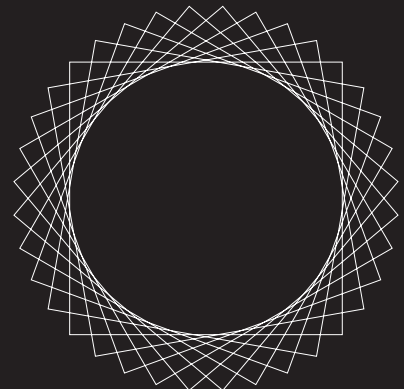
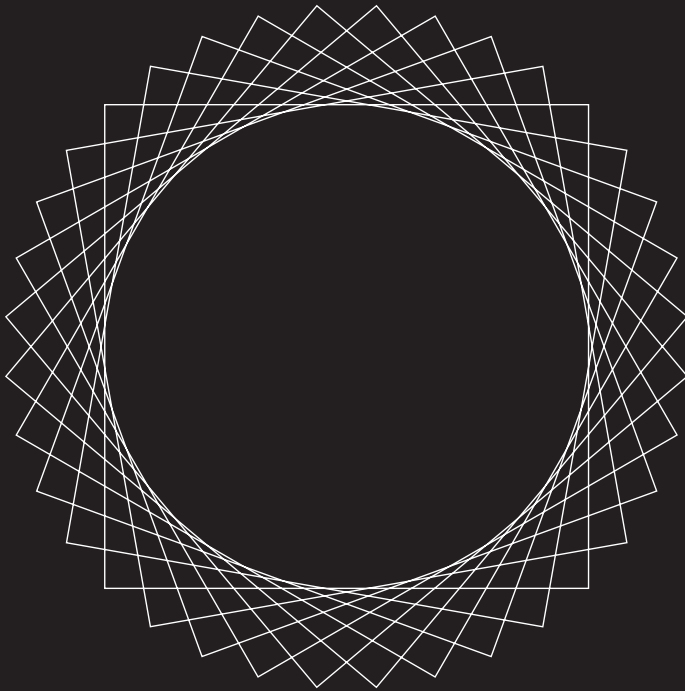
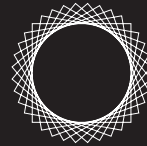




Ministry
of Justice

Ministry of Justice Annual Report and Accounts 2013–14



Ministry of Justice Annual Report and Accounts 2013-14

(For the year ended 31 March 2014)

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

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Forewords

By the Lord Chancellor and Secretary of State for Justice

We have made significant progress over the last 12 months to deliver reforms in the justice system to make it the best it can be. We've achieved much we can be proud of and we must now build on this to deliver more efficient, cost-effective and responsive justice.

Transforming the way we provide probation and rehabilitation services is key to reducing reoffending. This is why we are fundamentally reforming the system and opening up the market to a diverse range of new rehabilitation providers, so that we get the best out of the public, voluntary and private sectors. Introducing Payment by Results will ensure a relentless focus on reforming offenders, while the new legislation we have introduced means that for the first time every offender released from prison will now receive statutory supervision and rehabilitation in the community. Linked to this, provision of the nationwide 'through the prison gate' resettlement service will provide continuous support by one provider from custody into the community. These important reforms mean that we are turning around the lives of offenders, while delivering value for the taxpayer and making our communities safer.

I am absolutely clear that sentences must be a clear punishment that appropriately reflect the seriousness of the crime and also assist in preventing further offending. That is why we introduced the Offender Rehabilitation Act 2014 to ensure offenders serving short custodial sentences are supervised on their release from prison and helped to turn away from crime. Over the last 12 months we have also introduced a wide range of reforms ranging from restrictions on the use of cautions for more serious offences, requiring a mandatory punitive element in all community orders and proposals to end automatic early release for all dangerous offenders.

The high numbers of young offenders presents a real challenge for society. Whilst we have reduced the number of first time entrants into the Criminal Justice System, the reoffending rate of those leaving youth custody remains unacceptably high and we are therefore introducing fundamental reforms to place education at the heart of youth custody. Young offenders will have access to vocational training and life skills in a new generation of secure educational establishments, while the support they receive will help them to turn their backs on a destructive life of crime.

A modern and cost effective prison estate offers the best opportunity to work with offenders to stop them committing further crime. We must ensure that prisons are fit for purpose and we have announced the construction of a new prison in North Wales. Continuing to remove old and uneconomic prison places will remain a priority over the next year.

Delivering a justice system which is effective, efficient and high-performing is vital, if we are to provide real value for money to the taxpayer. A cost effective, sustainable legal aid system in which the public can have confidence is also an integral part of our delivery of this objective.

Reforms to the family justice system, including the creation of a single jurisdiction - the Family Court - and a statutory time limit for care and supervision cases, have put the needs of children at the heart of the family justice system and have resulted in very significant improvements in the timeliness of family cases. Implementing the single county court has similarly created a national jurisdiction for civil cases in England and Wales, which will streamline and simplify the administration of civil court cases. Substantial bailiff reforms have also been implemented to bring to an end bad behaviour from rogue enforcement agents.

Work continues to explore how the use of digital technology can be used across the court system to realise substantial savings and performance improvements. We must have a court system which is modern and provides swift and efficient justice and treats victims and witnesses with the care they deserve.

Victims deserve the best possible support to cope and recover from the effects of crime. The new Victims' Code came into force in December 2013 which sets out the information, support and services victims can expect to receive from agencies at every stage of the criminal justice process. The new Victims' Code also gives victims a stronger voice in the criminal justice system and entitles victims of the most serious crime, persistently targeted victims and vulnerable and intimidated victims to get access to vital services, such as pre-trial therapy and counselling.

I look forward to building on the progress we have already made to deliver a justice system which is fairer, more accessible, more cost effective and one in which we can all have confidence.

A handwritten signature in black ink, appearing to read 'Chris Grayling', with a long horizontal flourish extending to the right.

The Rt Hon Chris Grayling MP
Lord Chancellor and Secretary of State for Justice

By the Permanent Secretary

I am pleased to introduce the Ministry of Justice (MoJ) Annual Report and Accounts 2013-14.

We are rightly challenged by stakeholders, including the public, to deliver high quality public services in the most cost effective way. The last 12 months has seen us make significant steps to build our capability to do just this.

The reforms we are delivering to offender management services, the criminal justice system, legal aid and courts and tribunals, are complemented by broader reforms to the way we work. MoJ has played its part in the Civil Service Reform Programme by developing some exemplar initiatives for new ways of working and we are already looking at how we can embed these changes across the Department.

MoJ has been a trail blazer in 'digital by default'; in 2012 we established a Digital Services Division - the first of its kind in a government department - and followed that up in 2013 with moves to build digital capability across the Department as well as moving a number of key services online.

We are also leading the way in developing our policy delivery capabilities. MoJ has established a Policy Profession Board to take forward the cross-Government initiative '12 Actions to Improve Policy Making' and we have put in place a range of learning initiatives to develop skills among our policy staff. We are now creating a hub of expertise to help us take our Open Policy Making work to the next stage.

This year has brought into sharp focus the need for us to improve our project, management and contract management capability. We are working with the Major Projects Authority to ensure that all of our Senior Responsible Owners for major programmes receive appropriate training, and we have conducted an in depth review of our commercial capability. Our commercial action plan will transform our approach to contract management and will build wider commercial awareness across the Department. Alongside this, we are sharpening accountability for performance of business as usual and of our change initiatives, with a particular focus on improving the governance of our Change Portfolio. The Departmental Board and Executive Committee now provide sharper oversight and scrutiny of major change initiatives.

Our Departmental Improvement Plan, which was published on 30 April 2014, describes the many ways in which the Department has continued to deliver high quality services whilst substantially reducing costs to the taxpayer. The Plan also sets out an ambitious agenda for further improvement which is the key focus for my executive team over the coming year.



Ursula Brennan
Permanent Secretary

By the Lead Non-Executive Board Member

The Ministry of Justice (MoJ or the Department) performed well overall in 2013-14 and has taken positive action to address some areas where a need for improvement has been identified. The Department continued to achieve challenging financial targets whilst maintaining good levels of operational performance in the delivery of services for the public. Over the four-year Spending Review 2010 (SR10) period, MoJ will have reduced its net annual expenditure by around 27% in real terms. This is equivalent to c£2.7bn savings annually by 2014-15.

The Department continues to make progress to deliver major change programmes reflecting the key priorities of the Justice Secretary. Many of these programmes have now reached a critical delivery phase and in the last year the Board has received regular updates on the performance of the Department's portfolio of major projects.

In the summer of 2013 the Structures and Services Review, referred to in my foreword to last year's Annual Report and Accounts, concluded and work has been taken forward to change the delivery of MoJ's non-front line services and structures. This is expected to yield savings totalling £90m annually from 2015-16.

The MoJ Departmental Board met on ten occasions from 1 April 2013 to 31 March 2014. The Board regularly discussed:

- The Department's 'in-year' financial position;
- Financial projections for the forthcoming years;
- The Department's portfolio of major projects and programmes;
- The operational performance of the MoJ overall and its Agencies; and
- Current issues and risks.

In the last year the Board has implemented recommendations from a review of quality assurance and governance carried out by Non-Executive Bill Griffiths. As a result of Bill's review and recommendations, the Board endorsed a change to the governance and senior management structures for the Department. This new approach has introduced a revised top level management structure and a more formal and streamlined governance structure which has increased clarity on roles and responsibilities of the various governance bodies. In addition the structure has increased Board and senior management oversight of MoJ's project portfolio and raised approval thresholds for major projects and programmes. The newly created structures have been operating since the summer 2013.

The Board is supported by two Committees, the Audit and Risk Committee and a newly created Nominations Committee (as of January 2014). The Board has seen a number of changes in membership over the last year across Ministers, executives and non-executives. In October 2013 we welcomed Fields Wicker-Miurin to the Board taking our Non-Executive membership to four.

At the request of the Justice Secretary, and following discovery of issues relating to certain outsourced contracts for the electronic monitoring of offenders, I led an independent review of contract management which reported towards the end of 2013. The review identified long-standing and significant weaknesses in contract management in the Department and recommended improvement actions to be implemented without delay. Taken as a whole there were two overarching messages on contract management. First, MoJ's focus on contracts lessened significantly after the initial procurement, and that oversight of contracts was often unclear, and resources and controls at times insufficient. Secondly, the Department did not fully recognise and understand the different risks attached to different types of contracts. Since publication of the report the Department has responded positively and initiated a programme of work on contract management to address the recommendations of my review, aimed at raising standards of performance in this area. The Board is receiving regular progress updates.

I have recently completed the third annual Board Effectiveness Evaluation which has shown a positive and improving picture with respect to the operation of the Board, with Board members confirming it is working well. This year's evaluation saw the additional benefit of independent input from the lead Non-Executive Board Member at the Department for Work and Pensions. Results of this year's evaluation show real improvements have been made as a result of actions taken from last year's review. However, the evaluation also concluded there is further work to do for the Board to understand the key risks and performance of Arms Length Bodies (ALBs), and that there needs to be a defined appetite for risk within the Department and more clearly defined plans in place to mitigate risks as they are identified. Finally further support should be directed to induction for Board members and their continued training.

The non-executives have undertaken a range of work over the past year alongside their responsibilities to the Board, including:

- All non-executives attend the newly created Nominations Committee which has met on two occasions in the last year.
- Fields Wicker-Miurin has supported the MoJ in its development and publication of the Departmental Improvement Plan.
- Bill Griffiths continues to Chair the Audit and Risk Committee, attends the Financial Management Committee and provided input into the review of contract management. In the last year Bill has also taken up membership of the Criminal Justice Board and is Chair of a committee overseeing the introduction of streamlined case files.
- Sue Street has provided valuable support to the ALB Governance division through the recruitment process for non-executives to one of the Department's ALBs. In addition Sue is providing independent input to the Board Effectiveness Evaluation at the Department for Culture Media and Sport.



Tim Breedon
Lead Non-Executive Board Member

Strategic Report

Our vision and strategy

The Ministry of Justice (MoJ or the Department) delivers some of the most fundamental services any state owes its citizens. Our work transforms lives, raises aspirations and helps people and businesses to resolve disputes quickly. We are committed to making sure that offenders are properly punished, to prioritising the needs of victims, and to supporting those who need our help. Our vision is to deliver an efficient, fair and effective justice system, improving the services and outcomes we deliver for the public at the same time as reducing their cost to the taxpayer. We are also committed to ensuring a legal and rights framework that is clear and proportionate and upholds the rule of law, and to secure the UK's interests in these areas on the European and wider international stage.

Further details can be found in the Departmental Improvement Plan at:
www.gov.uk/government/publications/ministry-of-justice-improvement-plan-april-2014.

Our work

MoJ has responsibility for a number of different parts of the justice system - the courts, tribunals, prisons, legal services, youth justice, 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 five Executive Agencies which were responsible for the delivery of the majority of our services to the public: Her Majesty's (HM) Courts & Tribunals Service, National Offender Management Service (NOMS), the Legal Aid Agency (LAA) (formerly the Legal Services Commission (LSC)), the Office of the Public Guardian (OPG) and, the Criminal Injuries Compensation Authority (CICA) 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.

Our courts and tribunals service covers criminal, civil and family justice, which ensure that offenders are punished, disagreements between individuals can be determined, and family disputes can be resolved. Our offender management services work to ensure that the public is protected and reoffending reduced by delivering the punishment and orders of the courts, and also to support rehabilitation by helping offenders change their lives. We are responsible for the provision of legal aid in England and Wales through the LAA. On 1 April 2014, a number of changes were made as the Children and Family Court Advisory and Support Service (Cafcass) transferred from the Department for Education to MoJ and, following the triennial review, CICA made the transition to Executive Agency status.

Our structure

MoJ is one of the largest government departments. Each year millions of people use our services across the UK - including at around 500 courts and tribunals, and 126 prisons in England and Wales as well as 13 legal aid offices (excluding Public Defender Service offices).

The MoJ Core Department, often referred to as 'MoJ Headquarters' (MoJ HQ) is responsible for supporting the Secretary of State and his ministerial team in policy, funding and regulatory functions, as well as providing key services to other bodies within the Department.

Much of the delivery of MoJ services is provided by five delivery arms, all of which are Executive Agencies of MoJ. The table below shows the MoJ structure on the date of publication:

Executive Agencies	Responsibility
HM Courts & Tribunals Service	Responsible for the administration of the courts and tribunals system, including the High Court, Crown Court, magistrates' courts and county courts, in England and Wales and common administrative support to the main central government tribunals including non devolved tribunals in Scotland and Northern Ireland.
Legal Aid Agency	Oversees the provision of legal aid in England and Wales.
National Offender Management System	NOMS's role is to commission and provide offender management services in the community and in custody ensuring best value for money from public resources. NOMS works to protect the public and reduce reoffending by delivering the punishment and orders of the courts and supporting rehabilitation by helping offenders to reform their lives.
Office of the Public Guardian	Supports and promotes decision making for those who lack capacity or would like to plan for their future, within the framework of the Mental Capacity Act 2005.
Criminal Injuries Compensation Authority	Administers the Criminal Injuries Compensation Schemes throughout England, Scotland and Wales, paying compensation to eligible applicants who have been the victim of a violent crime. CICA made the transition to Executive Agency on 1 April 2014.

In addition to the five Executive Agencies, there are a further eight Executive Non-Departmental Public Bodies (NDPBs) which form part of the Department and one Statutory Office. On 1 June 2014, 35 Probation Trusts - which were Executive NDPBs - were replaced by the National Probation Service and 21 Community Rehabilitation Companies.

The Office for Legal Complaints (OLC) despite being a Statutory Office, is captured within the MoJ Departmental Group and therefore consolidated within these Accounts. As such, references to NDPBs throughout this Annual Report and Accounts include OLC information.

MoJ HQ and its Executive Agencies are also supported in delivering services by a number of advisory NDPBs and other offices such as the Victims' Commissioner and a list of these is provided in Note 24 to the Accounts.

Other entities including NDPBs	Responsibility
Children and Family Court Advisory and Support Service	Helps 145,000 vulnerable children and young people each year who are going through the family justice system. Cafcass transferred from the Department for Education to MoJ on 1 April 2014.
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.

Other entities including NDPBs	Responsibility
Legal Services Board (LSB)	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	Oversees the work of the Legal Ombudsman which provides a free complaints resolution service to members of the public, very small businesses, charities and trusts.
The Parole Board for England and Wales	Works with criminal justice partners to protect the public by risk assessing prisoners to decide whether they can be safely released into the community.
Probation Trusts	Delivers probation services through a network of 35 Probation Trusts for England and Wales.
Youth Justice Board (YJB)	Administers the youth justice system in England and Wales.

The National Archives is a non-ministerial government department and an Executive Agency of MoJ but is not consolidated within the MoJ Departmental Accounts. The National Archives produce a separate Annual Report and Accounts which can be found at: www.nationalarchives.gov.uk/about/our-performance.htm.

Our priorities

The MoJ Business Plan 2012-2015 outlines our seven structural reform priorities. These are set by the Secretary of State for Justice and Lord Chancellor and his ministerial team, in discussion with the Prime Minister and the Cabinet. Our objectives are to:

- Promote UK growth;
- Continue work to transform rehabilitation services;
- Protect the public and punish offenders as part of a more effective and cost efficient custodial system;
- Transform youth custody;
- Transform our courts and tribunals and the criminal justice system;
- Transform legal aid; and
- Advance civil liberties and reform the law.

Coalition commitments

The Coalition Agreement was published in May 2010 and sets out the government's policy commitments until the next election. The Department has input into a range of areas of the agreement including crime and policing, civil liberties and justice, and we work closely with other government departments to deliver on these commitments. The table following shows progress up to 2014.

Coalition Commitments	Progress
Civil Liberties	
1. We will extend the scope of the Freedom of Information Act (FOIA) to provide greater transparency.	<ul style="list-style-type: none"> • In 2010 the government extended FOIA to academy schools; • In 2011 the government extended FOIA to the Association of Chief Police Officers, Financial Ombudsman Service, and the Universities and Colleges Admissions Service; • In 2013 we extended the scope of the FOIA to include more than 100 companies wholly owned by more than one public authority; and • We plan to further expand the FOIA to new bodies where this is appropriate.
2. We will protect historic freedoms through defence of trial by jury.	Through the Protection of Freedoms Act, which was led by the Home Office and became law in May 2012, MoJ has legislated to repeal section 43 of the Criminal Justice Act 2003, which would allow the prosecution to apply for serious fraud cases to be tried in the Crown Court without a jury.
3. We will establish a Commission to investigate the creation of a 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.	A Commission, chaired by Sir Leigh Lewis, was established in March 2011 and reported in December 2012. The government accepted its main recommendation that the time was not right to proceed with such a Bill of Rights or changes to the current legislative framework for human rights.
4. We will strengthen protection from rogue bailiffs who use unsound, unsafe and unfair methods while at the same time making sure debts can be collected fairly.	In January 2013 we published our response to the Transforming Bailiff Action consultation setting out how we would provide greater protection against aggressive bailiffs and encourage more flexibility in bailiff collections. We delivered these reforms on 6 April 2014 through implementation of Part 3 of the Tribunals, Courts and Enforcement Act 2007, together with three sets of underpinning regulations. The regulations set out the procedure bailiffs must follow when carrying out enforcement action, the fees a debtor can be charged for these actions and the competence requirements a bailiff must meet before they can be granted a certificate to act as an enforcement agent.
5. We will review libel laws to protect freedom of speech.	This commitment was taken forward through the Defamation Act, which completed its passage through Parliament in April 2013. The Act came into force on 1 January 2014.
6. We will introduce a new mechanism to prevent the proliferation of unnecessary new criminal offences.	We created the Criminal Offences Gateway in June 2010 to meet this commitment. The Gateway, operated by MoJ, considers proposed new offences as appropriate.

