	Scotland	13,718	6,766	25,259	8,754	18,313	17,454
	Wales	3,969	4,200	4,859	4,770	5,531	4,874
	Total	17,687	10,966	30,118	13,524	23,844	22,328
Capital spending							
<i>Of which:</i>							
Financed by grants from budgets above	Scotland	64	-	-	89	-	-
	Wales	127	33	145	96	-	130
	Total	191	33	145	185	-	130

Judicial Pension Scheme

Table 1b Total Departmental Spending

	£000									
	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Resource AME										
Judicial Pension Scheme										
Section A: Judicial Pension Scheme	33,093	34,373	40,827	61,149	67,036	(8,590)	82,141	80,369	79,757	79,118
Section B: Judicial Pension Scheme	48,229	49,364	61,912	70,200	63,600	(35,400)	69,900	86,100	86,400	86,700
Total Resource AME	81,322	83,737	102,739	131,349	130,636	(43,990)	152,041	166,469	166,157	165,818
<i>Of which:</i>										
Pay	-	-	-	-	-	-	-	-	-	-
Net current procurement	-	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-	-	-
Net public service pensions ³	12,322	10,737	26,739	33,349	20,636	(148,990)	26,541	52,969	52,157	51,318
Take up of provisions	-	-	-	-	-	-	-	-	-	-
Release of provisions	-	-	-	-	-	-	-	-	-	-
Depreciation ²	69,000	73,000	76,000	98,000	110,000	105,000	125,500	113,500	114,000	114,500
Other	-	-	-	-	-	-	-	-	-	-
Total Resource Budget	81,322	83,737	102,739	131,349	130,636	(43,990)	152,041	166,469	166,157	165,818
<i>Of which:</i>										
Depreciation ²	-	-	-	-	-	-	-	-	-	-
Total departmental spending⁵	81,322	83,737	102,739	131,349	130,636	(43,990)	152,041	166,469	166,157	165,818
<i>Of which:</i>										
Total DEL	-	-	-	-	-	-	-	-	-	-
Total AME	81,322	83,737	102,739	131,349	130,636	(43,990)	152,041	166,469	166,157	165,818

¹ Net of income from sales of goods and services

² Includes Impairments

³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

⁴ Expenditure on tangible and intangible non-current assets net of sales

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Total DEL is the sum of the resource budget DEL and capital budget DEL and total AME is the sum of resource budget AME and capital budget AME

Notes to the table

In the UK Budget Statement of 22 June 2010, the Chancellor of the exchequer announced that with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

Past Service Costs

Past service costs represent changes in the present value of the scheme liabilities related to member service in prior periods arising in the current period as a result of the introduction of, or changes to, retirement benefits. Past service costs are recognised in the Statement of Comprehensive Net Expenditure on a straight-line basis over the period in which the increase in benefit arises. The current year's accounts include a negative past service cost of £183m as a result of indexing public service retirement benefits using the Consumer Price Index rather than the Retail Price Index from April 2011.

The effect of this change on the Judicial Pension Scheme results in an under-spend in 2010–11.

Ministry of Justice

Table 2 Outturn v Opening and Final Budget

	2010–11 Opening Budget	2010–11 Final Budget	2010–11 Outturn
Resource DEL			
Section A: Policy, Corporate Services and Associated Offices	629,656	985,637	566,038
Section B: Central Funds	94,000	94,000	78,026
Section C: National Offender Management Service	4,242,857	3,821,450	4,056,083
Section D: HM Courts & Tribunals Service	-	-	-
Section E: Office of the Public Guardian	(2,908)	(1,583)	1,037
Section F: Legal Services Commission Administration	113,600	121,896	119,186
Section G: Legal Aid Fund : Criminal	1,081,375	1,137,375	1,233,960
Section H: Legal Aid Fund : Civil	926,000	970,000	930,882
Section I: Youth Justice Board	414,490	418,131	454,457
Section J: Criminal Injuries Compensation Authority	202,860	277,723	353,764
Section K: Parole Board	11,340	10,218	10,167
Section L: Criminal Cases Review Commission	6,640	6,471	5,927
Section M: Judicial Appointments Commission	6,860	6,860	6,733
Section N: Information Commissioner's Office	6,160	6,373	4,853
Section O: Higher Judicial Salaries	138,189	138,163	143,203
Section: Office of Legal Complaints	-	-	-
Section: Legal Services Board	138	138	138
Section: HM Courts Service	734,422	736,326	703,726
Section: Tribunals Service	239,323	247,112	286,298
Total Resource DEL	8,845,002	8,976,290	8,954,478
<i>Of which:</i>			
Pay	3,698,929	3,664,372	3,959,827
Net current procurement ¹	4,718,051	4,897,686	4,506,949
Current grants and subsidies to the private sector and abroad	-	-	93,075
Current grants to local government	-	-	-
Depreciation ²	427,271	413,481	354,114
Other	751	751	40,513
Resource AME			
Section P: Policy, Corporate Services and Associated Offices	4,389	1,139	50,305
Section Q: National Offender Management HQ	(10,275)	29,725	78,224
Section R: Legal Services Commission Administration	8,000	8,000	2,226
Section S: Legal Aid : Criminal	(4,775)	(4,775)	(12,528)
Section T: Legal Aid : Civil	(4,775)	(4,775)	(9,450)
Section U: Criminal Injuries Compensation Authority	(16,600)	(16,600)	70,558
Section V: HM Courts & Tribunals Service	-	-	-
Section: Central Funds	-	-	-
Office of the Public Guardian	-	-	-
Criminal Cases Review Commission	394	394	327
Judicial Appointments Commission	-	-	-
Information Commissioner's Office	-	-	126
HM Courts & Tribunals Service AME Impairment	-	145,000	12,044
Section: HM Courts Service	6,100	6,100	142,422
Tribunals Service	-	750	-
National Offender Management Service Impairment	-	230,000	34,526
Total Resource AME	(17,542)	394,958	368,780

	2010–11 Opening Budget	2010–11 Final Budget	2010–11 Outturn
<i>Of which:</i>			
Pay	-	-	-
Net current procurement ¹	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-
Current grants to local government	-	-	-
Net public service pensions ³	-	-	-
Take up of provisions	2,464,000	2,545,500	2,875,496
Release of provisions	(2,481,542)	(2,515,542)	(2,553,286)
Depreciation ²	-	365,000	46,570
Other	-	-	-
Total Resource Budget	8,827,460	9,371,248	9,323,258
<i>Of which:</i>			
Depreciation ²	427,271	778,481	400,684
Capital DEL			
Section A: Policy, Corporate Services and Associated Offices	(127,037)	293,959	300,893
Section C: National Offender Management Service	459,000	84,828	55,249
Section D: HM Courts & Tribunals Service	-	-	-
Section E: Office of the Public Guardian	1,500	1,500	411
Section F: Legal Services Commission Administration	19,300	19,300	14,825
Section G: Legal Aid Fund : Criminal	-	-	-
Section H: Legal Aid Fund : Civil	-	-	-
Section I: Youth Justice Board	20,000	14,000	12,952
Section J: Criminal Injuries Compensation Authority	1,500	1,675	1,654
Section K: Parole Board	-	187	187
Section L: Criminal Cases Review Commission	205	205	212
Section M: Judicial Appointments Commission	800	-	-
Section N: Information Commissioner' Office	2,750	2,000	2,430
Section: Office of Legal Complaints	3,600	5,600	5,413
Section: Legal Services Board	50	50	50
Section: HM Courts Service	149,996	158,613	152,990
Section: Tribunals Service	12,200	11,210	(6,856)
Office of Criminal Justice Reform	6,600	-	-
Total Capital DEL	550,464	593,127	540,410
<i>Of which:</i>			
Net capital procurement ⁴	550,464	593,127	539,022
Capital grants to the private sector and abroad	-	-	-
Capital support for local government	-	-	-
Capital support for public corporations	-	-	-
Other	-	-	1,388
Capital AME			
Total Capital AME	-	-	-
Total Capital Budget	550,464	593,127	540,410
Total departmental spending⁵	8,950,653	9,185,894	9,462,984
<i>Of which:</i>			
Total DEL	9,395,466	9,569,417	9,494,888
Total AME	(17,542)	394,958	368,780

Notes to table

- ¹ Net of income from sales of goods and services
- ² Includes Impairments
- ³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items
- ⁴ Expenditure on tangible and intangible non-current assets net of sales
- ⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Total DEL is the sum of the resource budget DEL and capital budget DEL and total AME is the sum of resource budget AME and capital budget AME.

The resource budget for 2010–11 increased from the original budget due the following:

- a) Drawdown of funding for the prison expansion programme
- b) Transfer of the Joint Youth Justice Policy Unit (see below)
- c) Various other transfers into/out of Ministry of Justice to other Government Departments
- d) The AME Budget and outturn figure in 2010–11 increased from the original budget mainly due to the impairment of the HMCS and NOMS estate.

Youth Justice Policy

Following a Machinery of Government change in 2010–11, the responsibility and funding for youth justice policy was transferred from the Department of Education to Ministry of Justice. The funding was transferred in the 2010–11 Winter Supplementary Estimate.

Scotland Office & Wales Office

Table 2a Outturn v Opening and Final Budget

	2010–11 Opening Budget	2010–11 Final Budget	2010–11 Outturn
Resource DEL			
Scotland			
Section A: Scotland Office and Office of the Advocate General	5,989	7,889	7,650
Section B: Boundary Commission of Scotland	300	300	188
Section C: Election expenses	11,000	26,000	9,632
Total Resource DEL Scotland	17,289	34,189	17,470
<i>Of which:</i>			
Pay	4,616	4,616	5,486
Net current procurement ¹	12,408	29,308	11,968
Current grants and subsidies to the private sector and abroad	-	-	-
Current grants to local government	-	-	-
Depreciation ²	265	265	16
Other	-	-	-
Wales			
Section A: Wales Office	3,634	5,570	5,117
Total Resource DEL Wales	3,634	5,570	5,117
<i>Of which:</i>			
Pay	1,435	3,520	3,513
Net current procurement ¹	1,826	1,677	1,361
Current grants and subsidies to the private sector and abroad	-	-	-
Current grants to local government	-	-	-
Depreciation ²	361	361	227
Other	12	12	16
Total Resource DEL	20,923	39,759	22,587
<i>Of which:</i>			
Pay	6,051	6,051	8,999
Net current procurement ¹	14,234	33,070	13,329
Current grants and subsidies to the private sector and abroad	-	-	-
Current grants to local government	-	-	-
Depreciation ²	626	626	243
Other	12	12	16
Total Resource Budget	20,923	39,759	22,587
<i>Of which:</i>			
Depreciation ²	626	626	243
Capital DEL			
Scotland			
Section A: Scotland Office and Office of the Advocate General	100	100	-
Total Capital DEL Scotland	100	100	-
Wales			
Section A: Wales Office	766	130	130
Total Capital DEL Wales	766	130	130
Total Capital DEL	866	230	130
<i>Of which:</i>			
Net capital procurement ⁴	866	230	130

	2010–11 Opening Budget	2010–11 Final Budget	2010–11 Outturn
Capital grants to the private sector and abroad	-	-	-
Capital support for local government	-	-	-
Capital support for public corporations	-	-	-
Other			
Total Capital Budget	866	230	130
Total departmental spending⁵	21,163	39,363	22,474
<i>Of which:</i>			
Total DEL	21,789	39,989	22,717
Total AME	-	-	-

Notes to table

¹ Net of income from sales of goods and services

² Includes Impairments

³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

⁴ Expenditure on tangible and intangible non-current assets net of sales

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Total DEL is the sum of the resource budget DEL and capital budget DEL and total AME is the sum of resource budget AME and capital budget.

Machinery of Government changes***Constitutional and Political Reform***

On 2 June 2010 the Prime Minister announced that responsibility for political and constitutional reform was transferring from MoJ to the Cabinet Office to support the Deputy Prime Minister. The transfer of responsibility also covered a range of other functions relating to elections, political parties and related matters and various constitutional matters.

The Machinery of Government change included the transfer of policy related to the Territorial Offices. The above tables are included for the Scotland and Wales Offices for information purposes.

From April 2011, both Scotland and Wales Offices have separate estimates and no longer appear in the MoJ estimate.

The Elections budget for 2011–12 within the Scotland Office included £15,000,000 relating to the Scottish Parliamentary Elections held on 6 May 2011, the associated spend on these elections will be recorded in the 2011–12 Outturn.

Judicial Pension Scheme

Table 2b Outturn v Opening and Final Budget

	2010–11 Opening Budget	2010–11 Final Budget	2010–11 Outturn
Resource AME			
Judicial Pension Scheme			
Section A: Judicial Pension Scheme	72,510	79,510	(8,590)
Section B: Judicial Pension Scheme	84,000	85,500	(35,400)
Total Resource AME	156,510	165,010	(43,990)
Total Resource Budget	156,510	165,010	(43,990)
Total departmental spending⁵	156,510	165,010	(43,990)
<i>Of which:</i>			
Total DEL	-	-	-
Total AME	156,510	165,010	(43,990)

Notes to table

¹ Net of income from sales of goods and services.

² Includes Impairments.

³ Pension schemes report under FRS17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible non-current assets net of sales.

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Total DEL is the sum of the resource budget DEL and capital budget DEL, and total AME is the sum of resource budget AME and capital budget.

Additional notes to table

In the UK Budget Statement of 22 June 2010, the Chancellor of the exchequer announced that with effect from 1 April 2011, the government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

Past Service Costs

Past service costs represent changes in the present value of the scheme liabilities related to member service in prior periods arising in the current period as a result of the introduction of, or changes to, retirement benefits. Past service costs are recognised in the Statement of Comprehensive Net Expenditure on a straight-line basis over the period in which the increase in benefit arises. The current year's accounts include a negative past service cost of £183m as a result of indexing public service retirement benefits using the Consumer Price Index rather than the Retail Price Index from April 2011.

Ministry of Justice

Table 3 Capital Employed

Assets and liabilities at end of year:	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Outturn	2009/10 Outturn	2010/11 Outturn	2011/12 Plans	2012/13 Plans	2013/14 Plans	2014/15 Plans
Assets											
Fixed assets											
Intangible	9,915	3,397	2,335	1,876	120,058	257,310	242,628	254,759	267,497	280,872	294,916
Tangible	7,937,316	9,319,527	10,520,788	11,065,111	9,728,177	8,803,385	9,007,394	9,196,499	9,324,665	9,393,721	9,400,921
<i>of which</i>											
Land and buildings	7,372,615	8,674,197	9,647,966	9,848,546	8,561,866	7,910,993	8,123,626	8,138,198	8,232,061	8,285,839	8,296,020
Plant and machinery	2,511	97,819	100,704	129,191	116,937	123,072	113,250	94,375	78,646	65,538	54,615
Information Technology	135,783	157,809	128,086	114,880	88,660	134,787	138,339	288,693	339,683	346,176	331,684
Other tangible fixed assets	426,407	389,702	644,032	972,494	960,714	634,533	632,179	675,233	674,275	696,168	718,602
Investments	857,478	822,207	802,034	794,806	776,587	771,468	750,562	728,045	703,045	678,045	653,045
Other non current assets	-	-	-	-	15,620	43,679	3,639	-	-	-	-
Current assets	375,994	906,333	956,019	1,040,963	783,321	679,762	647,199	640,727	634,320	627,977	621,697
Liabilities											
Creditors (<1 year)	(663,664)	(1,224,324)	(1,365,393)	(1,699,208)	(1,405,972)	(1,292,149)	(1,076,420)	(1,087,184)	(1,098,056)	(1,109,037)	(1,120,127)
Creditors (>1 year)	(1,295,157)	(1,377,070)	(1,383,388)	(1,388,989)	(1,638,148)	(1,551,246)	(1,487,787)	(1,583,935)	(1,574,524)	(1,565,020)	(1,555,420)
Provisions	(88,317)	(814,637)	(1,110,273)	(1,075,594)	(747,710)	(674,527)	(814,723)	(596,083)	(602,044)	(608,064)	(614,145)
Other	-	-	-	-	(718,602)	(1,389,689)	(772,719)	(780,446)	(788,250)	(796,133)	(804,094)
Capital employed within main department	7,133,565	7,635,433	8,422,122	8,738,965	6,913,331	5,647,993	6,499,773	6,772,382	6,866,652	6,902,361	6,876,793
NDPB net assets	(3,349,889)	(2,896,298)	(2,522,070)	(2,181,909)	(1,601,409)	(1,499,377)	(1,467,883)	(1,437,018)	(1,406,772)	(1,377,130)	(1,348,081)
Total capital employed in departmental group	3,783,676	4,739,135	5,900,052	6,557,056	5,311,922	4,148,616	5,031,890	5,335,364	5,459,880	5,525,231	5,528,712
NDPB net assets can be further analysed into:											
Legal aid funds net liabilities	(2,120,282)	(1,681,617)	(1,370,822)	(972,258)	(749,645)	(837,468)	(820,719)	(804,304)	(788,218)	(772,454)	(757,005)
Criminal Injuries Compensation Authority net liabilities	(1,256,504)	(1,251,680)	(1,187,292)	(1,287,597)	(920,905)	(737,238)	(722,493)	(708,043)	(693,883)	(680,005)	(666,405)
Other NDPB net assets	26,897	36,999	36,044	77,946	69,141	75,329	75,329	75,329	75,329	75,329	75,329

Notes to table

The figures for 2011–12 are projected plans based on the departments latest plans based on the CSR10 settlement. The figures for 2012–13, 2013–14 and 2014–15 are the best available estimates based on current plans. Values for all four 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 4 Administration Costs

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Section A: Policy, Corporate Services and Associated Offices	246,852	197,928	228,592	254,206	235,632	251,883	460,370	412,600	377,300	340,900
Section C: National Offender Management Service	82,393	87,791	87,259	56,368	132,508	137,396	201,020	128,000	119,000	112,000
Section D: HM Courts & Tribunals Service	-	-	-	-	-	-	36,810	45,000	45,000	44,000
Section E: Office of the Public Guardian	-	(504)	104	-	-	-	-	7,500	8,400	10,200
Section F: Legal Services Commission Administration	-	-	-	-	-	-	-	21,000	21,000	21,000
Section I: Youth Justice Board	-	-	-	-	-	-	-	13,000	13,000	13,000
Section K: Parole Board	-	-	-	-	-	-	-	11,000	11,000	11,000
Section L: Criminal Cases Review Commission	-	-	-	-	-	-	-	1,000	1,000	1,000
Section M: Judicial Appointments Commission	-	-	-	-	-	-	-	2,000	2,000	2,000
Section: HM Courts Service	23,241	23,760	16,375	18,679	15,347	15,260	-	-	-	-
Section: Tribunals Service	22,943	27,059	23,486	24,234	22,052	20,431	-	-	-	-
Private Prisons	4,510	250	1,038	2,699	-	-	-	-	-	-
Public Prisons	75,027	78,344	75,014	74,201	-	-	-	-	-	-
Total Administration budget	454,966	414,628	431,868	430,387	405,539	424,970	698,200	641,100	597,700	555,100
<i>Of which:</i>										
Paybill	291,122	235,950	266,768	238,422	221,790	237,838	282,509	277,000	265,900	266,100
Expenditure	180,037	189,750	185,909	211,777	203,006	201,220	434,791	383,400	351,400	308,800
Income	(16,193)	(11,072)	(20,809)	(19,812)	(19,257)	(14,088)	(19,100)	(19,300)	(19,600)	(19,800)

Notes to table

As part of the Spending Review, HM Treasury redefined the definition of administration expenditure; the effect of this has been to increase the overall administration expenditure baseline of the department from c£400m in 2010–11 to c. £700m in 2011–12.

This is equivalent to a real reduction of 33% over the four years on the Ministry's 2010–11 baseline, which reflects the agreement between HM Treasury and the Ministry on the reclassification as part of extending administration budgets to Arm's Length bodies which were previously not included.

Scotland and Wales Offices

Table 4a Administration Costs

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Plans	2012–13 Plans	2013–14 Plans	2014–15 Plans
Scotland										
Section A: Scotland Office and Office of the Advocate General	5,454	5,770	7,284	7,235	7,530	7,650	7,619	7,400	7,100	6,430
Total Administration –Scotland Office	5,454	5,770	7,284	7,235	7,530	7,650	7,619	7,400	7,100	6,430
<i>Of which:</i>										
Paybill	3,529	3,562	4,339	4,869	5,548	5,486	5,434	5,214	5,064	4,544
Expenditure	2,880	3,372	4,180	3,874	3,719	3,626	4,785	3,754	3,904	3,754
Income	(955)	(1,164)	(1,235)	(1,508)	(1,737)	(1,462)	(2,600)	(1,568)	(1,868)	(1,868)
Wales										
Section A: Wales Office	4,112	4,219	4,886	4,983	5,609	5,074	5,957	5,992	6,072	4,971
Total Administration – Wales Office	4,112	4,219	4,886	4,983	5,609	5,074	5,957	5,992	6,072	4,971
<i>Of which:</i>										
Paybill	2,509	2,519	2,555	3,195	3,240	3,513	3,000	3,000	3,000	2,500
Expenditure	1,617	1,714	2,334	1,788	2,378	1,568	2,966	3,002	3,082	2,481
Income	(14)	(14)	(3)	-	(9)	(7)	(9)	(10)	(10)	(10)
Total Administration budget	9,566	9,989	12,170	12,218	13,139	12,724	13,576	13,392	13,172	11,401
<i>Of which:</i>										
Paybill	6,038	6,081	6,894	8,064	8,788	8,999	8,434	8,214	8,064	7,044
Expenditure	4,497	5,086	6,514	5,662	6,097	5,194	7,751	6,756	6,986	6,235
Income	(969)	(1,178)	(1,238)	(1,508)	(1,746)	(1,469)	(2,609)	(1,578)	(1,878)	(1,878)

Ministry of Justice

Table 5 Staff numbers Full-time equivalents – FTEs

		2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
		Actual	Actual	Actual	Actual	Actual	Actual	Plans	Plans	Plans	Plans
Former Department of Constitutional Affairs	Total	24,069	24,567								
	Of Which										
Permanent	DCA	23,935	24,432	-	-	-	-	-	-	-	-
	Scotland Office	82	79	-	-	-	-	-	-	-	-
	Wales Office	52	56	-	-	-	-	-	-	-	-
	Total	498	710	-	-	-	-	-	-	-	-
	Of Which										
Casual	DCA	494	707	-	-	-	-	-	-	-	-
	Scotland Office	2	2	-	-	-	-	-	-	-	-
	Wales Office	2	1	-	-	-	-	-	-	-	-
Ministry of Justice:	Total	-	-	73,692	74,966	72,865	72,313				
	Of Which										
Permanent	MoJ	-	-	73,554	74,826	72,714	72,175	*	*	*	*
	Scotland Office	-	-	89	90	96	86				
	Wales Office	-	-	49	50	55	52				
Casual	Total	-	-	2,879	1,433	1,234	1,252				
	Of Which										
	MoJ	-	-	2,873	1,426	1,226	1,247	*	*	*	*
	Scotland Office	-	-	2	2	2	2				
	Wales Office	-	-	4	5	6	3				
Total		24,567	25,277	76,571	76,399	74,099	73,565				
		Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11				

* Future year plans are still in development.

The figures relate to FTEs as at 31 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 have been shown separately for information purposes only and are based on numbers reported in the Annual reports for the Scotland and Wales Offices.

The staff numbers shown in Note 10.3, on page 129, include probation staff and reflect averages for the year rather than as at 31 March.

Ministry of Justice

Table 6 Total spending by country and region (£m)

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Plans
North East	430	453	527	571	492	456
North West	1,305	1,320	1,440	1,525	1,437	1,347
Yorkshire and Humberside	804	823	904	906	997	903
East Midlands	582	579	624	660	680	632
West Midlands	836	829	869	902	978	903
Eastern	563	566	628	632	662	623
London	1,799	1,897	2,028	2,168	2,211	2,052
South East	767	799	955	1,036	1,104	1,048
South West	514	530	602	600	651	601
Total England	7,600	7,796	8,577	9,000	9,212	8,565
Scotland	6	20	22	23	59	56
Wales	435	427	469	494	523	480
Northern Ireland	0	0	0	1	0	1
Total UK identifiable expenditure	8,041	8,243	9,068	9,518	9,794	9,102
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0
Total identifiable expenditure	8,041	8,243	9,068	9,518	9,794	9,102
Non-identifiable expenditure	2	2	4	0	0	0
Total expenditure on services	8,043	8,245	9,072	9,518	9,794	9,102

Ministry of Justice

Table 7 Total spending per head by country and region (£s per head)

	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Outturn	2009/10 Outturn	2010/11 Plans
North East	169	177	205	222	190	176
North West	191	193	210	222	208	195
Yorkshire and Humberside	157	160	175	174	190	170
East Midlands	134	133	142	149	153	140
West Midlands	156	154	161	167	180	165
Eastern	101	101	111	110	115	107
London	241	253	268	284	285	263
South East	94	97	115	124	131	123
South West	101	103	116	115	124	113
Total England	149	152	167	174	175	161
Scotland	1	4	4	5	11	11
Wales	147	144	157	165	174	160
Northern Ireland	0	0	0	0	0	1
Total UK identifiable expenditure	124	126	139	145	147	135

Ministry of Justice

Table 8 Total identifiable expenditure on services by function, country and region, for 2009–10 (£m)

	General public services			Public order and safety			Social protection			Total Ministry of Justice
	Executive and legislative organs, financial and fiscal, external affairs	General public services n.e.c.	Total general public services	Law courts	Prisons	Total public order and safety	Old age	of which: pensions	Total social protection	
North East	0.2	6.3	6.5	285.2	195.3	480.5	5.1	5.1	5.1	492.1
North West	0.7	14.1	14.8	768.6	640.9	1,409.4	13.1	13.1	13.1	1,437.4
Yorkshire and The Humber	0.5	9.4	9.9	524.3	453.7	978.0	9.4	9.4	9.4	997.3
East Midlands	0.4	6.9	7.3	360.4	306.0	666.4	6.6	6.6	6.6	680.3
West Midlands	0.4	10.6	11.0	525.7	431.3	957.0	9.5	9.5	9.5	977.5
East	0.5	7.6	8.1	364.1	282.3	646.3	7.2	7.2	7.2	661.6
London	0.9	15.4	16.3	1,361.7	817.6	2,179.3	15.5	15.5	15.5	2,211.0
South East	1.0	12.4	13.4	603.7	476.2	1,079.9	10.4	10.4	10.4	1,103.7
South West	0.5	7.1	7.6	387.8	248.9	636.7	6.7	6.7	6.7	651.0
England	5.1	89.8	94.9	5,181.5	3,852.2	9,033.7	83.5	83.5	83.5	9,211.8
Scotland	0.0	0.0	0.0	58.3	0.0	58.3	0.7	0.7	0.7	59.0
Wales	0.4	5.6	6.0	283.0	228.4	511.4	5.7	5.7	5.7	523.1
Northern Ireland	0.1	0.0	0.1	0.0	0.0	0.0	0.2	0.2	0.2	0.3
UK identifiable expenditure	5.6	95.4	101.0	5,522.8	4,080.6	9,603.3	90.1	90.1	90.1	9,794.2
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total identifiable expenditure	5.6	95.4	101.0	5,522.8	4,080.6	9,603.3	90.1	90.1	90.1	9,794.2
Not identifiable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	5.6	95.4	101.0	5,522.8	4,080.6	9,603.3	90.1	90.1	90.1	9,794.2

Notes to tables 6–8

Tables 6, 7 and 8 show analyses of the department'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) 2011. The figures were taken from the HM Treasury public spending database in November 2010 and the regional distributions were completed in early 2011. 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 tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

TES is a cash equivalent 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 2011.

The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

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 8 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 2011. These are not the same as the strategic priorities shown elsewhere in the report.

Statement of Accounting Officers' Responsibilities

Under the *Government Resources and Accounts Act 2000*, HM Treasury has directed Ministry of Justice 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 Ministry of Justice 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 Ministry of Justice and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity 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 Ministry as Principal Accounting Officer of the Department. In addition, HM Treasury has appointed Additional Accounting Officers to be accountable for those parts of the Ministry'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 Ministry's overall responsibility as Accounting Officer for the Ministry's accounts.

The allocation of Accounting Officer responsibilities in the Ministry 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: Fiona Adams-Jones, 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 Ministry's assets, are set out in *Managing Public Money* published by HM Treasury.

MoJ 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 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*.

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).

As part of our vision to transform justice and create a leaner, more cost effective and strategic Department that better supports decision-making and essential frontline services, the Corporate Management Board (CMB) reviewed the overall operating model for the Department.

This has resulted in significant changes to the overall governance, which now comprises:

- **The Departmental Board (DB)** – The DB replaced the Corporate Management Board (CMB) and has overall responsibility for the strategic direction of MoJ, including delivering the Structural Reform Plan. The DB approves all major spending decisions and has overall responsibility for allocating resources and delivering efficiency savings. It is also responsible for managing the corporate risk register. The Secretary of State chairs the DB and membership includes the full Ministerial Team, me as MoJ Permanent Secretary, Director General Finance and Corporate Services, Director General Transforming Justice and the Departmental Non-Executive Board Members.
- **Executive Management Committee of the Board (EMCB)** – The EMCB supports the DB and manages the day-to-day business of MoJ. As Permanent Secretary for MoJ, I chair the weekly EMCB meetings, which all Directors General attend. In addition, four sub committees of the Board provide support to both DB and EMCB and these are Transforming Justice, Workforce, Financial Management, and Audit.
- **Business Groups** – The Department's overall structure is based around a Business Groups formation, which is aligned to our strategic objectives. Since April 2011, the Department has moved from five Business Groups to four. These are Justice Policy, Corporate Performance (which encompasses Finance & Corporate Services and Transforming Justice), National Offender Management Service (NOMS) and Her Majesty's Courts & Tribunals Service.

The Department's Corporate Strategy was published on 1 March 2011 and is available to staff on the MoJ intranet. The Department's business plan for the next spending review period, 2011–2015 sets out the Department's programme of reform that will ensure we contribute to tackling the public deficit by creating a sustainable and affordable justice system and is available on the Department's web pages.

As Accounting Officer, I work with Ministers and senior MoJ Management through the DB and EMCB 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 Department's policies, aims and objectives; evaluate the likelihood of those risks materialising and the impact should they materialise; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2011 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 Department.

The Department's Risk Management Policy and Framework document was approved by the Board and published in July 2008 and was updated in July 2010. It sets out the Department'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 Department'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 Department's Risk Management Policy and Framework.

Registers that identify, assess, and set out mitigating actions to significant risks are in place across the Department's headquarters, Agencies, NDPBs, and Associated Offices. Risks that threaten the achievement of the Department'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 Department's business areas to support the reporting process.

The Department 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 Department's risk management strategy for identifying, evaluating and controlling risk include:

- The Risk Management Policy and Framework document;
- An Annual Assurance Statement from HQ Directors and Directors General;

- An Annual Statement on Internal Control from Agency and Additional Accounting Officers, NDPBs, and Associated Offices as published in their annual reports and accounts; and
- Information Assurance – As Accounting Officer for Ministry of Justice, I place reliance upon the work of the SIRO Board, Corporate Risk Committee, and the Statements on Internal Control as published in the annual reports and accounts of Agencies, NDPBs and Associated Offices, and the joint report of the Departmental Senior Information Risk Owner (SIRO) and Departmental Security Officer (DSO). These provide me with an acceptable level of assurance that the Annual Assessment of Information Risk has been completed satisfactorily. I recognise the challenge of achieving the required standards and I will continue to work with my senior management team to communicate and embed Information Assurance policy and best practice across MoJ and address any identified control issues.