Coalition Commitments	Progress
Crime and Policing	
7. We will seek to spread information on which policing techniques and sentences are most effective at cutting crime across the Criminal Justice System (CJS).	MoJ published a Compendium of Re-offending Statistics and analysis in May 2011, which provided information in this area for all adult sentences. In July 2012 this analysis was extended to cover juveniles and in July 2013 extra comparisons were made for adults. In 2012 MoJ also published a research report on the effectiveness of specific community order requirements.
8. We will give people greater legal protection to prevent crime and apprehend criminals. We will ensure that people have the protection that they need when they defend themselves against intruders.	The Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, which became law in May 2012, clarifies the law on self defence, to make it clear that a person is under no duty to retreat from an offender when acting in self defence to prevent crime or to protect property. Further protection for householders who are defending themselves from intruders has been introduced by the Crime and Courts Act 2013, which came into force on 25 April 2013.
Justice	
9. We will introduce a 'rehabilitation revolution' that will pay independent providers to reduce reoffending.	<p>'Transforming Rehabilitation: A Strategy for Reform' was published in May 2013. The reforms we are implementing include:</p> <ul style="list-style-type: none"> • Opening up the market to a diverse range of new rehabilitation providers; • New payment incentives for market providers, but only paying them in full for real reductions in reoffending; • New statutory supervision and rehabilitation support after release extended to offenders sentenced to less than 12 months in custody; • Nationwide 'through the prison gate' resettlement service; and • A new public sector National Probation Service. <p>The competition to find the future owners of the 21 Community Rehabilitation Companies which will deliver rehabilitation services in England and Wales was launched last September. An important milestone was reached on 1 June with the formal transition of probation services to the new National Probation Service and Community Rehabilitation Companies. The competition will continue through 2014 with contracts being awarded and mobilised by 2015.</p>

Coalition Commitments	Progress
<p>10. 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 re-offending. In particular, we will ensure that sentencing for drug use helps offenders come off drugs.</p>	<p>Following the review of sentencing policy, the LASPO Act 2012 was passed. The main provisions of the Act include a 'two strikes' mandatory life sentence for people convicted of a second very serious sexual or violent offence, greater flexibility for Drug Rehabilitation Requirements to tailor treatment requirements to individual treatment need. The Crime and Courts Act 2013 now ensures that every community order has a clearly punitive element and place restorative justice on a statutory footing for the first time. The Offender Rehabilitation Act 2014 introduces supervision for short sentenced prisoners and a new Rehabilitation Activity Requirement to aid in the rehabilitation of offenders in the community. The Criminal Justice and Courts Bill, currently before Parliament, introduces further changes to increase public confidence in sentencing including: ending automatic early release for serious offenders; limits on the use of cautions; and, a power to introduce compulsory electronic location monitoring on licence.</p>
<p>11. We will explore alternative forms of secure, treatment-based accommodation for mentally ill and drugs offenders.</p>	<p>Four substance misuse pilots commenced in October 2011; a further 12 pilots focusing on offenders receiving mental health treatment began work in April 2012. Some of these pilots, now commissioned by the National Health Service (NHS), have continued to operate for a second year.</p> <p>Lessons learned from the pilots are being considered and proposals will be presented to Ministers by December 2014.</p>
<p>12. 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.</p>	<p>We have implemented the Prisoners' Earnings Act and have been deducting from prisoners' earnings for the benefit of victims since September 2011.</p>
<p>13. We will consider how to use proceeds from the Victim Surcharge to deliver up to 15 new rape crisis centres, and give existing rape crisis centres stable, long-term funding.</p>	<p>Reforms to the Victim Surcharge and increases to financial penalties - implemented in October 2012 and in summer 2013, with final tranche Surcharge reforms due in summer 2014 following Royal Assent of the Anti-Social Behaviour, Crime and Policing Bill - will provide up to £50m additional funding for victims' services per year once fully implemented.</p> <p>To date MoJ has commissioned 13 new rape support centres. In addition to the funding for these existing centres MoJ intends to engage with the sector and Police and Crime Commissioners on potential locations for two new centres during 2014.</p> <p>The application process for the 2014-2016 Rape Support Fund concluded in February. The primary purpose of the Fund is to provide stability to the sector and fund services delivered to women and girls over the age of 13. MoJ have awarded grants to 80 Rape Support Centres. Grants awarded through this competition commenced from April 2014. MoJ has now commenced work to fulfil</p>

Coalition Commitments	Progress
	the coalition commitment of opening up to 15 new Rape Support Centres by 2015. Additionally work has commenced on the Male Rape Support Fund, with £500k set aside to support male victims of rape and sexual violence. Funding will be in place for October 2014.
14. We will carry out a fundamental review of Legal Aid to make it work more efficiently.	This commitment was taken forward through a series of targeted reforms of legal aid remuneration between October 2011 and February 2012 and the implementation of reforms to the legal aid system contained in the LASPO Act 2012 which came into force in April 2013.
15. 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.	This commitment was taken forward through the Protection of Freedoms Act 2012.
16. We will introduce effective measures to tackle anti-social behaviour and low-level crime, including forms of restorative justice such as Neighbourhood Justice Panels (NJPs).	In July 2012 we published a White Paper on swift and sure justice, including our plans for NJPs and other actions to deal with low level crime. Since then we have been working with 15 areas to test the approach of NJPs. We published the findings of a formal process evaluation of these tests in March 2014 and are planning to cascade lessons learned from the test areas through practitioner workshops in summer 2014.

Transparency

Transparency is an integral part of the coalition government's vision for how public services should be delivered. By making public services more transparent the government is aiming to: improve engagement with public services, including choice; drive improved service delivery including efficiency; promote social and economic growth; and increase the accountability of public services.

Key actions contributing to the transparency agenda that have been carried out in 2013-14 include:

- The Crime and Courts Act containing provisions allowing for broadcasting from Courts was introduced in April 2013. Broadcasting of sentencing remarks and judges' summing up commenced from the Court of Appeal in October 2013.
- Court timeliness data was incorporated into the Home Office Crime and Policing website (at: www.police.uk) in November 2013 allowing users to compare the performance of courts in their area with the national average.
- The Justice Data Lab was launched as a pilot from April 2013, with the aim of providing easier access to aggregate re-offending data for organisations that provide services to offenders. Monthly statistics generated from the pilot were published for the first time in October 2013, and have continued to build a library of evidence on the effectiveness of rehabilitation approaches for offenders. The Justice Data Lab pilot has been extended until April 2015.
- From November 2013 all National Archive contracts over £10,000 were made available on the Contracts Finder website (at: www.gov.uk/contracts-finder) which allows all companies, including small and medium sized enterprises to view available contracts.

Our performance

The Department uses a range of indicators and other key data to measure performance, which are published at: www.gov.uk. Our 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. While the input indicators measure the resources that are put into the justice system, impact indicators provide a measure of the effectiveness of policies and reforms.

Rehabilitation Revolution	Type of data	Current period	Previous period
Adult proven re-offending (% , Current period: year to Jun 2012, Previous period: year to Jun 2011)	Impact indicator	25.1	25.5
Juvenile proven re-offending (% , Current period : year to Jun 2012, Previous period : year to Jun 2011)	Impact indicator	35.3	36
Adult proven prison re-offending (% , Current period: year to Jun 2012, Previous period : year to Jun 2011)	Impact indicator	45.5	46.9

Reduce the cost of adult custody while protecting the public and punishing offenders	Type of data	Current period	Previous period
Cost per prison place (Direct Resource) (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	27,675	27,802
Cost per prisoner (Direct Resource) (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	26,139	25,678

Transform Youth Custody	Type of data	Current period	Previous period
Average cost per place in the Secure Children's homes (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	209,000	212,000
Average cost per place in the Under -18 Young offender Institutions (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	60,000	60,000
Average cost per place in the Secure Training Centres (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	187,000	178,000
Average number of young people (under 18) on secure remand (Current period: 2012-13, Previous period: 2011-12)	Impact indicator	338	477

Cost of delivering an effective Courts and Tribunals system	Type of data	Current period	Previous period
Staff and Judicial cost per sitting day in the Crown Court (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	Staff 616	Staff 665
		Judicial 987	Judicial 992
Staff and Judicial cost per sitting day in the magistrates' court (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	Staff 1,071	Staff 1,094
		Judicial 129	Judicial 110
Staff and Judicial cost per sitting day in the county courts (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	Staff 796	Staff 853
		Judicial 816	Judicial 765
Staff and Judicial cost per sitting day in Tribunals (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	Staff 338	Staff 385
		Judicial 722	Judicial 790
Total Tribunal Costs (£, Current period: 2012-13, Previous period: 2011-12)	Input indicator	373,701,116	Not previously published

Court and Tribunal timeliness in hearing cases and related processes	Type of data	Current period	Previous period
Criminal Court (days, Current period: Oct-Dec 2013, Previous period: Oct-Dec 2012)	Impact indicator	154	159
Civil Proceedings (small claims hearings) (weeks, Current period: Oct-Dec 2013, Previous period: Oct-Dec 2012)	Impact indicator	31	31
Civil Proceedings (fast/multi track trials) (weeks, Current period: Oct-Dec 2013, Previous period: Oct-Dec 2012)	Impact indicator	59.8	60
Care Proceedings (weeks, Current period: Oct-Dec 2013, Previous period: Oct-Dec 2012)	Impact indicator	33.4	45.3
SSCS Tribunals (weeks, Current period: Oct-Dec 2013, Previous period: Oct-Dec 2012)	Impact indicator	21	18

Transform Legal Aid	Type of data	Current period	Previous period
Average cost per Civil Legal Aid Case (£, Current period: 2012-13, Previous period: 2011-2012)	Input indicator	1,017.7	900.2
Average cost per Criminal Legal Aid Case (£, Current period: 2012-13, Previous period: 2011-2012)	Input indicator	718.2	791.5

Advance Civil Liberties and Reform the Law	Type of data	Current period	Previous period
Number of new criminal offences (Current period: 12 months to May 2013, Previous period: 12 months to May 2012)	Impact indicator	327	292

Contextual information on results figures

A list of input and impact indicators and other key data are available at: www.gov.uk. Structural Reform Plan (SRP) figures are based on the MoJ Business Plan 2012-2015.

The Department's environmental performance is set out in the Sustainability Report on page 28.

Principal risks and uncertainties

The Executive Committee of the Board (ExCo) identifies the top strategic risks facing MoJ and ensures that named individuals are responsible for monitoring the risks. Risks are recorded on a risk register and the register is reviewed regularly to ensure that all risks are monitored and appropriate mitigation strategies are implemented. Further details on strategic risks can be found in the Annual Governance Statement on page 42.

Other MoJ boards and committees manage those risks that fall within their specific areas of responsibility and, as appropriate, will escalate risks for inclusion in the strategic risk register.

Structural Reform Plan actions

Since the Prime Minister's announcement in July 2010 all government departments are required to publish structural reform priorities as part of their business plan. These set clear objectives and measurable milestones and increase transparency in government by making each department's progress available to be viewed by anyone at any time. The SRP was refreshed in June 2013, with 82 new actions being introduced.

Between 1 April 2013 and 31 March 2014 we completed 29 of 82 actions from our SRP. Of these, 26 were completed on schedule and three were completed after the target month. At the end of this period, six actions that were due to have been commenced or completed remained outstanding.

Below is a summary of key actions completed by the Department from our SRP in 2013-14. The full breakdown of individual actions, as well as our progress against each, can be found at: <http://transparency.number10.gov.uk>.

Key Structural Reform Plan actions completed in 2013-14

Promoting UK Growth				
1	2	i	Reduce the time limits for bringing a planning or procurement judicial review, removing the right to an oral renewal where the case is assessed as totally without merit	Sep-13
Transforming Rehabilitation				
2	2	vi	Publish the drug and alcohol recovery pilots' payment by results information, subject to commercial confidentiality and guidance from the UK Statistics Authority	Dec-13

2	1	i	Publish the government's response to the Transforming Rehabilitation consultation, including further detail on plans for changes to probation services and structures, any necessary legislation, procurement activity and making best use of local expertise	Jan-14
2	3	ii	Take forward delivery of the government's key strategic priorities for female offenders published in March 2013, working with the new Advisory Board on female offenders	Mar-14

Custodial system reform

3	1	v	Review the feasibility of building a major new prison capable of holding around 2,000 prisoners, to be located in London, the North West or North Wales	Jul-13
3	2	i	Implement reforms to sentencing in the community; introduce more punitive community orders	Dec-13

Transforming Youth Custody

4	1	i	Publish the government's response to the Transforming Youth Custody consultation	Jan-14
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Transform HM Courts & Tribunals Service and Criminal Justice System

5	2	i	Publish the strategy and action plan on criminal justice reform	Jul-13
5	1	vii	Implement changes that will allow the filming and broadcasting of certain proceedings in the Court of Appeal; supporting the government's transparency agenda to increase knowledge, understanding and confidence in the justice system	Oct-13
5	3	ii	Implement a revised Victims' Code, following a public consultation, to give clearer entitlements to victims of crime	Nov-13
5	3	iii	Implement legislation to put restorative justice on a statutory footing	Dec-13
5	1	iv	Integrate in the region of 24 new appeal rights into the tribunal chambers structure	Mar-14

Transform Legal Aid

6	1	i	Consult on proposals for legal aid transformation to include crime competition, criminal fee changes, civil fee changes, improving credibility	Jun-13
6	1	ii	Issue response to the consultation	Sep-13

Advance civil liberties and reform the law

7	3	i	Protect free speech by enacting the Defamation Bill and relevant secondary legislation	Jan-14
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Estates management strategy

The Department aims to provide an effective and efficient estate which meets business and operational requirements and sustainability and efficiency targets.

HM Courts & Tribunals Service will undertake a programme of reform, backed by new investment secured through HM Treasury. This will deliver - through the use of modern technology, an improved estate and modernisation of current working practices - a more effective, efficient and high performing courts and tribunals administration. The estate will be managed sensibly and holistically, making better use of buildings and reducing ongoing cost.

NOMS is committed to ensuring that we have a fit for purpose, modern custodial estate that provides prison accommodation at a much lower cost to the taxpayer and in the right places to deliver our ambition of reducing reoffending. We will always have enough prison places for those sent to us by the courts and by 2015 we will have more adult male prison capacity than we had in 2010.

MoJ's Transforming Rehabilitation Programme will change the way in which offender management services in the community are provided. MoJ has developed an estate management strategy that will deliver an estate to support the changes envisaged by the Programme. The estate strategy will be delivered as an integral part of the wider Transforming Rehabilitation Programme.

As well as taking steps to transform the estate, the MoJ workplace is being transformed to make it more flexible, agile and mobile through a project called 'Transforming the Way We Work' (TW3). This includes encouraging the large scale application of more agile forms of working, changes in culture, technology and layout as well as providing more choice of work locations.

Our finances

The Department has faced a challenging reduction in funding since 2010. The Spending Review 2010 (SR10) period, of which 2014-15 is the final year, will have seen a 27% real terms decrease in the Department's budget - requiring delivery of around £2.7bn of annual savings.

By the end of 2013-14 MoJ had delivered approximately £2bn of annual savings. Living within the Department's settlement has been achieved through two main elements - operational and back office efficiencies and policy reforms (including sentencing, legal aid and the criminal injuries compensation scheme), with around 60% of savings coming from efficiency.

The Spending Round 2013 (SR13) settlement for 2015-16 requires a further 10% real terms cut on 2014-15 baseline costs.

Looking ahead to SR13, the Department is responsible for funding several strategic reform programmes from within the SR13 settlement, including:

- The transformation of rehabilitation services to drive down persistently high reoffending rates;
- A £200m reduction in the cost of courts by 2015-16;
- A £180m reduction in the cost of prisons run by the public sector by 2015-16;
- Proposals to reform the legal aid system, which would deliver savings rising to £220m a year; and
- Increased efficiency in MoJ HQ through the Services and Structures Review, information technology (IT) efficiencies and increased use of Shared Services, with savings of up to £130m a year.

MoJ's capital settlement for 2015-16 is approximately £350m (net), including ring-fenced funding of approximately £70m to enable increased efficiency within the courts service and across the criminal justice system, and £100m towards the construction of a new prison in North Wales.

Further information is available on the HM Treasury website at:

www.gov.uk/government/organisations/hm-treasury and in the MoJ improvement plan at www.gov.uk/government/publications/ministry-of-justice-improvement-plan-april-2014.

Review of Outturn against Estimate for 2013-14

In 2013-14, MoJ spent £8,232.9m - £8,104.0m voted and £128.9m non-voted - within Parliamentary Supply Estimates (Spring Supplementary Estimate). The use of these resources is reported in the Statement of Parliamentary Supply (SoPS) on page 56.

Movements in Estimate provision during 2013-14: At the start of the year MoJ was voted £7,779m in Resource Departmental Expenditure Limits (RDEL), £277m in Capital Departmental Expenditure Limits (CDEL) and £71m Resource Annually Managed Expenditure Limits (RAME) in its Main Estimate.

By the final Spring Supplementary Estimate:

RDEL had increased to £8,011m mainly due to the following:

- Drawdown from HM Treasury of £213m to fund additional cost pressures within MoJ (NOMS prison costs).
- Drawdown from HM Treasury of £70m to fund Voluntary Early Departure and Modernisation Schemes.
- Transfer to Department of Health of £59m in relation to Health Costs of Prisoners.

CDEL had remained static.

RAME had increased to £793m due to the following main reasons:

- Impairments of the NOMS estate of £75m and HM Courts & Tribunals Service estate of £75m.
- Increased provision of £423m in relation to pay claims in connection with fee paid judicial office holders.
- Increased provision of £49m in relation to the Judicial Service Award in connection with fee paid judicial office holders' claims.
- Increased provision of £40m in relation to interest in connection with fee paid judicial office holders' claims.
- Increased provision of £60m in relation to the impact of changes to International Accounting Standard (IAS) 19 'Employee Benefits' on Probation Trust pension schemes.

Explanation for variances between Estimate, Net Resource and Capital Outturn

Overall there was an underspend of 9% (£836.0m) on the voted MoJ Departmental Estimate of £8,940.0m. This was driven by RAME underspends primarily related to lower than expected provision requirements for fee paid judicial office holder entitlements as a result of court judgements being less onerous on MoJ than predicted, and expected impairments of the estate not coming to fruition.

The voted RDEL underspend of 2% (£152.1m) was predominantly due to lower than expected depreciation caused by reductions in the MoJ asset base, underspends on criminal justice programmes and a decision to delay spend on estates maintenance.

SoPS 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 in the following table.