Further elements in the Department'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 any necessary corrective action.
- A system of delegation and accountability.
- The Finance Strategy & Planning team, among its other responsibilities, leads on matters relating to financial governance and supports the Department and myself with the management of National Audit Office (NAO) VfM reports and Treasury Minutes. The team are also responsible for monitoring, challenging and reporting on progress against implementation of NAO and Public Accounts Committee (PAC) recommendations and NAO Management Letter recommendations. In addition, the team discuss induction material with newly-appointed Accounting Officers and are available to provide ad hoc advice in line with HM Treasury's Managing Public Money thereafter;
- 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 Department'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 Department 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). I place reliance upon the assurance provided to me by the Director for Shared Services for MoJ, who is responsible for assuring that services provided by Liberata UK Ltd are delivered in compliance with the assurance and control requirements of their contract with the Department.
- Five key suppliers provide the Department'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 Department.
- 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 Department 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:

- **The Departmental Board** – meets every six weeks and considers the significant risks to the Department and the controls in place to monitor them.
- **Committee Structure** – a sub-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 Ministry-wide transformation agenda, the Department's mission critical programmes, and the cross-cutting people, IT, finance and commercial strategies.
 - **Financial Management Committee** – ensures robust management of the Department's finances and oversees improvements in financial efficiency.
 - **Workforce Committee** – ensures that the Department has the staff capability to deliver its objectives, that staff are deployed appropriately, and that robust HR management policies are followed.
 - **Audit Committee** – is an advisory body, which has an entirely independent non-executive membership. It provides independent advice on risk, control and governance issues, the Internal Audit work programme, and considers key recommendations from Internal Audit Reports and those of the NAO.
- **Internal Audit** – the Department has an Internal Audit function that operates to Government Internal Audit Standards which provides the Internal Audit Service to the Department's Agencies, the majority of its Arm's Length Bodies and maintains close working relationships with internal audit providers in the few cases where it is outsourced. The Department's Head of Internal Audit took early retirement in December 2010 and the Head of Internal Audit for the NOMS was appointed as his replacement. This coincided with the integration of the NOMS Internal Audit service into the Department's Internal Audit Division and led to a re-structure of the Division which came into force in May 2011.

The Head of Internal Audit submits regular reports covering audit activity across the Department. The Annual report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's governance, control and risk management arrangements, together with recommendations for improvement. It also works closely with the Department's Headquarters, Agencies and NDPBs to help ensure robust systems of fraud prevention, detection, investigation, reporting and recovery are in place.

- **Information Assurance (IA)** – There are no aspects of information assurance that represent strong control weaknesses. Additionally, there are no information risks significant enough to appear on the Department's Corporate Risk Register. Due to changes in the Information Assurance Maturity Model assessment methodology, this year we have assessed ourselves as not compliant with two of the 44 Data Handling Review mandatory requirements and partially compliant in a further four. However, these are not serious areas of concern for the department and represent no significant risk. Where non-compliance exists, plans are in place to address this, or we have decided that full compliance would not be appropriate or proportionate based on the level of risk to the Department.

We have made good progress this year in increasing awareness of good information handling practice, with 96% of staff completing the mandatory training. In order to further progress towards business as usual IA practice, work will be taken forward to ensure there are more robust processes in place to allow us to challenge and verify IA compliance across the Department. Due to the large amount of organisational change, this has been and will continue to be a challenge. We will take steps to ensure that more robust governance of IA is in place in the new structure to allow us to maintain the current level of IA compliance with reduced resource, and make progress on key areas of risk for the Department.

Other explicit review/assurance mechanisms

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

- NAO reports and the audit report for the 2010–11 Resource Accounts;
- HM Treasury Report on Fraud (Annual);
- Stewardship reporting in support of Statements on Internal Control (in-year);
- 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 MoJ Corporate Health and Safety Branch (Annual) Report;
- Sponsored bodies (Annual) Reports and Accounts including Statements on Internal Control;
- 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; and
- Corporate Audit Committee Chair's Annual Report.

Significant Control Issues

The Head of Internal Audit has concluded in her annual report that, although Internal Audit reported a number of weaknesses in the areas reviewed across the Department, she was satisfied that actions were in place to remedy them, and therefore she was able to give a reasonable assurance on the adequacy, effectiveness and reliability of risk management, control and governance.

Internal Audit have been consulted regarding the following significant internal control issues¹² 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:

Prison Disturbances

During the year there were two separate instances of serious disturbances at HMP/YOI Moorland and HMP Ford respectively.

HMP/YOI Moorland – a serious disturbance occurred on 2–4 November 2010. This led to accommodation for about 300 prisoners being lost. The subsequent investigation found that there was no one triggering event which led to the disturbance. However there were a number of contributory factors which made a disturbance more likely which were not critical in any one area, but cumulatively, and with hindsight were contributory. Sixteen recommendations were made, which are all subject to monitoring and follow up by the Deputy Director via a detailed action plan. All recommendations are on target to be completed at the agreed time.

HMP Ford – a serious disturbance occurred on 31 Dec 2010 – 1 Jan 2011 which involved around 40 prisoners. Accommodation for around 40 prisoners was lost during the disturbance. The subsequent investigation found that there was no evidence that the incident could have been predicted by staff or managers, although some issues were raised in terms of the effectiveness of the security and intelligence function, and a lack of clarity around the roles and responsibilities of night staff. Nineteen recommendations were made, all of which were accepted. An action plan is in place, and all actions are on target to be completed at the agreed time.

Community Payback

During the year an investigative TV journalist report highlighted deficiencies in the standards of supervision associated with Community Payback provision in three Probation Trusts. Each Trust was required to investigate the situation, review supervision arrangements and as necessary strengthen their controls. They were required to provide individual assurance statements to demonstrate the controls in place. In addition Community Payback delivery is being competed during 2011–12 and contracts will be explicit about monitoring and assurance arrangements.

¹² 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.

Alleged Fraud – Redbridge Magistrates Court

A member of staff from a magistrates' court has been charged under the Bribery Act. The individual and two additional staff members have been suspended. A joint review with MoJ Internal Audit and Assurance is underway to confirm the effectiveness of current internal controls. The review is informing urgent work to determine any subsequent action necessary.

NAO Report on Financial Management within MoJ

In the NAO report published in July 2010, three significant weaknesses were identified in the Department's financial management: the consistency of the Department's financial management approach, the Department's understanding of its costs, and the Department's multiple financial management systems and processes. The report also recognised progress and improvements, such as the Department having introduced programmes to better understand its costs and integrate its finance systems, a framework for investment decision-making, and that it had made an important step forward in establishing the Value for Money Improvement Committee (VFMIC) (now renamed Finance Management Committee).

In response the Department has developed a Finance Improvement Strategy (covering the period up to March 2015) to further address the areas for improvement identified in NAO and PAC recommendations and develop the future finance operating model. The Department/Government's formal response to the conclusions and recommendations contained in the PAC report were published via a Treasury Minute in March 2011.

A programme comprising five work-streams – governance, structures, systems and processes, information for decisions, people and capabilities has been established to address the areas of improvement identified. The Programme Board is chaired by the Director General Finance & Corporate Services and also has oversight of other programmes and projects across MoJ which contribute to our financial management improvement. I, as Accounting Officer, receive regular progress reports from the Programme Board.

MoJ is also undertaking a range of further work to improve financial management that will be reported to the PAC in September 2011 (refer to Annex A). This work will subsequently be reviewed by the NAO.

Delay in publication of the MoJ Annual Report and Accounts 2010–11

MoJ was unable to lay its Annual Report and Accounts 2010–11 before Parliament prior to summer recess in accordance with HM Treasury's timetable for central government bodies.

Each of MoJ's agencies laid their 2010–11 agency accounts before Parliament prior to summer recess which represents an improvement over 2009–10. However, a primary reason for MoJ's non-delivery to a pre-recess deadline was that the National Offender Management Service (NOMS) accounts were delayed to the extent that the Department was left insufficient time to complete the consolidation of the MoJ Group Accounts, and have them audited, prior to summer recess.

MoJ is committed to ensuring that the Annual Report and Accounts are robustly prepared and laid in a timely manner. To support this outcome in 2010–11, an external accounting firm was engaged to provide oversight of the Annual Report and Accounts production process and introduce processes to enable tighter project management of the process. Despite the failure to lay the MoJ consolidated accounts pre-recess this action was successful to a degree as evidenced by the improved quality of the accounts of MoJ bodies overall and the improved performance of all agencies laying pre-recess.

However, we recognise that further improvements will be required across the Ministry and its agencies to ensure we are able to deliver successfully in future and meet the challenges of Clear Line of Sight. MoJ has commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA), overseen by the MoJ Audit Committee, to undertake an independent review of the Annual Report and Accounts 2010–11 production process to better understand the causes and issues underlying the failure to meet the deadline. Findings and recommendations from these engagements will be considered by MoJ management to ensure future processes operate efficiently and effectively.

As part of a wider Finance Improvement Programme, MoJ is re-designing its finance structures to ensure that it is more able to meet its future reporting requirements and timetables. Structural changes at the Senior Civil Service (SCS) level have already been undertaken and we are now implementing changes to structures below the SCS level.

Legal Services Commission (LSC)

The LSC's Accounts were qualified for 2008–09 and 2009–10 because of material errors in respect of payments made to legal aid providers. In addition, the NAO report "The procurement of Legal Aid in England and Wales by the Legal Services Commission" and subsequent PAC hearing on 25 January 2010, identified significant issues regarding the efficiency and effectiveness of the Commission's procurement of services from providers and its measures for assessing the quality of service delivered.

Both MoJ and LSC recognise that there are significant control issues in several areas, including the accuracy of provider claims, the eligibility of applicants and insufficiently robust and effective accounting and operational systems.

In response, MoJ and LSC have taken forward the recommendations outlined in these reports and taken further steps to improve the management and oversight of the Legal Aid fund and the operational and accounting systems, including:

- Appointment of a new Chief Executive in March 2010 and Director of Finance and Corporate Services in December 2010;
- A comprehensive financial stewardship plan to deliver improvements in key systems and business processes;
- An Integrated Delivery Programme to implement robust financial and operational IT systems;
- More robust compliance, audit and quality control processes to target higher risk areas and provider claim errors;
- The implementation of a Provider Management Strategy to target specific issues of provider claim errors;
- A target of £11 million of recoveries being set for 2010–11 – £12.2 million has been recovered with a further £2.7 million identified for recovery; and
- Targeted controls including increasing the evidence required to support eligibility declarations on civil representation cases; additional guidance to providers where errors have been identified; targeted exception reports on areas of weaknesses such as claiming for disbursements; and improving referencing information in police station and magistrates' work. The LSC has also started a forensic review of claims data to identify areas of weakness so as to improve controls and recover further incorrect payments.

Significant control issues disclosed in the 2009–10 statement

The following issues were disclosed in the 2009–10 SIC:

1. The Dano Sonnex Case;
2. HMP Ashwell;
3. National Offender Management Information System (NOMIS);
4. Moving prisoners prior to inspections;
5. NAO Report on Financial Management within MoJ;
6. The procurement of legal aid in England and Wales by the LSC; and
7. Delay in publication of the 2009–10 MoJ Consolidated Resource Accounts.

Issues 5–7 are subject to further disclosure this year. However, I am satisfied that effective action has been taken to address the other control issues raised last year.

Sir Suma Chakrabarti
Accounting Officer

13 September 2011

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 Ministry of Justice (the Department) for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report, Management Commentary, Review of activities, Public expenditure core financial tables and the MoJ Statement on Internal Control during 2010–11 to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Annual Report, Management Commentary and the Review of activities during 2010–11, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse 15 September 2011

*Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria, London, SW1W 9SP*

Statement of Parliamentary Supply

Summary of Resource Outturn 2010–11

Request for Resources (RfR)	Note	2010–11 Estimate			2010–11 Outturn			2010–11 Net total	2009–10 Outturn
		Gross expenditure	Appropriation in Aid	Net total	Gross expenditure	Appropriation in Aid	Net total	Outturn compared with Estimate saving/(excess)	Net total
		£000	£000	£000	£000	£000	£000	£000	£000
RfR 1	2	10,431,228	(1,118,350)	9,312,878	10,205,366	(1,098,188)	9,107,178	205,700	9,832,027
RfR 2	2	27,284,241	(1,600)	27,282,641	26,781,784	(1,462)	26,780,322	502,319	26,937,177
RfR 3	2	13,461,139	-	13,461,139	13,248,970	-	13,248,970	212,169	13,011,423
Total Resources		51,176,608	(1,119,950)	50,056,658	50,236,120	(1,099,650)	49,136,470	920,188	49,780,627
Non-operating cost									
Appropriation in Aid (A in A)	7			99,048			78,192	20,856	7,417

The variation between the Estimate and Outturn is explained in the Management Commentary on pages 19 to 24.

Net cash requirement 2010–11

	Note	2010–11		2009–10
		Estimate	Outturn	Outturn
		£000	£000	£000
Net cash requirement	4	49,996,509	49,129,734	49,331,260

Summary of income payable to the Consolidated Fund

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

	Note	2010–11 Estimate		2010–11 Outturn
		Income	Receipts	Receipts
		£000	£000	£000
Total income payable to the Consolidated Fund	5	-	-	228,046

The notes on pages 105 to 188 form part of these Accounts.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

		2010–11						Restated 2009–10			
		Core Department			Consolidated			Core Department		Consolidated	
		Staff costs	Other costs	Income	Staff costs	Other costs	Income				
Note		£000	£000	£000	£000	£000	£000	£000		£000	£000
Administration											
Staff costs	10.1	137,198			248,323			119,332		226,513	
Judicial costs	10.2	730			1,020			664		700	
Other											
Administration costs	11		86,420			164,094		85,134		179,196	
Operating income	13.1			(13,011)			(25,128)	(9,413)		(21,002)	
Programme											
Request for Resources 1											
Staff costs	10.1	47,065			3,135,323			64,847		3,168,406	
Judicial costs	10.2	3,197			457,275			3,007		450,326	
Other Programme costs	12		3,322,684			6,315,782		3,385,357		6,830,692	
Operating income	13.1			(26,209)			(1,077,483)	(38,173)		(1,098,425)	
Request for Resources 2											
Other Programme costs	12		26,772,688			26,772,688		26,929,647		26,929,647	
Operating income	13.1			-			-	-		-	
Request for Resources 3											
Other Programme costs	12		13,244,000			13,244,000		13,005,814		13,005,814	
Operating income	13.1			-			-	-		-	
National Loans											
Fund interest payable			52,420			52,420		53,521		53,521	
National Loans Fund interest receivable			(52,420)			(52,420)		(53,521)		(53,521)	
Corporation tax charge			-			1,057		-		-	
Total		188,190	43,425,792	(39,220)	3,841,941	46,497,621	(1,102,611)	43,546,216		49,671,867	
Net operating cost	3.1			43,574,762			49,236,951	43,546,216		49,671,867	

		2010–11		2009–10	
Note		Core Department	Consolidated	Core Department	Consolidated
		£000	£000	£000	£000
	Net operating cost	43,574,762	49,236,951	43,546,216	49,671,867
	Net (gain) / loss on:				
	Revaluation of property, plant and equipment	1,547	(132,928)	(24,526)	401,163
	Revaluation of intangible assets	-	310	3	(1,309)
	Total comprehensive expenditure	43,576,309	49,104,333	43,521,693	50,071,721

All activities are from continuing operations.

The notes on pages 105 to 188 form part of these Accounts.

Statement of Financial Position as at 31 March 2011

Note	31 March 2011				Restated 31 March 2010		Restated 1 April 2009	
	Core Department		Consolidated		Core Department		Core Department	
	£000	£000	£000	£000	£000	£000	£000	£000
Non-current assets								
Property, plant and equipment	14	228,930	9,007,394	232,003	8,803,385	260,378	9,728,177	
Intangible assets	15	48,430	242,628	56,981	257,310	57,027	120,058	
Investments	16	750,158	750,562	771,310	771,468	776,455	776,587	
Investment property	17	-	1,000	-	1,855	-	2,595	
Lease prepayments	18	-	150	-	154	-	159	
Trade and other receivables	21	-	2,489	52	41,670	209	12,866	
Total non-current assets		1,027,518	10,004,223	1,060,346	9,875,842	1,094,069	10,640,442	
Current assets								
Assets held for sale	19	-	33,899	-	18,324	-	22,003	
Inventories	20	-	40,343	-	37,847	-	38,278	
Trade and other receivables	21	194,888	332,695	169,915	220,953	91,812	234,245	
Cash and cash equivalents	22	86,869	240,262	175,519	402,638	168,485	488,795	
Total current assets		281,757	647,199	345,434	679,762	260,297	783,321	
Total assets		1,309,275	10,651,422	1,405,780	10,555,604	1,354,366	11,423,763	
Current liabilities								
Trade and other payables	24	(489,533)	(998,421)	(542,845)	(1,291,745)	(509,600)	(1,363,895)	
Bank overdraft	22	-	(77,999)	-	(404)	-	(42,077)	
Total current liabilities		(489,533)	(1,076,420)	(542,845)	(1,292,149)	(509,600)	(1,405,972)	
Assets less current liabilities		819,742	9,575,002	862,935	9,263,455	844,766	10,017,791	
Non-current liabilities								
Provisions for liabilities and charges	25	(183,877)	(814,723)	(202,618)	(674,527)	(171,175)	(747,710)	
Trade and other payables	24	(964,017)	(1,487,787)	(969,341)	(1,551,246)	(1,009,849)	(1,638,148)	
Probation Trusts pension deficit	39	-	(772,719)	-	(1,389,689)	-	(718,602)	
Total non-current liabilities		(1,147,894)	(3,075,229)	(1,171,959)	(3,615,462)	(1,181,024)	(3,104,460)	
Assets less liabilities		(328,152)	6,499,773	(309,024)	5,647,993	(336,258)	6,913,331	
Taxpayers' equity								
General fund		(349,650)	5,260,999	(332,926)	4,499,039	(339,585)	5,302,774	
Revaluation reserve		21,498	1,238,710	23,902	1,148,883	3,327	1,610,468	
Donated asset reserve		-	64	-	71	-	89	
Total taxpayers' equity		(328,152)	6,499,773	(309,024)	5,647,993	(336,258)	6,913,331	

Sir Suma Chakrabarti
Accounting Officer

13 September 2011

The notes on pages 105 to 188 form part of these Accounts.

Statement of Cash Flows for the year ended 31 March 2011

		2010–11	Restated 2009–10
		Consolidated	Consolidated
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	3.1	(49,236,951)	(49,671,867)
Adjustments for non cash transactions		711,112	1,118,412
Interest expense		28,120	40,529
(Increase) / decrease in trade and other receivables		(72,536)	(17,799)
Change in value of investments		(246)	(26)
<i>Less: Movements in receivables not passing through the Statement of Comprehensive Net Expenditure</i>		20,122	(6,415)
(Increase) / decrease in inventories	20	(2,496)	431
Increase / (decrease) in trade payables		(390,839)	(158,103)
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		311,361	83,432
Adjustments for National Probation Service pension funding		72,966	28,527
Use of provisions	25	(134,906)	(71,679)
<i>Less: Movements in provisions relating to restatement of prior years</i>		33,438	-
<i>Less: Utilisation of provisions settled with cash from the Consolidated Fund</i>		7,673	4,510
Net cash outflow from operating activities		(48,653,182)	(48,650,048)
Cash flows from investing activities			
Purchase of non current assets		(585,140)	(797,663)
Proceeds of disposal of property, plant and equipment	7	78,192	7,417
Loan repayments from other bodies	21.1	5,145	18,140
Net cash outflow from investing activities		(501,803)	(772,106)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		48,894,850	49,319,754
From the Consolidated Fund (Non-Supply)		143,281	144,331
Machinery of Government transfers		(13,445)	44,640
Advances from the Contingencies Fund		-	1,100
Repayments to the Contingencies Fund		-	(1,100)
Repayment of loans from the National Loans Fund	24.1	(5,145)	(18,140)
Capital element finance leases and PFI contracts		(73,195)	(58,397)
Movement in third party balances		(6,448)	(3,929)
Repayment of Local Authority loans		(3,293)	(14,421)
Interest paid		(12,984)	(13,937)
Net cash inflow from financing activities		48,923,621	49,399,901
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		(231,364)	(22,253)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	5	225,085	258,253
Payments of amounts due to the Consolidated Fund		(233,692)	(280,484)
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(239,971)	(44,484)
Cash and cash equivalents at the beginning of the period		402,234	446,718
Cash and cash equivalents at the end of the period		162,263	402,234

The notes on pages 105 to 188 form part of these Accounts.

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

Note	2010–11 Core Department				2010–11 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
Balance at 31 March 2010	(332,926)	23,902	-	(309,024)	4,499,039	1,148,883	71	5,647,993
Pension actuarial gain as a result of restatement of past service cost	-	-	-	-	296,527	-	-	296,527
Core Supply adjustments	4,359	-	-	4,359	4,354	-	-	4,354
	(328,567)	23,902	-	(304,665)	4,799,920	1,148,883	71	5,948,874
Changes in taxpayers' equity for 2010–11								
Net gain / (loss) on revaluation of:								
- Property, plant and equipment upward / (downward) revaluations during the year	-	(1,547)	-	(1,547)	(4,522)	137,450	-	132,928
- Intangible assets upward / (downward) revaluations during the year	-	-	-	-	-	(310)	-	(310)
- Intangible assets upward / (downward) impairments during the year	-	-	-	-	-	-	-	-
- Investments	-	-	-	-	-	-	-	-
- Pension actuarial valuation	-	-	-	-	393,446	-	-	393,446
Receipt / (disposal) of donated assets	-	-	-	-	1,019	-	-	1,019
Movement in year donated asset reserve	-	-	-	-	-	-	(7)	(7)
Non-cash charges								
- Auditor's remuneration	11,12	618	-	618	1,479	-	-	1,479
- Notional rent	12	-	-	-	1,783	-	-	1,783
- Corporate overhead charges	11,12	(165,147)	-	(165,147)	(3,368)	-	-	(3,368)
- Other	-	-	-	-	2,243	-	-	2,243
Transfers between reserves	858	(858)	-	-	47,313	(47,313)	-	-
Non-current asset adjustment in respect of prior periods	(13,952)	-	-	(13,952)	(13,302)	-	-	(13,302)
Transfer of net assets	-	-	-	-	-	-	-	-
Net operating cost for the year	(43,574,762)	-	-	(43,574,762)	(49,236,951)	-	-	(49,236,951)
Total recognised income and expense for 2010–11	(44,080,952)	21,497	-	(44,059,455)	(44,010,940)	1,238,710	64	(42,772,166)
Net parliamentary funding								
- Drawn down	48,894,850	-	-	48,894,850	48,894,850	-	-	48,894,850
- Deemed	24.1	316,449	-	316,449	316,449	-	-	316,449
Agency funding from HQ	(5,397,431)	-	-	(5,397,431)	-	-	-	-

Restated 2009–10 Core Department					Restated 2009–10 Consolidated				
		General fund	Revaluation reserve	Donated asset reserve	Total reserves	General fund	Revaluation reserve	Donated asset reserve	Total reserves
Note		£000	£000	£000	£000	£000	£000	£000	£000
Non-cash charges									
- Auditor's 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)
- Other		-	-	-	-	-	(1)	-	(1)
Transfers between reserves		3,345	(3,345)	-	-	61,128	(61,128)	-	-
Non-current asset adjustment in respect of prior periods		6,934	-	-	6,934	6,871	-	-	6,871
Transfer of net assets		-	-	-	-	2,766	-	-	2,766
Net operating cost for the year		(43,546,216)	-	-	(43,546,216)	(49,671,867)	(4,393)	-	(49,676,260)
Total recognised income and expense for 2009–10		(44,045,312)	23,902	-	(44,021,410)	(44,973,271)	1,148,883	71	(43,824,317)
Net parliamentary funding									
- 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)	-	-	-	-
Consolidated Fund Standing Services									
- 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
Unspent Supply drawn down repayable to the Consolidated Fund	24.1	(316,449)	-	-	(316,449)	(316,449)	-	-	(316,449)
Other		752	-	-	752	751	-	-	751
Excess A in A		(4,361)	-	-	(4,361)	(4,361)	-	-	(4,361)
CFERs payable to the Consolidated Fund	13.1	(5,040)	-	-	(5,040)	(5,200)	-	-	(5,200)
Machinery of Government		30,824	-	-	30,824	30,824	-	-	30,824
Balance at 31 March 2010		(332,926)	23,902	-	(309,024)	4,499,039	1,148,883	71	5,647,993

The notes on pages 105 to 188 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2011

1a) Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with HM Treasury's *Financial Reporting Manual 2010–11 (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 MoJ to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes report outturn against the Estimate in terms of the net resource requirement and the net cash requirement. The Segmental reporting note analyses MoJ's income and expenditure by the objectives agreed with Ministers. The functional and presentational currency of 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 MoJ for the purpose of giving a true and fair view has been selected. MoJ's accounting policies have been applied consistently in dealing with items considered material in relation to these Accounts.

1.2 Accounting convention

These 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.

1.3 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of MoJ (the Core Department) and those entities that fall within the Departmental boundary as defined in the *FReM* (Chapter 4.2). All significant balances between entities included in the Consolidated Department have been eliminated. However, transactions between these entities have not been wholly eliminated. Due to their immateriality, balances between the Core Department and the Scotland Office have not been eliminated.

A list of all those entities within the Departmental boundary is given at Note 38.

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 principles in accordance with the *FReM*. Prior year comparatives are restated as appropriate, so that it appears that the entity has always existed in its present form.

The following Machinery of Government changes have recently affected the Department:

Core Department

In 2010–11, the responsibility for the Youth Justice Unit was transferred from the Department of Education to the Core Ministry.

In 2010–11, the Elections and Democracy division (including Returning Officers expenses) was transferred from the Core Ministry to the Cabinet Office.

Tribunals Service

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

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

The impact of these changes on the Core and Consolidated balances is shown in Note 40.1.

In addition, as part of wider MoJ rationalisation, some functions previously within the NOMS, for instance estates and procurement, have been moved to MoJ Core as shared functions. The costs of these functions continue to be recognised in the NOMS accounts representing the costs of the services received.

1.5 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 (including dwellings) are included at fair value, as interpreted by the *FReM*, on the basis of professional valuations, which are conducted for each property at least once every five years.

Professional valuations are primarily undertaken by the Valuation Office Agency (VOA) using the *Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual*, known as the 'Red Book'.

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

Criminal Courts, 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 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* (PINCCA) produced by the Office for National Statistics.

Componentisation

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

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 International Accounting Standard (IAS) 36, the recoverable amount is determined as the higher of the 'fair value less costs to sell' and the 'value in use'. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount.

Impairments that reflect a permanent diminution in the value of an asset as a result of a clear consumption of economic benefit or service potential are charged directly to the Statement of Net Comprehensive Expenditure, with any remaining Revaluation Reserves balance released to the General Fund.

For all other impairments, the decrease is recognised in the revaluation reserve to the extent a balance exists in respect of that asset. Impairment amounts in excess of revaluation surpluses are charged to the Statement of Comprehensive Net Expenditure.

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

Revaluation

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure. Any remaining increase is credited directly to the Revaluation reserve in Taxpayers' equity. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

When an asset's carrying amount decreases (other than as a result of a permanent diminution), the decrease is recognised in the Revaluation reserve to the extent a balance exists in respect of that asset. Any further decrease in excess of revaluation surpluses are charged to the Statement of Comprehensive Net Expenditure.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from the Revaluation reserve to the General Fund.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to MoJ and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

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.

Capitalisation thresholds – software projects

NOMS, HMCS and MoJ headquarters have a threshold of £1m (including VAT) for software projects. Smaller agencies have lower thresholds appropriate to their size.

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:

- An integrated system of diverse equipment designed to deliver a specific solution, for example, an IT equipment refresh project;
- A materially significant acquisition of furniture or IT at a single site; or
- 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 £1m (including 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. Depreciation commences in the month following the acquisition of a non-current asset for land, buildings and dwellings and in-month for all other non-current assets.

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Leasehold land	Shorter of remaining life or remaining lease period
Freehold buildings (including dwellings)	Shorter of remaining life or 60 years
Leasehold buildings (including dwellings)	Shortest of remaining life, remaining lease period or 60 years
Grouped assets	Various depending on individual asset types
Information technology	Shorter of remaining lease period or 3 to 15 years
Plant and equipment	Shorter of remaining lease period or 3 to 20 years
Vehicles	Shorter of remaining lease period or 3 to 15 years

Furniture and fittings	Shorter of remaining lease period or 5 to 20 years
Assets held for sale	Not depreciated
Investment properties	Not depreciated
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 Statement of Comprehensive Net Expenditure.

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

1.6 Intangible assets

MoJ recognises intangible assets only if it is probable that future service potential will flow to 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.

MoJ's intangibles comprise internally developed software for internal use, assets under construction in relation to internally developed software and purchased software licences.

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

The useful lives of intangible assets are assessed to be finite. As there is no active market for MoJ's intangible assets, their fair value is assessed at revalued cost less any accumulated amortisation and accumulated impairment losses. MoJ's intangible assets are amortised using the straight-line method over their expected useful life. The useful lives of internally developed software range 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. MoJ's own staff costs are expensed to the Statement of Comprehensive Net Expenditure, as are those of agency and contract staff 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 property

Investment property comprises freehold land and buildings not principally occupied by the Core Department or 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 (RICS) Appraisal and Valuation Manual*, known as the 'Red Book'. Changes in fair values are recorded in the Statement of Comprehensive Net Expenditure.

When investment property is leased out under an operating lease, the leased asset remains within Investment property in the Statement of Financial Position. The lease revenue is recognised over the term of the lease on a straight-line basis.

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 Statement of Comprehensive Net Expenditure.

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, are not depreciated but are subject to the inventory controls.

Antiques and works of art capitalised after 1 April 2005 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 (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 associated with the leased asset. Assets provided under operating leases are not recognised on MoJ's Statement of Financial Position.

The lease of land and buildings is split at the inception of the lease into a lease of land and a separate lease of buildings.

Finance leases

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. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset. The assets are depreciated over the period during which 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 Statement of Comprehensive Net Expenditure on a straight-line basis regardless of the actual pattern of payments. Contingent rent is recognised in the period in which it arises.

Operating leases – incentives

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.

Lease prepayments

Up-front 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.

Arrangements containing a lease

In determining whether MoJ is party to a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing arrangements and take-or-pay contracts, are assessed according to the criteria set by IFRIC (International Financial Reporting Interpretations Committee) 4 'Determining Whether an Arrangement Contains a Lease'. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. 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) arrangements, are accounted for in accordance with IFRIC 12 '*Service Concession Arrangements*', as adapted for the public sector context by the *FReM*. Where MoJ controls the services provided and retains a significant residual interest in the asset, the asset is recognised on MoJ's Statement of Financial Position.

As an example, the Prisoner Escort and Custody Services (PECS) and Electronic Monitoring Services (EMS) contracts meet these conditions and are recognised in these accounts as Service Concession Arrangements.

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 National Loans Fund (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 included within Trade and other payables (refer to Note 24.1).

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.

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 Statement of Comprehensive Net Expenditure. 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 and 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 schemes

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. 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. Formal actuarial valuation was at 31 March 2010 and the results will impact on the following three year's Accounts.

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.

MoJ also administers the Judicial Pension Scheme (JPS) 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 MoJ incurs in administering the scheme. The JPS is partly funded from the Consolidated Fund and the Vote.

Pensions – Defined contribution schemes

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

Early departure costs

MoJ is required to pay the additional cost of benefits beyond the normal PCSPS 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 MoJ. The estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.9% (2009–10: 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.

National Offender Management Service (NOMS)

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 the Department for Business, Innovation and Skills, for the provision of education services, and from the Department of Health, Primary Care Trusts and Welsh Assembly Government for the provision of healthcare services.

Her Majesty's Courts Service (HMCS)

HMCS fee income consists of amounts for services rendered to court users and is recognised in the Statement of Comprehensive Net Expenditure 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 Trust Statement.

Trust Statement

From 2010–11, HM Treasury requires Government departments that collect material revenues from taxes, duties, fines and penalties on behalf of the Consolidated Fund to prepare a stand-alone Trust Statement that specifically reports on the financial activities relating to such collections.

HMCS, as the executive agency of Ministry of Justice responsible for collecting fines and financial penalties imposed by the criminal justice system, has therefore prepared a stand-alone Trust Statement for 2010–11 that should be read in conjunction with the HMCS Annual Report and Accounts.

Tribunals Service

Tribunals Service 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.

Office of the Public Guardian (OPG)

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*.

Official Solicitor and Public Trustee (OSPT)

The OSPT earns 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.

Judicial Committee of the Privy Council

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.

Information Commissioner

The Information Commissioner, though not part of the Consolidated Department, 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 13.1 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 within 'Trade and other receivables'. 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. Trade and other receivables balances are written off when all cost effective options to secure recovery have failed.

1.18 Consolidated Fund Extra Receipts (CFERs)

CFERs balances are calculated on an accruals basis, unless stated otherwise.