Spending in Resource Departmental Expenditure Limits (RDEL)		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
Voted Expenditure					
A	Policy, Corporate Services and Associated Offices	766,505	948,276	181,771	19.17
C	HM Courts & Tribunals Service	1,027,975	1,097,463	69,488	6.33
D	Office of the Public Guardian	(14,481)	(9,661)	4,820	49.89
F	Criminal Injuries Compensation Authority (net)	262,109	172,700	(89,409)	51.77
K	Office for Legal Complaints (net)	15,028	-	(15,028)	n/a*
L	Legal Services Board (net)	4,266	-	(4,266)	n/a*
	Legal Aid Agency – Administration, Criminal, Civil and Central Funds	1,970,043	1,970,200	157	0.01
Non-Voted Expenditure					
Q	Higher Judiciary Judicial Salaries	148,610	141,000	(7,610)	5.40
	Levy Income - LSB and OLC	(19,687)	-	19,687	n/a*

* No percentage as no original estimate.

Policy, Corporate Services and Associated Offices (Subhead A): The underspend of £181.8m against the Estimate was in part due to lower than expected depreciation. The depreciation calculated in SR10 forms the basis of the 2013-14 depreciation Estimate. Since SR10 there have been reductions in the MoJ asset base as a result of economic conditions and asset sales in accordance with the Department's strategic approach to estate rationalisation. Underspends were recorded on criminal justice programmes, including Justice Reform and Transforming Rehabilitation and estates costs were lower than expected due to a decision to delay spend on estates maintenance.

HM Courts & Tribunals Service (Subhead C): The underspend of £69.5m against the Estimate is the result of additional income due to higher volumes in tribunals, civil and family proceedings, and lower than forecast depreciation.

Office of the Public Guardian (Subhead D): The underspend of £4.8m against the Estimate reflects lower than anticipated staff costs due to extended delays in recruiting for vacant positions, and higher than budgeted income primary due to Lasting Powers of Attorney fee income.

Criminal Injuries Compensation Authority (Subhead F): The overspend of £89.4m against the Estimate is the result of payments against the tariff provision being increased to reduce the outstanding liability, and Scottish Government co-funding being treated as a reduction in DEL instead of Grant in Aid in the Estimate.

Office for Legal Complaints (Subhead K) and the Legal Services Board (Subhead L): The overspends of £15.0m and £4.3m against the Estimate are the result of a change in treatment of levy income, which was previously being offset against voted DEL expenditure. For 2013-14 the levy income has been treated as non-voted and surrendered to the Consolidated Fund.

Legal Aid Agency - Administration, Criminal, Civil and Central Funds: Overall, the Legal Aid Agency's outturn was within 0.01% of its voted estimate. This overall position is a combination of overspends in Criminal legal aid and Central Funds offset by an underspend in Civil legal aid. The underspend in Civil was mainly due to continued improvements in cash collections and lower than planned levels of debt write offs and debt impairment due to the work taken to establish a robust platform of underlying debt records. There was also an underspend on Administration due to reduced levels of staff and estate costs. The overspend in Central Funds was due to Defence Costs Orders not reducing as expected.

Higher Judiciary Judicial Salaries (Subhead Q): The overspend of £7.6m against the Estimate relates to the utilisation of the Judicial Service Award provision funded from the Consolidated Fund that had not been included in the non-voted Estimate.

Levy Income - LSB and OLC: The underspend of £19.7m against the Estimate corresponds with the overspends on Subheads K and L. This is a result of a change in treatment of levy income, which was previously being offset against voted DEL expenditure. For 2013-14 the levy income has been treated as non-voted and surrendered to the Consolidated Fund.

Spending in Resource Annually Managed Expenditure (RAME)		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
R	Policy, Corporate Services and Associated Offices	135,959	589,346	453,387	76.93
S	National Offender Management HQ	135,896	144,900	9,004	6.21
T	Criminal Injuries Compensation Authority (net)	(103,392)	(27,223)	76,169	279.80
U	HM Courts & Tribunals Service	(16,508)	86,482	102,990	119.09
	Legal Aid Agency - Fund: Criminal	(45,523)	-	45,523	n/a*
	Legal Aid Agency - Central Funds	7,699	-	(7,699)	n/a*

* No percentage as no original estimate.

Policy, Corporate Services and Associated Offices (Subhead R): The underspend of £453.4m against the Estimate is due to a lower provision requirement for fee paid judicial office holder entitlements as a result of court judgements being less onerous on MoJ than predicted.

National Offender Management HQ (Subhead S): The underspend of £9.0m against the Estimate is due to changes in IAS 19 having less impact than anticipated on the Local Government Pension Scheme (LGPS) liability held by the Probation Trusts, and lower than expected movements in the litigation and Voluntary Early Departure (VED) provisions. The underspend was reduced by the creation of the injury benefit provision which was not identified until after the Estimate was produced.

Criminal Injuries Compensation Authority (Subhead T): The underspend of £76.2m against the Estimate is the result of payments against the tariff provision being increased to reduce the outstanding liability, and a decrease in the tariff provision due to a change from using real discount rates to nominal discount rates.

HM Courts & Tribunals Service (Subhead U): The underspend of £103.0m against the Estimate was due to a net reversal of impairments in the value of the estate - as opposed to a forecast increased impairment charge. At the time of preparing the Estimate there was a lack of optimism within the building industry. However, at year end, favourable market movements, a higher than forecast Building Cost Information Service (BCIS) index, and higher location and beacon factors led to an overall increase in the value of the estate, which is predominantly valued based on the costs of replacing existing assets.

Legal Aid Agency - Fund: Criminal: This variance is an accounting provision and did not result in lower cash payments to legal providers in the current year. The variance of £45.5m against the Estimate is the result of non-cash movements in the LAA Criminal Work in Progress (WIP) provision which is an estimate of cases that have commenced but have not yet been billed. At the time of preparing the Estimate there were no expected changes to the closing balance of this provision, however, a reclassification of the April Standard Monthly Payment balance from provisions to creditors, as well as the impact of pre Legal Aid Reform rate cuts to the Advocates' Graduated Fee Scheme, led to an unanticipated decrease in the WIP balance.

Legal Aid Agency - Central Funds: The variance of £7.7m against the Estimate reflects a higher level of WIP provision than budgeted as the WIP is now calculated on a similar basis to the other LAA schemes, and reflects the higher than anticipated volume of cases.

Spending in Capital Departmental Expenditure Limits (CDEL)		Outturn	Estimate	(Overspend)/underspend	Percentage of Estimate
		£000	£000	£000	%
A	Policy, Corporate Services and Associated Offices	228,964	217,914	(11,050)	5.07
B	National Offender Management Service	26,816	31,100	4,284	13.77

Policy, Corporate Services and Associated Offices (Subhead A): The overspend of £11.1m against the Estimate is the result of a capital disposal which was expected to be received in 2013-14 now being collected in 2014-15. Once known, this was offset against planned underspends in other areas of the Department.

National Offender Management Service (Subhead B): The underspend of £4.3m against the Estimate is due to increased disposals at HM Prison Northumberland and reduced capital expenditure across the prison estate.

Reconciliation of resource expenditure between Estimate, Accounts and Budgets

	Estimate	Actual
	£000	£000
Gross Administration costs	634,633	554,360
Less:		
Administration DEL Income	(27,701)	(43,370)
Net Administration costs (Accounts)	606,932	510,990
Gross Programme costs	9,421,101	8,808,638
Less:		
Programme DEL Income	(1,223,471)	(1,551,661)
Net Programme costs (Accounts)	8,197,630	7,256,977
Total Net Operating Costs (Accounts)	8,804,562	7,767,967
Adjustments to include:		
Capital Grant	-	504
Non- Budget Consolidated Fund Extra Receipts (CFER) in the Consolidated Statement of Comprehensive Net Expenditure (CSocNE)	-	171,412
Other adjustments *	-	20,156
Total Resource Budget	8,804,562	7,960,039
<i>Of which:</i>		
Resource DEL	8,011,162	7,846,950
Resource AME	793,400	113,089
Total Resource (Estimate)	8,804,562	7,960,039

* Other adjustments includes Private Finance Initiative (PFI) adjustments of £13.1m and onerous lease provisions not charged to CSocNE of £7.1m.

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

Quarterly Data Summary

Under the Quarterly Data Summary (QDS) framework, departments' spending data is published every quarter to show the taxpayer how the government is spending their money. The QDS breaks down the total spend of the Department in three ways: by budget, by internal operation, and by transaction.

2013-14 spending per Quarterly Data Summary

Total Spend		£000
A - Spend by budget type *		
A1	DEL, sub-total	7,653,461
A2	AME, sub-total	26,756
A1+A2	Total Spend per QDS	7,680,217
B - Spend by type of internal operation *		
B1	Cost of running the estate, sub-total	96,909
B2	Cost of running IT, sub-total	396,807
B3	Cost of corporate services, sub-total	194,577
B4	Policy and policy implementation, sub-total	228,630
B5	Other costs	5,953,327
B1-5	Total Spend per QDS	6,870,250
C - Spend by type of transaction *		
C1	Procurement costs, sub-total	4,496,307
C2	People costs, sub-total	2,270,850
C3	Grants, sub-total	103,094
C4	Other costs	-
C1-4	Total Spend per QDS	6,870,250

* These figures use the same definition as the QDS. They cannot be reconciled to the numbers in the Accounts because the definitions for the QDS are set by Cabinet Office, which have been calculated on a different basis to those in the Accounts and there are parts of the Departmental Group which are omitted from the QDS, compared to the accounting boundary used in these Accounts.

Contextual information on spending figures

In January 2013 the Cabinet Office published standard data definitions for common areas of spend. The definitions for the spending figures can be found at: www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions.



Ursula Brennan
Accounting Officer

20 June 2014

Accounting Officer's Report

Departmental Board

The Departmental Board forms the collective strategic and operational leadership of the Department. Further details of the Departmental Board's remit and members is contained within the Annual Governance Statement on page 42.

Further details of any related party transactions undertaken by key management can be found in Note 22.

Our staff

Recruitment

MoJ's recruitment processes are based on the principle of selection on merit through fair and open competition, as described in the Civil Service Commission Recruitment Principles.

Strict controls on all external recruitment came into effect on 24 May 2010 across the Department (in line with wider government controls) and remain in place. These controls apply to all external recruitment of permanent; fixed term contract; and agency staff. The only exceptions to these controls are for some frontline and business critical roles.

The Secretary of State has agreed delegations to HM Courts & Tribunals Service, NOMS, HM Inspectorate of Prisons, HM Inspectorate of Probation, and the Prisons and Probation Ombudsman to recruit externally where it is necessary to maintain frontline delivery.

Any request for external recruitment for business critical roles during 2013-14 had to be authorised by the Director General, Finance, Assurance and Commercial Group on behalf of the Secretary of State on a case by case basis.

The Department remains committed to managing restructuring without recourse to compulsory redundancies wherever possible. Therefore, across MoJ, there are 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 and provided with comprehensive career transition support.

Employment and employee involvement

The Department continues to attach 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. A variety of media are used to keep staff up-to-date with the challenges that the Department faces, the Board's vision for Transforming Justice (TJ), and the progress we are making.

The Department participated in the Civil Service People Survey in October 2013. 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 organisation, dropped one point from its 2012 level. The 2013 Index was 52. This remains six points below the Civil Service benchmark (58), and placed MoJ joint second, with the Home Office, of the five largest departments. A closer examination of the organisations that make up MoJ showed changes in their Index which reflected where they are on their transformation journeys and where staff are on the change curve in their feelings about those journeys, with improvements in HM Courts & Tribunals Service, LAA and the National Archives.

Employment of disabled persons

The Department is committed to ensuring equality of opportunity for all disabled staff, as set out in our Disability policy. We promote a culture that enables disabled staff to participate fully in working life and guidance on supporting disabled staff is provided through the Departmental Ability Manual. In practical support of this, the Reasonable Adjustment Support Service, established in October 2011, acts as a central point of contact for enquiries relating to reasonable adjustments for disabled staff. This provides guidance and advice to staff and managers to support the ability of disabled staff to operate most effectively in the workplace. Information on reasonable adjustments was included in Performance Management guidance issued in 2013-14. The Department is an authorised user of the Two Ticks Scheme and participates in the Guaranteed Interview Scheme for candidates with a disability. Disabled staff have access to targeted career development support and advice including the Coaching Squared programme and the Civil Service Learning 'Positive Action Pathway'. All staff have access to Disability Awareness and Unconscious Bias training.

The Department continues to promote positive attitudes towards disability through a number of initiatives including: signing up to the 'Time to Change' campaign to promote awareness and eliminate discrimination and stigma around mental ill health; launching training for Dementia Friends Champions as part of the campaign led by the Alzheimer's Society to create one million 'Dementia Friends' to improve the lives of those living with Dementia; raising awareness of disability issues through events and communications across the Department throughout the year; and introducing three Senior Civil Service (SCS) level Disability Champions to continue to promote the Department's progress on disability equality and staff understanding of disability.

Equality and diversity

The Department values the diversity of its workforce and promotes a culture where all staff are treated with fairness and respect. We are working to improve the diversity of staff representation at all levels in MoJ for women, Black, Asian and Minority Ethnic (BAME) and disabled staff in the SCS, and by addressing the disproportionate representation of BAME and disabled staff in lower grades. We are working to identify and address blockages and barriers to progression across minority groups including through positive action training such as the Positive Action Pathway and Coaching Squared programmes. We are taking action to improve the quality of declared workforce diversity data to ensure we have the best information possible on the diversity profile of our staff and can be confident that this is strong and robust data for ensuring that our policies and processes are applied fairly. We publish this diversity information annually in our MoJ Diversity Data Report at: www.gov.uk/government/publications/diversity-report-2012-13.

Workforce composition

The number of staff split between male and female as at 31 March 2014.

	Male	Female
Board Members *	3	4
SCS	119	79
MoJ employees (excluding SCS)	31,892	30,866

* MoJ Departmental Board
Includes: MoJ HQ and Executive Agencies

	Male	Female
SCS Payband 1	89	66
SCS Payband 2	30	13
SCS Payband 3	3	3
SCS Permanent Secretary	0	1
Sub Total	122	83

Includes: MoJ HQ and Executive Agencies

Sickness absence data

The Average number of Working Days Lost (AWDL) due to sickness for staff across the whole of MoJ in the year to March 2014 was 9.8 AWDL. The comparable rolling 12 month average figure for the year to March 2013 was 9.8 AWDL.

Promoting wellbeing and reducing sickness absence aligns with our Smarter Government commitments and remains a priority within the Department. There is a comprehensive Action Plan in place across the Department to reduce sickness absence and improving attendance management is a priority for all senior leaders. Progress against plans is monitored regularly by MoJ ExCo and through other senior boards.

Our effort towards regulatory issues

Reporting on better regulation

MoJ continues to work to support the better regulation agenda and the government's objective to reduce regulation under the new challenging rigour of the One-In, Two-Out (OITO) process implemented in January 2013.

One-in, Two-out

The government's bi-annual Statement of New Regulation (SNR) provides an overview of regulations intended to be implemented by government departments and reports on the application of the OITO rule to new domestic regulation.

MoJ introduced one regulatory measure during the period July to December 2013 which was included in the government's sixth Statement of New Regulation (SNR6) published by the Department for Business Innovation and Skills (BIS) in July 2013, which can be found at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/211164/bis-13-p96a-sixth-statement-of-new-regulation.pdf.

MoJ is planning to introduce two measures in the period January to June 2014, which have been included in the government's seventh SNR, published by BIS in December 2013, which can be found at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/271446/bis-13-p96b-seventh-statement-of-new-regulation.pdf.

The Department's OITO balance is zero for both the SNR6 and SNR7 periods, and the overall aggregate overview (covering SNR1 to SNR7) also remains at zero.

Red Tape Challenge

The Red Tape Challenge is a cross-departmental initiative aimed at removing excessive regulation, particularly where this places disproportionate burdens on business.

The Department has reviewed over 180 statutory instruments and in January 2014 the Lord Chancellor and Secretary of State for Justice announced proposals to scrap or improve 69 of these.

Many of these measures are already being taken forward and some have been implemented already. The Department intends to make the remaining changes by the end of this Parliament.

Regulatory Policy Committee

The Regulatory Policy Committee (RPC) is an independent body appointed by the government to perform the role of external scrutiny of all Impact Assessments (IAs) for new regulatory proposals. Departments must secure a 'fit for purpose' opinion rating from the RPC for their IAs before they can submit policy proposals to the Reducing Regulation sub-Committee (RRC).

The RPC also confirms the suitability of measures with gross annual costs of under £1m for the low costs fast track/deregulatory route.

As part of their role supporting the government's better regulation agenda, the RPC publish regular reports. Their report entitled 'Improving the evidence base for regulation - Regulatory Policy Committee scrutiny in 2013' was published in March 2014, which can be found at: www.gov.uk/government/publications/regulatory-policy-committee-scrutiny-in-2013-improving-the-evidence-base-for-regulation.

The report shows that the RPC scrutinised four IAs submitted by MoJ for full scrutiny during the period covered. The RPC confirmed 100% of these IAs as fit for purpose, compared to 90% in 2012. Four Triage assessments were also submitted for low costs measures with a 75% approval rating and one validation statement was submitted and approved at first time submission.

Micro-business moratorium

MoJ does not have any measures which are subject to the three year moratorium to exempt business and start ups from new domestic regulations.

Alternatives to regulation

MoJ is a liberalising department that fully supports the government's deregulatory ambition. Whilst we do not have a large regulatory footprint, much of the reform we have been taking forward as part of the Transforming Justice programme focuses on making the justice system more effective and less costly, and more responsive to users. MoJ continues to seek opportunities to implement alternatives where possible.

Focus on Enforcement

MoJ and the regulators it sponsors have taken part in a number of initiatives launched by the Better Regulation Executive at BIS in addition to the Focus on Enforcement review. In particular, we have provided input for the guidance on Accountability for Regulatory Impact project. This project seeks to gain a consistent standard of engagement between regulators and business on discussion of changes to regulators policies and practices. It will build on the existing good practices in engagement of many regulators. We have also examined our Framework Agreements with our sponsored regulators to ensure that they accord with the recommendation for regulators to be transparent about the fees they charge (enabling industry to hold regulators to account) and to bear down on their costs and improve their efficiency. These projects are part of a suite of BRE measures that also include the Growth Duty, a revised Regulators' Compliance Code, and a Focus on Enforcement appeals review. MoJ has actively contributed to this work and will continue to work with BRE at BIS in taking these initiatives forward.

European Union regulations

MoJ has responsibility for the negotiation and implementation of a number of European Union (EU) measures in the areas of civil, family and criminal law, data protection and human rights. While the majority create little or no regulatory burden, MoJ ensures that the UK's negotiating position is always alive to possible regulatory burdens and, where they exist, we try to remove or reduce them.