Fines and financial penalties

Magistrates' Courts are responsible for collecting financial penalties imposed by the criminal justice system. Financial penalties comprise fines, confiscation orders, prosecutors' costs and compensation orders imposed by the Magistrates' and Crown Courts and fixed penalties issued by the Police. Fines and ancillary receipts are remitted to the Consolidated Fund via MoJ. Other financial penalty receipts are remitted to appropriate third parties, including government departments and the victims of crime.

Other CFERs

Interest earned on bank balances held by Arms Length Bodies, including executive Non-Departmental Public Bodies and the 35 Probation Trusts 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

MoJ acts as an intermediary for the 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

MoJ acts as an intermediary for the 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 Statement of Comprehensive Net Expenditure 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 MoJ while Programme costs relate to service delivery activities.

1.20 Grants payable and paid

Financing to 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.

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 British pound sterling, which is the functional and presentational currency of MoJ, at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in a foreign currency at the Statement of Financial Position date are translated at the rates at that date, with any translation differences recognised in the Statement of Comprehensive Net Expenditure. MoJ does not hedge its foreign currency exposure due to immateriality.

1.22 Non-cash costs

Capital charge

Previously, a charge reflecting the cost of capital utilised by MoJ was included in the Statement of Comprehensive Net Expenditure. The charge was calculated at the real rate set by HM Treasury (formerly 3.5%) on the average carrying amount of all assets, less liabilities, with certain exceptions.

As part of the Clear Line of Sight project (refer also to Note 1.29), HM Treasury announced the removal of the cost of capital charge from the 2010–11 accounts. It has been decided that this is a change of accounting policy requiring the restatement of the comparative figures. The effect of this restatement can be seen in Note 40.

However, a cost of capital charge is still used in the preparation of this account in two instances:

1. To calculate the commercial charge in Note 13.2.
2. In place of the implicit interest rate for Service Concession Arrangements where the contract payment (the total unitary payment) cannot be separately analysed into a service charge element, a repayment of the capital element of the contract obligation, and the interest expense on it.

Other

The salary and social security costs of senior judges, being independent of the Ministry, are funded from the consolidated fund and are included in these accounts as a notional cost. Senior judges also receive long service payments under an agreement with MoJ.

Other non-cash costs in the Statement of Comprehensive Net Expenditure include the external auditor's remuneration, which represents the NAO's cost for the audit of the financial statements 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 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% (2009–10: 2.2%).

1.24 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, 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 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 Corporation tax

Most of the activities of MoJ are outside the scope of Corporation tax. However, Probation Trusts are liable for Corporation tax and this liability has been recognised in Note 24.1.

1.27 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 in the Statement of Financial Position and are disclosed within Note 37 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 and cash equivalents (refer to Note 22) and Trade and other payables (refer to Note 24.1), and therefore have no net impact on the Statement of Financial Position.

1.28 Financial instruments

Recognition

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

De-recognition

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

Classification and measurement – financial assets

In addition to Cash and cash equivalents, MoJ has two categories of financial assets:

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of any impairments. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows.

Available-for-sale financial assets

Available-for-sale assets are non-derivative financial assets designated on initial recognition as available-for-sale or any other instruments that are not classified within any other financial asset category. Available-for-sale assets are initially recognised, and subsequently measured, at fair value. Fair value changes are recognised directly in the Statement of Changes in Taxpayers' Equity and are subsequently released to the Statement of Comprehensive Net Expenditure when the available-for-sale asset is derecognised.

Impairment of financial assets

At the end of each reporting period, MoJ assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is:

- Objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the end of the reporting period ('a loss event');
- The loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
- A reliable estimate of the amount can be made.

Classification and measurement – financial liabilities

MoJ has one category of financial liability:

Other financial liabilities

Other financial liabilities comprise finance lease liabilities, trade payables and loans. All financial liabilities are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. Interest on financial liabilities carried at amortised cost is calculated using the effective interest rate method and is charged to the Statement of Comprehensive Net Expenditure.

1.29 Prior Period Adjustments due to Clear Line of Sight changes

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the removal of the cost of capital charge and the *FReM* adaptation of IAS 36, '*Impairment of Assets*' were not included in the Spring Supplementary Estimates for 2010–11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Supply outturn in respect of 2009–10 are shown below. PPAs arising from an error in previous recording or any other change in accounting policy were included in the Estimates in line with conventional arrangements.

The removal of the cost of capital charge and the adaptation of IAS 36 had the following effect on Resource outturn in 2009–10.

		<u>2009–10</u>
		<u>£000</u>
Net Resource Outturn	SOPS	49,780,627
Removal of the cost of capital charge		(250,372)
Adjusted Net Resource Outturn		<u>49,530,255</u>

The Statement of Parliamentary Supply (SOPS) and related notes have not been restated for this effect.

1.30 Cash and cash equivalents

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

1.31 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Team.

Refer to Note 26 for further information in respect of Segmental reporting.

1.32 Changes in accounting policies

Changes in accounting policies impacting the Core and Consolidated Departments are shown in Note 40.2.

1b) Significant accounting estimates and assumptions

The 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.

Pension costs of the Probation Trusts

The present value of the net pension liability for Probation Trust staff detailed in Note 39 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. Where a lease is taken out for land and buildings combined, both the building and land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

Service Concession Arrangements

The accounting treatment of Service Concession Arrangements, including Private Finance Initiative (PFI) 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 contract assets are reflected in the Statement of Financial Position.

Accounting for the change from the Retail Prices Index to the Consumer Prices Index for Pensions Up-rating

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits, and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purpose of up-rating the index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19 *'Employee Benefits'*. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pension schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these Accounts.

2. Analysis of Net Resource Outturn by section

						Outturn	Estimate	2010–11 Net Total	2009–10 Outturn	
						Net total	Net total	Outturn compared with Estimate	Prior year Outturn	
Admin	Other current	Grants	Gross Resource expenditure	A in A	Net total	Net total	Net total	Estimate	Outturn	
£000	£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 and Associated Offices	212,037	203,449	13,041	428,527	(20,667)	407,860	794,346	(386,486)	462,579
B	HM Courts Service	15,260	1,296,387	-	1,311,647	(607,921)	703,726	704,641	(915)	686,157
C	Office of the Public Guardian	-	25,226	-	25,226	(24,189)	1,037	(1,583)	2,620	5,909
D	Tribunals Service	20,431	330,164	-	350,595	(64,297)	286,298	247,112	39,186	286,020
E	Criminal Justice Reform	39,846	46,248	80,034	166,128	(14,561)	151,567	173,556	(21,989)	115,498
F	National Offender Management Service HQ	137,396	-	-	137,396	-	137,396	95,936	41,460	135,027
G	National Offender Management Service Operations	-	4,285,240	-	4,285,240	(366,553)	3,918,687	3,640,239	278,448	3,536,725
	Costs from Central Funds	-	-	-	-	-	-	-	-	88,439
Spending in Annually Managed Expenditure Limits (AME)										
Central Government Spending										
H	Policy, Corporate Services and Associated Offices	-	43,478	-	43,478	-	43,478	58,110	(14,632)	-
I	Costs from Central Funds	-	78,026	-	78,026	-	78,026	94,000	(15,974)	-
J	HM Courts Service	-	178,045	-	178,045	-	178,045	25,000	153,045	-
	Supreme Court Revaluation Impairment AME	-	-	-	-	-	-	-	-	39,200
Non-Budget										
K	Legal Services Commission: Administration	-	-	119,800	119,800	-	119,800	134,796	(14,996)	131,650
L	Criminal Defence Service	-	-	1,165,403	1,165,403	-	1,165,403	1,178,086	(12,683)	1,208,825
M	Community Legal Service	-	-	974,368	974,368	-	974,368	1,014,949	(40,581)	940,340
N	Information Commissioner's Office	-	-	7,200	7,200	-	7,200	7,240	(40)	5,500
O	Judicial Appointments Commission	-	-	6,460	6,460	-	6,460	6,860	(400)	7,610
P	Parole Board	-	-	10,312	10,312	-	10,312	10,365	(53)	9,018
Q	Youth Justice Board	-	-	425,131	425,131	-	425,131	428,131	(3,000)	471,294
R	Criminal Injuries Compensation Authority	-	-	328,598	328,598	-	328,598	297,998	30,600	254,237
S	Criminal Cases Review Commission	-	-	6,310	6,310	-	6,310	6,496	(186)	6,781
T	Loan Charges	-	-	2,136	2,136	-	2,136	2,100	36	1,766
U	Office of Legal Complaints	-	-	9,750	9,750	-	9,750	11,200	(1,450)	3,450
V	Legal Services Board	-	-	-	-	-	-	50	(50)	4,057
	National Probation Services (local area boards)	-	-	-	-	-	-	-	-	719,395
Spending in Annually Managed Expenditure Limits (AME)										
Central Government Spending										
W	HMCS Revaluation Impairment AME	-	12,044	-	12,044	-	12,044	145,000	(132,956)	187,496
X	Tribunals Service	-	-	-	-	-	-	750	(750)	-
Y	Office of Criminal Justice Reform	-	13,438	-	13,438	-	13,438	7,500	5,938	-
Z	National Offender Management Service Operations	-	85,582	-	85,582	-	85,582	10,000	75,582	-
AA	NOMS Revaluation Impairment AME	-	34,526	-	34,526	-	34,526	220,000	(185,474)	525,054
Net Resource Outturn – RfR1		424,970	6,631,853	3,148,543	10,205,366	(1,098,188)	9,107,178	9,312,878	(205,700)	9,832,027

					Outturn	Estimate	2010–11 Net Total	2009–10 Outturn
							Outturn compared with	Prior year
Admin	Other current	Grants	Gross Resource expenditure	A in A	Net total	Net total	Estimate	Outturn
£000	£000	£000	£000	£000	£000	£000	£000	£000

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

Spending in Departmental Expenditure Limits (DEL)

Central Government Spending

A	Scotland Office	4,954	-	-	4,954	(151)	4,803	4,968	(165)	4,690
B	Office of the Advocate General	4,143	-	-	4,143	(1,311)	2,832	2,921	(89)	2,840
C	Boundary Commission for Scotland	-	187	-	187	-	187	300	(113)	557

Non-Budget

D	Grant payable to the Scottish Consolidated Fund	-	-	26,772,500	26,772,500	-	26,772,500	27,274,452	(501,952)	26,929,090
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Net Resource Outturn – RfR2

9,097	187	26,772,500	26,781,784	(1,462)	26,780,322	27,282,641	(502,319)	26,937,177
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					Outturn	Estimate	2010–11 Net Total	2009–10 Outturn
							Outturn compared with	Prior year
Admin	Other current	Grants	Gross Resource expenditure	A in A	Net total	Net total	Estimate	Outturn
£000	£000	£000	£000	£000	£000	£000	£000	£000

Request for Resources 3: To support the Secretary of State in discharging her 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	4,970	-	-	4,970	-	4,970	5,570	(600)	5,609
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Non-Budget

B	Grant payable to the Welsh Consolidated Fund	-	-	13,244,000	13,244,000	-	13,244,000	13,455,569	(211,569)	13,005,814
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Net Resource Outturn – RfR3

4,970	-	13,244,000	13,248,970	-	13,248,970	13,461,139	(212,169)	13,011,423
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Total Net Resource Outturn

439,037	6,632,040	43,165,043	50,236,120	(1,099,650)	49,136,470	50,056,658	(920,188)	49,780,627
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Significant variances between Estimate and Outturn are explained in the Management Commentary on pages 19 to 24.

3. Reconciliation of Outturn to Net operating cost and against Administration Budget

3.1 Reconciliation of Net Resource Outturn to Net operating cost

		2010–11			Restated 2009–10
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
	Note	£000	£000	£000	£000
Net Resource Outturn	2	49,136,470	50,056,658	920,188	49,780,627
Prior Period Adjustments	40	-	-	-	(308,763)
Corporate overheads	11,12	(3,368)	-	3,368	(3,655)
Non-Supply income (CFERs)	5	(2,954)	-	2,954	(5,200)
Difference between Resource and Cash Grant paid to Parole Board		1,113	-	(1,113)	-
Excess Appropriations in Aid		(7)	-	7	(4,361)
(Profit) / loss on disposal of property, plant and equipment	11,12	(3,506)	-	3,506	(7,159)
Non-Supply adjustment (NPS) (income)/expenditure		-	-	-	(16,134)
Non-Supply Expenditure from Consolidated Fund		143,281	165,118	21,837	239,631
Other non-cash	11,12	22	-	(22)	10
Difference between Resource and Cash Grant paid to Criminal Injuries Compensation Authority		(34,100)	-	34,100	-
Accruals movement on Legal Aid		-	-	-	(3,129)
Net operating cost		49,236,951	50,221,776	984,825	49,671,867

Note 2 provides a breakdown of the underspend against Supply Estimate by subhead. Explanations for significant variances are given in the Management Commentary on pages 19 to 24. 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 £143,281k (2009–10: £239,631k) represents judicial salaries met from the Consolidated Fund of £143,203k (2009–10: £144,245k), election expenses of £nil (2009–10: £95,300k, which was transferred to the Cabinet Office as part of a Machinery of Government change) and the Lord Chancellor's salary and related costs of £78k (2009–10: £86k).

3.2 Outturn against final Administration Budget

		Budget	2010–11 Outturn	2009–10 Outturn
	Note	£000	£000	£000
Gross Administration Budget	2	498,738	439,037	457,610
Income allowable against Administration Budget	13.1	(21,473)	(25,128)	(21,002)
Net Outturn against final Administration Budget		477,265	413,909	436,608

Although the 2010–11 Outturn for 'Income allowable against Administration Budget' exceeds Budget, the 'Net Outturn against final Administration Budget' does not exceed the Budget. Consequently, MoJ has not broken its Administration Budget control total.

4. Reconciliation of Net Resource Outturn to Net cash requirement

	Note	2010–11		
		Estimate	Outturn	Net total Outturn compared with Estimate saving / (excess)
		£000	£000	£000
Resource Outturn	2	50,056,658	49,136,470	920,188
Capital				
Acquisition of property, plant and equipment	14	654,332	603,642	50,690
Acquisition of Intangible assets	15	-	29,485	(29,485)
Non-operating A in A				
Proceeds on disposal of property, plant and equipment	7	(99,048)	(78,192)	(20,856)
Accruals to cash adjustments				
Non-cash items		(923,229)	(728,391)	(194,838)
Changes in working capital other than cash		-	39,487	(39,487)
Use of provisions	25	307,796	134,906	172,890
Less: utilisation of provisions settled with cash from the Consolidated Fund		-	(7,673)	7,673
Net cash requirement		49,996,509	49,129,734	866,775

The Net cash requirement variance is primarily driven by the variance in Resource Outturn. Explanations for the variance in Resource Outturn are provided in the Management Commentary on pages 19 to 24.

5. Analysis of income payable to the Consolidated Fund

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

	Note	Estimate 2010–11		Outturn 2010–11	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts – excess A in A	13.1, 24.1	-	-	7	7
Other operating income and receipts not classified as A in A	13.1	-	-	2,954	2,954
	6, 13.1	-	-	2,961	2,961
Other amounts collectable on behalf of the Consolidated Fund		-	-	225,085	225,085
Total income payable to the Consolidated Fund		-	-	228,046	228,046

6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

		2010–11	Restated 2009–10
	Note	£000	£000
Operating income	13.1	1,102,611	1,119,427
Income authorised to be A in A	13.1	(1,099,650)	(1,109,866)
Operating income payable to the Consolidated Fund	5	2,961	9,561

Consolidated Fund income shown in Note 5 above does not include any amounts collected by MoJ where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund will be included within the Trust Statement.

7. Non-operating income – Excess Appropriations in Aid

	2010–11	2009–10
	£000	£000
Proceeds on disposal of property, plant and equipment	78,192	7,417
Less: income authorised to be A in A	(78,192)	(7,417)
Non-operating income – excess A in A	-	-

8. Non-operating income not classified as Appropriations in Aid

MoJ does not have any non-operating income not classified as Appropriations in Aid.

9. Analysis of Net operating cost by spending body

Note	2010–11		Restated 2009–10	
	Estimate	Net operating cost	Estimate	Net operating cost
	£000	£000	£000	£000
Core Department				
Headquarters – Policy, Corporate Services	1,127,512	492,011	843,019	554,117
Scotland Office	27,282,641	26,780,351	27,172,514	26,937,213
Wales Office	13,461,139	13,249,068	13,132,576	13,011,633
Agencies				
Her Majesty's Courts Service	1,039,759	1,164,711	1,071,948	1,088,398
Tribunals Service	247,862	301,528	293,917	304,560
Office of the Public Guardian	(1,583)	3,770	1,702	8,984
National Offender Management Service	3,968,275	4,192,180	5,101,980	4,720,689
Non Departmental Public Bodies				
Legal Services Commission	2,327,831	2,259,571	2,284,602	2,280,815
Information Commissioner's Office	7,240	7,200	5,500	5,500
Judicial Appointments Commission	6,860	6,460	7,810	7,610
Parole Board	10,365	10,312	9,847	9,018
Youth Justice Board for England and Wales	428,131	425,131	451,090	471,294
Criminal Injuries Compensation Authority	297,998	328,598	255,026	254,237
Criminal Cases Review Commission	6,496	6,310	6,860	6,781
Office for Legal Complaints	11,200	9,750	6,600	3,450
Legal Services Board	50	-	4,056	4,057
Other				
Capital grants to Local Authorities	-	-	-	3,511
Net operating cost	3.1 50,221,776	49,236,951	50,649,047	49,671,867

10. Staff and judiciary numbers and related costs

10.1 Staff costs

					2010–11	Restated 2009–10
	Permanent employed staff	Agency and contract staff	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,632,324	125,098	693	330	2,758,445	2,740,000
Social security costs	190,015	282	56	34	190,387	193,136
Other pension costs	493,978	572	20	36	494,606	471,578
Total staff costs	3,316,317	125,952	769	400	3,443,438	3,404,714
Less recoveries in respect of outward secondments	(59,792)	-	-	-	(59,792)	(9,795)
Total net staff costs	3,256,525	125,952	769	400	3,383,646	3,394,919
Of which:						
Charged to Administration costs	207,657	39,687	579	400	248,323	226,513
Charged to Programme costs	3,048,868	86,265	190	-	3,135,323	3,168,406
	3,256,525	125,952	769	400	3,383,646	3,394,919
Core Department						
Charged to Administration costs	109,546	26,673	579	400	137,198	119,332
Charged to Programme costs	40,934	5,941	190	-	47,065	64,847
	150,480	32,614	769	400	184,263	184,179

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 2010–11 the Lord Chancellor's salary was £69,953 (2009–10: £78,356) and the associated social security costs were £7,968 (2009–10: £8,000).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but 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.

For 2010–11, employers' pension contributions of £351,490k (2009–10: £359,159k) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2009–10: 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 2010–11 employers' pension contributions of £93,800k (2009–10: £95,900k) were payable to the Local Government Pension Scheme (LGPS) at rates in a range from 14.1% to 22.6% (2009–10: 14.1% to 22.6%). Note 39 provides information on the assets and liabilities of the Probation Trusts.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' pension contributions of £606k (2009–10: £503k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0% to 12.5% (2009–10: 3.0% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay.

In addition, employer pension contributions of £108,742k equivalent to 0.8% of pensionable pay (2009–10: £108,300k) 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.

Contributions due to the partnership pension providers at the reporting period date were £51k (2009–10: £41k).

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 under the subheading 'Pension transfer deficit'.

10.2 Judicial costs

	2010–11		2009–10
	Salaried judiciary	Fee paid judiciary	Total
	£000	£000	£000
Wages and salaries	262,938	83,275	346,213
Social security costs	25,971	12,100	38,071
Other pension costs	74,011	-	74,011
Total net costs	362,920	95,375	458,295
Of which:			
Charged to Administration costs	211	809	1,020
Charged to Programme costs	362,709	94,566	457,275
	362,920	95,375	458,295
Of which:			
Paid from voted resources			315,092
Paid from Consolidated Fund			143,203
			458,295
Core Department			
Charged to Administration costs	131	599	730
Charged to Programme costs	2,730	467	3,197
	2,861	1,066	3,927

The Judicial Pensions Scheme (JPS) is an unfunded multi-employer defined benefit scheme, which prepares its own accounts, but for which MoJ is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out as at 31 March 2009. Details can be found in the separate resource accounts of the JPS at www.official-documents.co.uk.

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 MoJ as well as in agencies and other bodies included within the Consolidated Departmental accounting boundary. They therefore exclude Non-Departmental Public Bodies (NDPBs).

Refer to Note 26 for details of the Request for Resources objectives.

Core Department

	2010–11				Restated 2009–10	
	Permanent staff	Agency and contract staff	Ministers	Special advisors	Total	Total
Request for Resources 1 (RfR 1)						
Access to Justice	555.0	65.0	-	-	620.0	1,084.0
Corporate Performance Group	1,080.0	270.0	0.2	0.4	1,350.6	1,057.0
Justice Policy Group (replaces Criminal Justice Group)	819.0	22.0	2.7	0.4	844.1	721.4
Law, Rights & International (replaces Democracy, Constitution & Law)	617.0	11.0	0.2	0.4	628.6	593.0
Her Majesty's Courts Service	-	-	0.4	0.2	0.6	1.3
Tribunals Service	-	-	0.3	0.2	0.5	1.0
Office of the Public Guardian	-	-	-	-	-	-
National Offender Management Service	-	-	0.7	0.4	1.1	2.3
Total RfR 1	3,071.0	368.0	4.5	2.0	3,445.5	3,460.0
Request for Resources 2 (RfR 2)						
Scotland Objective 1	5.8	5.4	0.5	0.25	11.95	12.2
Scotland Objective 2	5.8	5.4	0.5	0.25	11.95	12.2
Scotland Objective 3	7.2	9.9	0.5	0.25	17.85	18.1
Scotland Objective 4	2.2	6.7	0.5	0.25	9.65	9.9
Scotland Objective 5	2.1	5.7	-	-	7.80	7.8
Office of the Advocate General Objective 1	0.1	23.9	1.0	-	25.00	25.0
Office of the Advocate General Objective 2	3.9	12.1	-	-	16.00	16.0
Total RfR 2	27.1	69.1	3.0	1.0	100.2	101.2
Request for Resources 3 (RfR 3)						
Wales Objective 1	16.5	0.6	0.6	0.3	18.0	18.9
Wales Objective 2	16.5	0.6	0.6	0.3	18.0	18.9
Wales Objective 3	11.0	0.4	0.4	0.2	12.0	12.6
Wales Objective 4	5.5	0.2	0.2	0.1	6.0	6.3
Wales Objective 5	5.5	0.2	0.2	0.1	6.0	6.3
Total RfR 3	55.0	2	2.0	1.0	60.0	63.0
Total Core Department	3,153.1	439.1	9.5	4.0	3,605.7	3,624.2

Consolidated

	2010–11				Restated 2009–10	
	Permanent staff	Agency and contract staff	Ministers	Special advisors	Total	Total
Request for Resources 1 (RfR 1)						
Access to Justice	555.0	65.0	-	-	620.0	1,084.0
Corporate Performance Group	1,080.0	270.0	0.2	0.4	1,350.6	1,057.0
Justice Policy Group (replaces Criminal Justice Group)	819.0	22.0	2.7	0.4	844.1	721.4
Law, Rights & International (replaces Democracy, Constitution & Law)	617.0	11.0	0.2	0.4	628.6	593.0
Her Majesty's Courts Service	17,438.0	272.0	0.4	0.2	17,710.6	18,630.3
Tribunals Service	2,954.0	113.0	0.3	0.2	3,067.5	3,005.0
Office of the Public Guardian	421.0	74.0	-	-	495.0	481.0
National Offender Management Service	67,762.0	1,125.0	0.7	0.4	68,888.1	71,484.3
Total RfR 1	91,646.0	1,952.0	4.5	2.0	93,604.5	97,056.0
Request for Resources 2 (RfR 2)						
Scotland Objective 1	5.8	5.4	0.5	0.25	11.95	12.2
Scotland Objective 2	5.8	5.4	0.5	0.25	11.95	12.2
Scotland Objective 3	7.2	9.9	0.5	0.25	17.85	18.1
Scotland Objective 4	2.2	6.7	0.5	0.25	9.65	9.9
Scotland Objective 5	2.1	5.7	-	-	7.80	7.8
Office of the Advocate General Objective 1	0.1	23.9	1.0	-	25.00	25.0
Office of the Advocate General Objective 2	3.9	12.1	-	-	16.00	16.0
Total RfR 2	27.1	69.1	3.0	1.0	100.2	101.2
Request for Resources 3 (RfR 3)						
Wales Objective 1	16.5	0.6	0.6	0.3	18.0	18.9
Wales Objective 2	16.5	0.6	0.6	0.3	18.0	18.9
Wales Objective 3	11.0	0.4	0.4	0.2	12.0	12.6
Wales Objective 4	5.5	0.2	0.2	0.1	6.0	6.3
Wales Objective 5	5.5	0.2	0.2	0.1	6.0	6.3
Total RfR 3	55.0	2.0	2.0	1.0	60.0	63.0
Consolidated Total	91,728.1	2,023.1	9.5	4.0	93,764.7	97,220.2

The numbers in this Note include staff employed in the Probation Service. The staff numbers shown in the Core Tables, on page 83 exclude probation staff and reflect numbers at 31 March rather than averages for the year.

10.4 Average number of judiciary in post**Consolidated**

	2010–11		2009–10	
	Salaried Judiciary	Fee Paid Judiciary	Total	Total
Request for Resources 1				
Access to Justice	1,976	1,416	3,392	3,577

No members of the judiciary are employed in the Core Department. Judicial costs within the Core Department relate mainly to sitting days by retired judges. No judiciary are employed under Requests for Resource 2 or 3.

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

Consolidated

Exit package cost band	2010–11		
	Compulsory redundancies	Other departures	Total departures
	Number	Number	Total number
< £10,000	6	171	177
£10,000 – £25,000	1	445	446
£25,001 – £50,000	5	538	543
£50,001 – £100,000	1	505	506
£100,001 – £150,000	-	181	181
£150,001 – £200,000	-	62	62
£200,001 – £250,000	-	19	19
£250,001 – £300,000	-	5	5
£300,001 – £350,000	-	3	3
£350,001 – £400,000	-	-	-
£400,001 – £450,000	-	-	-
£450,001 – £500,000	-	1	1
Total number of exit packages by type	13	1,930	1,943
Total cost of exit packages by type (£000)	286	92,830	93,116

Exit package cost band	2009–10		
	Compulsory redundancies	Other departures	Total departures
	Number	Number	Total number
< £10,000	8	174	182
£10,000 – £25,000	3	207	210
£25,001 – £50,000	4	418	422
£50,001 – £100,000	7	439	446
£100,001 – £150,000	-	52	52
£150,001 – £200,000	4	22	26
£200,001 – £250,000	-	3	3
£250,001 – £300,000	-	2	2
£300,001 – £350,000	-	2	2
£350,001 – £400,000	-	-	-
£400,001 – £450,000	-	1	1
£450,001 – £500,000	-	-	-
Total number of exit packages by type	26	1,320	1,346
Total cost of exit packages by type (£000)	1,649	65,646	67,295

Redundancy and other departure costs have been paid in accordance with the provisions of the *Civil Service Compensation Scheme*, a statutory scheme made under the *Superannuation Act 1972*. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Principal Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

11. Other Administration costs

	2010–11		Restated 2009–10	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Accommodation, maintenance and utilities	24,323	32,852	37,321	41,281
Communications, office supplies and services	9,620	11,510	8,206	10,695
Rentals under operating leases: land and buildings	22,873	24,244	18,383	19,967
Rentals under operating leases: other (plant, machinery, vehicles etc)	647	748	403	522
Service concession charges: Property	-	-	-	-
Service concession charges: IT	3,101	2,915	3,667	7,060
Service concession charges: other	6,718	20,109	7,818	18,672
Finance charges on leases and service concession arrangements	12,304	12,379	13,621	13,768
IT services and telecommunications (non-service concession arrangements)	(4,408)	14,319	4,155	22,997
Other contracted out services	2,605	2,653	1,372	1,389
Other court costs (staff related)	-	-	-	5
Judicial costs	1,400	1,376	1,553	4,494
Professional services	7,719	10,581	11,671	14,092
Travel and subsistence	3,346	8,048	4,629	10,948
Training and other staff related costs	3,942	8,465	5,665	11,625
Bank fees and charges	2	21	12	14
Auditor's remuneration and expenses	-	1,470	-	1,557
Research and development expenditure	1,496	1,496	787	794
Other administration expenditure	3,028	4,957	7,316	14,215
Non-cash items				
Depreciation	13,138	14,773	9,489	14,385
Amortisation	597	967	-	1,231
(Increase) / decrease in valuation of property, plant and equipment	370	370	(1)	(1)
Impairment of property, plant and equipment	-	-	-	-
(Increase) / decrease in valuation of intangible assets	55	55	-	-
Profit on disposal of property, plant and equipment	-	(3,394)	-	-
Loss on disposal of property, plant and equipment	37	37	22	5
Notional rent	-	-	-	-
Auditor's remuneration and expenses	440	740	594	1,016
Provision provided for in year	13,180	13,180	3,929	3,929
Unwinding of discount on provisions	130	130	-	-
Corporate overhead charges	(41,731)	(22,335)	(55,433)	(35,419)
Decrease in receivables impairment	(853)	(913)	(2,555)	(2,555)
Change in fair value of investment properties	-	-	-	-
Straight lining of operating lease payments	2,325	2,325	2,731	2,731
Pension past service cost	-	-	-	-
Other non-cash	16	16	(221)	(221)
Total other Administration costs	86,420	164,094	85,134	179,196

12. Other Programme costs

	2010–11		Restated 2009–10	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Request for Resources 1 (RfR 1)				
Bank fees and charges	6	3,893	37	3,215
Research and development expenditure	2,043	2,224	3,987	4,631
Grants – current	44,198	44,198	77,932	77,932
Grants – capital	-	1,388	3,511	3,511
Accommodation, maintenance and utilities	2,303	603,646	3,861	654,705
Travel and subsistence	828	46,199	3,374	55,568
Professional services	1,665	35,336	8,371	46,747
IT services and telecommunications (non-service concession arrangements)	41,785	225,296	39,528	201,673
Communications, office supplies and services	2,220	60,848	4,661	70,591
Prisoner related costs	-	364,483	-	335,968
Judicial costs	13,741	45,453	13,033	49,232
Juror costs	-	42,813	-	42,063
Cost from Central Funds	78,026	78,027	88,439	88,439
Training and other staff related costs	1,152	79,355	2,047	81,275
Service concession charges: Property	-	288,863	-	461,573
Service concession charges: IT	93,656	109,086	90,309	132,161
Service concession charges: Other	3,740	260,782	(571)	66,256
Rentals under operating leases: Land and buildings	-	65,585	385	67,292
Rentals under operating leases: Other (plant, machinery, vehicles etc)	1,075	8,481	109	7,799
Other contracted out services	184	3,209	1,923	5,704
Other court costs	-	16,244	-	16,193
Local Authority loan interest	-	2,268	-	2,685
Finance charges on leases and service concession agreements	3,094	36,500	2,624	39,393
Grant in aid to NDPBs	3,069,222	3,069,222	3,039,666	3,039,666
Pleural plaques compensation payments	9,200	9,200	-	-
Other programme costs	3,682	94,111	2,328	117,518
Non-cash items				
Depreciation	11,370	338,405	19,994	372,718
Amortisation	14,585	52,607	15,180	37,491
(Increase) / decrease in valuation of property, plant and equipment	5,907	(45,496)	6,344	701,939
Impairment of property, plant and equipment	-	70,778	41,584	48,618
(Increase) / decrease in valuation of intangible assets	87	87	(8,642)	(2,926)
Impairment of intangible assets	-	10,633	-	-
Change in the fair value of assets held for sale	-	75	-	2,979
Change in the value of imputed finance leases	-	-	-	4,709
Profit on disposal of property, plant and equipment	(1,883)	(378)	(9,956)	(7,560)
Loss on disposal of property, plant and equipment	180	229	-	396
Loss on disposal of intangible assets	-	-	-	66
Notional rent	-	1,783	-	3,881
Auditor's remuneration and expenses	178	739	141	854
Provision provided for in year	39,647	241,946	46,193	(70,111)
Unwinding of discount on provisions	4,300	10,014	4,500	10,630
Corporate overhead charges	(123,416)	18,967	(115,539)	31,764
Decrease in receivables impairment	(97)	(945)	-	(4,919)
Change in fair value of investment properties	17	239	-	740
Interest on pension transfer deficit	25	9,968	-	20,553
Straight lining of operating lease payments	-	8,492	-	7,977
Amortisation – operating lease prepayment	18	4	-	5
Pension past service cost	-	(106)	-	-
Other non-cash	6	1,031	4	(902)
Total RfR 1	3,322,684	6,315,782	3,385,357	6,830,692

	2010–11		Restated 2009–10	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Request for Resources 2 (RfR 2)				
Funding to the Scottish Executive	26,772,500	26,772,500	26,929,090	26,929,090
Other Expenditure	188	188	557	557
Total RfR 2	26,772,688	26,772,688	26,929,647	26,929,647
Request for Resources 3 (RfR 3)				
Funding of the National Assembly for Wales	13,24 4,000	13,244,000	13,005,814	13,005,814
Total RfR 3	13,244,000	13,244,000	13,005,814	13,005,814
Total other Programme costs	43,339,372	46,332,470	43,320,818	46,766,153

The net consolidated figure for the allocation of overheads of £(3,668)k (2009–10: £(3,655)k) – being £18,967 for Programme (2009–10: £31,764k) and £(22,335k) for Administration (2009–10: £(35,419)k) – represents services provided by the Core Department to NDPBs. These costs are not classified as grant-in-aid and are not included within the grants line of Programme costs.

13. Income

13.1 Operating income

	2010–11		Restated 2009–10	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Appropriated in Aid				
Her Majesty's Court Service income:				
Fees	-	463,912	-	479,238
Fines	-	103,618	-	94,848
Other	-	40,391	-	38,334
Court Funds Office recoveries from Debt Mgmt Office	12,406	12,406	15,580	15,580
Tribunals Service Income	-	64,297	-	52,588
Office of the Public Guardian fees and receipts	-	23,872	-	18,901
Official Solicitor and Public Trustee fees and receipts	1,791	1,791	2,362	2,362
NOMS income:				
Youth Justice Board	-	153,663	-	179,823
Primary Care Trusts	-	69,777	-	78,958
Department for Innovation, Universities and Skills	-	18,573	-	18,587
Other	-	92,676	-	106,698
National Probation Service income	-	-	-	-
Other RfR1 income	21,031	21,348	22,856	22,856
RfR2 income				
Scotland – hire of office facilities	151	151	187	187
Scotland – legal income	358	358	509	509
Scotland – Office of the Solicitor to the Advocate	953	953	1,041	1,041
General (OSAG)				
RfR3 income	-	-	9	9
EU income	-	31,864	-	11,437
Income arising within MoJ	-	-	-	(12,090)
Total Appropriated in Aid	36,690	1,099,650	42,544	1,109,866
Payable to Consolidated Fund				
CFER receipts RfR 1	2,523	2,954	5,040	5,200
CFER receipts RfR 2	-	-	-	-
CFER receipts RfR 3	-	-	-	-
Excess A in A RfR 1	-	-	-	4,359
Excess A in A RfR 2	-	-	-	-
Excess A in A RfR 3	7	7	2	2
Total payable to Consolidated Fund	2,530	2,961	5,042	9,561
Total operating income	39,220	1,102,611	47,586	1,119,427
Of which:				
Administration income	13,011	25,128	9,413	21,002
Programme income RfR 1	26,209	1,077,483	38,173	1,098,425
Programme income RfR 2	-	-	-	-
Programme income RfR 3	-	-	-	-
	39,220	1,102,611	47,586	1,119,427

13.2 Fees and charges

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 MoJ in this respect under the *FReM*.

	2010–11				
	Gross income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Her Majesty's Courts Service Civil Business	491,705	612,503	(120,798)	80	100
Court Funds Office	12,406	15,041	(2,635)	82	100
Lands Tribunal	386	2,143	(1,757)	18	50
Office of the Public Guardian	30,541	25,903	4,638	118	100
Official Solicitor and Public Trustee:					
Litigation	965	7,385	(6,420)	13	11
Trust and Estates	826	2,104	(1,278)	39	39
National Offender Management Service:					
Department for Business, Innovation and Skills	18,573	18,853	(280)	99	100
Primary Care Trust	69,777	69,343	434	101	100
Youth Justice Board	153,663	145,890	7,773	105	100
	778,842	899,165	(120,323)		

	2009–10				
	Gross income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Her Majesty's 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
National Offender Management Service:					
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
	824,254	939,596	(115,342)		

Her Majesty's Courts Service (HMCS)

Ministry of Justice introduced fee changes to family fees on 1 September 2010. The increases were based on the rate of inflation using the Retail Price Index (RPI) since the date of the last increase, with the majority of fees increased based on the rate of inflation since 2006 up to March 2010 (14.12%). The modest increase will provide an effective interim measure to reduce the family fee shortfall until the outcome of the family justice reforms and other major changes are known.

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 2010 [1916]** which amends *The Family Proceedings Fees (Amendment) Order 2009 [1499]*, *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);
- **The Magistrates' Courts Fees (Amendment No 2) Order 2010 [1917]** which amends *The Magistrates' Courts Fees (Amendment) Order 2010 [731]*, *The Magistrates' Courts Fees (Amendment) Order 2009 [1496]*, *The Magistrates' Courts Fees (Amendment) Order 2008 [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. Revised fee levels were introduced with effect from 29 November 2010 at a rate by which in a full year is expected to achieve the fee recovery target.

Official Solicitor and Public Trustee (OSPT)

The Official Solicitor's Litigation services continue to be largely publicly funded due to the nature of the cases dealt with. However, where appropriate, the Official Solicitor charges clients at full cost for services provided. There are however some categories of work for which the Official Solicitor is not empowered to charge.

The OSPT charge for their work in administering their Trusts and Deputy Services (TDS) cases. The TDS caseload continues to diminish as cases are only now accepted on the basis of 'last resort'. During 2009–10 to 2010–11 the caseload reduced from 427 to 357. The lower caseload means that there is a smaller base over which to absorb fixed costs.

Court Funds Office (CFO)

Court Funds Office administers the funds in the Court Funds Investment Account on behalf of its clients. CFO does not charge fees to clients but the cost of administration is recovered from the Court Funds Investment Account. The cost of administration is defined as the operating costs of the Court Funds Office and the Investment and Banking Modernisation Programme. All of the costs of the Court Funds Office are considered to be operating costs. Gross income is determined on an accruals basis for the financial year ending 28 February 2011.

14. Property, plant and equipment

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture and fittings	Payments on Account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2010–11								
Cost or valuation								
At 1 April 2010	1,209,316	6,827,747	60,643	316,653	289,379	89,977	580,316	9,374,031
Additions	1,530	9,799	-	36,557	7,314	2,525	545,917	603,642
Disposals	(33,836)	(49,684)	(2,355)	(14,057)	(12,919)	(1,514)	(13,956)	(128,321)
Impairments	(20,150)	(141,328)	(902)	2,619	4,065	579	(173)	(155,290)
Revaluations	18,873	117,316	(320)	(2,230)	7,797	(3,023)	-	138,413
Reclassifications	-	99,958	(13)	385	376	1,558	(111,325)	(9,061)
Restatements	240	9	-	-	-	-	-	249
Reclassification to assets held for sale	(8,502)	(8,882)	-	-	-	-	-	(17,384)
Transfers	2,496	357,457	4,929	25,304	16,782	35	(414,597)	(7,594)
At 31 March 2011	1,169,967	7,212,392	61,982	365,231	312,794	90,137	586,182	9,798,685
Depreciation								
At 1 April 2010	-	186,713	-	181,866	166,307	35,760	-	570,646
Charged in year	316	258,407	1,805	49,104	32,421	11,134	-	353,187
Disposals	-	(17,385)	(10)	(11,670)	(12,653)	(1,686)	-	(43,404)
Impairments	-	(6)	-	-	(25)	(189)	-	(220)
Revaluations	(316)	(109,085)	(1,746)	7,595	6,697	(871)	-	(97,726)
Reclassifications	-	5	-	3,920	(10)	3	-	3,918
Restatements	-	-	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	-	-	-	-	-	-
Transfers	-	2,040	(23)	(3,923)	6,807	(11)	-	4,890
At 31 March 2011	-	320,689	26	226,892	199,544	44,140	-	791,291
Net book value at 31 March 2011	1,169,967	6,891,703	61,956	138,339	113,250	45,997	586,182	9,007,394
Net book value at 1 April 2010	1,209,316	6,641,034	60,643	134,787	123,072	54,217	580,316	8,803,385
Asset financing								
Owned	1,111,764	5,881,769	57,235	104,418	109,309	45,997	586,182	7,896,674
Finance leases	40,348	381,989	4,721	10,966	3,941	-	-	441,965
PFI and other service concession arrangement contracts	17,855	627,945	-	22,955	-	-	-	668,755
Net book value at 31 March 2011	1,169,967	6,891,703	61,956	138,339	113,250	45,997	586,182	9,007,394

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture and fittings	Payments on Account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2009–10								
Cost or valuation								
At 1 April 2009	1,286,944	7,251,293	65,766	257,992	259,906	81,167	896,685	10,099,753
Assets introduced on formation of HMCS	525	2,241	-	-	-	-	-	2,766
Additions	15,217	17,744	80	59,359	17,895	4,724	666,717	781,736
Disposals	(1,023)	(24,660)	(3,714)	(19,580)	(11,062)	(236)	(48)	(60,323)
Impairments	-	-	-	-	-	-	-	-
Revaluations	(94,135)	(1,221,572)	(1,926)	(134)	8,515	4,192	-	(1,305,060)
Reclassifications	4,782	146,990	437	(5,153)	811	22	(156,150)	(8,261)
Restatements	(240)	(64)	-	(2,203)	1,684	108	-	(715)
Reclassification to assets held for sale	(2,754)	(3,238)	-	-	-	-	-	(5,992)
Transfers	-	659,013	-	26,372	11,630	-	(826,888)	(129,873)
At 31 March 2010	1,209,316	6,827,747	60,643	316,653	289,379	89,977	580,316	9,374,031
Depreciation								
At 1 April 2009	-	42,137	-	169,332	142,969	17,138	-	371,576
Assets introduced on formation of HMCS	-	-	-	-	-	-	-	-
Charged in year	404	284,136	(641)	54,475	30,115	18,614	-	387,103
Disposals	-	(3,225)	6	(18,408)	(9,416)	(157)	-	(31,200)
Impairments	-	187	-	-	-	-	-	187
Revaluations	(404)	(136,458)	635	(19,871)	2,511	165	-	(153,422)
Reclassification to assets held for sale	-	(64)	-	(4,035)	-	-	-	(4,099)
Restatements	-	-	-	-	-	-	-	-
Transfers	-	-	-	373	128	-	-	501
At 31 March 2010	-	186,713	-	181,866	166,307	35,760	-	570,646
Net book value at 31 March 2010	1,209,316	6,641,034	60,643	134,787	123,072	54,217	580,316	8,803,385
Net book value at 1 April 2009	1,286,944	7,209,156	65,766	88,660	116,937	64,029	896,685	9,728,177
Asset financing								
Owned	1,148,466	5,715,737	55,824	70,934	109,148	54,217	580,316	7,734,642
Finance leases	41,630	316,022	4,819	-	340	-	-	362,811
PFI and other service concession arrangement contracts	19,220	609,275	-	63,853	13,584	-	-	705,932
Net book value at 31 March 2010	1,209,316	6,641,034	60,643	134,787	123,072	54,217	580,316	8,803,385

Analysis of property, plant and equipment

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

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture and fittings	Payments on Account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Core Department at 31 March 2011	8,424	132,260	-	69,095	256	11,562	7,333	228,930
Agencies at 31 March 2011	1,161,543	6,759,442	61,956	69,244	112,994	34,435	578,850	8,778,464
Total	1,169,967	6,891,702	61,956	138,339	113,250	45,997	586,183	9,007,394
Core Department at 31 March 2010	2,116	137,466	-	70,517	(1,327)	11,398	11,833	232,003
Agencies at 31 March 2010	1,207,200	6,503,568	60,643	64,270	124,399	42,819	568,483	8,571,382
Total	1,209,316	6,641,034	60,643	134,787	123,072	54,217	580,316	8,803,385
Core Department at 1 April 2009	2,116	167,672	-	31,205	(1,391)	9,669	51,107	260,378
Agencies at 1 April 2009	1,284,828	7,041,484	65,766	57,455	118,328	54,360	845,578	9,467,799
Total	1,286,944	7,209,156	65,766	88,660	116,937	64,029	896,685	9,728,177

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 Department Statement of Financial Position. The DISC contract is a service concession arrangement (refer to Note 30.2). The majority of the assets are in use within executive agencies, which 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 none (2009–10: five) of the remaining properties which did not transfer to HMCS in 2005 as a result of the ‘*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 three (2009–10: three) remaining properties valued at £2.6m (2009–10: £4.2m). Of these properties, two (2009–10: two) are recorded in the Statement of Financial Position for a value of £2.5m (2009–10: £4.0m) as a result of HMCS bearing the risks and rewards of ownership. During 2009–10 valid title was agreed for ten 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 operational 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.

As part of an ongoing court rationalisation review, Ministers earmarked a total of 163 underutilised court buildings for closure (eight of which are classified as assets held for sale as of 31 March 2011) over the next three years. Given these courts are no longer expected to form part of HMCS’s operational estate in the future, their valuation method has been altered from depreciated replacement cost to fair value less costs to sell determined from market-based evidence. As this change in valuation method indicates a permanent diminution in value, any impairment has been taken direct to the Statement of Comprehensive Net Expenditure, with the balance of any Revaluation reserve taken to the General fund.

The total court closure impairment for 2010–11 was £59.4m (2009–10: £nil).

In respect of NOMS, a specific impairment of £0.4m was made following an incident at HMP Ford. Other impairments were as a result of a change in use (due to transfers in year of assets under construction) to the value of £85.0m. A reversal of prior year impairments of £78m resulted in a net impairment to the SoCNE of £6.9m.

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).

Historically, office furniture and prison cell furniture, where individual items fell below the capitalisation threshold, were capitalised at a standard value per item based on numbers of staff and prisoners and were not depreciated. In line with the *FReM* and MoJ accounting policies, a one-off depreciation charge in respect of historic utilisation of the pool of existing office furniture and prison cell furniture was recognised in 2009–2010, with future depreciation occurring on a straight line basis over the assets' remaining useful life.

15. Intangible assets

	Software licences	Internally generated software	Assets under construction	Total
	£000	£000	£000	£000
2010–11				
Cost or valuation				
At 1 April 2010	10,725	265,464	83,440	359,629
Additions	-	18,184	11,301	29,485
Disposals	(3,073)	183	(4,415)	(7,305)
Write-offs	-	-	(10,327)	(10,327)
Revaluations	(41)	(779)	2	(818)
Reclassifications	717	58,121	(50,907)	7,931
Transfers	8,410	(7,203)	283	1,490
At 31 March 2011	16,738	333,970	29,377	380,085
Amortisation				
At 1 April 2010	4,807	97,511	1	102,319
Charged in year	3,086	50,465	44	53,595
Disposals	(3,236)	(6,918)	-	(10,154)
Write-offs	-	-	-	-
Revaluations	37	(407)	1	(369)
Reclassifications	(277)	(3,646)	-	(3,923)
Transfers	4,045	(8,082)	26	(4,011)
At 31 March 2011	8,462	128,923	72	137,457
Net book value at 31 March 2011	8,276	205,047	29,305	242,628
Net book value at 1 April 2010	5,918	167,953	83,439	257,310

	Software licences	Internally generated software	Assets under construction	Total
	£000	£000	£000	£000
2009–10				
Cost or valuation				
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)
Write-offs	-	-	-	-
Revaluations	(142)	1,145	-	1,003
Reclassifications	165	14,469	(6,372)	8,262
Transfers	-	129,595	-	129,595
At 31 March 2010	10,725	265,464	83,440	359,629
Amortisation				
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)
Write-offs	-	-	-	-
Revaluations	(140)	(3,092)	-	(3,232)
Reclassifications	-	3,871	-	3,871
Transfers	-	-	-	-
At 31 March 2010	4,807	97,511	1	102,319
Net book value at 31 March 2010	5,918	167,953	83,439	257,310
Net book value at 1 April 2009	8,288	45,808	65,962	120,058

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 2011	2,580	39,819	6,031	48,430
Agencies at 31 March 2011	5,696	165,228	23,274	194,198
Total	8,276	205,047	29,305	242,628
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
Total	5,918	167,953	83,439	257,310
Core Department at 1 April 2009	264	36,971	19,792	57,027
Agencies at 1 April 2009	8,024	8,837	46,170	63,031
Total	8,288	45,808	65,962	120,058

16. Investments

	Loans funded from National Loans Fund	Other investments quoted	Other investments unquoted	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2009	776,455	103	29	776,587
Adjustments	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Loans repayable within 12 months transferred to debtors	(5,145)	-	-	(5,145)
Revaluations	-	42	(16)	26
Transfers	-	-	-	-
Balance at 31 March 2010	771,310	145	13	771,468
Adjustments	(1)	(1)	1	(1)
Additions	-	-	-	-
Disposals	-	-	-	-
Loans repayable within 12 months transferred to debtors	(21,151)	-	-	(21,151)
Revaluations	-	155	91	246
Transfers	-	-	-	-
Balance at 31 March 2011	750,158	299	105	750,562

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 2011	750,158	-	-	750,158
Agencies at 31 March 2011	-	299	105	404
Total	750,158	299	105	750,562
Core Department at 31 March 2010	771,310	-	-	771,310
Agencies at 31 March 2010	-	145	13	158
Total	771,310	145	13	771,468
Core Department at 1 April 2009	776,455	-	-	776,455
Agencies at 1 April 2009	-	103	29	132
Total	776,455	103	29	776,587

Loans funded from the National Loans Fund (NLF)

The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to the 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 NOMS

The quoted investments are stated at market value at 31 March 2011. The unquoted investments related mainly to the value of the milk quota and are valued at estimated realisable value at 31 March 2011. These investments were acquired by 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, 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 as www.british-energy.com.

17. Investment property

	2010–11		2009–10	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	-	1,855	-	2,595
Decrease in value of investment property	-	(239)	-	(740)
Assets classified as held for sale	-	(616)	-	-
Balance at 31 March	-	1,000	-	1,855

Investment property is 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'.

Investment property rental revenue of £0.1m (2009–10: £0.1m) was recognised in the Statement of Comprehensive Net Expenditure.

18. Lease prepayments

	2010–11		Restated 2009–10	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	-	154	-	159
Additions	-	-	-	-
Amortisation	-	(4)	-	(5)
Reclassifications	-	-	-	-
Balance at 31 March	-	150	-	154

Lease prepayments represent prepaid operating lease balances under non-cancellable operating leases.

19. Assets held for sale

	2010–11		2009–10		2008–09	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Balance at 1 April	-	18,324	-	22,003	-	16,244
Reclassifications inwards	-	18,000	-	9,605	-	22,003
Disposals	-	(7,683)	-	(6,693)	-	(16,244)
Revaluation	-	5,299	-	(2,979)	-	-
Reclassifications outwards	-	(41)	-	(3,612)	-	-
Balance at 31 March	-	33,899	-	18,324	-	22,003

	2010–11 Consolidated £000
Assets reclassified from:	
Land	8,502
Buildings	8,882
Investment property	616
	18,000

As part of an ongoing court rationalisation review, HMCS has committed to a plan to sell a number of surplus properties (land and buildings) that were previously used to provide court services. Similarly, NOMS has committed to a plan to sell various surplus properties consisting of commercial properties and domestic dwellings. 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 as Assets held for sale or the date of the Statement of Financial Position.

20. Inventories

	31 March 2011		31 March 2010		1 April 2010	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Raw materials	-	1,375	-	1,386	-	636
Consumables	-	33,356	-	30,879	-	31,605
Work in progress	-	1,889	-	2,033	-	2,180
Finished goods	-	3,723	-	3,549	-	3,857
Total inventories	-	40,343	-	37,847	-	38,278

21. Trade and other receivables

21.1 Analysis by type

	31 March 2011		Restated 31 March 2010		Restated 1 April 2009	
Note	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year:						
Trade receivables	6,510	39,356	6,581	48,168	4,373	40,781
VAT receivables	10,826	29,369	7,068	16,570	6,863	56,192
Deposits and advances	963	4,483	1,035	3,079	1,036	3,225
Other receivables	2,246	136,008	3,073	57,038	2,075	35,764
Prepayments (non PFI) and accrued income	28,765	91,654	26,098	80,263	18,219	69,316
Current part of NLF loan – interest payable	10,674	10,674	10,690	10,690	10,827	10,827
Current part of NLF loan – capital	21,151	21,151	5,145	5,145	18,140	18,140
Intra-departmental receivables	113,753	-	110,225	-	30,279	-
	194,888	332,695	169,915	220,953	91,812	234,245

	31 March 2011		Restated 31 March 2010		Restated 1 April 2009	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Amounts falling due after more than one year:						
Deposits and advances	-	127	-	18	-	2,330
Other receivables	-	2,353	-	41,594	-	10,327
Prepayments (non-PFI) and accrued income	-	9	52	58	209	209
	-	2,489	52	41,670	209	12,866

21.2 Analysis by organisation

	Amounts due within one year			Amounts due after more than one year		
	Restated	Restated		Restated	Restated	
	31 March 2011	31 March 2010	1 April 2009	31 March 2011	31 March 2010	1 April 2009
	£000	£000	£000	£000	£000	£000
Other central government bodies	149,403	128,938	128,141	-	-	-
Local Authorities	5,677	10,391	2,830	-	-	-
NHS Trusts	3,723	5,739	8,343	-	-	-
Public corporations and trading funds	1,025	424	307	-	-	-
Total intra-government balances	159,828	145,492	139,621	-	-	-
Bodies external to government	172,867	75,461	94,624	2,489	41,670	12,866
Total trade and other receivables	332,695	220,953	234,245	2,489	41,670	12,866

22. Cash and cash equivalents

	31 March 2011		Restated 31 March 2010		Restated 1 April 2009	
	Core		Core		Core	
	Department	Consolidated	Department	Consolidated	Department	Consolidated
	£000	£000	£000	£000	£000	£000
Balance at 1 April	175,519	402,234	168,485	446,718	68,693	340,658
Net change in cash and cash equivalents	(88,650)	(239,971)	7,034	(44,484)	99,792	106,060
Balance at 31 March	86,869	162,263	175,519	402,234	168,485	446,718
Of which:						
Government Banking Service	86,572	152,747	175,262	328,488	168,169	417,665
Commercial banks and cash in hand	297	87,515	257	74,150	316	71,130
	86,869	240,262	175,519	402,638	168,485	488,795
Overdraft	-	(77,999)	-	(404)	-	(42,077)
	86,869	162,263	175,519	402,234	168,485	446,718

Cash balances include £194k for the Core Department (2009–10: £307k) and £16,559k for the Consolidated Department (2009–10: £23,141k) in respect of third party monies shown in Note 24.1 which are mainly bail deposits held by HMCS.

A further £28,520k (2009–10: £21,775k) represents cash balances held by HMCS which are payable to other government departments in respect of impositions and recovered assets.

In addition, the NOMS agency holds third party monies of £10.3m (2009–10: £10.4m), not included in the above balances. This relates to monies held on behalf of prisoners.

Further information in respect of cash and cash equivalents related to the collection of fines and penalties can be found in the Trust Statement, which will be published post recess following these Accounts.

23. Reconciliation of Net cash requirement to increase / (decrease) in cash

	Note	2010–11 £000	2009–10 £000
Net cash requirement	4	(49,129,734)	(49,331,260)
Amounts from the Consolidated Fund (Supply):			
- current year	SoCTE	48,894,850	49,319,754
Amounts due to the Consolidated Fund:			
- received in a prior year and paid over: Surplus A in A	24.1	(4,361)	-
- received in a prior year and paid over: CFERs	24.1	(3,690)	(6,679)
- received in a prior year but to be transferred to the Trust Statement	24.1	(32,953)	(46,986)
- received and not paid over: Surplus A in A	24.1	7	4,361
- received but to be transferred to the Trust Statement	24.1	34,465	32,953
- received and not paid over: CFERs	24.1	1,147	3,690
National Loans Fund transactions:			
- Principal payments paid over	24.1	(5,145)	(18,140)
- Principal payments received from other bodies	21.1	5,145	18,140
- Interest received from other bodies	SoCNE	(52,420)	(53,521)
- Interest paid over	SoCNE	52,420	53,521
(Decrease) / increase in third party balances		298	(6,628)
Machinery of Government transfers	40.2	-	(13,689)
Increase / (decrease) in cash		(239,971)	(44,484)
Opening cash		402,234	446,718
Closing cash		162,263	402,234
Increase / (decrease) in cash		(239,971)	(44,484)

24. Trade and other payables

24.1 Analysis by type

Note	31 March 2011		Restated 31 March 2010		Restated 1 April 2009	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Amounts due within one year						
Other taxation and social security	3,757	23,356	3,543	22,879	3,272	31,390
Corporation tax	-	1,057	-	-	-	-
Trade payables	4,700	106,748	2,977	182,608	14	275,030
Other payables	13,391	104,139	7,065	59,377	10,853	66,705
Accruals	79,381	528,243	91,786	550,243	111,893	518,380
Deferred income	527	8,181	615	10,956	825	4,667
Finance leases	2,351	2,671	1,828	2,131	2,949	3,369
Imputed finance lease element of Service Concession Arrangements (inc. PFI)	8,302	58,458	13,306	67,123	-	56,502
National Loans Fund – interest payable	10,674	10,674	10,689	10,689	10,827	10,827
National Loans Fund – capital	21,151	21,151	5,145	5,145	18,140	18,140
Amounts issued from the Consolidated Fund for supply but not spent at year end	81,565	81,565	316,449	316,449	298,150	298,150
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund	-	-	-	-	-	-
- received	716	1,147	3,690	3,690	4,825	6,679
- received but to be transferred Trust Statement	34,465	34,465	32,953	32,953	46,986	46,986
Amounts due to the Consolidated Fund for excess A in A	7	7	4,361	4,361	-	-
Intra-departmental payables	228,352	-	48,131	-	498	-
Third party monies	194	16,559	307	23,141	368	27,070
Total amounts due within one year	489,533	998,421	542,845	1,291,745	509,600	1,363,895

Note	31 March 2011		Restated 31 March 2010		Restated 1 April 2009	
	Core Department	Consolidated	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000	£000	£000
Amounts due after one year						
Accruals	-	-	-	-	-	57,792
Finance leases	143,465	161,909	145,815	163,975	200,713	385,238
Imputed finance lease element of Service Concession Arrangements (inc. PFI)	32,662	451,729	16,809	499,504	-	360,192
Other payables	37,732	123,991	35,407	116,457	32,681	58,471
National Loans Fund – capital	750,158	750,158	771,310	771,310	776,455	776,455
Total amounts due after one year	964,017	1,487,787	969,341	1,551,246	1,009,849	1,638,148

24.2 Analysis by organisation

	Amounts due within one year			Amounts due after one year		
	Restated	Restated		Restated	Restated	
	31 March 2011	31 March 2010	1 April 2009	31 March 2011	31 March 2010	1 April 2009
	£000	£000	£000	£000	£000	£000
Other central government bodies	271,457	471,275	436,960	750,158	771,309	776,455
Local Authorities	21,368	39,721	25,034	42,113	45,406	-
NHS Trusts	3,796	1,153	8,241	-	-	-
Public corporations and trading funds	581	1,539	776	-	-	-
Total intra-government balances	297,202	513,688	471,011	792,271	816,715	776,455
Bodies external to government	701,219	778,057	892,884	695,516	734,531	861,693
Total trade and other payables	998,421	1,291,745	1,363,895	1,487,787	1,551,246	1,638,148

25. Provisions for liabilities and charges

	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 2009	-	89,560	7,338	52,380	18,558	-	3,339	171,175
Adjustment for JPAD provision	-	-	-	-	57	-	-	57
Adjustment for NOMS leasehold dilapidations	-	-	-	-	-	-	-	-
Provided in 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 year	-	(6,424)	(2,101)	(3,082)	(11,538)	-	(97)	(23,242)
Unwinding of discount	-	4,500	-	-	-	-	-	4,500
Balance at 1 April 2010	-	88,036	10,141	46,993	19,106	33,000	5,342	202,618
Provided in year	-	20,400	14,621	13,392	13,458	-	446	62,317
Provisions not required written back	-	-	(1,218)	(8,215)	(52)	-	-	(9,485)
Pension past service cost	-	-	-	-	-	-	-	-
Unwinding of discount	-	4,300	130	-	-	-	-	4,430
Actuarial (gain) / loss on pension scheme liabilities	-	-	-	-	-	-	-	-
Provisions utilised in year	-	(12,825)	(2,280)	(16,302)	(11,496)	(33,000)	(100)	(76,003)
Balance at 31 March 2011	-	99,911	21,394	35,868	21,016	-	5,688	183,877

	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 2009	367,018	89,560	148,686	52,380	61,394	-	28,672	747,710
Adjustment for JPAD provision	-	-	-	-	57	-	-	57
Adjustment for NOMS leasehold dilapidations	-	-	-	-	-	-	33,438	33,438
Interest on pension deficit	20,553	-	-	-	-	-	-	20,553
Provided in 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 year	(26,000)	(6,424)	(15,164)	(3,082)	(20,125)	-	(884)	(71,679)
Unwinding of discount	-	4,500	6,130	-	-	-	-	10,630
Balance at 1 April 2010	178,000	88,036	189,313	46,993	69,709	33,000	69,476	674,527
Interest on pension deficit	9,968	-	-	-	-	-	-	9,968
Interest on by-analogy pension scheme	-	-	-	-	-	-	76	76
Provided in year	182,232	20,400	23,379	13,392	48,413	-	2,824	290,640
Provisions not required written back	-	-	(1,218)	(8,215)	(19,282)	-	(6,792)	(35,507)
Pension past service cost	-	-	-	-	-	-	(106)	(106)
Unwinding of discount	-	4,300	5,768	-	-	-	-	10,068
Actuarial (gain) / loss on pension scheme liabilities	-	-	-	-	-	-	(37)	(37)
Provisions utilised in year	(26,200)	(12,825)	(26,001)	(16,302)	(20,078)	(33,000)	(500)	(134,906)
Balance at 31 March 2011	344,000	99,911	191,241	35,868	78,762	-	64,941	814,723

The adjustment for the Judicial and Policy Appointments Directorate (JPAD) reflects its transfer from HMCS to the Core Department.

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 £26.2m (2009–10: £26.0m) has been made in the year to the PCSPS as part settlement of the estimated deficit.

Judicial Long Service Award

The Judicial 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 of 2.2 % (2009–10: 2.2%). The liability is based on an actuarial assessment as at 31 March 2011.

Early departure costs

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. MoJ provides for this in full when the early retirement programme becomes binding on MoJ by establishing a provision for the estimated payments discounted at the Treasury rate of 2.9% (2009–10: 1.8%) in real terms. Early departures approved near the end of 2010–11 are mostly based on 'ready reckoner' estimates pending receipt of formal valuations from the pension administrator.

Included in these costs are those that relate to the Voluntary Early Departure (VED) scheme. In December 2010, Ministry of Justice offered a VED scheme to selected employees. The terms of the scheme offered were in accordance with the Civil Service Compensation scheme introduced by the government in December 2010. The VED provision covers amounts offered to individuals who have a probable chance of accepting this offer and leaving shortly after 31 March 2011. It includes payments in lieu of notice and compensation in lieu of notice amounts where relevant.

The provision also includes the costs of providing for unfunded early retirement benefits of certain Magistrates' Court staff.

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. 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, 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 33.

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 maximum 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. MoJ has honoured the commitment to compensate all those who had lodged these claims against the government, leading to the crystallisation of the £33m provision in this financial year. In addition, there are further claims due

to be paid in 2011–12 for approximately 2,100 individuals at a total amount of £9.2m (over and above the original provision). This additional amount has been accrued in the 2010–11 Accounts.

Other provisions

Other provisions include a provision in respect of a 'by analogy' pension scheme in respect of the Law Commission, and a £2m provision to meet ex gratia payments to victims of overseas terrorism.