This is shown in the way the UK is approaching some current negotiations. The proposal for an EU General Data Protection Regulation covers data processed by businesses, the public sector and non-profit organisations. The government concluded in its impact assessment of the proposed Regulation that it would have a net regulatory cost of up to £320m per year in the UK alone. The government has therefore taken a robust line during this course of this negotiation, arguing for a significant reduction in administrative burdens through, for example, the removal of mandatory obligations on businesses to employ data protection officers and to conduct data protection

impacts assessments. The government has also continued to push for a risk-based approach, so that businesses have responsibility for putting in place appropriate safeguards for the international transfer of data, without first having to seek approval from regulatory authorities, a point made strongly at a meeting of the Council of Ministers in June 2014. The UK will continue to work with businesses and like-minded Member States to ensure that the burden on business is kept as low as possible whilst providing appropriate levels of protection for individuals' personal data.

In 2011 the UK decided not to opt in to a proposed Regulation creating a European Account Preservation Order for a number of reasons, including the likely burden this procedure to freeze the bank accounts of defendants in cross-border civil disputes would place on both the State and financial institutions. As a result of representations from a number of Member States, including the UK, the final text, agreed in May 2014, has significantly reduced the potential burdens. The government will now consider whether it is in the UK's best interests to participate in the Regulation.

The recast of the Brussels I Regulation adopted in 2012 is set to come into force in January 2015. This provides a system of rules that ensure court decisions from one Member State can easily be recognised and enforced in another Member State with the minimum obstacles placed in the way of business. The recast updated the original Regulation and is a successful outcome for the UK, particularly as it will abolish the special procedure, known as *exequatur*, by which foreign judgments are in effect converted into national ones for enforcement. This will result in reducing the time, complexity and costs imposed on businesses involved in these cross border situations. A technical amendment to this Regulation, proposed and negotiated in the last half of 2013, will give users clarity on the rules of jurisdiction governing the new Unified Patent Court, also due to open in 2015.

Our Accounts

Departmental Accounting Boundary

The bodies included within the Departmental Boundary are outlined in Note 24 to the Accounts.

Financial position and resources

The Statement of Parliamentary Supply compares MoJ's Estimates and Outturn for Resource and Capital Departmental Expenditure Limit (RDEL and CDEL respectively) and Resource and Capital Annually Managed Expenditure (RAME and CAME). Any significant variation between the Estimates and Outturn is explained in Our Finances on pages 12 to 15.

Cost allocation and charging requirements

MoJ has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Spend on consultancy and temporary staff

	2013-14				2012-13			
	Core Department	Agencies	NDPBs	Total	Core Department	Agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Consultancy	22,638	4,157	210	27,005	12,474	336	322	13,132
Temporary staff	37,911	75,235	21,564	134,710	30,263	54,175	29,469	113,907
Total	60,549	79,392	21,774	161,715	42,737	54,511	29,791	127,039

The increase in consultancy and contingent labour costs is a result of increased activity in the Department's Transforming Justice programmes in 2013-14.

Spend on publicity and advertising

Spend on publicity and advertising by the Department in 2013-14 was £1,583,822 (2012-13: £1,661,036).

Sponsorship spend over £5,000

There was £nil spend on sponsorship over £5,000 by the Department in 2013-14 (2012-13: £nil).

Political donations and expenditure

There were no political donations or expenditure by the Department in 2013-14 (2012-13: £nil).

Research and development

The Department undertakes research to enhance policy development and programme evaluations. Expenditure is charged to the Consolidated Statement of Comprehensive Net Expenditure (CSocNE) as incurred and is reported in Notes 4 and 5 to the Accounts.

Financial instruments - Risk management

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 as outlined in Note 19 to the Accounts. The Department has not engaged in any hedging.

Pension liabilities

As detailed in Note 3.1 to the Accounts, the majority of staff are members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined 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 3.2 to the Accounts, members of the judiciary belong to the Judicial Pension Scheme, an unfunded multi-employer defined benefit scheme that produces its own accounts.

As directed by HM Treasury, and since these schemes prepare standalone accounts, MoJ does not recognise its share of the assets or liabilities related to these schemes in the Statement of Financial Position. Employer contributions are treated as operating costs as they arise.

MoJ also administers several defined benefit pension schemes whose net asset/liability position is recognised in full on the Statement of Financial Position under IAS 19 'Employee Benefits'. These are outlined in Note 25 to the Accounts and comprise: the LSC pension scheme; the by-analogy pension schemes held by CCRC and HM Courts & Tribunals Service; and the Probation Trust pension schemes.

Contingent assets and liabilities

Contingent assets and liabilities required to be disclosed under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and additional liabilities included for Parliamentary Reporting and Accountability purposes, are disclosed in Note 20 to the Accounts.

Audit

These Accounts, as defined in the Certificate of the Comptroller and Auditor General to the House of Commons, have been audited by the Comptroller and Auditor General (C&AG) under the Government Resources and Accounts Act 2000. The notional cost of the audit for the Core Department in 2013-14 was £300,000 plus an additional £95,000 for the Consolidated Accounts (2012-13: £342,750 and £97,250).

The total cost of audits across the Departmental Group was £2,964,500, of which £1,419,500 was cash and £1,545,000 is a notional cost (2012-13: £2,982,272 comprising £1,594,572 cash and £1,387,700 notional cost). This includes the cost of the HM Courts & Tribunals Service Trust Statement audit which is not consolidated as part of these Accounts.

From 2012-13 the audits of 34 Probation Trusts was performed on a statutory basis by the National Audit Office (NAO) and for one Trust it was carried out by the Wales Audit Office. The NAO 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 she ought to have taken to make herself aware of any relevant audit information and to establish that MoJ's auditors are aware of that information.

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 Accounts are authorised for issue. The Accounts were authorised for issue on the same date the Comptroller and Auditor General certified the Accounts. Further details are provided in Note 26 to the Accounts.

Review of Tax Arrangements of Public Sector Appointees

As part of the 'Review of Tax Arrangements of Public Sector Appointees' published by the Chief Secretary to the Treasury on 23 May 2012, departments and their Arms Length Bodies (ALBs) published information in relation to the number of off-payroll engagements. As at 31 March 2014 the Department has produced three tables providing data on off-payroll engagements covering both the Core Department, Agencies and its NDPBs.

All off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for longer than six months

	Core Department	Agencies	NDPBs
Number of existing engagements as of 31 March 2014	211	84	39
<i>Of which:</i>			
Number that have existed for less than one year at time of reporting	140	69	22
Number that have existed for between one and two years at time of reporting	43	9	10
Number that have existed for between two and three years at time of reporting	27	6	5
Number that have existed for between three and four years at time of reporting	1	-	2
Number that have existed for four or more years at time of reporting	-	-	-

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months

	Core Department	Agencies	NDPBs
Number of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014	140	69	39
Number of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	140	69	39
Number for whom assurance has been requested	140	69	39
<i>Of which:</i>			
Number for whom assurance has been received	140	69	39
Number for whom assurance has not been received	-	-	-
Number that have been terminated as a result of assurance not being received	-	-	-

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014

	Core Department	Agencies	NDPBs
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	-	1*	-
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements	15	39	352

* The highest paid director is the NOMS Interim Director of Information and Communication Technology (ICT) and Change. NOMS is undergoing significant organisational change at the present time and the NOMS board deemed that the post of Director of ICT and Change was occupied whilst a formal competition for the post was undertaken.

Other areas of Departmental work

Health & Safety

In line with MoJ's commitment to meeting its statutory obligations, the MoJ Corporate Health & Safety Policy has been updated to reflect the new governance framework and committee structure which has oversight for Occupational Health and Safety (OHS) across the Department.

The revised Policy, based on the plan-do-check-act model, provides a framework which reflects the MoJ operating model and business structures. It defines the primary operational responsibilities and accountabilities for managing OHS, with Accounting Officers as senior duty holders in each of the organisations that make up the MoJ-wide family.

Ministerial correspondence

Correspondence from Members of Parliament (MPs) and Members of the House of Lords is given a high priority by MoJ staff.

MoJ aims to respond to 90% of correspondence from Parliamentarians within 15 working days of it being received. The target is 20 days in the case of NOMS when the Chief Executive is replying on behalf of Ministers and 10 days for OPG when the Chief Executive replies on behalf of Ministers.

During 2013 Ministers and Chief Executives on their behalf, replied to 7,714 items of correspondence (compared to 7,503 in 2012). Work continues to improve performance further as we strive to provide accurate, timely and courteous responses.

Ministerial correspondence from MPs and peers

1 January 2013 to 31 December 2013¹

Department / Agency	Number of letters received	% of replies (where reply required) within targets
Ministry of Justice Headquarters *	4,985	83%
HM Courts & Tribunals Service (where CEO replied)	417	85%
HM Courts & Tribunals Service (where Ministers replied)	1,006	78%
National Archives (where CEO replied)	13	100%
National Archives (where Ministers replied)	6	100%
Official Solicitor & Public Trustee	15	60%
OPG (where CEO replied)	52	98%
OPG (where Ministers replied)	47	90%
NOMS (where CEO replied)	274	93%
NOMS (where Ministers replied)	899	74%

* Includes LAA correspondence.

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's report on complaint handling by government in 2013 the MoJ performance for the year ended December 2013 was as follows:

Enquiries received *	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations upheld or partly upheld	Investigations not upheld
1,116	359	15	150	41	35

* Includes inquiries about organisations that are accountable to the Department.

The PHSO provides each government department with an annual analysis of the complaints it has received. The report also provides further details on investigations, compliance and recommendations. Further information can be found at: www.ombudsman.org.uk/improving-public-service/annual-government-performance-information.

¹ Figures are given for the calendar year rather than financial year, to be consistent with previous Annual Reports and the method in which this data is presented to Parliament.

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2013-14 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
May 2013	Loss of back up media	Personal information relating to prisoners	Up to 2,935 offenders	Internal investigation was commissioned. The stand alone IT system has been replaced with a centralised system.
August 2013	Two boxes of LAA case files were lost in transit between the LAA and a provider's office	Immigration case files containing immigration information such as family details and case history	The files related to 23 individuals and were likely to contain details of a number of third parties	Reported to the ICO in August 2013. The ICO completed their investigation and confirmed that no further action would be taken, whilst noting the steps taken by the LAA as a result of the incident.
December 2013	The names of two co-defendants in a case taking place at Cardiff Crown Court were published in error on the court listings section of the HM Courts & Tribunals Service website without mention of an anonymity order which had been put in place	The names of two co-defendants in a high profile prosecution case	Four people were affected	The ICO investigation into this matter was triggered by the reports in the national and local media. Their investigation is on-going.
Further action on information risk	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvements of its systems.			

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	256
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	474
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	3
IV	Unauthorised disclosure	1,818
V	Other	30
Total		2,581

The Department takes all incidents of personal data loss very seriously and requires staff to capture small, localised incidents, which comprise most of the figures cited above. The Department manages millions of records of personal data.

Effective implementation of security is monitored at a local level by a network of trained security and information assurance practitioners. MoJ is applying the 'Government's Security Policy

Framework' to control risks across the organisation. This comprises of 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.

All staff are required to undertake compulsory information assurance training upon joining the Department and yearly thereafter.

Engagement and consultation

The Department continues to focus on communications as 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 has extended the means with which it engages a wide range of external stakeholders to inform its policy development. A range of methods are used, including formal stakeholder meetings; online consultations; electronic discussion groups; web-chats; social media tools; and consultation papers.

Social and community responsibility

We are committed to making the Department truly representative of the communities it serves. The Department supports staff members 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.



Ursula Brennan
Accounting Officer

20 June 2014

Sustainability report

Introduction

This is the third Sustainability Report for MoJ prepared in accordance with 2013-14 guidelines laid down by HM Treasury in the Government Financial Reporting Manual.

This report matches the scope and details laid out in the Greening Government Commitments (GGC). GGC forms the primary Sustainable Development (SD) driver across government. MoJ sustainability focus is on achieving these government targets, reducing environmental impacts and reducing costs. Further details on GGC can be found at: <http://sd.defra.gov.uk/gov/green-government/commitments>.

Scope

The bodies included within the scope of this report are: MoJ HQ, the four Executive Agencies, 35 Probation Trusts, CICA (which changes from NDPB to Agency status on 1 April 2014) and ICO.

Scope exclusions and estimations

A number of building level exclusions have been made due to reporting limitations associated with extrapolating reliable data and costs from service charges supplied by landlords. As a result a minority of occupations in the Probation estate and OPG are excluded. HM Courts & Tribunals Service part occupations are estimated based on data taken from the purchase ledger and the HM Courts & Tribunals Service utility monitoring system.

This report covers 109 public sector prisons; NOMS shared service and administration buildings and sites; four privately operated prisons; and 35 Probation Trusts. The National Archives produces an independent Sustainability Report and is not included here. Utilities consumed in prison industries are removed from consumption reporting to provide greater operational consistency between prisons. MoJ does not consider that the use of estimations and the exclusion of certain part occupations have a material impact on the sustainability reporting data for the Department as a whole.

Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the MoJ Sustainable Development Team (SDT). Energy efficiency projects are managed through a variety of means including the MoJ Carbon Reduction Programme which prioritises projects against potential cost, carbon savings and suitability in terms of environmental impact and operation.

There are some limitations to the accuracy of our financial and non-financial sustainability data and we continue to improve the quality of our internal controls through, for example internal audit, further engagement with both internal and external stakeholders; and via enhanced monitoring devices such as automated meter readers.

Business Plan commitments

MoJ Business Plan 2012-2015 sustainability commitments as set out in the Business Plan annex are:

- i) Assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making. MoJ demonstrates a commitment to embedding SD principles into day to day working practices across all reporting bodies. To effectively enable this, MoJ holds monthly SD Board meetings, chaired by a Board level SD Champion, to steer and agree programmes of work and improve working practices across the different disciplines of each reporting body.

- ii) Implement the Department's plan to deliver on the GGC, supplying quarterly information and contributing to the Annual report on progress. GGC was launched on 1 February 2011 and requires government departments to take action to significantly reduce environmental impact by 2014-15 (compared to a 2009-10 baseline). GGC objectives are a key priority of the MoJ Estates Directorate which are managed, reviewed and monitored by the MoJ SDT.
- iii) Sustainable procurement: Procure from small businesses with the aspiration that 25% of contracts should be awarded to Small and Medium Enterprises (SME).

The full MoJ SME Action Plan including desired outcomes, success factors, contracting opportunities and case studies/success stories of MoJ's ongoing relationship with SMEs is available at: www.gov.uk/government/organisations/ministry-of-justice/about/procurement.

Social and environmental awareness

The SDT has been delivering through its statement for social and community partnership, which encourages external partnerships to promote learning and skills training in all SD work streams. The SDT has implemented initiatives for its lead and central partners to enter into a Memorandum of Understanding, which promotes restorative justice, reducing reoffending and supports further progress towards the government's SD strategy.

Carbon Reduction Commitment

Carbon Reduction Commitment (CRC) is a mandated energy reporting system for medium to large scale energy consumers. Participants must prepare detailed annual consumption reports and purchase sufficient allowances to cover their respective carbon impact. MoJ SDT manages CRC on behalf of all its reporting bodies although accruals and budgets are managed at Department level. The associated carbon allowances for 2013-14 are estimated to be £5.8m.

Climate Change Adaptation

The SDT continues to manage and review its high risk buildings database, which highlights susceptible buildings and sites to the effects of climate change such as temperature increases, rise in sea levels and also flooding. The system and its associated processes and Statement for Climate Change Adaptation provide the following purpose for both the built and non-built estate:

- Enables MoJ to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of targets and actions against climate change;
- Enables MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate resources vital to operational delivery;
- Identifies where stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change; and
- Establishes a strategic process by which MoJ can put in place measures necessary to adapt to future climate change adaptation.

Biodiversity action planning

MoJ aims to support the UK Biodiversity Strategy by managing its estate in a way that allows both flora and fauna to naturally flourish, whilst reducing the loss and decline of priority species and leaving a legacy for our future generations.

MoJ establishes Biodiversity Action Plans (BAP) and engages all of its designated sites, including: Sites of Special Scientific Interest; Special Protection Areas; and, sites covered by the Ramsar Convention².

² Further details on the Ramsar convention are available at www.ramsar.org.

The MoJ SD Ecology Team have implemented an active and formal BAP audit system, which sets an industry standard at all of its designated sites that work towards challenging targets not just for species and habitats, but for important nature programmes and projects for offenders, which provide transferable skills to wider land based industries.

Rural proofing

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

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

Carbon Management Plan

The MoJ Carbon Management Plan (CMP) made the business case to invest in both capital and resource carbon savings projects. Since the plan was written the SD team established the Carbon Reduction Programme (CRP) which drives continual investment and implementation in projects which save energy, carbon and utility bills. The plan will be superseded by the SD energy policy.

Sustainable construction

All major refurbishments and new builds are required to be Building Research Establishment Environmental Assessment Method (BREEAM) assessed to a standard of 'very good' for refurbishments and 'excellent' for new builds. In addition the Department is committed to reducing construction waste to landfill and ensures that all major refurbishment and new build projects have clauses requiring details on waste streams. During 2013-14 four new build and two refurbishments were registered or completed. All achieved the required BREEAM status.

Performance

Greenhouse gas (GHG) emissions		2013-14	2012-13	2011-12	2010-11	2009-10
Non-financial indicators (tCO2e)	Scope 1 (Direct) Site based emissions & owned transport.	210,407	222,644	178,930	203,740	243,094
	Scope 2 (Indirect) Supplied energy (Electricity and heat)	215,100	217,641	216,773	228,979	260,571
	Scope 3 (Other indirect) Business travel & transmission losses from supplied energy	29,914	32,156	23,448	23,488	24,615
	Total gross GHG emissions	455,421	472,441	419,151	456,207	528,280
	Electricity: green/renewable	53,214	53,968	53,964	56,520	64,631
	Total net GHG emissions	402,207	418,473	365,187	399,687	463,649
Non-financial (MWh)	Electricity: Grid, CHP & non-renewable	350	360	349	369	387
	Electricity: Renewable	116	119	116	122	129
	Gas	942	1,046	914	1,034	1,036
	Other energy sources	84	105	104	136	126
	Total energy	1,492	1,630	1,483	1,661	1,678
Financial indicators	Expenditure on energy (including CRC) (£m)	114.22	119.11	107.96	83.03	78.36
	Expenditure on official business travel (including GCOF) (£m)	24	37.80	35.12	33.07	33.78

The MoJ target is to reduce GHG emissions by 25% between 2009-10 and 2014-15. 2013-14 performance demonstrates a 13% reduction in GHG emissions against the baseline compared to a 4% reduction last year. Gas usage has reduced 10% in comparison to the previous year although this would be expected given the particularly cold winter of 2012-13. Reporting quality of refrigerant losses continues to improve, however, this area was not included in the baseline data.

Waste

All disposed waste by type (tonnes)			2013-14	2012-13	2011-12	2010-11	2009-10
Non-financial indicators	By waste Stream (tonnes)	Landfill Waste	15,725	21,998	43,364	45,722	48,143
		To recovery (AD & Composting)	3,294	3,863	-	-	-
		To incineration	115	60	-	-	-
		Reused/recycled waste	28,166	32,957	32,862	41,745	33,569
		Energy from waste	7,756	2,792	636	315	429
		Total waste arising	55,056	61,670	76,862	87,782	82,141
Financial indicators	All types	Total costs (£000)	7,303	7,517	6,894	6,208	5,468

Waste management is driven towards achieving the objectives set out by GGC to reduce waste generated by 25% between 2009-10 and 2014-15. Progression towards the GGC targets continues and the introduction of improved recycling facilities across the estate has delivered a significant increase in the amount of waste diverted from land disposal to other options. This includes completion of the programme of installing recycling stations across the HM Courts & Tribunals Service estate.