Analysis of expected timings:

Core Department							
	Pension transfer deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural plaques	Total
	£000	£000	£000	£000	£000	£000	£000
Not later than one year	-	17,000	14,620	35,868	11,533	-	79,520
Later than one year and not later than five years	-	50,300	5,786	-	9,483	-	68,074
Later than five years	-	32,611	988	-	-	-	36,283
Balance at 31 March 2011	-	99,911	21,394	35,868	21,016	-	183,877

Consolidated							
	Pension transfer deficit	Judicial Service Award	Early departure costs	Costs from Central Funds	Legal claims	Pleural plaques	Total
	£000	£000	£000	£000	£000	£000	£000
Not later than one year	22,000	17,000	36,037	35,868	67,734	-	203,921
Later than one year and not later than five years	88,000	50,300	72,381	-	10,477	-	241,935
Later than five years	234,000	32,611	82,823	-	551	-	368,867
Balance at 31 March 2011	344,000	99,911	191,241	35,868	78,762	-	814,723

26. Segmental reporting

Operating segments for the Department are the various business areas. In 2010–11 these were as follows:

National Offender Management Service (NOMS)

The NOMS Agency is responsible for the delivery of adult offender management services for England and Wales. It delivers both as the provider of public sector prisons and probation services, and as commissioner of services from private and public sector organisations.

Justice Policy Group (JPG)

JPG focuses on policy for criminal, civil and family justice, criminal justice strategy, offender management strategy and regulation, research and analysis and closer working with other parts of the criminal justice system.

Corporate Performance Group (CPG)

CPG brings together, in a single group, the key cross-cutting corporate functions which provide the support and challenge to help MoJ deliver its objectives.

Law, Rights & International (LRI)

LRI deals with issues such as human rights, international and legal matters and judicial support.

Access to Justice

Effective January 2011, Access to Justice ceased to exist as a reporting segment. Prior to this, the primary purpose of the group was to bring together MoJ delivery responsibilities (outside of the NOMS) to improve the end to end processes for delivering justice to users and improve efficiency and effectiveness by sharing resources across delivery organisations.

Request for Resource 1 (RfR 1)

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

	2010–11 Consolidated			Restated 2009–10 Consolidated		
	Gross expenditure	Income	Net	Gross expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
RfR 1						
Corporate Performance Group	159,193	(5,188)	154,005	215,456	(9,771)	205,685
Law, Rights and International	69,548	(1,494)	68,054	104,040	(871)	103,169
Access to Justice	4,929,509	(712,915)	4,216,594	4,809,764	(702,357)	4,107,407
National Offender Management Service	4,559,164	(366,984)	4,192,180	5,109,974	(388,334)	4,721,640
Justice Policy Group	591,260	(14,561)	576,699	601,381	(16,346)	585,035
Total RfR 1	10,308,674	(1,101,142)	9,207,532	10,840,615	(1,117,679)	9,722,936

Request for Resource 2 (RfR 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

	2010–11 Consolidated			Restated 2009–10 Consolidated		
	Gross expenditure	Income	Net	Gross expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
RfR 2						
Scotland Objective 1	1,133	-	1,133	1,476	-	1,476
Scotland Objective 2	958	-	958	912	-	912
Scotland Objective 3	1,305	-	1,305	1,247	-	1,247
Scotland Objective 4	690	-	690	732	-	732
Scotland Objective 5	26,773,582	(151)	26,773,431	26,930,197	(187)	26,930,010
Office of the Advocate General Objective 1	1,528	-	1,528	1,503	-	1,503
Office of the Advocate General Objective 2	2,617	(1,311)	1,306	2,886	(1,550)	1,336
Total RfR 2	26,781,813	(1,462)	26,780,351	26,938,953	(1,737)	26,937,216

	2010–11 Objectives	2009–10 Objectives
Scotland Objective 1	To maintain and strengthen the devolution settlement, in particular by implementing the recommendations of the Commission on Scottish Devolution.	To fulfil all requirements in relation to UK Government and Parliament activities concerning Scotland and in relation to constitutional functions under the Scotland Act.
Scotland Objective 2	To ensure Scotland's interests are understood and represented within the UK, and to promote a wider understanding of UK Government policies in Scotland.	To ensure that Scotland's interests in relation to reserved areas are known and represented within the UK Government.
Scotland Objective 3	To promote co-operation between the UK and Scottish Government on issues of significance to Scotland, including the interface between reserved and devolved legislation.	To promote UK Government interests in Scotland.
Scotland Objective 4	To ensure the effective administration of the Boundary Commission and of Parliamentary elections in Scotland.	To ensure the effective administration of future Scottish Parliament elections in Scotland.
Scotland Objective 5	To run the Scotland Office effectively, efficiently and economically.	To handle all financial matters timeously and with propriety – including payments to the Scottish Consolidated Fund.
Office of the Advocate General 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.	To provide high quality legal advice and efficient services in relation to Scots law and the Scottish devolution settlement to UK Government Departments
Office of the Advocate General 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.	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 Resource 3 (RfR 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.

	2010–11 Consolidated			Restated 2009–10 Consolidated		
	Gross expenditure	Income	Net	Gross expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
RfR 3						
Objective 1	1,522	(7)	1,515	2,075	(11)	2,064
Objective 2	1,523	-	1,523	2,064	-	2,064
Objective 3	1,015	-	1,015	709	-	709
Objective 4	507	-	507	1,064	-	1,064
Objective 5	508	-	508	-	-	-
Grant to the National Assembly for Wales and other Programme expenditure	13,244,000	-	13,244,000	13,005,814	-	13,005,814
Total RfR 3	13,249,075	(7)	13,249,068	13,011,726	(11)	13,011,715

	2010–11 Objectives	2009–10 Objectives
Objective 1	To maintain and develop the devolution settlement and to facilitate partnership working between UK and devolved administrations and institutions.	To maintain and improve the devolution settlement.
Objective 2	To present Wales' interests within the Government.	To maintain effective working relationships with the Welsh Assembly Government.
Objective 3	To work with others to help ensure that the Government's policies in non-devolved areas are understood and promoted in Wales.	To represent Welsh interests in the wider world.
Objective 4	To promote the economic, social and cultural interests of Wales.	To secure, develop and manage effectively and efficiently the resources needed to deliver previous objectives.
Objective 5	To conduct our business with courtesy, efficiency and propriety.	Not applicable.

Total Resources (Net operating cost)

	2010–11 Consolidated			Restated 2009–10 Consolidated		
	Gross expenditure £000	Income £000	Net £000	Gross expenditure £000	Income £000	Net £000
RfR 1	10,308,674	(1,101,142)	9,207,532	10,840,615	(1,117,679)	9,722,936
RfR 2	26,781,813	(1,462)	26,780,351	26,938,953	(1,737)	26,937,216
RfR 3	13,249,075	(7)	13,249,068	13,011,726	(11)	13,011,715
Total Net operating cost	50,339,562	(1,102,611)	49,236,951	50,791,294	(1,119,427)	49,671,867

On an overall basis, the total Net operating cost reconciles to the Statement of Comprehensive Net Expenditure (SoCNE). However, the individual RfR balances do not reconcile to the SoCNE as the SoCNE does not separately disclose Administration costs and income on a RfR basis.

27. Impairments

		2010–11		Restated 2009–10	
		Core Department	Consolidated	Core Department	Consolidated
Note		£000	£000	£000	£000
Impairment charged directly to the Statement of Comprehensive Net Expenditure					
Programme expenditure					
Property, plant and equipment	12	-	70,778	41,584	48,618
Intangible assets	12	-	10,633	-	-
Total impairments		-	81,411	41,584	48,618

28. Capital commitments

	31 March 2011		31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Contracted capital commitments not yet incurred as at 31 March comprise:				
Property, plant and equipment	10,542	198,035	2,269	475,002
Intangible assets	-	12,694	690	4,309
Total capital commitments	10,542	210,729	2,959	479,311

29. Commitments under leases

29.1 Operating leases

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

	31 March 2011		31 March 2010	
	Core		Core	
	Department	Consolidated	Department	Consolidated
	£000	£000	£000	£000
Land and buildings				
Not later than one year	26,390	140,811	24,681	138,261
Later than one year but not later than five years	96,851	507,842	93,869	491,295
Later than five years	306,154	1,516,151	326,955	1,423,350
Total land and buildings	429,395	2,164,804	445,505	2,052,906
Other				
Not later than one year	286	3,166	562	4,241
Later than one year but not later than five years	239	2,719	302	4,050
Later than five years	-	73	-	129
Total other	525	5,958	864	8,420
Total commitments under operating leases	429,920	2,170,762	446,369	2,061,326

It is not possible to separate the rental payments between land and buildings for these leases.

29.2 Finance leases

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

	31 March 2011		Restated 31 March 2010	
	Core		Core	
	Department	Consolidated	Department	Consolidated
	£000	£000	£000	£000
Land and buildings				
Not later than one year	14,486	15,374	14,133	15,189
Later than one year but not later than five years	61,657	65,345	60,153	64,429
Later than five years	198,556	225,290	214,544	379,155
	274,699	306,009	288,830	458,773
Less interest element	(128,883)	(148,755)	(141,187)	(293,015)
Total land and buildings	145,816	157,254	147,643	165,758
Other				
Not later than one year	-	499	-	208
Later than one year but not later than five years	-	1,139	-	335
Later than five years	-	136,775	-	-
	-	138,413	-	543
Less interest element	-	(131,087)	-	(195)
Total other	-	7,326	-	348
Present value of minimum lease payments	145,816	164,580	147,643	166,106

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

	31 March 2011		Restated 31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Land and buildings				
Not later than one year	2,351	2,481	7,224	5,488
Later than one year but not later than five years	15,781	16,510	30,749	23,279
Later than five years	127,684	138,263	109,670	136,991
Total land and buildings	145,816	157,254	147,643	165,758
Other				
Not later than one year	-	134	-	133
Later than one year but not later than five years	-	(151)	-	215
Later than five years	-	7,343	-	-
Total	-	7,326	-	348
Present value of minimum lease payments	145,816	164,580	147,643	166,106

The main part of the finance liability relates to the refurbishment of 102 Petty France.

MoJ does not have any contingent rents.

30. Commitments under Service Concession Arrangements

30.1 Off Statement of Financial Position Service Concession Arrangements

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
ARAMIS	January 1998	13	39.5	<p>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 the initial term expired in January 2007. IT services were extended to July 2008 to allow transition to a replacement programme (DISC). The in-house Shared Services programme (SSP) will replace MoJ-specific services provided under ARAMIS with a Wider-MoJ Service provision which will include NOMS and a number of 'Arm's-Length Bodies', and potentially other government organisations. The ICT suppliers that will support the SSP have been selected by MoJ and contracts were signed for these services on 22 March 2011.</p> <p>As one of the risk mitigation measures taken to ensure business continuity (up to the 'go-live' point of the replacement service), an option to extend the ARAMIS contract term and service provision was renegotiated through the change control process. Although most ARAMIS services should be supplanted by the replacement SSP before expiry of the existing term, a modified or reduced ARAMIS service provision for HR and Financial Services is expected to run parallel to the SSP service provision during its roll-out phase. This SSP roll-out is currently planned to start June 2012 and complete in early 2013. Under the Service Level Agreement, the entire ARAMIS contract was rolled over for the extended period, thus remaining a PFI in nature even though the capital investment underlying the contract has been paid for.</p>

There are no off Statement of Financial Position obligations for the Core and Consolidated Departments.

30.2 On Statement of Financial Position Service Concession Arrangements

In accordance with IFRIC 12 and the FReM these assets are treated as assets of 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 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 MoJ at no cost.
Sheffield	November 2002	25	7.7	Provision of a Family Hearing Centre in Sheffield. At the end of the contract term 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 the contract term can be extended (subject to agreement of mutually acceptable terms) by up to five years.
Hereford and Worcester Magistrates' Courts	March 2000	25	30.6	Provision of serviced accommodation for Magistrates' Courts at Bromsgrove, Kidderminster, Worcester and Redditch. The length of the contract can be extended for another 10 years.
Manchester Magistrates' Court	March 2001	25	32.9	Provision of an 18-courtroom courthouse.
Humberside Magistrates' Courts	March 2000	25	21.6	Provision of serviced Magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, MoJ has the option of taking the assets back for a nominal amount of £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 Bourton.
HMP Altcourse	December 1995	27	53.2	Design, build, finance and operate an 800 place new prison at HMP Altcourse.
HMP Parc	December 1995	27	85.2	Design, build, finance and operate an 840 place category B prison near Bridgend, South Wales.
HMP Lowdham Grange	November 1996	27	48.8	Design, build, finance and operate a 760 place category B prison at HMP Lowdham Grange, Nottingham.
HM/YOI Ashfield	June 1998	27	23.1	Design, build, finance and operate a 400 place young offenders and juveniles' category B prison at Pucklechurch, near Bristol.

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
HMP Forest Bank	July 1998	27	45.9	Design, build, finance and operate an 800 place category B prison HMP Forest Bank, on the site of former Agecroft power station.
HMP Rye Hill	July 1999	27	30.9	Design, build, finance and operate a 600 place category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate Marchington	September 1999	27	68.8	Design, build, finance and operate an 1060 place category B prison and therapeutic community facility at HMP Dovegate Marchington, Staffordshire.
HMP Bronzefield	December 2002	27	45.0	Design, build, finance and operate an 500 place category B prison at Ashford in Middlesex.
HMP Peterborough	February 2003	27	68.6	Design, build, finance and operate an 840 place category B prison at Peterborough in Cambridgeshire.
The Prison Service – Heat / Energy Tranche 1	November 1998	15	9.0	Installation and maintenance of boilers in prisons and the provision of heating / energy services.
The Prison Service – Heat / Energy Tranche 2	August 2001	11	10.0	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	3.5	The supply and running of the Prison Vans and Escorts.
Electronic Monitoring System	April 2005	8	8.0	The supply of an Electronic tagging system.
IT and Telephony System	July 2000	12	4.3	The supply of an IT and telephony system.

Analysis of MoJ's obligations under on Statement of Financial Position Service Concession Arrangements is as follows:

	31 March 2011		31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not later than one year	10,976	90,066	15,277	101,557
Later than one year but not later than five years	36,128	254,793	18,072	278,965
Later than five years	1,473	401,147	-	450,251
	48,577	746,006	33,349	830,773
Less: Interest element	(7,613)	(235,819)	(3,234)	(264,146)
Total obligations under on Statement of Financial Position Service Concession Arrangements	40,964	510,187	30,115	566,627

	31 March 2011		31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Net present value disclosure				
Not later than one year	8,302	58,449	13,796	69,267
Later than one year but not later than five years	30,772	157,944	16,319	190,267
Later than five years	1,890	293,794	-	307,093
Total obligations under on Statement of Financial Position Service Concession Arrangements	40,964	510,187	30,115	566,627

30.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off Statement of Financial Position Service Concession Arrangements transactions and the total service element of on Statement of Financial Position Service Concession Arrangements transactions was £725m (2009–10: £667m).

The future payments of this type to which MoJ and its agencies are committed, are as follows:

	31 March 2011		31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not later than one year	110,659	708,026	108,208	716,337
Later than one year but not later than five years	172,304	1,937,540	286,465	1,695,166
Later than five years	-	3,167,874	-	3,123,502
Total	282,963	5,813,440	394,673	5,535,005

The PFI commitments for the Consolidated Department 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 Service Concession Arrangements.

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.

31. Other financial commitments

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

	31 March 2011		31 March 2010	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Net present value disclosure				
Not later than one year	671	206,039	558	231,288
Later than one year but not later than five years	-	374,935	139	352,100
Later than five years	-	851,122	-	11,996
Total obligations under other financial commitments	671	1,432,096	697	595,384

Other financial commitments relate to payments committed for non-cancellable contracts.

32. Financial instruments

32.1 Categories of financial instruments

		31 March 2011		Restated 31 March 2010	
	Note	Core Department	Consolidated	Core Department Restated	Consolidated Restated
		£000	£000	£000	£000
Financial assets					
Cash and cash equivalents	22	86,869	162,263	175,519	402,234
Loans and receivables					
Receivables for goods and services (gross)		6,601	40,248	6,594	52,667
Other receivables (gross)		32,050	234,574	3,073	98,632
National Loans Fund – capital	21.1	21,151	21,151	5,145	5,145
Available for sale financial assets					
National Loans Fund – capital	16	750,158	750,158	771,310	771,310
Unquoted investments	16	-	105	-	13
Quoted investments	16	-	299	-	145
Total financial assets		896,829	1,208,798	961,641	1,330,146
Financial liabilities					
Financial liabilities at amortised cost					
Finance lease	24.1	(145,816)	(164,580)	(147,643)	(166,106)
Imputed finance leases	24.1	(40,964)	(510,187)	(30,115)	(566,627)
Trade payables	24.1	(4,700)	(106,748)	(2,977)	(182,608)
National Loans Fund – capital	24.1	(771,309)	(771,309)	(776,455)	(776,455)
Total financial liabilities		(962,789)	(1,552,824)	(957,190)	(1,691,796)

32.2 Net income and expenses from financial assets

	31 March 2011		31 March 2010	
	Core		Core	
Note	Department	Consolidated	Department	Consolidated
	£000	£000	£000	£000
Loans and receivables				
Impairment of financial assets	11, 12	(950)	(1,858)	(2,555)
Interest receivable on NLF loans	SoCNE	(52,420)	(52,420)	(53,521)
Net (gain) / loss on loans and receivables		(53,370)	(54,278)	(56,076)
				(60,995)

32.3 Net income and expenses from financial liabilities

		31 March 2011		Restated 31 March 2010	
	Note	Core Department	Consolidated	Core Department	Consolidated
		£000	£000	£000	£000
Financial liabilities at amortised cost					
Finance and interest charges	11, 12	15,398	48,879	16,245	53,161
Interest payable on NLF loans	SoCNE	52,420	52,420	53,521	53,521
Net (gain)/loss on financial liabilities		67,818	101,299	69,766	106,682

32.4 Fair value of financial instruments

				31 March 2011			
				Core Department		Consolidated	
	Note	Total carrying amount	Aggregate Net Fair Value	Total carrying amount	Aggregate Net Fair Value		
		£000	£000	£000	£000		
Financial assets							
Cash and cash equivalents	22	86,869	86,869	162,263	162,263		
Loans and receivables							
Receivables for goods and services (gross)		6,601	6,601	40,248	40,248		
Other receivables (gross)		32,050	32,050	234,574	234,574		
National Loans Fund – capital	21.1	21,151	26,425	21,151	26,425		
Available for sale financial assets							
National Loans Fund – capital	16	750,158	948,518	750,158	948,518		
Unquoted investments	16	-	-	105	105		
Quoted investments	16	-	-	299	299		
Total financial assets		896,829	1,100,463	1,208,798	1,412,432		
Financial liabilities							
Financial liabilities at amortised cost							
Finance lease	24.1	(145,816)	(145,816)	(164,580)	(164,580)		
Imputed finance lease	24.1	(40,964)	(40,964)	(510,187)	(510,187)		
Trade payables	24.1	(4,700)	(4,700)	(106,748)	(106,748)		
National Loans Fund – capital	24.1	(771,309)	(771,309)	(771,309)	(771,309)		
Total financial liabilities		(962,789)	(962,789)	(1,552,824)	(1,552,824)		

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

32.5 Credit risk

MoJ is exposed to minimal credit risk in respect of receivables for goods and services and other receivables. The maximum exposure to credit risk is equal to the total amount of the outstanding receivable, being £38,651k (2009–10: £9,667k) for the Core Department and £274,822k (2009–10: £151,299k) for the Consolidated Department.

MoJ has assessed the risk of the default on payment and has allocated impairments of £167k to the Core Department and £968k to the Consolidated Department. MoJ manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship.

MoJ has no collateral to mitigate against credit risk.

Ageing of financial assets at 31 March 2011

						Core Department	
Note	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	
	£000	£000	£000	£000	£000	£000	
Not impaired							
Cash and cash equivalents	22	86,869	-	-	-	86,869	
Receivables for goods and services (gross)		4,488	925	68	21	1,099	6,601
Other receivables (gross)		30,835	448	224	3	540	32,050
National Loans Fund – capital	21.1	21,151	-	-	-	-	21,151
Impaired							
Receivables for goods and services		-	-	-	-	(91)	(91)
Other receivables		-	-	-	-	(76)	(76)
Total		143,343	1,373	292	24	1,472	146,504

Consolidated						
Note	Not past due nor impaired £000	Past due 1–30 days £000	Past due 31–60 days £000	Past due 61–90 days £000	Past due 90+ days £000	Total £000
Not impaired						
Cash and cash equivalents	22	162,263	-	-	-	162,263
Receivables for goods and services (gross)		10,274	19,885	2,700	745	40,248
Other receivables (gross)		100,081	107,367	11,011	10,833	234,574
National Loans Fund – capital	21.1	21,151	-	-	-	21,151
Impaired						
Receivables for goods and services		-	-	-	(892)	(892)
Other receivables		-	-	-	(76)	(76)
Total		293,769	127,252	13,711	11,578	457,268

32.6 Liquidity risk

MoJ's financial liabilities are trade payables, finance leases and loans. The following table illustrates the maturities for these financial liabilities. It is highly unlikely that 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 for financial liabilities at 31 March 2011

Core Department					
Note	On demand £000	Within 1 year £000	Between 1 to 5 years £000	After more than 5 years £000	Total £000
Maturities for financial liabilities					
Finance lease	32.1	- (2,351)	(15,781)	(127,684)	(145,816)
Imputed finance leases	32.1	- (8,302)	(30,772)	(1,890)	(40,964)
Trade payables	32.1	- (4,700)	-	-	(4,700)
National Loans Fund – capital	32.1	- (21,151)	(60,597)	(689,561)	(771,309)
Total		- (36,504)	(107,150)	(819,135)	(962,789)

Consolidated					
Note	On demand £000	Within 1 year £000	Between 1 to 5 years £000	After more than 5 years £000	Total £000
Maturities for financial liabilities					
Finance lease liabilities	32.1	- (2,615)	(16,359)	(145,606)	(164,580)
Imputed finance leases	32.1	- (58,449)	(157,944)	(293,794)	(510,187)
Trade payables	32.1	- (106,748)	-	-	(106,748)
National Loans Fund	32.1	- (21,151)	(60,597)	(689,561)	(771,309)
Total		- (188,963)	(234,900)	(1,128,961)	(1,552,824)

33. Contingent liabilities disclosed under IAS 37

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

MoJ is involved in a number of Employment Tribunal cases relating to fee paid judicial office holders claiming retrospective pension rights. These cases are stayed behind a lead case that has been referred to the European Court. The estimated timing for resolution of these claims could be from 12 to 18 months.

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 also 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.

Employment Tribunals

MoJ is currently defending numerous Employment Tribunal claims at various stages.

Land charge fees

MoJ may have to share in payments to local authorities for local land charge searches deemed unlawful from 1 January 2005 and for future income foregone. This is an unexpected consequence of the *Environmental Information Regulations 2004*.

Mirror Group Newspaper v UK

The Mirror Group Newspaper (MGN) took the UK Government to the European Court of Human Rights (ECtHR) to challenge the UK law on privacy and proportionality of costs (under conditional fee agreements or CFAs), arguing that the existing law/arrangements were in breach of the media's convention rights and seeking compensation for the costs it has incurred in the Campbell case under existing legislation. The ECtHR delivered its judgment in January 2011 and found in favour of MGN in respect of the media's assertion on costs (but not privacy). The ECtHR left it to the parties to negotiate a settlement. This is currently being pursued.

Estates ratings appeal

MoJ is defending an appeal against a Central London Valuation Tribunal ruling in MoJ's favour in respect of a ratings issue.

Pay deals – equal pay and age discrimination

MoJ is involved in five test tribunal cases relating to claims regarding age discrimination. The contingent liability covers potential cost of remedies.

Overseas voting rights

There is a 15 year time limit within which British citizens resident overseas may register to vote in parliamentary elections. 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; and a case currently before the ECtHR is seeking a declaration by the ECtHR that the 15 year rule breaches Article 3 of Protocol 1 to the European Convention on Human Rights (amongst other articles).

Public Participation Directive

The European Commission has referred the UK to the European Court of Justice (ECJ) for non-compliance in transposing the Public Participation Directive correctly into domestic legislation.

Headquarters legal claims

There are around 50 outstanding legal claims against the MoJ Core Department, some of which involve possible financial liabilities. Cases where it is probable that MoJ will incur future costs have been included within provisions.

OBG Ltd v UK

OBG Ltd took the UK Government to the European Court of Human Rights (ECtHR) to challenge the law of England and Wales on the irrecoverability of economic loss in the tort of conversion arguing that the law is in breach of Article 1 of Protocol 1 to the ECHR. Written arguments have been submitted but the ECtHR has not yet made a decision on admissibility or the merits.

HMCS legal claims

HMCS is involved in a number of legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for HMCS is £7.8m.

HMCS court closure initiative

As part of the court closure initiative, HMCS may terminate a number of leases prior to their expiry dates. The expected cost of these terminations, should they occur, is £1.7m (2009–10: £nil).

HMCS property transfer

As a result of the July 2005 High Court challenge, 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 rental value of the properties as of 31 March 2007, it is estimated that HMCS could be exposed to additional costs of up to £0.3m per annum (2009–10: £0.3m) with a total maximum contingent liability since 1 April 2005 of £2.0m (2009–10: £1.6m).

NOMS legal claims

Claims for injury to staff, prisoners and the public amounting to £34.7m (2009–10: £19.8m) have been indicated to NOMS.

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

Quantifiable

An indemnity of up to £50m, in respect of any one accident, has been given to the British Airports Authority (BAA). This is in respect of 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.

Unquantifiable

MoJ has entered into only one unquantifiable contingent liability by offering guarantees, indemnities or by giving letters of comfort. This is that NOMS would be liable to meet any uninsured costs incurred by the privately managed prisons. This is not a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

34. Contingent assets

The Secretary of State for Justice is Claimant in High Court civil proceedings in which it is seeking to recover up to £22.8m (excluding interest and costs) in relation to property transactions (concerning First Avenue House, High Holborn, London) in 2002 and 2004. A five week trial has been listed in 2012.

35. Losses and special payments

35.1 Losses statement

	2010–11		2009–10	
	Number of cases	£000	Number of cases	£000
Cash losses	2,693	604	2,651	1,012
Claims abandoned	145	928	256,316	49,099
Administrative write-offs	61,003	27,078	38,346	8,025
Fruitless payments	420	168	484	1,517
Store losses	3,234	1,759	3,840	988
Total losses	67,495	30,537	301,637	60,641

35.2 Special Payments

	2010–11		2009–10	
	Number of cases	£000	Number of cases	£000
Compensation payments	5,497	19,242	5,093	17,964
Ex gratia	1,040	1,099	1,987	1,445
Extra-contractual payments	477	170	3,688	3,484
Special severance payments	10	202	-	-
Total special payments	7,024	20,713	10,768	22,893

MoJ paid out £22,770 (2009–10: £172k) in interest under the *Late Payment of Commercial Debts (Interest) Act 1988*.

In 2010–11, there was one (2009–10: nil) constructive loss relating to the abandonment of a case management system in the Tribunals Service totalling £19.035m, including reversion costs to the old system.

In 2010–11, there were no payments in respect of compensation claims by staff over £250,000 (2009–10: two), one compensation payment in respect of prisoners' claims over £250,000 (2009–10: nil) and no compensation payments in respect of claims from members of the public over £250,000 (2009–10: nil).

A total of £740,435 was written off as a result of disputed invoices between NOMS and HMCS.

Estimated costs of £406k were incurred due to concerted indiscipline at HMP Ford.

36. 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. MoJ is the sponsor of the nine executive Non-Departmental Public Bodies listed in Note 38.2. All of these bodies are regarded as related parties with which 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.

Further information in respect of related party transactions related to fines and penalties collection activities can be found in the Trust Statement.

Private companies

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court judgments on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue received from the Registry Trust Limited in the year amounted to £0.6m (2009–10: £1.0m) with a total debtor balance due to HMCS as of 31 March 2011 of £0.1m (2009–10: £0.1m).

Legal aid

Adam Straw is a barrister who receives payments in respect of legal aid casework. In 2010–11, payments made to Adam Straw totalled £20,768 (unaudited) (2009–10: £31,321). Adam Straw is the nephew of Jack Straw, the former Secretary of State for Justice and Lord Chancellor.

Other

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

Phil Wheatley, the former Agency Accounting Officer of NOMS for the period 1 April 2010 to 30 June 2010, and the Director of Local Delivery in the Home Office for that period, are related parties. The son of the former Agency Accounting Officer, for the same period, was a prison Governor.

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

37. Third party assets

MoJ headquarters holds third party assets, over and above those monies disclosed in Notes 22 and 24.1.

37.1 Court Funds Office (CFO)

The CFO 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 MoJ Accounts. Assets held at the reporting period end date comprised cash and securities (including the Index Tracker Fund).

Market values as at 28 February 2011 (financial reporting period end date for the CFO) are:

- Cash held and invested on behalf of the Accountant General through the Commissioners for the Reduction of National Debt's Court Funds Investment Account, of £3.4bn (28 February 2010: £4.1bn); and
- Securities, a combination of units and stock holdings held in the name of the Accountant General with a market valuation of approximately £209m (28 February 2010: £230m). 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 £115m (28 February 2010: £104m).

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.

37.2 Official Solicitor and Public Trustee (OSPT)

The Official Solicitor administers estates and trusts as Administrator / Trustee of 'last resort'. The Public Trustee acts as Executor or Trustee where they have 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 OSPT on behalf of clients. The accounts for 2010–11 have not yet been presented for audit.

	2010–11	2009–10
	£000	£000
Cash	14,690	21,082
Investments	41,343	45,037
Non-cash assets	16,227	13,522
Total	72,260	79,641

37.3 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 £60k (2009–10: £43k). In addition, the Tribunals Service also oversees the handling of Bail Bonds totalling £154k (2009–10: £155k). As these monies are held on behalf of third parties, they do not form part of Tribunals Service's funding.

The NOMS holds third parties monies of £10.3m (2009–10: £10.4m). This relates to monies held on behalf of prisoners and are therefore not included in these Accounts.

A number of assets are held by Probation Trusts on behalf of third parties. These assets are not included in these Accounts. The assets held at the reporting period end date comprised of monetary assets, such as bank balances and monies on deposit, listed securities, trust funds and an amenity fund.

38. The Departmental boundary

38.1 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 (closed on 31 December 2010);
- 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; and
- Wales Office, including the Boundary Commission for Wales.

Advisory and Tribunal NDPBs:

In addition, there are various other advisory and tribunal NDPBs within the Departmental boundary, a full listing of which can be found at <http://www.justice.gov.uk/about/index.htm>.

Supply financed Agencies:

- National Offender Management Service (NOMS) includes 35 probation trusts.
- Her Majesty's Courts Service (HMCS);
- Tribunals Service; and
- Office of the Public Guardian (OPG).

38.2 Entities outside of the Departmental boundary

The following bodies are not consolidated within these Accounts. The finance provided to them by MoJ through grant-in-aid is reflected in the Statement of Comprehensive Net Expenditure 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 for England and Wales;
- Information Commissioner's Office;
- Legal Services Board; and
- Office for Legal Complaints.

39. Pension costs of the Probation Trusts

As part of the terms and conditions of employment of its officers and other employees, the 35 Probation 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 are statutory and fully funded, cover present and past employees. The 35 Probation Trusts participate in the LGPS administered by various bodies.

The LGPS provide 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 of every year of total membership is payable on retirement. The schemes permit 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 2010 by various actuaries. For 2010–11, employers' contributions of £93.8m were payable to the LGPS (2009–10: £95.9m) in a range from 13.5% to 25.2%. 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 schemes.

Partnership pension accounts are excluded under IAS 19.

The impact of the change from using RPI to CPI to estimate future pension costs has resulted in a gain in year of £297m.

The current year's employers' contributions and an approximate value for the next two years are within the ranges as follows:

- 2010–11: 13.5% to 25.2% of salaries;
- 2011–12: 10.1% to 26.2% of salaries;
- 2012–13: 10.1% to 26.5% of salaries.

The major assumptions used by the actuaries were in the ranges of:

	2010–11	2009–10
	%	%
Inflation assumption	2.7 to 3.7	3.3 to 3.9
Rate of increase in salaries	2.7 to 5.2	4.6 to 5.7
Rate of increase for pensions in payment and deferred pensions	2.7 to 6.9	3.3 to 7.1
Discount rate	5.4 to 5.6	5.5 to 6.4

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:

	Expected long-term rate of return at 2010–11	Value at 31 March 2011	Expected long-term rate of return at 2009–10	Value at 31 March 2010	Expected long-term rate of return at 2008–09	Value at 31 March 2009
	%	£000	%	£000	%	£000
Equities	7.2 to 8.4	1,557,904	7.4 to 8.0	1,447,128	6.9 to 7.5	964,547
Government Bonds	4.3 to 4.9	231,694	4.2 to 5.0	223,252	0.1 to 5.6	189,346
Other Bonds	4.9 to 6.4	182,293	5.0 to 6.5	171,126	5.3 to 6.7	153,881
Property	3.0 to 7.9	152,344	3.0 to 8.5	138,414	4.0 to 6.6	121,079
Other	0.5 to 8.0	127,052	0.5 to 8.0	120,869	0.5 to 7.5	103,033
Total		2,251,287		2,100,789		1,531,886
Present value of scheme liabilities		(3,024,006)		(3,496,587)		(2,253,129)
Surplus/ (deficit) of the schemes		(772,719)		(1,395,798)		(721,243)
Net pension asset / (liability)		(772,719)		(1,395,798)		(721,243)
Adjustment for restatement of comparatives, following publication of probation trust accounts				6,109		2,641
Net pension asset / (liability) per published NOMS Accounts 2009–10				(1,389,689)		(718,602)

Pension cost

	2010–11	Restated 2009–10
	£000	£000
Current service cost	104,865	58,295
Past service cost (gain in change from RPI to CPI)	(296,527)	142
Past service cost (other)	13,957	4,832
Effect of Curtailment	2,363	3,994
Effect of Settlement	360	856
Total operating charge	(174,982)	68,119

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

	2010–11	2009–10
	£000	£000
Expected return on pension scheme assets	(142,608)	(97,454)
Interest on pension scheme liabilities	187,007	155,923
Net return	44,399	58,469

Changes to the present value of liabilities during the year

	2010–11	Restated 2009–10
	£000	£000
Opening present value of liabilities	3,496,587	2,253,132
Current service cost	104,865	58,295
Interest cost	187,007	155,923
Contributions by members	32,674	34,006
Actuarial (gains) / losses on liabilities [#]	(412,598)	1,077,946
Benefits paid	(102,698)	(92,539)
Past service cost (gain in change from RPI to CPI)	(296,527)	142
Past service cost (other)	13,957	4,832
Curtailments	2,361	3,994
Settlements	(1,622)	856
Closing present value of liabilities	3,024,006	3,496,587

[#] Includes changes to actuarial assumptions

Changes to the fair value of assets during the year

	2010–11	Restated 2009–10
	£000	£000
Opening fair value of assets	2,100,789	1,531,889
Expected return on assets	142,608	97,454
Actuarial gains / (losses) on assets	(19,189)	433,030
Contributions by the employer	95,246	96,616
Contributions by the members	32,905	34,084
Benefits paid	(102,797)	(92,539)
Net increase from disposals and acquisitions	-	-
Curtailments	205	127
Settlements	1,520	128
Closing fair value of assets	2,251,287	2,100,789

Actual return on assets

	2010–11	Restated 2009–10
	£000	£000
Expected return on assets	142,608	97,454
Actuarial gains / (losses) on assets	(19,189)	433,030
Actual return on assets	123,419	530,484

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

	2010–11	Restated 2009–10	Restated 2008–09	Restated 2007–08	Restated 2006–07
	£000	£000	£000	£000	£000
Fair value of assets	2,251,287	2,100,789	1,531,886	1,878,427	1,907,252
Present value of liabilities	(3,024,006)	(3,496,587)	(2,253,129)	(2,365,977)	(2,430,901)
Surplus / (deficit)	(772,719)	(1,395,798)	(721,243)	(487,550)	(523,649)
Experience gains / (losses) on scheme assets	2,032	337,755	(444,267)	(220,561)	31,702
Experience gains / (losses) on scheme liabilities	181,478	(75,274)	(30,398)	94,492	(18,166)
Percentage experience gains / (losses) on scheme assets:	0%	16%	-29%	-12%	2%
Percentage experience gains / (losses) on scheme liabilities:	6%	-2%	-1%	4%	-1%

40. Machinery of Government changes, changes in accounting policies and prior period errors

40.1 Machinery of Government changes

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*. Prior year comparatives are restated as if the current Departmental structure has always existed in its present form.

In 2010–11 there were two Machinery of Government changes which have impacted on the Core Department. They were:

Transfer of Youth Justice Unit from Department of Education to Core Department

MoJ assumed responsibility as at 1 April 2010 for the Youth Justice Unit from the Department Education. At the date of the Machinery of Government transfer, the Unit was renamed the Youth Justice Policy Unit.

The Youth Justice Policy Unit sits within the Justice Policy Group (JPG) at MoJ HQ.

The impact of this change in the 2009–10 comparatives is a net decrease in income of £38.7m in the Statement of Comprehensive Net Expenditure (SoCNE). There is no impact on the Statement of Financial Position.

Refer to Note 40.4 for further details.

Transfer of Elections and Democracy division from Core Department to Cabinet Office

The Elections and Democracy Division part of the Democracy Constitution and Law (DCL) group in the Core Department was transferred to the Cabinet Office in June 2010. The Machinery of Government transfer is reflected as at 1 April 2010 in these Accounts.

As part of this transfer the Cabinet Office are responsible for the Returning Officers' Expenses (ROE) including producing ROE accounts for 2010–11 and onwards.

The impact of this Machinery of Government change to the 2009–10 comparatives are a net decrease in Other Programme costs of £102.9m in the Statement of Comprehensive Net Expenditure and a decrease £11.3m in the Statement of Financial Position.

Refer to Note 40.4 for further details.

40.2 Changes in accounting policy

Cost of capital

As part of the Clear Line of Sight project, HM Treasury announced the removal of the cost of capital charge from the 2010–11 Accounts. This announcement has been accounted for as a change in accounting policy requiring the restatement of the comparative figures. The effect of this restatement is a net increase in Other Administration and Programme costs of £5.1m in the Core Department Statement of Comprehensive Net Expenditure and a net decrease of £250.4m in Other Administration and Programme costs in the Consolidated Department Statement of Comprehensive Net Expenditure.

Trust Statement

From 2010–11, HM Treasury requires government departments that collect material revenues from taxes, duties, fines and penalties on behalf of the Consolidated Fund, to prepare a stand-alone Trust Statement that specifically reports on the financial activities relating to such collections.

The impact of the Trust Statement on the consolidated accounts has been to remove the comparatives for Courts Impositions Funding as these balances will be disclosed in the Trust Statement. This restatement has no net impact on the comparatives in the Statement of Financial Position as the net value of impositions disclosed in the 2009–10 accounts was £432.3m in Trade and other receivables and £432.3m in Trade and other payables.

MoJ has not restated the Consolidated Fund Extra Receipts (CFER) balances for the impositions collected to be surrendered to the Consolidated Fund. However, to ensure transparency MoJ has split the total CFER balances in Trade and other payables (refer to Note 24.1) as CFER to be transferred to the Trust Statement and other CFERS.

Leases – IAS 17 (amendment)

MoJ has adopted the amended IAS 17 from 1 April 2010, which requires that a lease of land is subject to the general lease criteria of IAS 17. Where a lease of land transfers substantially all of the risks and rewards incidental to ownership of the land to the lessee, then the lease is a finance lease; otherwise it is an operating lease.

Previously, the standard specified that a lease of land with an indefinite economic life would normally be classified as an operating lease, unless title was expected to pass to the lessee at the end of the lease term.

The adoption of the amendment has required the restatement of prior year comparatives in HMCS and the Tribunals Service.

This has resulted in an increase in Property, plant and equipment of £43.4m, a reduction in Lease prepayments of £19.1m, an increase in Trade and other payables of £5.3m, a decrease to the General fund of £11.3m and an increase in the Revaluation reserve of £30.3m. These changes are reflected in the 2009–10 restated column of the Statement of Financial Position.

40.3 Prior period errors

Tribunals Service

During the preparation of its 2010–11 accounts, the Tribunals Service identified two prior period errors relating to the carrying value of Ingoing works, a sub-category of Buildings excluding dwellings.

The first error related to depreciation charges being added back to the gross book value of ingoing works assets from 1 April 2008. In addition, this error also affected the impairment, depreciation and other restatement adjustments within ingoing works, specifically in respect of two leasehold properties.

The second error related to the incorrect capitalisation of re-instatement works of £1.6m (related to fire damaged premises), which should have been recorded as expenditure through the Statement of Comprehensive Net Expenditure.

The Tribunals Service accounts were restated to reflect these errors and hence the restatement is reflected in these Accounts.

NOMS

During the preparation of its 2010–11 accounts, NOMS identified two prior period errors.

The first error related to the Provision for dilapidations, which represents an estimate of the expenditure required to return vacated leased buildings to their original condition. The provision was understated by £33m in the prior year.

The second error related to Trade and other payables and Property, plant and equipment. A capital accrual of £25m recognised in 2009–10 was subsequently reversed in 2010–11. However, the accrual should have been reversed in 2009–10.

The NOMS accounts were restated to reflect these errors and hence the restatement is reflected in these Accounts.

40.4 Detailed impact of Machinery of Government changes, changes in accounting policies and prior period errors and adjustments

The tables below show the impact of Machinery of Government changes, changes in accounting policies, corrections of prior period errors and adjustments on the Core and Consolidated Department's Statement of Comprehensive Net Expenditure and the Core and Consolidated Department's Statement of Financial Position for the following periods:

2009–10

Restated Core Department Statement of Comprehensive Net Expenditure

CORE	As reported 31 March 2010								Restated 31 March 2010
	Ministry of Justice £000	Transfers to Cabinet Office £000	Transfer from Dept of Education £000	Cost of capital £000	Trust Statement £000	Leases IAS 17 £000	Tribunals PPA £000	NOMS PPA £000	Total £000
Administration									
Staff costs	122,886	(3,554)	-	-	-	-	-	-	119,332
Judicial costs	664	-	-	-	-	-	-	-	664
Other Administration costs	94,936	(3,705)	-	(6,097)	-	-	-	-	85,134
Operating income	(9,413)	-	-	-	-	-	-	-	(9,413)
Programme									
Request for Resources 1									
Staff costs	65,210	(363)	-	-	-	-	-	-	64,847
Judicial costs	3,007	-	-	-	-	-	-	-	3,007
Other Programme costs	3,469,424	(95,281)	-	11,214	-	-	-	-	3,385,357
Operating income	(76,844)	-	38,671	-	-	-	-	-	(38,173)
Request for Resources 2									
Other Programme costs	26,929,647	-	-	-	-	-	-	-	26,929,647
Operating income	-	-	-	-	-	-	-	-	-
Request for Resources 3									
Other Programme costs	13,005,814	-	-	-	-	-	-	-	13,005,814
Operating income	-	-	-	-	-	-	-	-	-
National Loans Fund interest payable	53,521	-	-	-	-	-	-	-	53,521
National Loans Fund interest receivable	(53,521)	-	-	-	-	-	-	-	(53,521)
Total	43,605,331	(102,903)	38,671	5,117	-	-	-	-	43,546,216

31 March 2010

Restated Core Department Statement of Financial Position

	As reported 31 March 2010								As restated 31 March 2010
CORE	Ministry of Justice	Transfers to Cabinet Office	Transfer from Dept of Education	Cost of capital	Trust Statement	Leases IAS 17	Tribunals PPA	NOMS PPA	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-current assets									
Property, plant and equipment	232,003	-	-	-	-	-	-	-	232,003
Intangible assets	56,981	-	-	-	-	-	-	-	56,981
Financial assets	771,310	-	-	-	-	-	-	-	771,310
Investment property	-	-	-	-	-	-	-	-	-
Lease prepayments	-	-	-	-	-	-	-	-	-
Trade and other receivables	52	-	-	-	-	-	-	-	52
Total non-current assets	1,060,346	-	-	-	-	-	-	-	1,060,346
Current assets									
Assets held for sale	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Trade and other receivables	602,494	(244)	-	-	(432,335)	-	-	-	169,915
Cash and cash equivalents	189,208	(13,689)	-	-	-	-	-	-	175,519
Total current assets	791,702	(13,933)	-	-	(432,335)	-	-	-	345,434
Total assets	1,852,048	(13,933)	-	-	(432,335)	-	-	-	1,405,780
Current liabilities									
Trade and other payables	(996,069)	25,248	-	-	432,335	-	-	-	(538,486)
Total current liabilities	(996,069)	25,248	-	-	432,335	-	-	-	(538,486)
Assets less current liabilities	855,979	11,315	-	-	-	-	-	-	867,294
Provisions	(202,618)	-	-	-	-	-	-	-	(202,618)
Other payables	(969,341)	-	-	-	-	-	-	-	(969,341)
Pension deficit liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	(1,171,959)	-	-	-	-	-	-	-	(1,171,959)
Assets less liabilities	(315,980)	11,315	-	-	-	-	-	-	(304,665)
Taxpayers' equity									
General fund	(339,882)	11,315	-	-	-	-	-	-	(328,567)
Revaluation reserve	23,902	-	-	-	-	-	-	-	23,902
Donation reserve	-	-	-	-	-	-	-	-	-
Total taxpayers' equity	(315,980)	11,315	-	-	-	-	-	-	(304,665)

The Excess A in A reported in the 2009–10 Consolidated Department has been transferred in to the Core Department to enable payment of this to the Consolidated Fund. The Core Department surrenders all CFER and Excess A in A on behalf of MoJ. In the opening figures above, there has been an increase in Trade and other payables of £4,359k and a decrease in the General Fund of £4,359k.

Restated Core Department Statement of Financial Position[illegible]

2009–10**Restated Consolidated Department Statement of Comprehensive Net Expenditure**

	As reported 31 March 2010			As restated 31 March 2010					
		Transfers to Cabinet	Transfer from Dept of	Cost of	Trust	Leases	Tribunals	NOMS	
CONSOLIDATED	Ministry of Justice	Office	Education	capital	Statement	IAS 17	PPA	PPA	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Administration									
Staff costs	230,067	(3,554)	-	-					226,513
Judicial costs	700	-	-	-					700
Other Administration costs	191,517	(3,705)	-	(8,616)					179,196
Operating income	(21,002)	-	-	-					(21,002)
Programme									
Request for Resources 1									
Staff costs	3,168,769	(363)	-	-					3,168,406
Judicial costs	450,326	-	-	-					450,326
Other Programme costs	7,161,888	(95,281)	-	(241,756)		4,131	1,710		6,830,692
Operating income	(1,137,096)	-	38,671	-					(1,098,425)
Request for Resources 2									
Other Programme costs	26,929,647	-	-	-	-	-			26,929,647
Operating income	-	-	-	-	-	-			-
Request for Resources 3									
Other Programme costs	13,005,814	-	-	-	-	-			13,005,814
Operating income	-	-	-	-	-	-			-
National Loans Fund interest payable	53,521	-	-	-	-	-			53,521
National Loans Fund interest receivable	(53,521)	-	-	-	-	-			(53,521)
Total	49,980,630	(102,903)	38,671	(250,372)	-	4,131	1,710	-	49,671,867

31 March 2010

Restated Consolidated Departmental Statement of Financial Position

	As reported 31 March 2010									As restated 31 March 2010
CONSOLIDATED	Ministry of Justice	Transfers to Cabinet Office	Transfer from Dept of Education	Cost of capital	Trust Statement	Leases IAS 17	Tribunals PPA	NOMS PPA	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-current assets										
Property, plant and equipment	8,790,679	-	-	-	-	43,421	(5,452)	(25,263)	8,803,385	
Intangible assets	257,310	-	-	-	-	-	-	-	257,310	
Financial assets	771,468	-	-	-	-	-	-	-	771,468	
Investment property	1,855	-	-	-	-	-	-	-	1,855	
Lease prepayments	19,241	-	-	-	-	(19,087)	-	-	154	
Trade and other receivables	41,670	-	-	-	-	-	-	-	41,670	
Total non-current assets	9,882,223	-	-	-	-	24,334	(5,452)	(25,263)	9,875,842	
Current assets										
Assets held for sale	18,324	-	-	-	-	-	-	-	18,324	
Inventories	37,847	-	-	-	-	-	-	-	37,847	
Trade and other receivables	653,532	(244)	-	-	(432,335)	-	-	-	220,953	
Cash and cash equivalents	415,923	(13,689)	-	-	-	-	-	-	402,234	
Total current assets	1,125,626	(13,933)	-	-	(432,335)	-	-	-	679,358	
Total assets	11,007,849	(13,933)	-	-	(432,335)	24,334	(5,452)	(25,263)	10,555,200	
Current liabilities										
Trade and other payables	(1,774,579)	25,248	-	-	432,335	-	-	25,251	(1,291,745)	
Total current liabilities	(1,774,579)	25,248	-	-	432,335	-	-	25,251	(1,291,745)	
Assets less current liabilities	9,233,270	11,315	-	-	-	24,334	(5,452)	(12)	9,263,455	
Non-current liabilities										
Provisions	(641,089)	-	-	-	-	-	-	(33,438)	(674,527)	
Other payables	(1,545,958)	-	-	-	-	(5,288)	-	-	(1,551,246)	
Pension deficit liability	(1,389,689)	-	-	-	-	-	-	-	(1,389,689)	
Total non-current liabilities	(3,576,736)	-	-	-	-	(5,288)	-	(33,438)	(3,615,462)	
Assets less liabilities	5,656,534	11,315	-	-	-	19,046	(5,452)	(33,450)	5,647,993	
Taxpayers' equity										
General fund	4,536,414	11,315	-	-	-	(11,302)	(3,938)	(33,450)	4,499,039	
Revaluation reserve	1,120,049	-	-	-	-	30,348	(1,514)	-	1,148,883	
Donation reserve	71	-	-	-	-	-	-	-	71	
Total taxpayers' equity	5,656,534	11,315	-	-	-	19,046	(5,452)	(33,450)	5,647,993	

1 April 2009

Restated Consolidated Department Statement of Financial Position

CONSOLIDATED	As reported 1 April 2009		Transfer from						As restated 1 April 2009	
	Ministry of Justice	Transfers to Cabinet Office	Dept of Education	Cost of capital	Trust Statement	Leases IAS 17	Tribunals PPA	NOMS PPA	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Non-current assets										
Property, plant and equipment	9,691,065	-	-	-	-	37,354	(242)	-	9,728,177	
Intangible assets	120,058	-	-	-	-	-	-	-	120,058	
Financial assets	776,587	-	-	-	-	-	-	-	776,587	
Investment property	2,595	-	-	-	-	-	-	-	2,595	
Lease prepayments	5,289	-	-	-	-	(5,130)	-	-	159	
Trade and other receivables	12,866	-	-	-	-	-	-	-	12,866	
Total non-current assets	10,608,460	-	-	-	-	32,224	(242)	-	10,640,442	
Current assets										
Assets held for sale	22,003	-	-	-	-	-	-	-	22,003	
Inventories	38,278	-	-	-	-	-	-	-	38,278	
Trade and other receivables	689,555	-	-	-	(455,310)	-	-	-	234,245	
Cash and cash equivalents	448,848	(2,130)	-	-	-	-	-	-	446,718	
Total current assets	1,198,684	(2,130)	-	-	(455,310)	-	-	-	741,244	
Total assets	11,807,144	(2,130)	-	-	(455,310)	32,224	(242)	-	11,381,686	
Current liabilities										
Trade and other payables	(1,819,205)	-	-	-	455,310	-	-	-	(1,363,895)	
Total current liabilities	(1,819,205)	-	-	-	455,310	-	-	-	(1,363,895)	
Assets less current liabilities	9,987,939	(2,130)	-	-	-	32,224	(242)	-	10,017,791	
Provisions	(747,710)	-	-	-	-	-	-	-	(747,710)	
Other payables	(1,632,216)	-	-	-	-	(5,932)	-	-	(1,638,148)	
Pension deficit liability	(718,602)	-	-	-	-	-	-	-	(718,602)	
Total non-current liabilities	(3,098,528)	-	-	-	-	(5,932)	-	-	(3,104,460)	
Assets less liabilities	6,889,411	(2,130)	-	-	-	26,292	(242)	-	6,913,331	
Taxpayers' equity										
General fund	5,312,669	(2,130)	-	-	-	(7,467)	(298)	-	5,302,774	
Revaluation reserve	1,576,653	-	-	-	-	33,759	56	-	1,610,468	
Donation reserve	89	-	-	-	-	-	-	-	89	
Total taxpayers' equity	6,889,411	(2,130)	-	-	-	26,292	(242)	-	6,913,331	

41. Events after the Reporting Period

In accordance with the requirements of IAS 10 '*Events After the Reporting Period*', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

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

Effective 1 April 2011, Tribunals Service merged with HMCS to form Her Majesty's Courts & Tribunals Service. The new entity is a partnership between the Lord Chancellor, the Lord Chief Justice, and the Senior President of Tribunals and is responsible for the administration of the criminal, civil and family courts and tribunals in England and Wales, and non-devolved tribunals in Scotland and Northern Ireland. The previously separate HMCS and Tribunals Service Boards have been replaced with a newly convened HM Courts & Tribunals Service Board.

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

Residential Property Tribunals Service

As of 1 July 2011, the Residential Property Tribunals Service (RPTS) will become part of HM Courts & Tribunals Service, having transferred over from the Department for Communities and Local Government (DCLG) as part of a Machinery of Government change.

Scotland and Wales Offices

Effective 1 April 2011, the Scotland and Wales Offices are no longer part of MoJ, but the Department is still providing accountancy support to them.

Land Registry

On 19 July 2011, Ministerial responsibility for the Land Registry passed, via a Machinery of Government change, to the Department for Business Innovation and Skills (BIS).

Voluntary Exits

Subsequent to 31 March 2011, there were individuals who accepted an offer of voluntary exit under the Voluntary Early Departure (VED) scheme. Exit payments to those individuals (including payments in lieu of notice and compensation in lieu of notice where relevant) will be accounted for in the 2011–12 financial year.

In addition to the aforementioned voluntary exits, subsequent to 31 March 2011, MoJ offered a second Voluntary Early Departure scheme to selected employees in the Department. The terms of the second scheme offered were also in accordance with the Civil Service Compensation Scheme introduced by the Government in December 2010.

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

Events in NOMS

NOMS moved to a functional operating model from 1 April 2011. The following directors, who were appointed as part of this model on 15 February 2011, attended the NOMS Board and the National Executive Management Committee during the transitional period until they became full members of

both as from 1 April 2011: Steve Wagstaffe, Director of Public Sector Prisons; Colin Allars, Director of Probation and Contracted Services; and Phil Copple, Director of National Operational Services

New contracts for Prisoner Escort and Custody Services have been awarded with effect from 29 August 2011 and are expected to realise savings of £29 million in the first year, including over £17 million in the remainder of 2011–12, and £261 million over the full seven year contract.

Prison Competitions have been completed and new contracts awarded for four prisons. The new contracts will be effective from October 2011 for HMP Birmingham, HMP Buckley Hall and HMP Doncaster, and from April 2012 for HMP Featherstone 2, all of which were let to private sector providers. HMP Buckley Hall was retained by the public sector HM Prison Service.

Three bidders have been formally selected by NOMS to go forward to the final stages of the competition to run Community Payback services in London. Serco, Sodexo and Com:pact (a joint venture of A4E and Mitie) have been selected after initial expressions of interest were assessed by NOMS' procurement experts. No Probation Trust came forward with a bid to be prime contractor in the London lot.

It was announced on 13 July 2011 that there would be a further round of prison competitions and closures. Eight public sector prisons will be competed and one private sector prison will be re-competed. Additionally two public sector prisons are expected to be closed.

Full Implementation of the Clear Line of Sight

Publication of MoJ's 2011–12 Accounts will mark the full implementation of the Clear Line of Sight project.

In the July 2007 Green Paper '*The Governance of Britain*', the Prime Minister announced that the Government would simplify its financial reporting to Parliament by ensuring that it reports in a more consistent fashion, in line with the fiscal rules, at all three stages in the process – on plans, Estimates and expenditure Outturns. The Clear Line of Sight Project was set up to meet this objective.

The aims of the project were to:

- Align budgets, Estimates and accounts in a way that would allow Treasury to control what is needed to deliver the fiscal rules, incentivise value for money and reduce burdens on government departments;
- Combine and/or align the timing of publication of government financial reporting documents in order to avoid duplication and make them more coherent.

Legal Service Commission

The Legal Services Commission (LSC) is planned to become an executive agency of MoJ from 1 October 2012.

Annex A. Public Accounts Committee recommendations

The status of Ministry of Justice's Public Accounts Committee (PAC) recommendations have been reported on four previous occasions; within the Department's Autumn Performance Reports (APR) in December 2008 and 2009, in its 2009 Departmental Annual Report (DAR) in June 2009, and in its 2009–10 Departmental Annual Resource Accounts (DARA) in September 2010.

Included in this update for the first time, are two further reports published by the PAC since the 2009–10 DARA was published:

- The Youth Justice System in England and Wales: Reducing Offending by Young People
- Financial Management in Ministry of Justice.

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 2009–10 DARA 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
2011 PAC Reports			
The Youth Justice System in England and Wales: Reducing Offending by Young People ¹³	10	1	10%
Financial Management in Ministry of Justice ¹⁴	9	0	0%
2010 PAC Reports			
The Procurement of Legal Aid in England and Wales by the Legal Services Commission	10	6	60%
2009 PAC Reports			
Maintenance of the Prison Estate in England and Wales	8	2	25%

¹³ The Government's formal response to the Youth Justice System and Financial Management PAC reports, the Treasury Minute, were published in March and May 2011 respectively. Progress has already been made towards the timely implementation of all recommendations contained in the reports.

¹⁴ Ibid.

	Number of Recommendations	Number of Recommendations Implemented	Percentage Implemented
The National Offender Management Information System	12	9	75%
The Administration of the Crown Court	12	7	58%
Protecting the Public: The Work of the Parole Board	12	8	67%
The Procurement of Goods and Services by HM Prison Service ¹⁵	7	7	100%
2008 PAC Reports			
The National Probation Service: The Supervision of Community Orders in England and Wales	11	10	91%
Compensating Victims of Violent Crime	14	13	93%
2007 PAC Reports			
Legal Services Commission: Legal Aid and Mediation for People Involved in Family Breakdown	9	8	89%
Fines Collection	10	7	70%
2006 PAC Reports			
The Electronic Monitoring of Adult Offenders	15	14	93%
Serving Time: Prisoner Diet and Exercise	10	8	80%
Dealing with Increased Numbers in Custody ¹⁶	12	12	100%

¹⁵ All the recommendations contained in these PAC reports 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.

¹⁶ Ibid.

	Number of Recommendations	Number of Recommendations Implemented	Percentage Implemented
2005 PAC Reports			
Facing Justice: Tackling Defendants' non-Attendance at Court ¹⁷	9	9	100%
Drug Treatment and Testing Order: Early Lessons ¹⁸	8	8	100%
The Management of Sick Absence in the Prison Service ¹⁹	9	9	100%
2004 PAC Reports			
Youth Offending: Delivery of Community and Custodial Sentences	8	8	100%
2003 PAC Reports			
The Operational Performance of PFI Prisons ²⁰	9	9	100%
2002 PAC Reports			
Reducing Prisoner Reoffending	12	11	92%
Overall Performance			
In total, 21 sets of PAC Recommendations have been published since 2002	216	166	77%

¹⁷ All the recommendations contained in these PAC reports 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.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

The Youth Justice System in England and Wales: Reducing Offending by Young People

(Twenty-first report published 15 February 2011)

This report considered the proposal to abolish the Youth Justice Board (YJB); the extent of offending by young people and its cost; whether the assessments of young offenders drive resource allocation to reduce future offending; the extent to which work carried out with young offenders is effective in reducing the risk of offending; and the performance of the Board in improving outcomes in the Youth Justice System (YJS).

Total number of recommendations contained in this report: 10

Total number of recommendations that remain outstanding: 9

Recommendations	Detail of progress made to date
<p>PAC Recommendation (1):</p> <p>The youth justice system has been successful in reducing the number of criminal offences committed by young people over the last ten years, an achievement in which the Youth Justice Board has played a central role.</p> <p>There have been substantial reductions in the number of young people entering the system and the number of offences committed by young people, although it is not known to what extent these reflect genuine reductions in crime, or displacement, whereby criminal offences are now being dealt with by non criminal sanctions. In addition to these reductions, the number of young people being sentenced to custody has also fallen substantially. All those involved in these successes should be commended.</p>	<p>Closed</p> <ul style="list-style-type: none"> No action required.
<p>PAC Recommendation (2):</p> <p>Those young offenders serving custodial sentences or more serious community sentences remain highly likely to reoffend.</p> <p>There has been little improvement in the reoffending rate for those leaving custody, with three in four offending again within a year. At the same time the rate of reoffending for those on more serious community sentences is getting worse despite an overall reduction in the number of offences they commit. The Ministry should set out a clear and measurable strategy for how it will work to reduce the risk of reoffending by these young offenders.</p>	<p>In Progress</p> <ul style="list-style-type: none"> The Green Paper <i>Breaking the Cycle</i> contained proposals to ensure the effective use of sentencing for young offenders and to incentivise local partners to reduce youth offending and reoffending by using a payment by results model. The Government published its response to the Green Paper and introduced the <i>Legal Aid, Sentencing and Punishment of Offenders Bill</i> to Parliament in June 2011. The proposals to reduce youth reoffending, including young people on community and custodial sentences, will be developed in line with the proposed legislation.
<p>PAC Recommendation (3):</p> <p>A third of assessment and sentence plans undertaken by Youth Offending Teams (YOT) are not good enough, according to inspections by Her Majesty's Inspectorate of Probation.</p>	<p>In Progress</p> <ul style="list-style-type: none"> The principles of the revised approach to YOT performance improvement work will be developed in light of the <i>Legal Aid, Sentencing and Punishment of Offenders</i>

Recommendations	Detail of progress made to date
<p>The assessment of young offenders, and the resulting sentence plans to tackle the causes of their offending, are key determinants of how resources should be targeted. The Youth Justice Board (YJB) should use the lessons learned from these inspections and its own performance monitoring to drive improvement in weaker Youth Offending Teams.</p>	<p><i>Bill</i> that was introduced to Parliament in June 2011.</p> <ul style="list-style-type: none"> We have started to develop a new approach which aims to be more locally determined and driven, more focused on value for money and with lighter touch requirements. It has been proposed that development and testing of the new approach to performance improvement will take place during 2011–12, with full implementation from April 2012.
<p>PAC Recommendation (4):</p> <p>The Board has limited evidence of what interventions work, making it difficult to achieve better value for money from the £800 million spent in the system.</p> <p>Without evidence of effectiveness, there is a risk that reductions in funding for frontline services could result in cuts to the most successful interventions. We welcome the commitment from the Board and the Ministry to maintain research spending. They should focus on research that will enable them to assess which interventions are most effective and use the findings to direct funding into what is known to work.</p>	<p>In Progress</p> <ul style="list-style-type: none"> There will continue to be a youth justice research programme in 2011–12. The level of investment will be subject to available resources. Ministry of Justice and YJB established a joint Youth Justice Analysis Programme (YJAP) in 2010 bringing together youth justice research across the YJB and the Department to more effectively coordinate the use of youth justice research resources. The current programme of research includes a YJB-led project examining the impact of interventions in the youth secure estate (the Young People, Interventions, and the Secure Estate project) and a Department led project examining interventions in the community (the Juvenile Cohort Study). YJAP will bring together on-going research projects and information on emerging and promising practice to further develop the evidence base around effective interventions in youth justice. This will be reflected in the 2011–12 work plan. The YJB is undertaking a project to revise the overarching framework for the identification and dissemination of effective practice in the YJS. A scoping exercise has been undertaken by the YJB and stakeholders to explore where and how improvements can be made to the framework. The YJB will start to deliver some of the key stages in the new effective practice framework during 2011–12. This will include the collaborative identification with the youth justice sector of priorities for information, identifying and sharing emerging and promising practice in relation to these priority areas and developing materials and resources to fill those identified gaps. The aim is for the full model to be ready for implementation from April 2012.