Water

Water		2013-14	2012-13	2011-12	2010-11	2009-10
Non-financial indicators	Total Water consumption (cubic metres 000s)	8,193	8,152	8,238	8,397	8,573
Financial indicators	Total Water Supply costs (£m)	25.12	24.48	23.87	23.30	24.08

GGC targets the reduction of water consumption between 2009-10 and 2014-15. The above figures show that water consumption has slightly increased this year compared to last year. There are limitations to the quality of the water data within HM Courts & Tribunals Service, MoJ continues to increase engagement with water companies to improve the quality of data received. The water figure for HM Courts & Tribunals Service is based on averages from sites of which consumption and costs are known.

Paper

Paper		2013-14	2012-13	2011-12	2010-11	2009-10
Cost excluding VAT (£m)		2.5	4.4	3.3	n/a	n/a

MoJ commenced the use of mandatory pan Government Office Supplies contract in October 2011. Under the terms of the contract, Management Information data is distributed by the Government Procurement Service. The above figure shows a reduction in costs which can be partly attributed to the estate rationalisation and awareness campaigns.

Remuneration report

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 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 (as amended).

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.gov.uk/government/organisations/review-body-on-senior-salaries.

Board members and senior civil servants remuneration

The salaries of MoJ Departmental Board members (excluding the non-executive board members) are determined in line with the Cabinet Office SCS Reward policy.

Performance based non-consolidated performance-related payments for senior civil servants are determined by the Remuneration Committee, details of the Remuneration Committee are provided in the Annual Governance Statement on page 42.

Service contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended and to which a notice period of three months would usually apply. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk.

Remuneration (including salary) and pension entitlements

(This section has been subject to audit)

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the Department.

Remuneration (salary and payments in kind)

Remuneration	2013-14				2012-13			
	Salary (including allowances)	Benefits in kind (rounded to the nearest £100)	Pension Benefits (to the nearest £1,000) ^	Total (to nearest £1,000)	Salary (including allowances)	Benefits in kind (rounded to the nearest £100)	Pension Benefits (to the nearest £1,000) ^	Total (to nearest £1,000)
Ministers	£	£	£	£	£	£	£	£
The Rt Hon Chris Grayling MP, Lord Chancellor and Secretary of State for Justice	68,169	-	25,000	93,000	39,576 (68,827 full year equivalent (FYE))	-	19,000	59,000
Simon Hughes MP, Minister of State for Justice and Civil Liberties (from 18 December 2013)	9,303 (32,344 FYE)	-	3,000	12,000	n/a	n/a	n/a	n/a
The Rt Hon Lord McNally *, Minister of State and Deputy Leader of the House of Lords (to 18 December 2013)	82,415 (115,257 FYE)	-	26,000	109,000	115,257	-	29,000	144,000
Lord Faulks QC#, Minister of State for Civil Justice and Legal Policy (from 20 January 2014)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jeremy Wright MP, Parliamentary Under Secretary of State	23,039	-	8,000	32,000	13,560 (23,697 FYE)	-	4,000	17,000
Shailesh Vara MP, Parliamentary Under Secretary of State (from 7 October 2013)	11,148 (23,039 FYE)	-	4,000	15,000	n/a	n/a	n/a	n/a
Helen Grant MP, Parliamentary Under Secretary of State (to 7 October 2013)	11,891 (23,039 FYE)	-	3,000	15,000	13,560 (23,697 FYE)	-	4,000	17,000

Notes to the table:

^ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

* Lord McNally receives the Lords Office Holder Allowance (LOHA), which is set at £36,366 per annum. It is available to paid Lords Ministers whose main home is outside of London. Allowance of £26,004 is included within the 2013-14 figure disclosed above, for the proportion of the year in which Lord McNally served as a Minister, and the full allowance within the 2012-13 figure.

Lord Faulks receives no remuneration for his role as Minister of State for Civil Justice and Legal Policy.

Information disclosed above relates to the period in which the individuals were in post as Ministers.

The Minister of State for Policing, Criminal Justice and Victims is responsible for criminal justice strategy, reporting on this jointly to the Secretary of State for Justice and the Secretary of State for Home Department. This position is held by the Rt Hon Damian Green and his remuneration is borne by the Home Office and is disclosed in the Home Office Accounts.

Remuneration	2013-14					2012-13				
	Senior Managers	Salary excluding bonuses (including allowances)	2012-13 bonuses paid in 2013-14	Benefits in kind (rounded to the nearest £100)	Pension Benefits (to the nearest £1,000) #	Total (to nearest £1,000)	Salary excluding bonuses (including allowances)	2011-12 bonuses paid in 2012-13	Benefits in kind (rounded to the nearest £100)	Pension Benefits (to the nearest £1,000) #
	£000	£000	£	£000	£000	£000	£000	£	£000	£000
Dame Ursula Brennan DCB, Permanent Secretary	180-185	-	-	n/a*	180-185	130-135 (175-180 FYE)	-	-	n/a*	130-135
Helen Edwards CB, Director General, Justice Policy Group (to 6 May 2013)	15-20 (160-165 FYE)	-	-	2	15-20	165-170	-	-	54	220-225
Ann Beasley CBE, Director General, Finance	140-145	-	-	0	140-145	140-145	-	-	6	145-150
Antonia Romeo, Director General, Criminal Justice	130-135	10-15	-	31	175-180	125-130	-	-	96	220-225
Catherine Lee, CBE ^, Director General, Law and Access to Justice Group	95-100 (100-105 FYE)	-	-	28	120-125	n/a	n/a	n/a	n/a	n/a
Michael Spurr, Chief Executive, NOMS	145-150	-	-	2	145-150	140-145	-	-	38	180-185
Matthew Coats Chief Executive, LAA and Director General Corporate Services	140-145	10-15	-	34	190-195	140-145	-	-	64	205-210
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service	145-150	-	1,700	n/a*	145-150	140-145	-	-	n/a*	140-145

Notes to the table:

* Dame Ursula Brennan DCB and Peter Handcock CBE have both currently opted out of the Civil Service pension scheme as at 1 April 2012, and as such did not accrue pension benefits in 2013-14. Ursula Brennan's Cash Equivalent Transfer Value (CETV) at 31 March 2013 has been re-stated.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

^ Catherine Lee was Acting Director General, Law and Access to Justice Group from 24 April 2013 and was permanently appointed in September 2013.

Remuneration	2013-14			2012-13		
	Fees excluding bonuses (including allowances)	2012-13 bonuses paid in 2013-14	Benefits in kind (rounded to the nearest £100)	Fees excluding bonuses (including allowances)	2011-12 bonuses paid in 2012-13	Benefits in kind (rounded to the nearest £100)
Non-Executive Directors	£000	£000	£	£000	£000	£
Tim Breedon CBE *, Lead Non-Executive Director	-	-	-	-	-	-
Dame Sue Street DCB †, Non-Executive Director	10-15	-	-	10-15	-	-
Bill Griffiths ‡, Audit Committee Chair and Non-Executive Director	15-20	-	12,200	15-20	-	6,400
Fields Wicker-Miurin OBE, Non-Executive Director (from 22 November 2013)	5-10 (10-15 FYE)	-	-	n/a	n/a	n/a
David MacLeod, Non-Executive Director (to 5 July 2013)	0-5 (10-15 FYE)	-	-	10-15	-	-

Notes to the table:

Information disclosed above relates to the period in which the individuals were in post as senior managers or non-executive directors.

Since 20 April 2011 all appointed non-executive directors were entitled to an annual honorarium of £15k. Bill Griffiths was entitled to an additional £5k for his duties as Chair of the Audit Committee and Tim Breedon was entitled to an additional £5k for his duties as Lead Non-Executive Director. None of the non-executive directors have pension entitlements with MoJ.

* Tim Breedon CBE waived his fee for 2012-13.

† Dame Sue Street DCB's fee for the 2012-13 period up to 31 December 2012 was paid directly to three charities via the Give As You Earn scheme.

‡ For Bill Griffiths, 2012-13 benefit in kind figures have been recalculated in 2013-14 and the revised figures are disclosed in the table above. 60% of the total cost relates to train travel and 40% relates to the tax incurred on the train travel. The increased train travel in 2013-14 is due to the additional work carried out on behalf of the Department in addition to his existing responsibilities.

Salary

'Salary' includes: gross salary; 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 accrued payments made by the Department 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 from 1 April 2010, £66,396 from 1 April 2013) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department 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 Department and treated by HM Revenue and Customs (HMRC) as a taxable emolument. Benefits in kind balances recognised relate to train travel. Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State and HMRC.

Bonuses

Permanent Secretary bonuses are determined by the Permanent Secretary Remuneration Committee (within Cabinet Office).

Bonuses for SCS Pay Band 3 are determined as part of the Pay Band 3 Performance and Pay Committee which is chaired by Ursula Brennan and includes a Non-Executive Director and the Group Human Resources (HR) Director. Bonuses are subject to in year performance which is measured and captured using Cabinet Office HR Practitioners Guidance. The policy for Non-consolidated Performance Related Pay (NCPRP) remains that such payments should be restricted to the top 25% of performers.

The cash ceilings on the maximum size of any individual award also remain in place for 2012-13 performance. These are: £10,000 for Deputy Directors (PB1/1A); £12,500 for Directors (PB2); £15,000 for Directors General (PB3); and £17,500 for Permanent Secretaries.

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2012-13 and the comparative bonuses reported for 2012-13 relate to the performance in 2011-12.

Pay multiples (as at 31 March 2014)

	2013-14	2012-13
Band of highest paid director's total remuneration (£000)	180-185	175-180
Median total remuneration (£)	24,896	24,635
Ratio	7.3	7.2

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

The banded remuneration of the highest-paid director in MoJ in the financial year 2013-14 was £180-185k (2012-13: £175-180k). This was 7.3 times (2012-13: 7.2) the median remuneration of the workforce, which was £24,896 (2012-13: £24,635). A change in the remuneration band of the highest-paid director is the principal reason this ratio increased slightly from the previous year.

In 2013-14, six (2012-13: 11) members of the workforce received remuneration in excess of the highest-paid director. Remuneration ranged from £191-244k (2012-13: £190-270k). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed at Note 3.5.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Benefits in kind have been excluded as the final value is to be agreed between the Secretary of State and HMRC.

Compensation for loss of office

No senior managers received compensatory payments in 2013-14 (2012-13: nil).

Pension entitlements

Ministerial pensions

Pension Benefits					
Ministers	Accrued pension at age 65 as at 31 March 2014	Real increase in pension at age 65	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
The Rt Hon Chris Grayling MP [▲] , Lord Chancellor and Secretary of State for Justice (from 5 September 2012)	0-5	0-2.5	65	41	14
Simon Hughes MP, Minister of State for Justice and Civil Liberties (from 18 December 2013)	0-5	0-2.5	3	-	2
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords (to 18 December 2013)	5-10	0-2.5	129	98	20
Lord Faulks QC, Minister of State for Civil Justice and Legal Policy (from 20 January 2014)	n/a	n/a	n/a	n/a	n/a
Jeremy Wright MP, Parliamentary Under Secretary of State	0-5	0-2.5	23	16	3
Shailesh Vara MP, Parliamentary Under Secretary of State (from 7 October 2013)	0-5	0-2.5	23	19	2
Helen Grant MP, Parliamentary Under Secretary of State (to 7 October 2013)	0-5	0-2.5	6	3	2

Notes to the table:

Information disclosed above relates to the full year, whereas dates included above relate to the period in which the individuals were in post as Ministers.

[▲] The Lord Chancellor is no longer eligible to contribute or build up benefits within the Parliamentary Contributory Pension Fund (PCPF) and no longer holds an entitlement to any benefits within the PCPF. For 2013-14 and 2012-13 the Rt Hon Chris Grayling MP waived his rights to receive the Lord Chancellor's pension, and chose to instead receive benefits commensurate with what they would have received had they been permitted to remain a member of the PCPF. These benefits were paid from the Consolidated Fund.

* Lord Faulks receives no remuneration for his role as Minister of State for Civil Justice and Legal Policy.

Ministerial pension benefits

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 member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members pay contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates are planned to increase in April 2014, subject to consultation.

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.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

Cash Equivalent Transfer Value of ministerial pensions

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A Cash Equivalent Transfer Value (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.

Real increase in Cash Equivalent Transfer Value on ministerial pensions

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

Civil Service pensions

Pension Benefits					
Senior Managers	Accrued pension and related lump sum at pension age as at 31 March 2014	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase / (decrease) in CETV
	£000	£000	£000	£000	£000
Dame Ursula Brennan DCB *, Permanent Secretary	90-95 plus lump sum of 270-275	n/a [#]	2,032	2,022	n/a [#]
Helen Edwards CB [▲] , Director General, Justice Policy Group (to 6 May 2013)	25-30 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	497	492	15
Ann Beasley CBE, Director General, Finance	55-60 plus lump sum of 175-180	0-2.5 plus lump sum of 0-2.5	1,184	1,113	(1)
Antonia Romeo, Director General, Criminal Justice	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 5-7.5	247	214	14

Pension Benefits					
Senior Managers	Accrued pension and related lump sum at pension age as at 31 March 2014	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase / (decrease) in CETV
	£000	£000	£000	£000	£000
Catherine Lee CBE [^] , Director General, Law and Access to Justice Group	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 5-7.5	357	299	23
Michael Spurr, Chief Executive, NOMS	55-60 plus lump sum of 175-180	0-2.5 plus lump sum of 0-2.5	1,056	990	(1)
Matthew Coats, Chief Executive, LAA and Director General Corporate Services	40-45 plus nil lump sum	0-2.5 plus nil lump sum	619	555	20
Peter Handcock CBE [*] , Chief Executive, HM Courts & Tribunals Service	100-105 plus nil lump sum	n/a [#]	1,942	1,940	n/a [#]

Notes to the table:

Information disclosed above relates to the full year, whereas dates included above relate to the period in which the individuals were in post as senior managers.

Changes in CETV are due to uprating and discounting factors and as such there are no real increases in CETV, pension and related lump sum values.

[^] Helen Edwards CB is a member of the Supplementary Scheme.

[^] Catherine Lee was Acting Director General, Law and Access to Justice Group from 24 April 2013 and was permanently appointed in September 2013.

^{*} Dame Ursula Brennan DCB and Peter Handcock CBE have both currently opted out of the Civil Service pension scheme as at 1 April 2012.

Further details on the disclosure of salary, pension and compensation information can be found within Employer Pension Notice 380: www.civilservice.gov.uk/pensions/guidance-for-employers/employer-pension-notice/full-list-employer-pension-notice-eps.

Civil Service pension benefits

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

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension

account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The 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: www.civilservice.gov.uk/pensions.

Cash Equivalent Transfer Value of Civil Service pensions

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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 Cash Equivalent Transfer Value on Civil Service pensions

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.



Ursula Brennan
Accounting Officer

20 June 2014

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed MoJ to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its Executive Agencies) and its sponsored Non-Departmental and other Arm's Length Public Bodies designated by order made under the GRAA by Statutory Instrument 2013 No 3187 (together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at Note 24 to the Accounts). The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the Departmental Group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer of the Department 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;
- Ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by Non-Departmental and other Arm's Length Public Bodies;
- 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 Department as Accounting Officer of MoJ.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored Non-Departmental and other Arms Length Public Bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource Accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

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 assets of the Department or Non-Departmental and other Arms Length Public Body for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by HM Treasury.

Annual governance statement

1. Introduction

- 1.1 As Accounting Officer, I am responsible for putting in place effective governance arrangements so that the right decisions are made at the right time, at the right level, and by the right people. I am satisfied that I have the necessary systems and processes in place which enable me to maintain an effective system of internal control throughout the Department that supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally accountable.
- 1.2 The scale and pace of our reform agenda has continued to be the major challenge facing the Department, with significant changes being planned and introduced to improve the criminal justice system, including transforming rehabilitation services, rationalising the payment of legal aid, reducing the costs of the prison estate, reforming youth custody and modernising the courts and tribunals service. In order to ensure continued effective management of these pressures, I have implemented a range of measures to strengthen the Department's governance structure and assurance processes, alongside taking steps to improve project and programme management capability and clarify accountability for projects.
- 1.3 During the last year we identified that the Department had been charged, through contracts with G4S and Serco, for services which had not been performed in respect of electronic monitoring of offenders over a number of years. In response, the Department took some immediate steps to reinforce contract management for specific high risk contracts whilst at the same time undertaking an extensive review into contract management across MoJ, overseen by Tim Breedon our Lead Non-Executive Director. The review identified some significant weaknesses requiring urgent attention. The Department has taken steps to address all the areas of concern and further revised processes and controls are being established during 2014-15.
- 1.4 This statement sets out in more detail how we have continued to develop our governance frameworks following a review of quality assurance and governance; and a review of the effectiveness of the Board, its supporting committees, and our risk assessment processes. My aim is to ensure that we maintain our focus on the areas that are most likely to prevent us from achieving our objectives.

2. Governance Framework

- 2.1 Last year I asked Bill Griffiths (Non-Executive and Chair of Audit and Risk Committee) to conduct a review of MoJ's Quality Assurance and Governance, (the 'Griffiths Review'). I describe some improvements to quality assurance in paragraphs 4.19-4.22 below. The recommendations in the Griffiths Review relating to governance and decision-making were implemented from June 2013, including a revised, streamlined governance structure and management oversight structure which supports the Accounting Officer in running the Department. The changes led to updated financial thresholds and a revised approvals process to strengthen the decision making and accountability for investments. As part of these changes, the responsibility of senior management scrutiny of business cases transferred from the Transforming Justice Committee (which has been disbanded) to the Executive Committee.
- 2.2 Since this change has been implemented, the Executive Committee has played an increased and important role in the scrutiny and approval of financial decisions for major projects and programmes. New financial approval thresholds for projects and programmes have strengthened accountability for all significant investments, including procurements. The appointment of a Director of Assurance provides increased oversight of progress, issues and risks on the Department's portfolio, which is routinely discussed by the Executive Committee.