Recommendations	Detail of progress made to date
<p>PAC Recommendation (5):</p> <p>70% of young offenders suffer from significant communication difficulties, but current forms of assessment do not give this sufficient weight.</p> <p>The justice system assumes a level of understanding on the part of young offenders that will in many cases be lacking. This increases the risk that young people will not engage with or understand the requirements of their sentence plan. We welcome the commitment to review the assessment process and recommend that an explicit assessment is made of communication difficulties. Where such difficulties are identified, speech and language therapy should be considered as part of the sentence plan.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • We are undertaking a project to review the current assessment and intervention planning framework and to develop a new framework. The proposals have been formulated into a business case which is expected to gain approval by October 2011, following which implementation of the project will be started. The speed of roll-out will be subject to assessment of the business case and to available resources. However, in order to realise benefits within the Spending Review period we are looking to roll out by December 2013. • It is proposed that the new assessment framework will include a discrete section for gathering relevant information about the needs of young people and a specific section on speech and language. The project will also seek to improve intervention planning by bringing all activities associated with addressing individual young people's behaviour together into one plan.
<p>PAC Recommendation (6):</p> <p>The Board lacks sufficient knowledge of what interventions are being used by Youth Offending Teams and how well they are working and, consequently, it cannot disseminate best practice effectively.</p> <p>It cannot be value for money for Youth Offending Teams to have to develop interventions independently when they have similar content and are aimed at the same risk factors. The Board should be much more active in building its knowledge of commonly used interventions, understanding their effectiveness, and disseminating this information to Youth Offending Teams across England and Wales, including by providing example course material and content.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The YJB is undertaking a project to review and redesign its overall approach to effective practice (<i>see also recommendation 4</i>). A key element of the new framework will be the effective dissemination of information about effective practice to YOTs and the secure estate. The aim is for the full framework to be ready for implementation from April 2012.
<p>PAC Recommendation (7):</p> <p>The Board's performance management systems and remedies are focussed too much on process and not enough on outcomes.</p> <p>Significant resources have been spent helping teams whose processes look weak but who nevertheless appear to be achieving positive results. The Ministry's future performance management regime should focus more clearly on outcomes and identifying the factors that have led to changes in them.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The principles of the revised approach to the YOT performance improvement work will be developed in the line with the <i>Legal Aid, Sentencing and Punishment of Offenders Bill</i> which was introduced to Parliament in June 2011. • We have started to develop a revised approach to YOT performance improvement that will focus on outcomes, move towards a lighter touch performance monitoring

Recommendations	Detail of progress made to date
	<p>system and increase local accountability for delivering services. It has been proposed that development and testing of the new approach to performance improvement will take place during 2011–12, with full implementation from April 2012.</p>
<p>PAC Recommendation (8):</p> <p>The planned abolition of the Youth Justice Board has arisen from a policy decision and not as a result of any assessment of the Board's performance.</p> <p>The Board has developed and maintained a distinctive focus on youth in the justice system and has contributed to positive outcomes in recent years. There is a risk that some of the factors that made the Board successful will be lost in the transition. The Ministry should identify the strengths in the way the Board has operated and publish a plan showing how the best elements will be retained within the new structure for youth justice.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Justice Secretary set out his plans for the future governance of youth justice in his Written Ministerial Statement of 23 June 2011. • These plans include the creation of a Youth Justice Division in Ministry of Justice. This proposed Youth Justice Division will ensure that the strengths of the YJB are retained in the new structure for youth justice and that a distinct youth focus is maintained in the future. • As required by the <i>Public Bodies Bill</i> these proposals will be consulted on during the summer of 2011. The Justice Secretary will carefully consider the responses to that consultation before any final decision is made. • The Transition Programme Board, jointly chaired by Ministry of Justice and the YJB, has been established to oversee the process. This board is ensuring that the strengths of the YJB are identified and incorporated within the new structure for youth justice. An organisational design project is underway as part of the Transition Programme to identify the key functions and activities required to deliver national governance of youth justice. The organisational design structure for the new Youth Justice Division will be consulted on with staff during summer 2011 with a view to producing a final organisational structure in September 2011.
<p>PAC Recommendation (9):</p> <p>The abolition of the Board raises a question about how a national focus on reducing offending by young people and reducing the use of custody will be maintained.</p> <p>Many of the mechanisms that could be used to influence or direct Youth Offending Teams are under consideration as part of the current reforms. The Ministry should ensure that it has the capacity to drive change on national priorities, and that it has the mechanisms and</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Transition Programme Board is planning how the main functions and activities of the YJB would be transferred into Ministry of Justice. This will include overseeing local YOTs and disseminating best practice. The aim is to build on the operational experience of YOTs and the YJB and bring this into MoJ. • As part of this, the Transition Programme is developing the organisational design

Recommendations	Detail of progress made to date
local intelligence it needs to work with Youth Offending Teams to improve value for money.	necessary to deliver these functions. This will include the capacity to ensure effective oversight of YOTs is maintained and focussed on key outcomes, including reducing offending and reducing custody numbers, while reducing central burdens on local areas.
<p>PAC Recommendation (10):</p> <p>Prevention work has had an impact on reducing the number of first time entrants to the youth justice system, but funding is being reduced.</p> <p>Cutting prevention funding now increases the risk of the unintended consequence that more crime could occur in the medium term, with the cost likely to outweigh any short term savings. The Board and the Ministry should encourage investment in prevention where reducing youth crime has been identified as a local priority. They should consider offering match-funding, piloting the use of other incentives such as payment by results, and sharing the proceeds of reduced custody levels.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • We are continuing to fund YOTs via the Youth Justice Grant which can be used for prevention work and reducing reoffending. Other significant sources of funding are available from other Government Departments for this purpose including the Department for Education's £2 billion Early Intervention Grant (EIG). The EIG enables local areas to decide how to invest in a range of programmes for children, young people and their families against local priorities, including preventing youth crime. • Payment by Results approaches are being developed in line with proposals set out in the <i>Breaking the Cycle</i> Green Paper to act as an incentive for local areas to invest in the most effective activities which prevent young people offending and reoffending: <ul style="list-style-type: none"> • Ministry of Justice is offering pilot areas the opportunity to share in the savings to the Department, if they successfully reduce demand on the YJS. The YJB is linked to one such Financial Incentive Model (FIM) in the North West of England and in some London boroughs where pilots are due to go live in October 2011 for a period of two years. • YJB is piloting a <i>Youth Justice Reinvestment Pathfinder Initiative</i> with local authorities providing them with upfront funding allocated from the central custody budget to invest in alternatives to custody. The pilot will go live in October 2011 for a period of 2 years. • The YJB is working with partners to develop their portfolio of programmes aimed at reducing first time offending such as the Big Lottery Fund's 'Realising Ambition' Programme. In our 2011–12 business plan we committed to working with partners to develop their portfolio of programmes aimed at reducing first time offending by September 2011.

Financial Management in Ministry of Justice

(Sixteenth report published 25 January 2011)

The PAC examined the Ministry on strengthening accountability, improving financial management and on recovering costs and collecting fines and penalties.

Total number of recommendations contained in this report: 9

Total number of recommendations that remain outstanding: 9

Recommendations	Detail of progress made to date
<p>PAC Recommendation (1)</p> <p>Ministry of Justice (the Ministry) has much to do to embed strong financial management as standard across its business but we welcome the steps the Ministry has started to take in order to improve.</p> <p>The Ministry should produce a report on progress to this Committee by September 2011 and the NAO will then validate the Ministry's assessment. We will then take further evidence on its financial management at a hearing in November 2011.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • In line with the recommendation, the Department will submit a detailed progress report to the committee in September 2011. The PAC hearing is currently planned to take place in December 2011. • Ministry of Justice is the first Whitehall Department to use self-assessment against the NAO's model to judge progress. The self-assessment prior to the 2010 Hearing confirmed that the Department had established financial management practices that were adequate in supporting the business under stable circumstances and was progressing towards those that would enable it to cope effectively in more challenging times. • The Department is currently undertaking a renewed self-assessment against the NAO's model. This will conclude and report by September 2011. • The Department has developed a Finance Improvement Strategy which is being delivered by a Finance Improvement Programme, overseen by the Department's Director General Finance. The Programme will bring together plans across the Department, its agencies and arm's length bodies (ALBs) to improve the delivery of financial management over the next four years. • Under the four year Strategy, the Department's finance function will have an enhanced role in delivering professional finance services across the business. It will ensure that governance, structures and supporting processes underpin effective financial management across the Department. • This is being supported by developing the

Recommendations	Detail of progress made to date
	Department's capabilities and embedding the culture change.
<p>PAC Recommendation (2)</p> <p>By its own admission, the Ministry has exercised insufficient control over its arm's length bodies, including the Legal Services Commission. We do not share the Ministry's view that there is little scope to influence the behaviour of arm's length bodies.</p> <p>The Ministry needs to be clearer in its funding arrangements with these bodies about what its expectation of them is, setting out, for example, clear rules of engagement and management information requirements. It should also tailor the depth and frequency of its oversight arrangements to reflect the real risks different bodies pose.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The relationship between the Department and its ALBs is governed by framework documents that are wholly in line with Cabinet Office guidance and are supported by regular accountability meetings. • The Department has completed a fundamental review of all of its ALBs, enabling progress on plans to both reduce the number and strengthen the accountability and governance of the remaining bodies. In 2010, each ALB was considered against the Government's three tests. Where an ALB passed one or more of the tests, consideration was also given as to whether its current constitution was the right delivery model going forward. • The Department's ALB Governance Division was established in April 2011 with responsibility for driving up sponsorship standards across Ministry of Justice to ensure ALBs are supported by consistent governance arrangements, with clear lines of accountability, as well as periodic review and performance monitoring. The level of scrutiny will be proportionate and determined by a formal, consistent, documented risk assessment, and with the Principal Accounting Officer sighted on the sponsorship arrangements agreed as a result. • ALBs will be expected to move onto the Department's shared service, as contracts allow. Interim arrangements are being put in place to import data into MoJ finance systems for reporting purposes. • In October 2010 a new Framework Document for the Legal Services Commission (LSC) was published, clarifying decision-making processes and placing a greater focus on financial accountability, management responsibilities and how the Department and LSC should work better together. • LSC has implemented a programme of work to address any deficiencies identified. A Financial Stewardship Committee is overseeing the LSC's delivery of a stewardship programme to tighten financial management and controls. • The <i>Legal Aid, Sentencing and Punishment</i>

Recommendations	Detail of progress made to date
	<p><i>of Offenders Bill</i>, which was introduced to Parliament in June 2011, provides for the abolition of the LSC and the vesting of the powers and functions in the Lord Chancellor (although the Lord Chancellor will have no power to make or influence individual funding decisions in relation to legal aid). An Executive Agency will be established within the Department to administer legal aid. The abolition of the LSC and the establishment of an Executive Agency will ensure greater accountability for ministers in terms of financial management. Subject to the passage of legislation, current planning assumes that the new agency will be established from 1 October 2012.</p>
<p>PAC Recommendation (3)</p> <p>It is simply not acceptable that, after two years of work, the Ministry still does not have a detailed understanding of the costs of its staff activities in its largest executive agency. Given the scale of the challenge it faces following the Spending Review, it is very worrying that, on current plans, the Ministry will not have this information until the end of 2011.</p> <p>We look to the Ministry to bring forward the work it is doing to understand the cost base in the National Offender Management Service and HM Courts Service. We expect the Ministry to be explicit about how it will use this information to drive value for money, and we want to hear how the department will develop proposals for similar analyses across the rest of its business.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • In January 2011, the Department established a Costing Committee to agree the corporate requirements for unit cost data and oversee a programme of work on the development of systems and processes to routinely capture this data. <p>NOMS:</p> <ul style="list-style-type: none"> • Specifications and costings for all prison and probation services will be completed by December 2011, as planned when the Specification, Benchmarking and Costing (SBC) programme was set up. As of 30 August 2011, 51 specifications had been signed off by the NOMS Executive Management Committee. All specifications will be published by April 2012. • Performance scorecard indicators on the costs of specified services are being developed and tested by NOMS during 2011–12, to support actions to drive down the unit costs of these services. • The PREview probation costing system was introduced during 2010 to collect expenditure on each specified service for each probation trust. The results of the first national exercise were used to support planning for 2011–12. NOMS has committed to develop three input indicators based on PREview data for publication under the transparency agenda, in autumn 2012. <p>HM Courts & Tribunals Service:</p> <ul style="list-style-type: none"> • The existing costing systems in HM Courts & Tribunals Service continue to be used as a basis for recovering the costs of civil and

Recommendations	Detail of progress made to date
	<p>family business from court users. Further, the cost models were used as a basis for allocating reduced budgets to regions for 2011–12 as part of a programme to target resources more accurately to expected workload. The planned work to further refine the cost models for HM Courts & Tribunals Service (bringing into scope in-court staff and to complete Crown Court activities) is due for completion in September 2011.</p> <ul style="list-style-type: none"> • Work to develop a model based on workload and cost drivers for the County Courts, completing the development of Activity Based Costing (ABC) in HM Courts & Tribunals Service, will be complete by March 2012. Having more complete costing information will assist the development of more refined allocation models, targeting resources more effectively and driving a more active programme of Benchmarking to challenge relative differentials. The information will also further inform the current programme of reviews to determine which services can be delivered more effectively on a shared or outsourced basis.
<p>PAC Recommendation (4)</p> <p>Without combined financial and operational performance data and a full understanding of its costs, there remains a risk that, in implementing its Spending Review settlement, the Ministry will not achieve best value for money and will not understand properly the impact of cost reductions on frontline services. Cost reductions should be based on a full understanding of relative costs of alternative cuts and a proper understanding of the value that will be lost, in particular so that a cut in one area does not lead to additional expenditure elsewhere.</p> <p>We look to the Ministry to produce a robust business planning process and to integrate its operational modelling with the full cost information systems it is developing.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Department has developed a blueprint for the ideal structure of its modelling landscape covering flows through the criminal justice system, as well as civil, family and administrative business, which will allow the Department to assess the impact that savings in one area will have on others. Several elements of this blueprint are either in development or have been completed and these models are just starting to be used as part of the operational business planning process. However, there is work still to be done, particularly in the areas of civil and family modelling and also further refining the unit cost data used within the modelling work. A basic suite of models for family and civil is currently planned to be completed by the end of 2011–12. • A Financial Planning Model has been developed which allows the Department to plan for changes in performance by integrating data from the Analytical Services, Portfolio, Performance and Finance teams. This takes account of the best available data, including unit costing exercises, as well as volume forecasts and

Recommendations	Detail of progress made to date
	<p>operational views as to the extent to which potential savings can be delivered. The results are fed into the Department's governance structure to allow senior officials and Ministers to make informed decisions.</p> <ul style="list-style-type: none"> • The Department's operational business groups are also working with Corporate Finance and Analytical services to improve the collection of volume and cost data. Progress on costing is included under Recommendation 3 above. • The Department has implemented a governance framework which meets the Cabinet Office guidelines on Departmental Boards. As part of this process the Department will regularly update the models developed for the Spending Review and review its delivery of spending plans. • The Departmental Board also receives regular integrated updates on performance and finance through the Departmental Scorecard and can identify areas for concern quickly.
<p>PAC Recommendation (5)</p> <p>The Ministry was the only major government department not to meet the timetable for delivery of its 2009–10 accounts. We are not convinced that the problems facing the Ministry in producing its accounts were any more severe than those facing other departments.</p> <p>The Ministry must produce its accounts on time in future.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Department was unable to lay its Annual Report and Accounts 2010–11 before Parliament prior to summer recess in accordance with HM Treasury's timetable for central government bodies. • Each of the Department's agencies laid their 2010–11 agency accounts before Parliament prior to summer recess which represents an improvement over 2009–10. However, a primary reason for the Department's non-delivery to a pre-recess deadline was that the National Offender Management Service (NOMS) accounts were delayed to the extent that the Department was left insufficient time to complete the consolidation of the Group Accounts, and have them audited, prior to summer recess. • The Department is committed to ensuring that the Annual Report and Accounts are robustly prepared and laid in a timely manner. To support this outcome in 2010–11, an external accounting firm was engaged to provide oversight of the Annual Report and Accounts production process and introduce processes to enable tighter

Recommendations	Detail of progress made to date
	<p>project management of the process. Despite the failure to lay the Department's consolidated accounts pre-recess, this action was successful to a degree as evidenced by the improved quality of the accounts of the Department's bodies overall and the improved performance of all agencies laying pre-recess.</p> <ul style="list-style-type: none"> • We recognise that further improvements will be required across the Ministry and its agencies to ensure we are able to deliver successfully in future and meet the challenges of Clear Line of Sight. The Department has commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA), overseen by the Department's Audit Committee, to undertake an independent review of the Annual Report and Accounts 2010–11 production process to better understand the causes and issues underlying the failure to meet the deadline. Findings and recommendations from these engagements will be considered by management to ensure future processes operate efficiently and effectively. • As part of a wider Finance Improvement Programme, the Department is re-designing its finance structures to ensure that it is more able to meet its future reporting requirements and timetables. Structural changes at the Senior Civil Service (SCS) level have already been undertaken and we are now implementing changes to structures below the SCS level.
<p>PAC Recommendation (6)</p> <p>The Ministry has not recovered the full cost of Family and Civil (Magistrates' Court) work through the fees charged to service users. This contrasts with Probate, where the Ministry has consistently recovered 120% of the service costs.</p> <p>We look to the Ministry to set fees so as to ultimately reach 100% cost recovery in a fair and equitable manner.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Department's aim is that by March 2015 there will be full cost recovery for civil and family business. The Department is committed to delivering a simpler and more sustainable fees regime which is based on a solid understanding of the evidence and fits the planned major reforms of the justice system. • The Department is awaiting the Family Justice Review, which is expected to produce a report by the end of this year. The review will provide a blueprint for the family courts and make recommendations about the way family business is brought to and conducted through the courts prior to

Recommendations	Detail of progress made to date
	<p>changing fees in this jurisdiction.</p> <ul style="list-style-type: none"> • The Department is introducing policy and efficiency initiatives that will reduce the volume of cases and the cost of civil and family court business thus reducing the cost. • Pre-empting this work, including that of the Review's final report, would result in increasing fees in advance of making the efficiency savings. • In the interim, the Department plans to consult on changes to fees in the High Court and Court of Appeal Civil Division by October 2011. • The Department will respond and implement any changes as a result of the consultation by April 2012. • The Department aims to have rationalised the court fee structure to reflect the changes completed by the Civil and Family Transforming Justice agenda – setting fees to reflect a more streamlined and efficient system – by April 2015.
<p>PAC Recommendation (7)</p> <p>There was little evidence of the sustained improvement in fine collection rates that we were promised in 2006. As at 31 March 2010, outstanding fines and confiscation orders in arrears and over six months totalled just under £1.5 billion, of which just 30% was considered recoverable. Unpaid court fines and penalties have increased year-on-year and the Ministry's primary measure of how effectively court fines are being collected is inadequate. The Ministry still relies on payment rate, despite our conclusion after our 2006 Hearing that the payment rate fails to capture the amounts of outstanding arrears.</p> <p>We look to the Ministry to introduce the promised improvements to performance measurement by September 2011.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The specific recommendation relates to the PAC report, <i>Fines Collection</i>, from January 2007. The required performance reports were issued in August 2011, however it is anticipated the management reports on <i>Financial Penalty Performance</i> will be able to be re-run from April 2011 to ensure a full year reporting in the new format. Please refer to the Department's reported progress on Fines Collection 2007 (on page 240) for further details. • The Department plans to run these reports in parallel with existing reports for a year to provide greater assurance, enabling the current payment rate indicator to be replaced by April 2012. These reports will improve the quality of management information on both financial penalties and confiscation orders. This will allow the Department to make a more accurate assessment of recoverability. • There has been a significant improvement in performance during 2010–11. In 2010–11 HM Courts & Tribunals Service collected £23m or 9% more against fines than in 2009–10. Furthermore, 23 of the 42 criminal

Recommendations	Detail of progress made to date
	<p>justice board areas have reduced their outstanding balances during this period.</p> <ul style="list-style-type: none"> • Underpinning performance improvements are: <ul style="list-style-type: none"> • An increased focus on early compliance; • Increase use of 'crackdown' blitzes; • Introduction of new private sector enforcement contracts; • Consolidation of HM Courts & Tribunals Service accounting divisions; and • Access to additional tracing data including the Department for Work and Pensions' Customer Information System.
<p>PAC Recommendation (8)</p> <p>No one department currently has overall responsibility for overseeing collection of confiscation orders. Ministry informed us that it was only responsible for overseeing the collection of some 16% of the confiscation orders issued annually across the criminal justice system – although 100% of the value of these orders sits in the Ministry's financial statements.</p> <p>Concerted efforts to improve collection rates are needed urgently and we look to the Ministry to take the lead, through closer working between its Accounting Officer and the Heads of its criminal justice partners.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The policy responsibility for asset recovery lies with the Home Office. The Department's role, through HM Courts & Tribunals Service, is to collect and enforce low value confiscation. Although 100% of the value of all orders are recorded in the Department's accounts, the Department is not responsible for the enforcement of orders that are assigned to other enforcement agencies such as the Crown Prosecution Service, which reports to the Attorney General's Office, and which account for 76% of enforcement orders by value. • In order to improve transparency and accountability, the Department is taking action to have those orders for which it is not accountable for enforcement assigned to other departments. In March 2011 the Department's Director General Finance wrote to her counterparts in the HM Treasury, Home Office, SFO, CPS and SOCA to initiate the process. This change, if accepted by those Government Departments which are also responsible for the enforcement of confiscation orders, is unlikely to take effect before the end of the 2011–12 financial year. • The Department, in conjunction with other Criminal Justice System agencies, is working to identify and resolve blockages in the process and to increase the ability to recover assets, including those held overseas. As part of this work, HM Courts & Tribunals Service will be introducing civil enforcement measures this year. In

Recommendations	Detail of progress made to date
	<p>addition, new procedures have been developed by the Department that will be available to prosecutors from October to help them to address the hidden and overseas assets issues. The forthcoming Home Office strategy on organised crime will set out in more detail how the Government will increase its ability to deprive criminals of their assets.</p> <ul style="list-style-type: none"> • From 2010–11, fines, confiscation orders and fixed penalties will not be reported in the Annual Resource Accounts, they will instead be reported in the form of a separate Trust Statement, audited by the NAO.
<p>PAC Recommendation (9)</p> <p>Qualification of its accounts has led the Legal Services Commission to strengthen its quality assurance processes but the level of error and potential fraud in payments to providers are still too high. It is unacceptable that the Commission cannot specify a date by which it expects to produce unqualified accounts.</p> <p>The Commission should categorise and analyse the causes of error, and then target its resources and initiatives to reduce the level, so that its accounts are no longer qualified. The Ministry's September 2011 progress report to this Committee should include an update on the performance of the Commission.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The LSC has made considerable progress in this area. In his report on the LSC's qualified accounts for 2009–10, the NAO Comptroller and Auditor General acknowledged that the situation was improving. The LSC is committed at a senior level to providing sustained senior focus on improving its financial and operational controls. • In 2009–10 the LSC took significant steps to categorise and validate the errors identified, through the sampling of provider claims, and to analyse the causes of errors across all legal aid schemes. • In 2010–11, as the Committee's report acknowledges, for the contracted schemes the LSC has reviewed 450 cases a quarter to establish the error rate. It is likely that the NAO will rely on this work to establish the extrapolated error rates for 2010–11. This work includes a detailed analysis of the types of error. The LSC is also using these analyses to target work to recover overpayments made to providers. In 2010–11, the LSC recovered over £12 million of overpayments, and is on target to recover overpayments made to providers. • The large majority of errors originate with legal aid providers or clients. As a result, the LSC has introduced a new Provider Management Strategy designed to profile provider risk, target areas of greatest concern and improve provider performance. This strategy also involves the LSC moving towards a holistic approach to intervening with providers and to target those firms

Recommendations	Detail of progress made to date
	<p>making the most significant errors.</p> <ul style="list-style-type: none"> • In addition, the LSC: <ul style="list-style-type: none"> • is constantly reviewing and improving its written guidance for providers; • is enhancing its controls on all legal aid schemes, targeted at the main causes of error identified including, for example, strengthening the testing of eligibility on Civil Representation cases; and • has improved its internal quality control testing to reduce potential errors made by LSC staff. • The LSC is not able to give a firm date by when it will be out of qualification. It does expect the overall level of errors to reduce although many of the actions outlined above will only have an impact from 2011–12 onwards. With enhanced controls, better guidance and stronger systems, the LSC also expects the level of one-off errors made by providers to reduce. In addition, because of the way errors are extrapolated, these small random errors can still result in a high extrapolated error.

The Procurement of Legal Aid in England and Wales by the Legal Services Commission.

(Ninth report published 2 February 2010)

The PAC examined Ministry of Justice (the Department) and the Legal Services Commission (LSC) 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: 4

Recommendations	Detail of progress made to date
<p>PAC Recommendation (1):</p> <p>There is a lack of clarity in the respective roles of 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>Implemented</p> <ul style="list-style-type: none"> • Sir Ian Magee's review of legal aid delivery and governance considered the relationship between the Department and the LSC. 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 LSC. • The report made clear that the Department's sponsorship role was the key to a successful relationship with the LSC, and included recommendations to develop a revised <i>Framework Document</i> 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. The revised <i>Framework Document</i> was published on 26 October 2010. • Following publication of Sir Ian's review, the previous Government announced the intention to replace the LSC with an Executive Agency of Ministry of Justice. The Government agrees with this change, believing it will ensure greater accountability for ministers in terms of financial management. The <i>Legal Aid, Sentencing and Punishment of Offenders Bill</i>, which was introduced to Parliament in June 2011, provides for the abolition of the LSC and the vesting of the powers and functions in the Lord Chancellor (although the Lord Chancellor will have no power to make or influence individual funding decisions in relation to legal aid). An Executive Agency will be established within the Department to

Recommendations	Detail of progress made to date
	<p>administer legal aid. The abolition of the LSC and the establishment of an Executive Agency will ensure greater accountability for ministers in terms of financial management. Subject to the passage of legislation, current planning assumes that the new agency will be established from 1 October 2012.</p> <ul style="list-style-type: none"> • An Executive Agency Transition Programme (EATP) has been set up to oversee the establishment of the agency. The EATP is led by the LSC's Chief Executive as Senior Responsible Officer and supported by a number of joint Ministry of Justice / LSC work-streams looking at individual areas.
<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"> • The Commission, with the support of the Department has taken steps to reinforce its financial controls in relation to processing legal aid applications and bills by, for example, improving checks on the eligibility of clients, as well as increasing its post-payment audit activities which include recovering overpayments made to providers. As a result, in 2009–10, the LSC recovered £4.95 million of overpayments and has recovered almost £12.2 million in 2010–11. • Building on the improvements already introduced, additional financial and operational controls have been introduced throughout 2010–11. These improvements have included implementation of a new Provider Management Strategy designed to change provider behaviour. Over 2,200 visits to providers have been made by the LSC's Contract Managers and auditors during 2010–11 designed to educate providers in the way they claim for legal aid and to recover overpayments as necessary. • Processes to support the preparation of the year end accounts have been significantly improved. A full re-structure of the Finance Department has also been completed which has established a clear split between the management accounting and financial accounting functions. The maintenance of the ledgers for the LSC's administration accounts has also been outsourced to the Department's shared services provider. • The work to improve the LSC's accounting and finance functions has drawn upon a wider programme of work undertaken with

Recommendations	Detail of progress made to date
	<p>the support of Ernst & Young, to strengthen financial management across the LSC.</p> <ul style="list-style-type: none"> • All this work is jointly overseen by the LSC's Chief Executive and the Department's Director General Finance. The Commission has also been strengthened by the appointment of a new Director of Finance and Corporate Services who is a member of the LSC's executive team and attends all Commission Board meetings.
<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"> • 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. • In November 2010, the Department published a wide-reaching consultation paper <i>Proposals for the Reform of Legal Aid in England and Wales</i> which proposed a number of changes to the scope and fees paid for legal aid. This consultation paper signalled the Government's intention to move to introduce competition into the pricing of criminal legal aid services, with a view to subsequently introducing competitive pricing in civil and family legal aid. • Work on the design of the competitive tendering model is under way, and the Department intends to consult on the proposed model and related policy during 2011. The Department is ensuring that it has further information about the state of the legal aid market including the profitability of providers.
<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"> • 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 <i>Legal Services Act 2007</i>. 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 consistently good quality in advocacy across the legal professions.

Recommendations	Detail of progress made to date
	<ul style="list-style-type: none"> Stakeholders have worked with the LSC and Department over the last three years to identify standards of competence across the range of criminal advocacy. The Department and the LSC 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 LSC, as the largest single funder of these services, has a key role in setting standards by which they are commissioned. In November 2009, a Joint Advocacy Group (JAG), comprising the legal profession's main regulatory bodies, started work to develop and administer a final single quality assurance scheme to cover all arms of the advocacy profession. The JAG is being supported by an independent expert Advisory Group, chaired by Lord Justice Thomas. The Advisory Group provides a forum for key parties, led by the legal profession, the judiciary, the LSC, as well as lay members representing the consumer interest, to advise the regulators on the principal elements of the scheme and to ensure that the scheme is practicable and proportionate. The Advisory Group is assisting JAG with the initial development of the quality assurance process and, following its introduction, scheduled for January 2012, will assess the operation of the scheme itself. In 2009–10, the LSC moved to a risk based approach to the use of 'peer review', the LSC'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.
<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</p>	<p>In Progress</p> <ul style="list-style-type: none"> 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.

Recommendations	Detail of progress made to date
<p>the potential financial consequences of improving access to it.</p>	<ul style="list-style-type: none"> • Research by the LSRC in 2010 using data from more than 30,000 police custody records, suggested that the request rate overall for legal advice was 45%. More detailed research findings on differences in the take up of legal advice by police force area have been published in the Criminal Law Review (January 2011) while findings on legal advice and children and young people have been published in Youth Justice (April 2011). Further research findings will be published in 2012. • The LSRC is also conducting a small-scale research study exploring the use of duty solicitors based on-site in a large police station. The objective of the research will be to identify the impact that an on-site duty solicitor scheme may have on the take-up of legal advice and the efficient processing of cases. This will involve examination of electronic custody records in order to examine any differences following the project in request rates for legal advice, case duration and outcomes. The research also includes interviews with custody sergeants, legal advisers, and people who have chosen not to have legal advice. An interim report is expected by the end of October 2011. • 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. • The work to develop proposals for the competitive procurement of criminal legal aid services will examine the potential options for providing advice in different ways.

Recommendations	Detail of progress made to date
<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>Implemented</p> <ul style="list-style-type: none"> • In November 2010, the Department published a wide-reaching consultation paper <i>Proposals for the Reform of Legal Aid in England and Wales</i>. This included a number of proposals for the reform of criminal fees. In its formal response following the consultation, published on 21 June 2011, the Department made clear its view that an earnings cap would give rise to significant practical difficulties. The Department is also persuaded that an earnings cap would not actually save money, but would simply lead to a redistribution of existing work – including a redistribution of payments for that work – without securing any improvement in efficiency. • Following the introduction of contracting for Very High Cost Cases (VHCCs) between 2001 and 2004, the proportion of payments being made under the previous system has fallen. As these legacy payments tend to relate to the more expensive and lengthy cases, it is expected that this fall will make payments to advocates of up to £1 million a year much rarer. The highest paid barristers in 2009–2010 received payments well short of £1 million. • Through the continuing reform programme, the Department and the Commission remain resolute in their determination to bear down on costs, particularly given the current economic climate.

Maintenance of the Prison Estate in England and Wales

(Fifty-first report published 5 November 2009)

The 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: 6

The responsibility for the estates function for the NOMS estate has now moved from NOMS into MoJ.