- 2.3 The Griffiths Review also included some recommendations for improving control and oversight of major programmes and projects through the Senior Responsible Owners (SROs). In response to these recommendations the Department has established a Project Delivery Capability Unit, formalised the processes for appointing SROs, and improved the training and support to SROs.
- 2.4 The Departmental Board has overall responsibility for advising and challenging on performance and delivery, including setting MoJ's strategic direction, overseeing delivery of the MoJ Business Plan and the progress of programmes within the MoJ portfolio.
- 2.5 The Board was supported by the Audit and Risk Committee, and newly created Nominations Committee (from January 2014). As Accounting Officer, I report to the Board and oversee the Department's top level management structure which consists of the Executive Committee and the Financial Management Committee. Each of these are described below:
- Audit and Risk Committee - provides advice and assurance on risk, control and governance issues and on the internal and external audit work programmes.
 - Nominations Committee - provides assurance on processes to develop and manage current and future capability, the application of Civil Service SCS pay strategies within MoJ, and the processes for appointments to positions on the Board.
 - Executive Committee (ExCo) - is the senior Committee which has overall management responsibility for the Department and meets on a weekly basis.
 - ExCo Workforce Committee - a monthly meeting of ExCo and the HR Director to manage workforce and capability issues.
 - Financial Management Committee - provides advice to the Executive Committee on budget allocation and monitors the in-year financial performance of the Department and the Department's ability to meet its multi-year financial settlements.
- 2.6 The Lead Non-Executive Board member recently completed the third formal review of the overall effectiveness of the Board. This year the review included independent review from a non-executive at the Department for Work and Pensions. Results were positive overall and the Board is considered to be working effectively.
- 2.7 A number of areas emerged for further development as a result of this year's evaluation including, induction and training for the Board, the balance of formal and informal time that Board members spend together, performance of Arm's Length Bodies (ALBs) and risk management. Actions to address each of these areas have been agreed by the Board.
- 2.8 In view of the changes implemented following the Griffiths Review to strengthen the Department's governance arrangements, the Board is satisfied that it has effective governance in place and that MoJ is compliant with the Code of Good Practice for corporate governance in central government departments.

3. Key risks and issues facing the Department

- 3.1 Both ExCo and the Departmental Board devote a significant proportion of time to the management of risk and to assurance on performance and delivery of day to day business and the change portfolio. I highlight here the four areas which received most attention during this period:
- MoJ faces a challenging funding position which is managed by ExCo, supported by the Financial Management Committee, using a variety of reporting tools to track expenditure and identify pressures, both on business as usual and the change portfolio.
 - Over the year the Department has developed enhanced monitoring tools to track pressures on people capacity and capability. This has enabled ExCo to identify and take action on emerging gaps in resourcing or skills in key programmes; this has been

extended to track pressures in corporate functions and business as usual. ExCo Workforce monitors wider people capability issues, including employee engagement; these will be addressed through the Departmental Improvement Plan.

- The Department has recognised the risks in managing our contractual relations with external suppliers. Given the identified weaknesses in contract management, an extensive improvement programme is under way (see paragraph 3.3-3.13).
- To manage the large volume of change underway in MoJ the Department improved the reporting and assurance regimes for change programmes, in addition to the governance changes described in section 2. These changes have been designed to give a clearer focus to the Justice Secretary's five priorities and to tighten the scrutiny and approval regime for all major projects and programmes (see paragraph 2.2).

3.2 A number of the most significant issues faced by the Department during this period warrant further disclosure. These are described below and include updates on issues that were disclosed last year.

Contract Management (Electronic Monitoring Contract disclosed in 2012-13)

- 3.3 Work to retender our electronic monitoring contracts identified anomalies in the billing practices under the existing contracts, held by G4S and Serco. An initial audit found that MoJ had been charged in previous years by the two companies in ways not justified by the contracts and for people who were not in fact being monitored. These matters are now the subject of a criminal investigation by the Serious Fraud Office.
- 3.4 The Department took immediate action to address the weaknesses identified within contract management of electronic monitoring, by swiftly putting in place a new contract management team with considerable experience of commercial contract management. MoJ staff were placed permanently at each contractor's site, with direct access to supplier systems and data to monitor suppliers' performance in operational delivery on the ground. This ensured we had a much greater level of assurance that the suppliers were complying with their obligations in all aspects of the delivery of the contract from the start of the year.
- 3.5 Further, issues on the electronic monitoring contracts prompted us to commission an audit of every MoJ contract held by G4S and Serco. This audit identified serious issues on the Department's contract with Serco for prisoner escort services, where it was found that members of Serco staff had been wrongly recording the time when prisoners were being delivered ready for court. In addition, on two contracts with G4S for facilities management in the courts, there were problems relating to invoicing, delivery and performance reporting, some of which had already been identified through the Department's control system. These matters have all also been referred to the appropriate investigatory authorities.
- 3.6 The audit found no evidence of material issues on any other MoJ contracts held by the two companies. The electronic monitoring contracts were for services provided within the National Offender Management Services (NOMS) Executive Agency. NOMS has a number of other high value contracts for the delivery of services and has undertaken work to ensure that it has adequate controls and assurance in place in relation to payments made under these contracts.
- 3.7 We were clear from the outset that we intended to recover any monies overpaid to the companies. In December 2013 Serco agreed to repay £70.5m to reimburse the government for money owed on the electronic monitoring and prisoner escort contracts. In March 2014 G4S agreed to repay £108.9m owed on the electronic monitoring contract and on the two facilities management contracts. These sums, which relate to payments made since 2005, also covered the direct costs to government arising from investigation of these matters.
- 3.8 On the basis of the audit, and having taken appropriate advice, I believe the overall settlement represents a good deal for the taxpayer. It was reached without prejudice to any criminal investigations into these matters. In the event of criminal charges being brought we would consider whether further sums are due from the companies.

- 3.9 More widely the government made clear that it expected both G4S and Serco to undergo a process of corporate renewal - to include greater openness and an overhaul of management on relevant contracts. Government has now accepted the two companies' plans for renewal and will be keeping the situation under review to ensure full and timely implementation.
- 3.10 In response to the problems on electronic monitoring, the Justice Secretary asked MoJ's Lead Non-Executive Director, Tim Breedon, to lead a review of contract management across MoJ. This review, which concluded in December 2013, identified areas of good practice but also significant and long-standing weaknesses. These weaknesses related to a lack of clarity in roles and responsibilities, poor governance and risk management processes, insufficient resources and capability, insufficient management information and insufficient scrutiny of performance before making payments.
- 3.11 The report recommended that, in order to provide assurance that contracts were being managed properly, MoJ should, as a priority:
- undertake risk assessments on high-risk contracts;
 - develop contract assurance plans for such contracts;
 - strengthen processes for payment and service verification;
 - establish or enforce governance processes for issues, changes, payments and service verification; and
 - assess the scale of change required within MoJ contract management.
- 3.12 We established a programme to take these forward and to implement the review's recommendations in full. Specifically:
- All contract owners in MoJ have provided assurance that key measures, including risk assessments, escalation routes and payment authorisation processes are in place on all major contracts.
 - A high-level common operating model has been agreed and is in the process of being rolled out, which places ownership of the contract with the business area responsible for the relevant requirement that underpins the need for the contract, but supported by commercial contract management expertise provided from an enhanced central procurement function.
 - An outline team structure has been prepared that specifies the multi-functional composition of the teams needed to manage contracted-out services and (separately) supplier relationship management, with clearly defined roles and job descriptions underpinning this structure.
 - In order to address problems with the recruitment and retention of commercial professionals, we are creating a specialist support service within MoJ to assist with the development of a new contract management methodology; conducting a skills-gap analysis of existing staff; and introducing formal contract management training from the International Association of Commercial and Contract Management (IACCM).
 - A new approach to developing and using Management Information has been established with a programme of 'deep dives' for key strategic contracts.
 - A new Commercial and Contract Governance Committee has been established to oversee the Department's procurement and contract management activities.
 - An enhanced assurance approach has been developed to provide a greater breadth and depth of internal audit review.
- 3.13 Many of the above actions have already been taken, with others, such as the enhanced use of Management Information, the internal audit of contracts and the skills-gap analysis and training are currently being implemented and will be fully in place by December 2014.

Transforming Rehabilitation

- 3.14 The Department is overseeing a major transformation in the delivery of probation services with the objective of reducing re-offending rates and extending rehabilitation services to those offenders with sentences of under one year. This will involve, in 2014-5, the dissolving of the existing 35 Probation Trusts, the setting up of 21 new Community Rehabilitation Companies (CRCs) and a new National Probation Service (NPS). The Department is seeking bids from the private and voluntary sectors to take over the ownership and operation of the CRCs.
- 3.15 During 2013-14 the Transforming Rehabilitation programme team have been working at pace on a number of complex issues including designing the new services, developing the contract structure, and managing ICT and estates issues. As Accounting Officer I have been supported on key decisions by a formal assurance framework within the Department, and by the Major Projects Authority within the Cabinet Office. The Department continues to deliver this major reform programme with the CRCs and the NPS established from 1 June 2014 and the CRC bid evaluation process on track.

National Offender Management Service - Prison population

- 3.16 Since the end of 2013 the prison population has been operating above published projections and by the end of April 2014 it was 300 above the high projection and 1,300 above the medium projection. The NOMS Agency Board has put a range of measures in place to ensure there is sufficient capacity to manage the higher than expected population. This has resulted in additional costs to the Department. In addition, ExCo receives regular reports on the numbers of cases progressing through the Criminal Justice System in order to ensure that there is the required capacity in the court system and in NOMS.

HM Courts & Tribunals Service - Processing motor convictions

- 3.17 The Police have continued to investigate irregularities with recording and communicating decisions for motoring offences in Magistrates' Courts, after a member of staff was found guilty of bribery and misconduct in a public office. Further arrests have been made and the investigation and legal proceedings are continuing. Controls have been tightened and management teams in the affected courts have been reinforced. A review has been completed and a number of recommendations have been implemented to strengthen controls and to consider policy changes that will streamline legal processes.

HM Courts & Tribunals Service - PentiP Enforcement System

- 3.18 PentiP is a new system being implemented by the Home Office to record fixed penalty notices issued by the police and collected by HM Courts & Tribunals Service. Implementation in Fixed Penalty Offices had been affected by some performance and reliability issues which resulted in processing backlogs at HM Courts & Tribunals Service sites. The issues also led to problems and delays in the reconciliation process. These delays subsequently led to the National Audit Office qualifying the 2012-13 HM Courts & Tribunals Service Trust Statement. Plans have however been developed with our third party supplier to recover the reconciliation backlog in time for completion of the 2013-14 Trust Statement.

HM Courts & Tribunals Service - Review of long term leasing contracts

- 3.19 A review by management of long term land and building lease contracts entered into by HM Courts & Tribunals Service predecessor bodies, concluded that a small number of contracts had not delivered sufficient value for money. The Accounts include the necessary disclosures and report the constructive loss recognised in relation to these projects. This is disclosed in Note 21. The current governance framework and control processes used to evaluate investment decisions are considered fit for purpose to prevent recurrence but a formal lessons learned exercise is underway.

Shared Services Programme (update from 2012-13)

- 3.20 The Shared Services Programme (SSP) was designed to facilitate a single Enterprise Resource Planning (ERP) IT platform to deliver HR, operational finance, procurement, payroll and end-to-end transactional services. The programme has endured significant time and cost pressures to complete the original solution under the initial framework design and a combination of complex contractual arrangements and weaknesses in programme governance has resulted in poorer value for money.
- 3.21 As a result of this and in conjunction with the Government's Next Generation Shared Services strategy, the future direction of travel for the SSP has changed from a developed in-house solution to an outsourced solution. A decision was taken at the MoJ Departmental Board on 16 June 2014 to enter negotiations with Shared Services Connected Limited, the Cabinet Office/Steria joint venture, with a view to outsourcing MoJ Shared Services in the autumn of 2014.
- 3.22 Due to the decision to move to an outsourced solution, certain elements of in-house programme expenditure constitute redundant development expenditure which is of minimal use to expected future developments. These outputs represent a constructive loss (expenditure that has been incurred that no longer provides any benefit) and this loss has been disclosed accordingly in the 2013-14 Accounts. The Shared Services constructive loss recognised in 2013-14 is £56.3m.

HM Courts & Tribunals Service - Contract for interpreter services (update from 2012-13)

- 3.23 Concerns had previously been raised regarding the underperformance of interpreter services provided through a contract with Capita ALS. The Chief Executive of HM Courts & Tribunals Service and the Department's Director General, Finance appeared before the Committee for Public Accounts on 27 January 2014 to give further evidence following a report from the National Audit Office (NAO) on the progress made since the previous year's report.
- 3.24 Since the implementation of a revised contract package, performance has improved continuously against the key indicator, from 87% orders delivered in Q2 2013-14, to 94% in Q3 2013-14, with higher number of interpreters being available for assignments. Spend on interpreters outside of the contract has also fallen substantially.

4. Assurance Arrangements

Risk Management

- 4.1 Senior managers consider the operational risks to delivery in each business area through a comprehensive framework of risk registers covering Business Groups, Executive Agencies, ALBs, HQ directorates, programmes and projects, health and safety, business continuity and information assurance, with a route to escalate significant risks to ExCo.
- 4.2 The Department Strategic Risk Register draws on and is underpinned by the operational risk registers and provides a high level overview of the risk profile of MoJ. The Register is updated monthly by Executive Committee members, with a more extensive quarterly revision for the Board. ExCo identifies any action that is necessary and appropriate to manage and mitigate the strategic risks and considers any risks escalated from other registers.
- 4.3 The Department uses other mechanisms and approaches for managing risk that work alongside and in conjunction with the formal risk registers. These include the performance scorecards, performance dashboards and the Transforming Justice Portfolio Status Report that ExCo, the Board and Executive Agency Boards review on a regular basis.
- 4.4 Much of ExCo's agenda is devoted to managing the key risk areas of resources, people, contracts and change programmes, using a variety of tools beyond the formal Risk Register. During the coming year we will take further steps to review and strengthen the Department's risk management processes and guidance, as recommended in the Board

Effectiveness Review. This will be overseen by the Departmental Audit and Risk Committee, and will draw on the findings and suggestions from work already undertaken by this committee.

Business Continuity Planning

- 4.5 Each MoJ business group (HQ, Executive Agency or Arms Length Body) has a designated business continuity practitioner and all areas have a resilience plan in place designed to provide an effective response to disruptive events and a structured return to business as normal. In the case of a serious event cutting across business areas recovery planning can be managed centrally by the corporate business continuity team. In a major crisis the Criminal Justice Strategic Command can be invited to coordinate a response with its collaborative partners. Emergency fallback plans are in place for key workers in HQ sites to utilise the HM Courts & Tribunals Service estate.
- 4.6 The only significant disruption was in the HM Courts & Tribunals Service estate where the widespread flooding and winter storms resulted in a number of incidents, including Neath County Court losing its roof and minor water damage at Southwark, Maidstone and Woolwich. All of these events were managed in line with existing 'buddy' court arrangements to maintain mission critical activities. Civil Service industrial action in April and June 2013 caused very minor disruption and was, again, mitigated by well rehearsed resilience planning.

Information Assurance

- 4.7 During 2013-14 no significant control weaknesses were identified in relation to information risk management although the Internal Audit 'Information assurance - supplier management' review has reinforced the need to improve oversight of supplier compliance monitoring.
- 4.8 The Department has maintained a high level of awareness of good information handling practice, and all staff have received information risk awareness training, which, this year, focused on the new Government Security Classification system.
- 4.9 A robust Information Assurance (IA) governance regime has been maintained. The MoJ Senior Information Risk Owner (SIRO), HQ business group and Executive Agency SIROs met quarterly as a SIRO Board. This enabled more active senior monitoring of the Department's key and cross cutting information risks. To support the SIRO Board, a committee comprising IA leads from HQ business groups and Executive Agencies and representatives from Corporate Security and IA Teams has been established. This group monitors information risks more closely and makes recommendations to SIROs on key areas of information security policy. Furthermore, ALB SIROs met regularly to discuss their information risks. In conjunction with The National Archives we delivered a series of workshops for IAOs and staff who support them, which were very well attended and received.
- 4.10 NOMS is working closely with the Transforming Rehabilitation Programme to address Information Assurance / Records Management issues and put in place measures to mitigate related risks to the Agency such as co-location and shared access to national IT systems by both the public and private sectors.
- 4.11 During 2013-14 there was an increase in the number of ICT network security incidents including malicious software (virus and hacking) attacks. These were detected and blocked by MoJ security controls.
- 4.12 The Department has maintained a high level of awareness of good information handling practice, and I am confident all staff met the mandatory information risk awareness training requirement.
- 4.13 A summary of personal data related incidents and data losses is included in the Annual Report.

Counter Fraud Activity

- 4.14 The current Departmental Anti-Fraud and Corruption Policy was issued in March 2012 and is currently being reviewed. The “whistle blowing” policy for confidential reporting of staff concerns was refreshed in May 2011. Both documents are available to staff on the Department’s Intranet.
- 4.15 The Department’s Counter Fraud Error and Debt Champion leads on measures within MoJ, its Agencies, and other public bodies to tackle fraud. The MoJ Counter Fraud Error and Debt Champion is part of a network of Champions, based in all major government departments and feeds into the work of the Government’s Counter Fraud Error and Debt Taskforce.
- 4.16 The Counter Fraud Development and Monitoring Group brings together fraud subject matter experts and fraud investigators from across the Department. The group co-ordinates the Departmental response to fraud. The group continues to actively promote fraud awareness following the success the mandated counter fraud training, fraud surveys and co-ordinated fraud awareness campaigns during 2012-13. A follow up survey conducted in June 2013 showed a significant increase in awareness levels.
- 4.17 Members of the group work closely with the police, other government departments and partner organisations. The Legal Aid Agency was recognised at the Fighting Fraud Awards 2013 for its collaborative work with the Department for Work and Pensions.
- 4.18 In response to a HM Treasury mandate, MoJ and all of its ALBs with a budget over £100m completed Fraud & Error Capacity Assessments. These informed a Departmental Action Plan which contains a series of commitments to be delivered by March 2015 which will enhance our ability to detect measure, prosecute and prevent fraud.

Quality Assurance of Analysis (Modelling)

- 4.19 The Griffiths Review concluded that the development, construction and quality assurance for key models within the Department appear generally satisfactory, but did make a number of recommendations to further improve the Department’s approach.
- 4.20 Consequently I have established a dedicated analytical quality assurance team to provide guidance, challenge and scrutiny of modelling and analysis produced within Analytical Services. This team, supported by a new network of analytical quality assurance champions across the analytical community, has improved the quality of the analysis behind several business cases. MoJ has taken a leading role on the cross-government quality assurance working group to deliver the recommendations of the Macpherson review of quality assurance of business critical models.
- 4.21 I have also completed an assessment of the analytical quality assurance of business critical models, and suites of models, that are used within MoJ and its Executive Agencies. Each model has a clearly defined “model” Senior Responsible Owner who is responsible for ensuring that there has been sufficient analytical quality assurance before the model outputs are used. Model owners have conducted a range of checks covering both verification and validation aspects of the main features of the models.
- 4.22 Whilst I am confident that sufficient analytical quality assurance has been performed on our business critical models, I have identified areas for improvement around the knowledge management of both model assurance activities and modelling assumptions.

Oversight of Assurance Arrangements

- 4.23 The Board exercised oversight of the performance of the Department using a new, more comprehensive performance dashboard, with separate reports each month on our major change programmes and on business as usual. Additionally, the Board considers information from a range of external sources including:
- NAO reports (including Value for Money) and the audit report for the Annual Report and Accounts;

- HM Inspectorate of Prisons publications and (Annual) report;
- HM Inspectorate of Probation publications and (Annual) report; and
- Feedback from the Major Projects Review Group.

4.24 One of the key sources of independent assurance within the Department comes from the activities of its Internal Audit and Assurance Division which meets the Public Sector Internal Audit Standards. The internal audit programme is closely linked to the key risks of the Department, its Executive Agencies and ALBs. Arrangements are in place to ensure that I am made aware of any significant issues which indicate that key risks are not being effectively managed.

4.25 The Head of Internal Audit's overall opinion for 2013-14 is 'reasonable assurance' on the adequacy and effectiveness of the system of governance, risk management and internal control. The results from the internal audit work are, in general, positive, with the very significant majority of reports being rated as either Green or Amber/Green. The Head of Internal Audit has considered the weaknesses in contract management and other identified weaknesses in the operation of some of the Department's controls, which give rise to concern. However he has concluded that these weaknesses are not systemic or pervasive and has taken assurance from the identified controls that exist across the high risk contracts and from the Department's thorough response to the identified weaknesses. In 2014-15 internal audit will focus more resources to review the systems and payments made to third parties through its contracts.

4.26 Other sources of internal assurance from which the Board also draws include:

- 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 Annual Report; and
- Annual Report from the Chair of the Departmental Audit and Risk Committee.

4.27 During the year the Departmental Audit and Risk Committee reported to the Departmental Board, raising some concerns about the systems of internal control following the acknowledged failings in contract management. The Committee's report suggested that a number of components of the control environment are reviewed, including risk management and internal audit. This work is in progress during 2014-15.

4.28 Assurance about the extent to which our Executive Agencies, NDPBs and Associated Offices comply with their respective Framework Document and Financial Memoranda is provided by sponsorship units, which are also responsible for monitoring their performance. The following annual cycle exists for exercising control over ALBs:

- January - March: Annual impact assessments undertaken by the sponsor with ALBs which are moderated by the ALB Governance Division and the results are reported to the Executive Committee;
- On-going sponsorship relationship: Regular on-going contact, as required, and proportionate, informed by impact assessment;
- Quarterly: Holding to account meetings between sponsors and ALBs on basis of impact assessment, with relevant risks escalated as appropriate to Business Group risk register or Department;
- Monthly: Performance update to the Executive Committee on all high impact ALBs and others by exception;
- Year end: Governance Statements are completed by Director Generals and Directors to include any ALB within their Business Group.

Spending by Grant Recipients

- 4.29 As Accounting Officer, I need to be assured that resources made available to locally governed organisations are used for the purpose intended, and that the expenditure represents value for money.
- 4.30 The Youth Justice Board for England and Wales (YJB) is one of the Department's largest ALBs and received £311 million from MoJ in 2013-14. Of this, £92.1 million was allocated by the YJB to Youth Offending Teams (YOTs). The YJB has the power to make grants to local authorities or other bodies to develop good practice and commission research in relation to youth justice with approval from the Secretary of State.
- 4.31 HM Inspectorate of Probation undertakes risk-based inspections of YOTs "with poor performance and low capability and capacity to improve themselves." In addition, the YJB undertakes additional monitoring of YOTs. The last MoJ audit of the adequacy, effectiveness and reliability of controls operating over the use of the YOT grant returned an 'amber/green' rating, meaning that no significant improvements are required. However, from 2013-14, YOTs will be asked to produce additional documentation to show how they intend to use the grant provided to develop good practice and/or research into good practice.
- 4.32 Consistent with MoJ's commitment to support victims of crime, £38.4 million of the £73.2 million awarded by the Core Department in grants during 2012-13, went to Victim Support (VS), specifically to fund the National Homicide Service, Court Based Victim Service and the Core Victim Service. The Grant Agreement signed in November 2011 between the Department and VS contained funding commitments which were based on rigorous assessments of the assumptions underpinning VS's business plan and costings. The Agreement also contained requirements for VS to change its operational procedures to target resources more efficiently and improve its prioritisation of assistance to victims. VS has provided the Department with management information in support of its use of the grant in-year. The VS Acting Chief Operating Officer provided the Department with a letter of assurance for the financial year ending 31 March 2014 which confirmed that VS have complied with the terms and conditions of the Grant in Aid Agreement and that MoJ funding was used only for the purposes specified in the Agreement.
- 4.33 There are a number of other smaller grants administered by the Department and assurance mechanisms are in place for these.
- 4.34 The Department is working with the Cabinet Office on the development of its Grants Efficiency Project, which aims to introduce a single cross-public sector portal for all future grant applications. This will improve the efficiency of the whole grant making process and reduce the opportunity for fraud.

5. Overall Conclusions

- 5.1 The identification of overcharging by two of our major contractors over a number of prior years, and the weaknesses in contract management, have been a significant concern for me in the last year. Having identified the failings, I believe that the Department has responded quickly, appropriately and robustly. Our contract management action plan is comprehensive in its coverage; some improvements have had immediate effect and we have been able to apply the learning to major contracts which are currently being negotiated. These early steps are complemented by the action we took to strengthen significantly the focus on assurance for both ExCo and the Board. It will, of course, take time to see the fruits of the longer term changes, including the development of commercial capability across the Department. While I am satisfied with the significant work we have undertaken to improve governance, risk management and assurance as described in this statement, I expect to continue to focus on this issue during the coming year. I will continue to take action to ensure that these arrangements remain fit for purpose in supporting a Department with a major change agenda.

**Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance
1 April 2013 to 31 March 2014**

Members	Meetings attended per member out of those eligible to attend		
	Departmental Board	Audit & Risk Committee ³	Nominations Committee ⁴
Ministers			
The Rt Hon Chris Grayling MP, Lord Chancellor and Secretary of State for Justice	10 of 10	-	-
The Rt Hon Simon Hughes MP, Minister of State for Justice and Civil Liberties (from 18 December 2013)	3 of 3	-	-
Lord Faulks QC, Minister of State for Civil Justice and Legal Policy (from 20 January 2014)	3 of 3	-	-
The Rt Hon Damian Green MP, Minister of State for Policing and Criminal Justice	5 of 10	-	-
Shailesh Vara MP, Parliamentary Under Secretary of State, Minister for the Courts and Legal Aid (from 8 October 2013)	6 of 6	-	-
Jeremy Wright MP, Parliamentary Under Secretary of State	8 of 10	-	-
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords, Parliamentary Under Secretary of State (to 18 December 2013)	3 of 7	-	-
Helen Grant MP, Parliamentary Under Secretary of State (to 8 October 2013)	2 of 4	-	-
Executive Management			
Dame Ursula Brennan DCB, Permanent Secretary	10 of 10	5 of 7	1 of 1
Catherine Lee, Director General, Law & Access to Justice (acting from 24 April 2013, permanent from 30 September 2013)	6 of 6	-	-
Peter Handcock CBE, Chief Executive, Her Majesty's Courts & Tribunals Service	9 of 10	-	-
Ann Beasley CBE, Director General, Finance	9 of 10	5 of 7	-
Antonia Romeo, Director General, Criminal Justice Group	9 of 10	-	-
Matthew Coats, Chief Executive, Legal Aid Agency and Director General, Corporate Services	10 of 10	-	-
Michael Spurr, Chief Executive, National Offender Management Service	7 of 10	-	-
Helen Edwards, Director General, Criminal Justice Group (to 22 April 2013)	1 of 1	-	-
Non-Executive or Independent Member			
Tim Breedon CBE, Lead Non-Executive	10 of 10	-	1 of 1
Fields Wicker-Miurin, Non-Executive (From November 2013)	5 of 5	-	1 of 1
Dame Sue Street DCB, Non-Executive	10 of 10	-	1 of 1
Bill Griffiths, Departmental Audit & Risk Committee Chair and Non-Executive	9 of 10	7 of 7	1 of 1
David MacLeod, Non-Executive (until July 2013)	3 of 3	-	-
Peter Conway, Independent member of Audit & Risk Committee	-	6 of 7	-
David Clarke, Independent member of Audit & Risk Committee	-	5 of 7	-

³ Permanent Secretary and DG Finance and Corporate Services Group attend the Departmental Audit and Risk Committee meetings in the capacity of additional attendees.

⁴ Nominations Committee formed in 2014

Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance 1 April 2013 to 31 March 2014			
Members	Meetings attended per member out of those eligible to attend		
	Departmental Board	Audit & Risk Committee³	Nominations Committee⁴
Michael Hawker, Ex-officio member of Audit & Risk Committee	-	5 of 7	-
John Grosvenor, Ex-officio member of Audit & Risk Committee	-	2 of 7	-
Francis Dobbyn, Ex-officio member of Audit & Risk Committee	-	5 of 7	-



Ursula Brennan
Accounting Officer

20 June 2014

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

I certify that I have audited the financial statements of the Ministry of Justice and of its Departmental Group for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The Department consists of the Core Department and its Agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply 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 and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2014 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 23 June 2014

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

Accounts

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2013-14

		Estimate			Outturn			2013-14 Voted Outturn compared with Estimate: saving/ (excess)	2012-13 Outturn
Note		Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000	£000	Total £000
Departmental Expenditure Limit									
- Resource	SoPS 2.1	7,870,162	141,000	8,011,162	7,718,027	128,923	7,846,950	152,135	8,593,317
- Capital	SoPS 2.2	276,400	-	276,400	272,861	-	272,861	3,539	282,084
Annually Managed Expenditure									
- Resource	SoPS 2.1	793,400	-	793,400	113,089	-	113,089	680,311	(221,517)
- Capital	SoPS 2.2	-	-	-	-	-	-	-	-
Total Budget		8,939,962	141,000	9,080,962	8,103,977	128,923	8,232,900	835,985	8,653,884
Total Resource		8,663,562	141,000	8,804,562	7,831,116	128,923	7,960,039	832,446	8,371,800
Total Capital		276,400	-	276,400	272,861	-	272,861	3,539	282,084
Total		8,939,962	141,000	9,080,962	8,103,977	128,923	8,232,900	835,985	8,653,884

Net Cash Requirement 2013-14

		Estimate	Outturn	2013-14 Outturn compared with Estimate: saving/ (excess)	2012-13 Outturn
Note		£000	£000	£000	£000
Net cash requirement	SoPS 4	7,682,540	7,564,592	117,948	8,208,242

Administration Costs 2013-14

		Estimate	2013-14 Outturn	2012-13 Outturn
Note		£000	£000	£000
Administration costs	SoPS 3.2	606,932	524,384	581,466

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between Estimate and outturn are given in the Our Finances section of the Strategic Report on pages 11 to 16.

The Notes on pages 57 to 63 and 71 to 127 form part of these Accounts.

Notes to the Statement of Parliamentary Supply

SoPS 1 Statement of accounting policies

The Statement of Parliamentary Supply (SoPS) and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by Her Majesty's (HM) Treasury. The SoPS accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SoPS 1.1 Accounting convention

The SoPS and related notes are presented consistently with HM Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework European System of Accounts (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the SoPS and related notes, have different objectives to International Financial Reporting Standards (IFRS) based accounts. The system supports the achievement of macroeconomic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- Ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- Support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SoPS 1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the Department's outturn as recorded in the SoPS compared to the IFRS-based Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) is provided in SoPS 3.1.

SoPS 1.2.1 PFI and other service concession arrangements

The National Accounts basis for recognising service concession arrangements is broadly similar to UK Generally Accepted Accounting Practice, applying a risk-based test to determine the financial reporting. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different 'on/off balance sheet' treatment.

SoPS 1.2.2 Capital grants

Grant expenditure used for capital purposes are treated as capital (CDEL) items in the SoPS. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the CSoCNE.

SoPS 1.2.3 Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the Department, with any excess income scoring outside of budgets, and consequently outside of the SoPS. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: income generation outside of Department's ambit; and income received above netting-off agreements.

SoPS 1.2.4 Provisions

Provisions recognised in IFRS-based accounts are not recognised as expenditure for National Accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and National Accounts, additional data entries are made in the SoPS across AME and DEL control totals, which do not affect the CSoCNE. On recognition, release or revaluation, provisions score in AME; when payments are made against them or they crystallise as payables (utilisation) these score to DEL, with an opposite negative entry made in AME.

SoPS 1.2.5 Administration and Programme expenditure

In addition to reporting total net outturn for the year, the SoPS includes the Administration control total which reports the amount spent on back office functions. Administration control total is a sub-category of DEL. The balance of outturn is referred to as Programme expenditure. Administration and Programme expenditure reported in the SoPS differ from that reported in IFRS-based accounts. A reconciliation between the SoPS and IFRS-based Administration totals is provided in SoPS 3.2.

SoPS 2. Net outturn

SoPS 2.1 Analysis of net resource outturn by section

	2013-14						2013-14		2012-13		
	Administration			Programme			Outturn	Estimate	Outturn		
	Gross	Income	Net	Gross	Income	Net	Net Total	Net Total	Net Total	Net Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limits (DEL)											
Voted expenditure											
A Policy, Corporate Services and Associated Offices	282,845	(16,759)	266,086	707,049	(206,630)	500,419	766,505	948,276	181,771	56,396	880,079
B National Offender Management Service	101,008	(3,776)	97,232	3,667,957	(328,885)	3,339,072	3,436,304	3,435,626	(678)	25,564	3,533,100
C HM Courts & Tribunals Service	27,739	(807)	26,932	1,637,877	(636,834)	1,001,043	1,027,975	1,097,463	69,488	59,209	1,203,496
D Office of the Public Guardian	-	-	-	28,145	(42,626)	(14,481)	(14,481)	(9,661)	4,820	4,820	(12,830)
E Youth Justice Board (net)	13,532	-	13,532	210,813	-	210,813	224,345	228,453	4,108	4,108	326,766
F Criminal Injuries Compensation Authority (net)	15,871	-	15,871	246,238	-	246,238	262,109	172,700	(89,409)	-	345,651
G Parole Board (net)	862	-	862	10,617	-	10,617	11,479	12,562	1,083	1,083	10,766
H Criminal Cases Review Commission (net)	990	-	990	4,183	-	4,183	5,173	5,419	246	246	4,876
I Judicial Appointments Commission (net)	570	-	570	3,632	-	3,632	4,202	4,911	709	709	4,921
J Information Commissioner's Office (net)	5,079	-	5,079	-	-	-	5,079	4,213	(866)	-	4,682
K Office for Legal Complaints (net)	-	-	-	15,028	-	15,028	15,028	-	(15,028)	-	(5)
L Legal Services Board (net)	-	-	-	4,266	-	4,266	4,266	-	(4,266)	-	-
M Legal Aid Agency - Administration	97,977	(747)	97,230	147	-	147	97,377	98,325	948	-	100,596
N Legal Aid Agency - Fund: Criminal	-	-	-	991,146	(24,642)	966,504	966,504	953,000	(13,504)	-	995,394
O Legal Aid Agency - Fund: Civil	-	-	-	1,010,620	(185,829)	824,791	824,791	865,875	41,084	-	945,547
P Legal Aid Agency - Central Funds	-	-	-	81,371	-	81,371	81,371	53,000	(28,371)	-	97,765
Total Voted expenditure in DEL	546,473	(22,089)	524,384	8,619,089	(1,425,446)	7,193,643	7,718,027	7,870,162	152,135	152,135	8,440,804
Non-Voted expenditure											
Q Higher Judiciary Judicial Salaries	265	-	265	148,345	-	148,345	148,610	141,000	(7,610)	(7,610)	152,513
Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	(19,687)	(19,687)	(19,687)	-	19,687	19,687	-
Total Non-voted expenditure in DEL	265	-	265	148,345	(19,687)	128,658	128,923	141,000	12,077	12,077	152,513
Total DEL Spending	546,738	(22,089)	524,649	8,767,434	(1,445,133)	7,322,301	7,846,950	8,011,162	164,212	164,212	8,593,317

	2013-14						2013-14		2012-13		
	Outturn						Estimate	Outturn			
	Administration			Programme			Net Total compared to				
	Gross	Income	Net	Gross	Income	Net	Net Total	Net Total	Estimate	Estimate adjusted for	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	virements	£000
Spending in Annually Managed Expenditure Limits (AME)											
Voted expenditure											
R	-	-	-	135,959	-	135,959	135,959	589,346	453,387	452,422	133,956
S	-	-	-	135,896	-	135,896	135,896	144,900	9,004	9,004	58,780
T	-	-	-	(103,392)	-	(103,392)	(103,392)	(27,223)	76,169	76,169	(154,326)
U	-	-	-	(16,508)	-	(16,508)	(16,508)	86,482	102,990	102,990	(202,256)
V	-	-	-	438	-	438	438	403	(35)	-	568
W	-	-	-	502	-	502	502	(8)	(510)	-	(6)
X	-	-	-	(698)	-	(698)	(698)	(500)	198	198	3,721
	-	-	-	(187)	-	(187)	(187)	-	187	187	156
	-	-	-	-	-	-	-	-	-	-	22
	-	-	-	27	-	27	27	-	(27)	-	(107)
	-	-	-	(29)	-	(29)	(29)	-	29	29	(29)
	-	-	-	393	-	393	393	-	(393)	-	5
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(45,523)	-	(45,523)	(45,523)	-	45,523	37,824	(20,368)
	-	-	-	(1,488)	-	(1,488)	(1,488)	-	1,488	1,488	(3,856)
	-	-	-	7,699	-	7,699	7,699	-	(7,699)	-	(37,777)
Total AME Spending	-	-	-	113,089	-	113,089	113,089	793,400	680,311	680,311	(221,517)

SoPS 2.2 Analysis of net capital outturn by section

	2013-14			2013-14			2012-13
	Outturn			Estimate			Outturn
				Net Total compared to			
				Net Total compared to			
				Estimate adjusted for			
	Gross	Income	Net Total	Net Total	Estimate	virements	Net Total
	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limits (DEL)							
Voted expenditure							
A Policy, Corporate Services and Associated Offices	315,805	(86,841)	228,964	217,914	(11,050)	-	184,028
B National Offender Management Service	28,100	(1,284)	26,816	31,100	4,284	-	26,836
C HM Courts & Tribunals Service	-	-	-	-	-	-	50,087
D Office of the Public Guardian	4,288	-	4,288	5,051	763	763	1,067
E Youth Justice Board (net)	924	-	924	4,000	3,076	65	1,654
F Criminal Injuries Compensation Authority (net)	853	-	853	900	47	47	608
G Parole Board (net)	53	-	53	-	(53)	-	406
H Criminal Cases Review Commission (net)	182	-	182	235	53	-	44
I Judicial Appointments Commission (net)	134	-	134	600	466	466	-
J Information Commissioner's Office (net)	564	-	564	850	286	286	971
K Office for Legal Complaints (net)	258	-	258	2,100	1,842	1,842	203
L Legal Services Board (net)	80	-	80	150	70	70	-
M Legal Aid Agency - Administration	9,745	-	9,745	13,500	3,755	-	16,180
N Legal Aid Agency - Fund: Criminal	-	-	-	-	-	-	-
O Legal Aid Agency - Fund: Civil	-	-	-	-	-	-	-
P Legal Aid Agency - Central Funds	-	-	-	-	-	-	-
Total Voted expenditure in DEL	360,986	(88,125)	272,861	276,400	3,539	3,539	282,084
Non-voted expenditure							
Q Higher Judiciary Judicial Salaries	-	-	-	-	-	-	-
Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	-	-	-
Total Non-voted expenditure in DEL	-	-	-	-	-	-	-
Total DEL Spending	360,986	(88,125)	272,861	276,400	3,539	3,539	282,084
Spending in Annually Managed Expenditure Limits (AME)							
Voted expenditure							
R Policy, Corporate Services and Associated Offices	-	-	-	-	-	-	-
S National Offender Management HQ	-	-	-	-	-	-	-
T Criminal Injuries Compensation Authority (net)	-	-	-	-	-	-	-
U HM Courts & Tribunals Service	-	-	-	-	-	-	-
V Criminal Cases Review Commission (net)	-	-	-	-	-	-	-
W Information Commissioner's Office (net)	-	-	-	-	-	-	-
X Legal Aid Agency - Administration (net)	-	-	-	-	-	-	-
Office of the Public Guardian	-	-	-	-	-	-	-
Youth Justice Board (net)	-	-	-	-	-	-	-
Parole Board (net)	-	-	-	-	-	-	-
Judicial Appointments Commission (net)	-	-	-	-	-	-	-
Office for Legal Complaints (net)	-	-	-	-	-	-	-
Legal Services Board (net)	-	-	-	-	-	-	-
Legal Aid Agency - Fund: Criminal (net)	-	-	-	-	-	-	-
Legal Aid Agency - Fund: Civil (net)	-	-	-	-	-	-	-
Legal Aid Agency - Central Funds	-	-	-	-	-	-	-
Total AME Spending	-	-	-	-	-	-	-

Significant variances between Estimate and Outturn are explained in the Our Finances section on pages 11 to 16.