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"> Locally managed planned and reactive maintenance of the custodial estate is coordinated through a Computer Aided Facilities Management (CAFM) system, currently hosted by Planet FME (Facilities Management Enterprise). This system provides standardised maintenance task scheduling that reflects statutory and operational priorities, detailed performance and compliance monitoring as well as a full maintenance history of all maintainable assets. Longer term maintenance planning is being addressed through an <i>Asset Review</i> that systematically assesses the condition, age and economic life of maintainable assets in each public sector prison. This allows the long-term maintenance needs to be identified, and maintenance plans developed to meet those needs. This method allows the assessment of the overall risk and resources to be targeted at the areas of greatest risk. The surveys of the Custodial Estate are due to be completed by the end of July 2011 and the data collected is being loaded into the Capital Asset Investment Planning (CAIP) system. CAIP (currently hosted by Atrium Software) provides accurate and robust analysis of the information to support strategic and maintenance/development planning for the estate as well as investment planning and budgeting. Ministry of Justice Asset Management Unit (AMU) consulted the Ministry of Defence (MoD) about its Estate Planning Tool and

Recommendations	Detail of progress made to date
	<p>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 <i>Asset Review</i> should be used for the maintenance management of NOMS prison assets.</p> <ul style="list-style-type: none"> As the project has progressed there has been active interest shown in the approach by a number of other Government Departments.
<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"> The Planet FME system is operational and in use throughout HM Prison Service for producing and monitoring task schedules for prison maintenance. The use and quality assurance of the system is regularly monitored centrally by the AMU who report progress and developments to the Regional Estates Managers on a quarterly basis. Any issues or good practice experienced through the use of the system are discussed at the monthly Principal Users Group. Planet FME operates on a single database, which facilitates easier analysis of service-wide data including the ability to track maintenance expenditure.
<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"> Responsibility for the NOMS estate has been transferred into Ministry of Justice, to be managed along with the other elements of the Departmental estate (HM Courts & Tribunals Service, Probation and HQ). The work is undergoing review as part of the Estates Transformation and Integration Programme. Part of this review is a project that is currently working towards a clear understanding of the 'as-is' picture of the whole of the Department's estate. Its focus is on defining the structure and identifying services that can be integrated to a common delivery function. One key element of this is to explore bringing the HM Courts & Tribunals Service's Regional Estate Managers into the centre for control and reporting purposes. The project team aims to propose an interim regional structure by October 2011, with a

Recommendations	Detail of progress made to date
	<p>view to implementing this by spring 2012. It is envisaged that the longer-term structure is designed by October 2011 and implemented by spring 2014.</p> <ul style="list-style-type: none"> • Running parallel with this is a NOMS regional works review which will focus on delivery of works services in prisons and will cover the Service Delivery Agreement along with identifying roles and responsibilities. This is scheduled to report by the end of 2011. • The data being collected as part of the <i>Asset Review</i>, in conjunction with maintenance data held in Planet FME, will provide a robust means of providing performance and benchmark reports as well as ensuring compliance with legal, statutory and operational requirements.
<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"> • Following a workshop, in collaboration with HVCA (Heating and Ventilation Contractors' Association), to standardise the approach to Service Focussed Maintenance (SFM) and defining critical assets and tasks. A colour-coded (red, amber & green) prioritisation system for assets and tasks has now been introduced into Planet FME. The intention is that any asset identified as red must be fully maintained per the legislative and regulatory requirements and maintenance schedules. Assets and work that sits in the remaining categories can be risk assessed and rescheduled as appropriate by the local teams. This ensures work is compliant but not over specified: <ul style="list-style-type: none"> • The information now sits in a National database. This allows easier and effective monitoring of performance of maintenance teams and identifies incomplete work. • 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, which is achieved by a traffic light system: • Red task, which is a piece of work required by legislation or regulation, e.g. electrical testing or gas safety checks. • Yellow task, deemed business critical e.g. general lighting or compressor tests.

Recommendations	Detail of progress made to date
	<ul style="list-style-type: none"> • Green task, classed as non-essential or can be deferred, e.g. inspection of wash hand basins or small extractor fans. • Control of cell occupancy is supported robustly by the NOMS Population Management Unit (PMU) in order to maximise capacity. Any planned cell outage must be approved by PMU prior to the cell being vacated. Cells that have been damaged due to vandalism etc., are normally returned into use as soon as possible.
<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>Implemented</p> <ul style="list-style-type: none"> • Planet FME allows the reasons, including vandalism, for reactive maintenance tasks being undertaken to be identified this enables the AMU Monitoring and Compliance Unit to monitor maintenance spend and identify any inconsistencies in the data. AMU is able to challenge the relevant maintenance teams more effectively.
<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"> • Whole Life Costs (WLC) are now included in business cases so that these, along with capital costs and net present values, are presented to property boards so a properly informed decision can be made. The <i>Asset Review</i> will assist greatly in defining actual future maintenance costs for inclusion in the WLC analyses as this is currently done on an estimated basis.
<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"> • Following on from the work of the Technical Standards and Design review (instigated in June 2010), Ministry of Justice Project Delivery Unit (PDU) are acting as a pilot organisation using the Business Information Modelling (BIM) system recommended by the Department for Business, Innovation and Skills. The integrated and collaborative approach to building design and delivery, by taking account of operational imperatives, technical standards and maintenance, will allow the deployment of standard components and design and will drive

Recommendations	Detail of progress made to date
	<p>efficiencies and cost savings in the construction and maintenance of new assets. This project will run for around 18–24 months.</p> <ul style="list-style-type: none"> For the current estate there remains a need to balance the need to achieve consistency with existing buildings on a site and introducing products which provide design enhancements and/or improved whole life costs. The Department consulted both the Defence Estates (DE) in the MoD and the Olympic Delivery Authority (ODA) to find out how they have approached the issue of commonality of product. This information has informed the considerations of MoJ PDU.
<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>Implemented</p> <ul style="list-style-type: none"> The new handover procedures were implemented in January 2008, and introduced for the first time a formal coordinated and comprehensive set of mandatory actions with a checklist. This reduces 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. The new protocol has now been fully implemented for all projects. There are a series of meetings that make up the hand-over process (starting about eight weeks before final handover) and each one is fully minuted. This includes outlining everything that has been delivered and a requirement to record the new assets in the maintenance and property databases. The problem of consistent use of the procedures has been addressed by a working group led by the 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 continues to be monitored.

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: 3

Recommendations	Detail of progress made to date
<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"> • 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 the Department, they have reviewed the core competencies for Senior Responsible Owners (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 <i>Transforming Justice (TJ) Portfolio</i>. Major programmes and projects will now be scrutinised at a Departmental level by a newly formed Transforming Justice Committee. • The progress of, and achievements resulting from, these changes will be evaluated by the Head of Continuous Improvement who is leading on an organisational review of PPM capability and capacity. This review aims to understand the current internal and external skills and levels that the organisation has specifically looking at capability and capacity within its major change portfolio – of which the NOMIS programme is part. In conjunction with the TJ portfolio an assessment will be carried out to ensure the right capability and capacity is available to deliver all the change projects in the Department's portfolio. This review has determined that there is a capability and capacity gap in the organisation around benefits realisation. As such, a number of interventions have been investigated to bridge this gap, including training, mentoring and workshops.

Recommendations	Detail of progress made to date
	<ul style="list-style-type: none"> • Best practice methodology and standardised documentation and reporting are being reviewed across the organisation. Currently, different parts of the Department use a range of documentation and slight variations on the PPM methodology. We want to understand these differences and how best practice is used. A working group has been formed with representatives across MoJ to build a standardised PPM methodology and document toolkit to help ensure best practice is in use across the Department. Work in this area has seen the development and adoption of a new set of business case templates where HM Treasury approval is required. These have been implemented across MoJ and strengthen areas such as financial and economic cases as well as the achievability of programmes and projects. • NOMIS is included in the TJ Portfolio (the Department's strategic change portfolio) and, as such, is included in monthly reports to the TJ Committee (a sub-committee of the Departmental Board). As part of a new reporting process (introduced in July 2010), SROs are asked to provide a personal assessment of progress and delivery confidence. They are also asked to set out any key concerns and to highlight any which they believe should be escalated to the Committee. A key dependency on another programme to implement an infrastructure solution was highlighted through this process and the TJ Committee has kept this under regular review. • 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.
<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</p>	<p>In Progress</p> <ul style="list-style-type: none"> • 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

Recommendations	Detail of progress made to date
<p>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>SROs who are responsible and accountable for delivering the TJ Portfolio of programmes and projects. As well as providing this training to current SROs the department has also rolled this out wider to now offer this to people who are likely to be SROs of the future.</p> <ul style="list-style-type: none"> • The Department has: <ul style="list-style-type: none"> • created a PPM & 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; • rolled out across the Department a project management competency assessment tool to provide a snapshot and gap analysis of project management capability; • consulted on the implementation of a 'project passport' to help project managers to evidence their continuous professional development towards full capability; • 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 • 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 shown them to be popular. • Lessons learned from the recent reviews of NOMIS will continue to be examined by the Department to ensure improvements in future policy. • The Department is also including in its yearly talent management process an evaluation of Band A's PPM experience and competence. The results of this will be used to identify and assess PPM leaders of the future and to enable MoJ to target training, support and development to these individuals.

Recommendations	Detail of progress made to date
<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 <i>Managing Public Money</i>, and the <i>Doing the Business</i> 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>Implemented</p> <ul style="list-style-type: none"> • 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 <i>Managing Public Money</i> and <i>Doing the Business</i> guides, to ensure the Programme is in line with these practices where appropriate. The NOMIS Head of Finance developed an action plan to enhance financial reporting and to embed robust financial management. This plan has now been implemented and it has: <ul style="list-style-type: none"> • Delivered enhanced monthly reports (both at project and programme level); and • Consolidated procurement records to assist with the definition of contract deliverables, tracking of payments, and revised cost forecasts. • 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. In recent months, the cost model has been enhanced to provide greater clarity and transparency. Earned Value Analysis is being employed on contracts awarded since 2009, where appropriate.

Recommendations	Detail of progress made to date
<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"> • 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 Data Share System (DSS) project (which is now part of the Probation Case Management System 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. Phase 3 would have provided prisons staff with access to a sub-set of probation information. • 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 within the Department's Information and Communications Technology organisation, once the Programme completes delivery at the end of August 2012.

The Administration of the Crown Court

(Thirty-fifth report published 9 July 2009)

The PAC examined HM Courts Service (now HM Courts & Tribunals Service) and 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: 5

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 partners, 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"> • HM Courts & Tribunals Service has processes in place to categorise cases in relation to seriousness and assessments of length of trial, such as those suggested, and are working with the judiciary and other agencies to achieve more consistency. • HM Courts & Tribunals Service 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 at some level to check the readiness of forthcoming trials and to discuss and review recent cases that have cracked or been ineffective. • Currently, 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 (where effective). These forms are then used at local meetings to discuss the issues that have caused the problem and/or used by the court case progression team or Resident Judge to analyse trends that can be addressed or that need action taken. • HM Courts & Tribunals Service is committed to working with the senior judiciary and other agencies to ensure a continued focus on effective trials and has agreed to share key performance data with judiciary and CJS agencies. • Pilots currently underway in Reading, Bristol, and Winchester have been testing a system (developed at Liverpool) for identifying guilty pleas at an earlier stage. The results of these pilots are being

Recommendations	Detail of progress made to date
	<p>considered by the senior judiciary with a view to considering learning lessons nationally. The Senior Presiding Judge is also identifying venues to test an enhanced focus on case management.</p>
<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>Implemented</p> <ul style="list-style-type: none"> • HM Courts & Tribunals Service is working with the judiciary and other agencies to ensure that 'Cracked and Ineffective Trials' are monitored. Trends in performance by specific Crown Prosecution Service teams or defence firms can be identified and referred to the judge. • The HM Courts & Tribunals Service Performance Database and CREST case management system produces detailed 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. • HM Courts & Tribunals Service 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.
<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"> • HM Courts & Tribunals Service has reviewed the way performance data is reported to the judiciary, and has agreed 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 agree with the judiciary the level and type of information required. • In addition, HM Courts & Tribunals Service is improving the way in which it presents information to the Board to provide a more cohesive report that links finance and performance data. • The reports are now being produced and this recommendation is almost concluded.

Recommendations	Detail of progress made to date
<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"> • CREST is reliable and has been kept up-to-date with legislative and business requirements. • We have worked with our IT partners to establish a plan to modernise the platform. If approved, 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.
<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"> • The Bichard 7 automated solution developed by the former Office of Criminal Justice Reform, in partnership with both HM Courts & Tribunals Service and the Police, is now delivering the transfer of Magistrates' Court results to the Police National Computer (PNC) electronically across England and Wales. This is a significant achievement and further strengthens the public protection arrangements by improving the quality and timeliness of PNC data. • 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. Following the review, it was agreed that an automated solution would not be pursued at this time for the Crown Court as a significant majority of work would be subject to manual procedures. • The CCRI Project was a trilateral project to identify resulting improvements within the Crown Court. CCRIP has identified a number of key areas where technical and process changes can be made at minimal cost and with a high impact on improving public protection. The improvements will be delivered during 2011–12.
<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</p>	<p>In Progress</p> <ul style="list-style-type: none"> • HM Courts & Tribunals Service is now a central player in cross CJS efforts to improve use of video technology in appropriate cases, including further

Recommendations	Detail of progress made to date
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.	investment in equipment where there is a clear business case.

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"> • 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. • Performance targets have been agreed by all agencies in the Parole process to ensure dossiers submitted are 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. • 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. • Prison Service Order (PSO) 6010 identifies exactly which reports are required for the dossier. 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. • In April 2011: <ul style="list-style-type: none"> • Public Protection Casework Section in NOMS (issuing of skeleton dossiers) – 91% issued within target • Probation (issuing of PAROM1 – a report completed by the Offender Manager, with a recommendation regarding an offender's release) –

Recommendations	Detail of progress made to date
	<p>90% issued within target</p> <ul style="list-style-type: none"> Prison (issuing of completed parole dossier to the Parole Board) – 75% within target.
<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"> 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. 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. A Parole Process Performance and Monitoring Board, chaired by the head of the Department's ALB Governance Division, the sponsors of the Parole Board, monitors this process (in addition to ongoing monitoring by the agencies concerned). 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. The Board and its sponsors have been working with senior judiciary and HM Courts & Tribunals Service to increase the number of judicial members; Ministers have agreed that judge members will no longer be appointed through the Office of the Commissioner for Public Appointments 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, 57 were appointed, trained and put to work on panels during 2010–11. 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,

Recommendations	Detail of progress made to date
	<p>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.</p> <ul style="list-style-type: none"> • 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. • In order to cope with continued increases in IPP and lifer workload, the Board has increased the number of panels it holds year on year. An average of 119 panels was listed in Q1 of 2009–10, rising to 170 panels listed in Q1 of 2010–11 and 204 panels in Q1 of 2011–12. • The backlog of cases has been cut by 40% during the last year from 2,651 in April 2010 to 1,420 in April 2011. • The number of cases determined within the scheduled calendar month of the GPP has remained at 32% for both 2009–10 and 2010–11. This has been the result of a steadily increasing workload and the lack of judicial members in 2009–10. The 40% fall in the backlog of cases during 2010–11 should start to feed through to waiting times during 2011–12.
<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"> • 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. • 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. • The Parole Board will also be recording all instances of deferrals in advance of the oral

Recommendations	Detail of progress made to date
	<p>hearings scheduled between October and December 2010. The Board will be analysing the reasons for each deferral, with a view to making further process improvements.</p> <ul style="list-style-type: none"> • 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. • The NAO carried out a further internal study (for the benefit of the Parole Board) on the level of adjournments/deferrals in October 2010 and their findings showed an improvement in the number of 'on the day' deferrals. However, there were still delays in the Parole process.
<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"> • 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 Access to Justice, which is removed from the management of offenders. In October 2010, following organisational changes, the Sponsor Unit moved to the Corporate Performance Group in Ministry of Justice. • A consultation paper entitled '<i>The Future of the Parole Board</i>' 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. • Since the time of the consultation there have been significant developments including a new Government in place with new priorities, and the integration of HMCS and the Tribunals Service. The Government initiated a review of sentencing policy and consulted in the <i>Breaking the Cycle</i> Green Paper, which was published in December 2010. This will inevitably have implications on the future role of the Parole Board. Therefore, it was necessary to pause before making final decisions on the future role or

Recommendations	Detail of progress made to date
	<p>the appropriate location of the Parole Board. Consideration is being given to whether sponsorship of the Parole Board should move into the newly created HM Courts & Tribunals Service. Further discussions are taking place on this proposal.</p> <ul style="list-style-type: none"> • More broadly, the Department is developing guidance on the principles by which all of its ALBs should be governed. This guidance will be further developed in light of the outcomes of HM Treasury's review into ALBs that forms part of the Public Value Programme.

The National Probation Service: The Supervision of Community Orders in England and Wales

(Forty-eighth report published 4 November 2008)

The PAC examined 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: 1

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>Implemented</p> <ul style="list-style-type: none"> • 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. • NOMS have now updated this with reoffending rates based on current methodology (frequency and severity of reoffending). • Longer run reconviction data was published on 4 November 2010 in the Reoffending Compendium (http://www.justice.gov.uk/publications/compendium-reoffending.htm) • This work also assessed 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.
<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> <p>Improvements in these areas are being taken forward under two main work programmes:</p> <ul style="list-style-type: none"> • The <i>Specification, Benchmarking and Costing Programme (SBC)</i> was established in 2008 to support improvements in efficiency and effectiveness by developing costed service specifications for services funded by NOMS and delivered through prisons and probation to offenders, defendants, victims and courts. This work is enabling fair comparison of the costs of key prison and probation services. • Specifications for several probation services have already been published

Recommendations	Detail of progress made to date
	<p>at: http://www.justice.gov.uk/about/noms/noms-specification-benchmarking-and-costing-programme/index.htm</p> <ul style="list-style-type: none"> • The SBC work will be completed by December 2011 and all specifications will be published by April 2012. • The PREview probation costing system was introduced during 2010 to collect expenditure on each specified service for each probation trust. The results of the first national exercise were made available to Trust Chief Executives and NOMS commissioners in November 2010 to support planning for 2011–12. It is intended to publish the PREview data externally as soon as it is sufficiently robust. • <i>The Performance Management Framework</i> contains a number of work strands including: <ol style="list-style-type: none"> a) The development of a performance information hub that widens access to performance information. b) The development of an enhanced management information strategy which aims to make the best use of available data. This includes two reviews led by the NOMS Head of Statistics: (1) a data quality review to ensure NOMS data and the statistics derived from them are compliant with recognised data standards and the UK Statistics Authority's Code of Practice; and (2) a cost-benefit review of NOMS data with the aim of rationalising the collections process and ensuring that NOMS only collects data which has demonstrable value to the business. Both reviews will be reporting at incremental stages over the next 18 months and are due to conclude by the end of 2012. c) Embedding cost data and comparing across providers. Costs data will contribute to probation trust ratings for the first time in 2011–12. • Whilst accurate information is available on orders completed by Probation 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,

Recommendations	Detail of progress made to date
	<p>standard case management system (PCMS). The major elements of the system have been developed and are currently being tested. However delays have occurred to the start of implementation due to:</p> <ul style="list-style-type: none"> • Underestimating the work associated with the development of the links with other systems; and • A more robust approach being adopted for the testing phase in line with lessons learnt from previous projects. <ul style="list-style-type: none"> • Expected completion is August 2012 and an appropriate indicator will be included within the Probation Performance Management. • NOMS' Performance, Information & Analysis Group are working with the Department's Chief Statistician on how to make more data and reports publicly available in line with the Public Sector Transparency Framework.

Compensating Victims of Violent Crime

(Fifty-fourth report published 20 November 2008)

The PAC examined 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 (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"> 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; the Authority should review its forms to check it requires all the information requested and to make them easier to complete; the Ministry should discuss with the Home Office and the Association of Chief Police Officers (ACPO) 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 (ACPOS). 	<p>In Progress</p> <ul style="list-style-type: none"> CICA set up a project in 2010 aimed at improving the way it collected medical information having regard to the NAO recommendations. Based on the findings from this project, CICA have introduced new practices in relation to the collection of medical information. These include: <ul style="list-style-type: none"> Working more closely with applicants to get them to take greater responsibility for providing the medical evidence necessary to support the claim, including liaising with their GPs and asking that they provide basic information such as their A&E discharge note (where appropriate); and Using medical intermediaries to provide good quality medical reports at a fixed cost. Although there will be a programme of continuous improvement as these new processes are refined, CICA considers that this part of the recommendation has been closed. CICA has reviewed all its forms with a view to making them easier to complete. Although there will be on-going reviews CICA, considers that this part of the recommendation is complete. A Service Level Agreement (SLA) with ACPOS became operational on 1 June 2010 and is working well. Agreement on an updated SLA with ACPO is expected later in 2011 although to all intents and purposes individual police forces are working to the draft agreement. Since the introduction of the Victims' Code in April 2006, police forces in England and

Recommendations	Detail of progress made to date
	<p>Wales have been legally required to return forms within 30 days. At the time the Code was introduced, 27% of forms were returned on time. This improved to 40% in the year to December 2007 (the time of the NAO report) and then to 62% in the year to December 2009. The target for the year to December was set at 80% with actual achievement being 77%. By March 2011 this had improved to 80%. CICA will continue to work with police forces to optimise performance in this area.</p> <ul style="list-style-type: none"> • When the updated SLA with ACPO is finalised later this year, CICA will consider this final part of the recommendation to be closed.

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: 1

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> <ul style="list-style-type: none"> a) carry out regular user satisfaction surveys; b) incorporate measures of mediator performance into its quality assurance procedures including the proportion of cases in which agreement is reached; 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; 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; 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>Implemented</p> <ul style="list-style-type: none"> • 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. This has been included in the Mediation Quality Mark Audit Process. • In June 2007, a Contract Management Review Criteria Report was introduced. This report looks at individual mediation providers' 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 are central to the new Mediation Audit Process which commenced in 2010. To date, the largest 40 mediation organisations have been audited to ensure contract compliance and high levels of provider performance against the Mediation Quality Mark Standard. • 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 whilst undertaking publicly funded work. • 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

Recommendations	Detail of progress made to date
	<p>about individual services when it visits the representative bodies to undertake the Mediation Quality Mark Audit. The LSC's audit activities include an assessment of mediator's performance against the quality requirements set out 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. In November 2010 the LSC also introduced Key Performance Indicators (KPIs) for mediation services. These KPIs relate to a mediation service's conversion rate from referral, assessment and into mediation. If a service fails to meet these performance targets then it could result in sanctions being taken against the organisation.</p>
<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"> • A revised mediation contract management system will be developed, which will have increased functionality and improve the availability of management information. It will also enhance LSC's ability to monitor and understand individual client's use of legal aid in terms of the levels and types of advice they receive. The target implementation date of April 2009 was heavily delayed and all LSC IT projects were subject to a review to ensure the correct prioritisation of limited IT resources. Under the LSC's revised Integrated Delivery Programme, a Client and Contract Management System (CCMS) is being developed for certificated work in 2011 and it is currently anticipated that mediation will be migrated onto the new system during 2012–13. • In the meantime, LSC have been using the existing supplier management database to monitor variations in rates of referral and take up of mediation. In the year to September 2007, there were 40,180 exemption reasons used by solicitors compared to 32,747 in the year to September 2008, a drop of 18%. In 2009–10 the number of exemptions used dropped further to 26,695 and to 22,463 in 2010–11. • In the year to September 2007, 21% of exemption reasons given were because of domestic abuse, dropping to 13.9% in the

Recommendations	Detail of progress made to date
	<p>year to September 2008, to 7.9% in the year to September 2009 and to 7.3% in the year to September 2010. As a result of further restrictions on the number of exemption reasons, in November 2010 the number of exemptions relying on domestic abuse increased to 12.1% in 2010–11, as expected.</p> <ul style="list-style-type: none"> • In November 2010 the LSC further streamlined the exemptions available to solicitors to encourage more clients to consider mediation. These changes removed automatic exemption reasons relating to, for example, the respondents distance to the mediation service or to any client disability. It was felt that the mediator was better placed to establish the willingness of the other party to travel and to speak to the client to see if any facilities could be put in place to support a disabled client at mediation. • 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 were appropriately referred. LSC analysed the data and where issues were identified, contact was made with the service provider. Where appropriate, an action plan to improve performance was agreed. • Take up of mediation has increased year on year with 47,682 referrals to mediation in 2007–08, 52,086 referrals in 2008–09, 59,148 referrals in 2009–10 and 60,244 in 2010–11.

Fines Collection

(Tenth report published 31 January 2007)

This report examined Ministry of Justice and HM Courts Service (now HM Courts & Tribunals Service) 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"> • 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 <i>Outstanding Balances and Arrears</i> and guidance has been finalised and was issued within a set of new reports in August 2011. The details of these reports are contained below in response to recommendation 2. • Through improvements in the management of fine collection, £23m (9%) more was collected in 2010–11 than in the previous year.
<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"> • 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; • the percentage of fines (by value) imposed in the year that are collected; • the proportion of fines annually that require enforcement action; • the annual change in arrears; and • the number and value of cancelled fines, broken down by reason for cancellation. 	<p>In Progress</p> <ul style="list-style-type: none"> • Currently the financial imposition payment rate is reported in two forms: <ul style="list-style-type: none"> • Overall payment rate; and • Payment rate excluding those that were administratively cancelled. • The payment rate will be supported by a number of measures, which are being developed as recommended. Testing is now complete and the new reports have been issued to HM Courts & Tribunals Service via One Performance Truth (OPT), the organisation's performance database for performance benchmarking prior to the setting of internal indicators for 2012. • MIS E04 – <i>Account Payment and Enforcement Rate</i>: This report provides analysis of the number of accounts that have been imposed in a month and then tracks the subsequent activity i.e. closed, compliant, arrears and enforcement actions. • MIS E06 – <i>Financial Imposition Collections</i>: This report provides details of values that

Recommendations	Detail of progress made to date
	<p>are associated with the accounts. Historically, we have used the payment rate to monitor this. The payment rate merely calculates the activity in a month i.e. impositions per month and money collected/written off. It does not therefore tell us how quickly we collect our financial penalties. The new indicators allow us to understand how quickly we collect and details of at which point collections peak then drop off.</p> <ul style="list-style-type: none"> • MIS E07 – <i>Outstanding Balance and Arrears</i>: This report provides a view of the financial impositions and the proportion of those that are in arrears.
<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"> • reminding legal advisers to provide magistrates with the information from the means forms and the offenders' history of fines payment, so that • magistrates can set fines at an appropriate level; • requiring legal advisers to record the reasons for cancelling fines; and • analysing the reasons for cancellations to identify ways to reduce their number. 	<p>In Progress</p> <ul style="list-style-type: none"> • Following an enhancement to LIBRA, development of a new report providing write-off analysis is no longer required as write-off reasons can now be readily obtained from the system. • Guidance to enforcement teams and legal advisors, which will reinforce the need to record the reasons for cancelling fines, will be included in the general guidance that will support the package of new reports. • In the meantime, the <i>Criminal Compliance and Enforcement Services Blueprint</i>, 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. A review of the implementation of the Blueprint has been carried out and a report has been prepared and submitted to the Enforcement Board for further consideration and action. • 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 to provide guidance on fine setting.

The Electronic Monitoring of Adult Offenders

(Sixty-second report published 12 October 2006)

This report examined the Home Office (now Ministry of Justice for the purposes of this report), 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: 1

Recommendations	Detail of progress made to date
<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>Implemented</p> <ul style="list-style-type: none"> • Following initial assessment of the data available and scoping of the work required in 2007, Offender Management & Sentencing Analytical Services (OMSAS) identified the need for a feasibility study. • A report of preliminary findings was delivered in March 2008. Further analysis has been completed by the research contractor and a report submitted for review. • A summary of the report has been published on the MoJ website, link below: http://www.justice.gov.uk/publications/research-and-analysis/moj/effect-hdc-recidivism.htm
<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"> • The Electronic Monitoring Data Access Service (EMDAS) project closed in 2007 as it failed to meet the Department's audit requirements. • NAO required access to original documentation which auditors needed to verify the information. 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. • However, the NOMS audit process has been strengthened and this has helped to achieve changes within contractors' internal processes, such as the establishment of their own internal audit systems, which gives them a greater focus on the key performance requirements. NOMS undertakes its own audits as well as auditing the contractors' audits which is

Recommendations	Detail of progress made to date
	<p>a more efficient and cost effective method of performance management.</p> <ul style="list-style-type: none"> • A dedicated Electronic Monitoring (EM) page containing general information has been made 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 the EM providers. Agreement has been reached in principle with relevant MoJ officials on the format of publishing performance data. There has however, been a delay in obtaining final agreement with contractors, due to staff resource constraints and new contract negotiations. Once agreement has been reached with contractors the aim is to publish data on the Department's website by the end of October 2011. In the meantime, the Department has, where applicable, provided information on performance in reply to requests under the Freedom of Information Act.

Serving Time: Prisoner Diet and Exercise

(Fifty-sixth report published 19 July 2006)

The PAC 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"> • 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. • This 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.
<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"> • 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. • 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 establish the most efficient and effective PE programmes. • 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 was issued to Governors on 20 May 2011 to plan for implementation in October 2011. • The SBC programme has investigated the cost as suggested and has set out standard staffing/cost models.

Youth Offending: The Delivery of Community and Custodial Sentences

(Fortieth report published 12 October 2004)

The PAC examined the Home Office (now Ministry of Justice for the purposes 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 (YJB) role in overseeing the performance of custodial establishments and Youth Offending Teams. The PAC 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: 0

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> <ol style="list-style-type: none"> commission research into each option's cost effectiveness in terms of reoffending rates and the welfare of the young person; establish a strategy for the nature of custodial place provision and its geographical spread; and carry out an opportunity cost analysis of steadily moving part of the custodial places into effective community surveillance and supervision. 	<p>Closed</p> <ul style="list-style-type: none"> This recommendation has been superseded by the 2011 PAC Report: <i>'The Youth Justice System in England and Wales: Reducing Offending by Young People'</i>. <p>a) Following significant pilot study research, the YJB have commissioned a major study to look at the secure estate for children and young people by Kings College London and Ipsos MORI. The research is underway and data collection started in January 2010, the first draft is due in December 2012. This is a year behind the original schedule due to difficulties in agreeing a robust methodology.</p> <ul style="list-style-type: none"> The research is titled <i>'Young People, Interventions and the Secure Estate'</i>, it seeks to: <ul style="list-style-type: none"> Identify what types of interventions young offenders receive within the establishments; Describe the extent to which interventions are matched to young offenders identified needs; Describe the association between interventions received and reconviction and other positive outcomes; Elicit and describe young people's experiences within the secure estate; and Assess the qualifications and expertise of staff within the secure estate.

Recommendations	Detail of progress made to date
	<ul style="list-style-type: none"> • The research will be looking at practice within Secure Children's Homes, Secure Training Centres and Youth Offender Institutions separately, examining regime quality, interventions and their correlation with outcomes such as re-offending. • 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. • Additionally the YJB 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. <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>

Reducing Prisoner Reoffending

(Fifty-third report published 5 September 2002)

The PAC 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: 1

Recommendations	Detail of progress made to date
<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>Implemented</p> <ul style="list-style-type: none"> Producing prison-specific reoffending rates is technically challenging as for example offenders may be housed in more than one prison during their custodial sentence, or the main function of the prison may change over time. The impacts of attributing reoffending to the discharging prison, compared to attributing reoffending proportionally between each prison they have spent time in, have been investigated, and a robust methodology has been developed to quantify reoffending rates. Reoffending rates by individual prison establishment were published in the Reoffending Compendium on 4 November 2010 (http://www.justice.gov.uk/publications/compendium-reoffending.htm), and updated statistics on reoffending rates by individual prison will be published on an annual basis. The Department's Analytical Services unit is working with NOMS to better understand prison-level factors that could influence reoffending rates, in order to disseminate and build upon best practice.
<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"> A NOMS project, the <i>Effective Interventions Programme</i>, identifying all non-accredited programmes being delivered in prison or probation settings has been completed. A central database has been created, holding information on all interventions. This has been live since July 2010 and access has been expanded to all regional offices. Access for policy leads is completed.

Recommendations	Detail of progress made to date
	<ul style="list-style-type: none"> • Management Information Reports are now produced. The whole database has been made available to commissioners since November 2010, and training has been provided to allow them to interrogate and extract their own management information. • An extract from the database listing all interventions is now available to all NOMS staff, allowing offender managers / supervisors to better match offenders with the interventions they need. • New policy for approving interventions has been developed. However due to the changing organisational landscape, the document is currently being re-evaluated in order to ensure it reflects the future needs of NOMS. The current timescale for completion of this part of the recommendation is December 2011. • Work to review and assess offender streams is on-going, the aim to inform developers and commissioners on effective practice. Two such reviews, covering Victim Empathy and Victim Awareness, have been published. It is the intention to continue to produce new reviews, as well as update published ones, on a regular basis in order to meet the needs of the Service.



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