SoPS 3. Reconciliation of outturn to net operating cost and against Administration Budget

SoPS 3.1 Reconciliation of net resource outturn to net operating cost

		2013-14	2012-13
		Outturn	Outturn
	Note	£000	£000
Total resource outturn in SoPS			
Voted DEL	SoPS 2.1	7,718,027	8,440,804
Non-voted DEL	SoPS 2.1	128,923	152,513
Total DEL		<u>7,846,950</u>	<u>8,593,317</u>
Total AME	SoPS 2.1	113,089	(221,517)
		<u>7,960,039</u>	<u>8,371,800</u>
Add:			
Capital grants (net of EU contributions)		(504)	6,112
Other			
Adjustment for other capital expenditure in CSoCNE		51	874
		<u>(453)</u>	<u>6,986</u>
Less:			
Income payable to the Consolidated Fund (excluding non-voted levy income)		(171,412)	(5,655)
Other			
PFI adjustments		(13,129)	9,072
Creation of provision not through CSoCNE		(7,078)	-
		<u>(191,619)</u>	<u>3,417</u>
		<u>7,767,967</u>	<u>8,382,203</u>

SoPS 2 provides a breakdown of the underspend against Supply Estimate by subhead. Explanations for significant variances are given in the Our Finances section on pages 11 to 16.

SoPS 3.2 Outturn against final Administration Budget and Administration net operating cost

		2013-14	2012-13
		£000	£000
Estimate - Administration costs limit			
		<u>606,932</u>	<u>655,135</u>
Outturn - Gross Administration costs		562,251	622,418
Outturn - Gross Income relating to Administration costs		(37,867)	(40,952)
Outturn - Net Administration costs	SoPS 2.1	<u>524,384</u>	<u>581,466</u>
Reconciliation to operating costs:			
Less: Provisions utilised (transfer from Programme)		(656)	(315)
Add: Non-voted expenditure funded from Consolidated Fund		265	267
Less: CFER income		(7,681)	(5,655)
Less: Intra-Departmental eliminations not accounted for in resource outturn		(5,322)	(6,984)
		<u>510,990</u>	<u>568,779</u>

SoPS 4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	2013-14		
		Net total outturn compared with Estimate:		
		Estimate	Outturn	saving/(excess)
		£000	£000	£000
Resource Outturn	SoPS 2.1	8,804,562	7,960,039	844,523
Capital Outturn	SoPS 2.2	276,400	272,861	3,539
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(554,132)	(369,283)	(184,849)
New provisions and adjustments to previous provisions		(2,861,672)	(184,077)	(2,677,595)
Other non-cash items		-	(239,786)	239,786
Adjustments for Non-Departmental Public Bodies (NDPBs):				
Remove voted resource and capital		(410,565)	(432,858)	22,293
Add cash Grant in Aid		427,503	520,510	(93,007)
Adjustments to reflect movements in working balances:				
Increase / (decrease) in inventories		-	(2,208)	2,208
Increase / (decrease) in trade and other receivables		-	298,638	(298,638)
(Increase) / decrease in trade and other payables		100,000	(217,265)	317,265
Use of provisions		2,041,444	96,157	1,945,287
		7,823,540	7,702,728	120,812
Removal of non-voted budget items:				
Consolidated Fund Standing Services		(141,000)	(148,420)	7,420
OLC and LSB non-voted levy income		-	19,687	(19,687)
Other adjustments to outturn:				
Capital proceeds adjustment on capital outturn		-	2,409	(2,409)
PFI and other adjustments not included in CSoCNE		-	(11,812)	11,812
Net cash requirement		7,682,540	7,564,592	117,948

Net cash requirement calculation only applies to Core Department and Agencies.

SoPS 5. Income payable to the Consolidated Fund

SoPS 5.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Outturn 2013-14		Outturn 2012-13	
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income outside the ambit of the Estimate *	171,412	<i>170,639</i>	5,655	<i>5,472</i>
Levy income of OLC and LSB within the ambit of the Estimate	19,687	<i>19,687</i>	-	-
Total income payable to the Consolidated Fund	191,099	<i>190,326</i>	5,655	<i>5,472</i>

* Income outside the ambit of the Estimate primarily relates to billing refunds from Serco of £62.5m, and from G4S of £101.2m for the electronic monitoring service and prison escort and custody services, of which amounts were received by year end. Further information of this refund can be found in the NOMS Accounts.

The Department also collects fines and penalties imposed by the judiciary and police; however, these are excluded from the income reported here and are reported separately in the HM Courts & Tribunals Service Trust Statement.

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

	Note	2013-14			2012-13		
		Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000	£000	£000
Administration costs							
Staff costs	3.1	155,360	295,032	330,884	154,957	248,519	337,003
Judicial costs	3.2	1,569	1,569	1,569	1,821	1,971	1,971
Other administration costs	4	21,446	196,867	221,907	49,092	200,715	273,496
Operating income	6.1	(23,854)	(29,773)	(43,370)	(24,351)	(29,932)	(43,691)
Programme costs							
Staff costs	3.1	71,189	2,055,075	2,759,237	66,969	2,198,450	2,899,251
Judicial costs	3.2	5,113	477,471	477,471	3,443	460,776	460,776
Other programme costs	5	335,962	5,810,950	5,571,930	366,372	3,857,229	5,782,902
Operating income	6.1	(195,291)	(1,536,998)	(1,551,661)	(171,018)	(1,154,190)	(1,329,505)
Grant in Aid to NDPBs	5	520,510	520,510	-	2,776,718	2,776,718	-
Net Operating Costs for the year ended 31 March 2014		892,004	7,790,703	7,767,967	3,224,003	8,560,256	8,382,203
Total expenditure		1,111,149	9,357,474	9,362,998	3,419,372	9,744,378	9,755,399
Total income		(219,145)	(1,566,771)	(1,595,031)	(195,369)	(1,184,122)	(1,373,196)
Net Operating Costs for the year ended 31 March 2014		892,004	7,790,703	7,767,967	3,224,003	8,560,256	8,382,203
Non-operating activities							
Net (gain)/loss on transfers by absorption*		-	760,102	-	-	-	-
Net Expenditure for the year ended 31 March 2014		892,004	8,550,805	7,767,967	3,224,003	8,560,256	8,382,203
Other Comprehensive Net Expenditure							
<i>Items that will not be reclassified to operating costs:</i>							
Net (gain)/loss on revaluation of:							
Property, plant and equipment		(9,002)	(300,312)	(310,970)	(8,154)	(299,403)	(301,280)
Intangible assets		875	2,277	2,272	(6,693)	(15,478)	(18,137)
Assets held for sale		-	-	-	-	(88)	(88)
Remeasurement of pension schemes:							
LSC pension scheme		(42,608)	(42,608)	(42,608)	-	-	3,006
By-analogy pension schemes		-	504	926	-	(233)	150
Probation Trust pension schemes		-	-	(173,213)	-	-	114,976
Total Comprehensive Expenditure for the year ended 31 March 2014		841,269	8,210,666	7,244,374	3,209,156	8,245,054	8,180,830

* The net loss on transfers by absorption represents the transfer of the net liabilities from the Legal Services Commission (LSC), formerly a NDPB of MoJ, to the newly formed Legal Aid Agency (LAA) on 1 April 2013. This transfer is eliminated on consolidation and does not affect the Departmental Group position.

All activities are from continuing operations.

The Notes on pages 71 to 127 form part of these Accounts.

Consolidated Statement of Financial Position

as at 31 March 2014

Note	31 March 2014			31 March 2013			
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	
	£000	£000	£000	£000	£000	£000	
Non-current assets							
Property, plant and equipment	7	163,578	9,198,062	9,281,343	217,842	9,086,953	9,171,525
Intangible assets	8	96,694	287,196	296,005	101,416	216,926	270,948
Investments		-	367	367	-	402	402
LSC pension asset	25.1	35,569	35,569	35,569	-	-	-
Trade and other receivables	10	878	3,037	3,268	-	2,171	2,410
Total non-current assets		296,719	9,524,231	9,616,552	319,258	9,306,452	9,445,285
Current assets							
Assets held for sale	9	23,750	59,673	59,673	-	51,498	51,498
Inventories		-	38,681	38,681	-	40,889	40,889
Trade and other receivables	10	196,871	413,943	425,990	156,797	311,476	407,451
Cash and cash equivalents	11	122,162	158,146	301,429	73,118	76,199	277,106
Total current assets		342,783	670,443	825,773	229,915	480,062	776,944
Total assets		639,502	10,194,674	10,442,325	549,173	9,786,514	10,222,229
Current liabilities							
Trade and other payables	12	(485,985)	(1,302,045)	(1,396,994)	(296,669)	(814,527)	(1,187,890)
Bank overdraft	11	-	(19,264)	(19,498)	-	(78,953)	(78,953)
Provisions	13	(159,560)	(809,769)	(934,880)	(102,366)	(169,726)	(983,426)
Total current liabilities		(645,545)	(2,131,078)	(2,351,372)	(399,035)	(1,063,206)	(2,250,269)
Non-current assets plus/less net current assets/liabilities		(6,043)	8,063,596	8,090,953	150,138	8,723,308	7,971,960
Non-current liabilities							
Trade and other payables	12	(188,267)	(921,666)	(987,890)	(201,536)	(997,780)	(1,104,904)
Provisions	13	(177,981)	(453,875)	(606,452)	(181,970)	(367,764)	(563,478)
By-analogy pension liabilities	25.3	-	(4,493)	(10,558)	-	(3,887)	(9,385)
Probation Trust pension liability	25.2	-	-	(1,247,156)	-	-	(1,337,885)
Total non-current liabilities		(366,248)	(1,380,034)	(2,852,056)	(383,506)	(1,369,431)	(3,015,652)
Assets less liabilities		(372,291)	6,683,562	5,238,897	(233,368)	7,353,877	4,956,308
Taxpayers' equity							
General fund		(397,726)	5,013,287	3,549,292	(255,762)	5,892,033	3,482,555
Revaluation reserve		25,435	1,670,275	1,689,605	22,394	1,461,844	1,473,753
Total taxpayers' equity		(372,291)	6,683,562	5,238,897	(233,368)	7,353,877	4,956,308



Ursula Brennan
Accounting Officer

20 June 2014

The Notes on pages 71 to 127 form part of these Accounts.

Consolidated Statement of Cash Flows

for the year ended 31 March 2014

	Note	2013-14		2012-13	
		Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
Cash flows from operating activities					
Net operating cost	CSoCNE	(7,790,703)	(7,767,967)	(8,560,256)	(8,382,203)
Adjustments for non-cash transactions		700,949	970,007	784,890	984,779
Finance (income)/costs		46,438	47,439	11,474	9,297
Movements in pensions		(215)	24,046	(208)	37,433
Interest received		-	1	-	(41)
Interest paid		-	(1)	-	(147)
(Increase)/decrease in trade and other receivables	10	(103,333)	(19,397)	87,726	86,932
<i>Less: Movements in receivables not passing through the CSoCNE and receivable impairments</i>		46,118	(57,946)	(66,951)	(67,612)
(Increase)/decrease in inventories		2,208	2,208	202	202
Increase/(decrease) in trade and other payables	12	411,404	92,090	(124,193)	(205,121)
<i>Less: Movements in payables relating to items not passing through the CSoCNE</i>		(403,907)	(84,455)	28,963	32,252
Utilisation of provisions	13	(93,535)	(338,434)	(237,434)	(560,691)
Other		-	-	262	262
Net cash outflow from operating activities		(7,184,576)	(7,132,409)	(8,075,525)	(8,064,658)
Cash flows from investing activities					
Purchase of property, plant and equipment		(237,423)	(244,716)	(254,473)	(257,290)
Purchase of intangible assets		(87,762)	(90,264)	(33,835)	(51,065)
Proceeds on disposal of property, plant and equipment		166	277	1,497	1,530
Proceeds on disposal of intangible assets		-	1	18	18
Proceeds on disposal of assets held for sale		51,836	51,836	47,465	47,465
Interest received		-	-	-	139
Net cash outflow from investing activities		(273,183)	(282,866)	(239,328)	(259,203)
Cash flows from financing activities					
From the Consolidated Fund (Supply)		7,644,500	7,644,500	8,126,310	8,126,310
From the Consolidated Fund (Non-Supply)		148,420	148,610	152,323	152,323
Advances from the Contingencies Fund		93,000	93,000	70,000	70,000
Repayments to the Contingencies Fund		(93,000)	(93,000)	(70,000)	(70,000)
Capital element of finance leases and on-balance sheet Private Finance Initiative (PFI) contracts		(45,356)	(101,542)	(21,936)	(62,876)
Repayment of Met Police and local authority loans		(3,191)	(3,191)	(2,916)	(2,916)
Movement in third party balances		(225)	(225)	3	3
Interest paid		(46,438)	(47,439)	(11,474)	(11,474)
Net cash inflow from financing activities		7,697,710	7,640,713	8,242,310	8,201,370
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund					
		239,951	225,438	(72,543)	(122,491)
Receipts due to the Consolidated Fund outside the scope of the Department's activities		19,687	-	-	-
Payments of amounts due to the Consolidated Fund		(141,660)	(141,660)	(4,544)	(4,544)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		117,978	83,778	(77,087)	(127,035)
Cash and cash equivalents at the beginning of the period	11	(2,754)	198,153	74,333	325,188
Transfers within group		23,658	-	-	-
Cash and cash equivalents at the end of the period	11	138,882	281,931	(2,754)	198,153

The Notes on pages 71 to 127 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2014

	Note	Core Department			Core Department & Agencies			Departmental Group		
		General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013		(255,762)	22,394	(233,368)	5,892,033	1,461,844	7,353,877	3,482,555	1,473,753	4,956,308
Net Parliamentary Funding - drawn down		7,644,500	-	7,644,500	7,644,500	-	7,644,500	7,644,500	-	7,644,500
Net Parliamentary Funding - deemed		37,944	-	37,944	37,944	-	37,944	37,944	-	37,944
Agency funding from MoJ Core Department		(6,446,158)	-	(6,446,158)	-	-	-	-	-	-
Unspent Supply drawn down repayable to the Consolidated Fund		(117,852)	-	(117,852)	(117,852)	-	(117,852)	(117,852)	-	(117,852)
Consolidated Fund Standing Services										
- Judicial salaries		-	-	-	140,846	-	140,846	140,846	-	140,846
- Lord Chancellor's salary		75	-	75	75	-	75	75	-	75
- Utilisation of Judicial Service Award		7,499	-	7,499	7,499	-	7,499	7,499	-	7,499
- Information Commissioner's salary		-	-	-	-	-	-	190	-	190
CFERs payable to the Consolidated Fund		(7,681)	-	(7,681)	(171,412)	-	(171,412)	(191,099)	-	(191,099)
Net expenditure for the year	CSoCNE	(892,004)	-	(892,004)	(8,550,805)	-	(8,550,805)	(7,767,967)	-	(7,767,967)
Net gain/(loss) on revaluation of										
- Property, plant and equipment		-	9,002	9,002	-	300,312	300,312	-	310,970	310,970
- Intangible assets		-	(875)	(875)	-	(2,277)	(2,277)	-	(2,272)	(2,272)
Remeasurement of pension schemes										
- LSC pension scheme	25.1	42,608	-	42,608	42,608	-	42,608	42,608	-	42,608
- By-analogy pension schemes		-	-	-	(504)	-	(504)	(926)	-	(926)
- Probation Trust pension schemes	25.2	-	-	-	-	-	-	173,213	-	173,213

	Note	Core Department			Core Department & Agencies			Departmental Group		
		General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-cash adjustment										
- Auditors' remuneration	4, 5	554	-	554	1,546	-	1,546	1,546	-	1,546
- Corporate overhead charges	4, 5	(204,498)	-	(204,498)	(6,424)	-	(6,424)	-	-	-
Movements in reserves										
- Transfers from revaluation reserve		5,086	(5,086)	-	92,095	(92,095)	-	92,846	(92,846)	-
- Absorption accounting transfers between reserves		-	-	-	(2,491)	2,491	-	-	-	-
Intra-departmental adjustment *		(212,037)	-	(212,037)	-	-	-	-	-	-
Other		-	-	-	3,629	-	3,629	3,314	-	3,314
Balance at 31 March 2014		(397,726)	25,435	(372,291)	5,013,287	1,670,275	6,683,562	3,549,292	1,689,605	5,238,897

* Represents non-cash settlements of intra-departmental balances between Core Department and its Agencies. Settlements are accounted for through the general fund, with a corresponding increase/decrease in accounts payable/accounts receivable of the affected entities.

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2013

Note	Core Department			Core Department & Agencies			Departmental Group		
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012	(338,427)	18,724	(319,703)	6,002,285	1,262,989	7,265,274	3,521,537	1,271,908	4,793,445
Net Parliamentary Funding - drawn down	8,126,310	-	8,126,310	8,126,310	-	8,126,310	8,126,310	-	8,126,310
Net Parliamentary Funding - deemed	119,877	-	119,877	119,877	-	119,877	119,877	-	119,877
Agency funding from MoJ Core Department	(4,866,320)	-	(4,866,320)	-	-	-	-	-	-
Unspent Supply drawn down repayable to the Consolidated Fund	(37,944)	-	(37,944)	(37,944)	-	(37,944)	(37,944)	-	(37,944)
Consolidated Fund Standing Services									
- Judicial salaries	-	-	-	141,190	-	141,190	141,190	-	141,190
- Lord Chancellor's salary	77	-	77	77	-	77	77	-	77
- Utilisation of Judicial Service Award	11,056	-	11,056	11,056	-	11,056	11,056	-	11,056
- Information Commissioner's salary	-	-	-	-	-	-	190	-	190
CFERs payable to the Consolidated Fund	(5,655)	-	(5,655)	(5,655)	-	(5,655)	(5,655)	-	(5,655)
Net expenditure for the year	CSoCNE (3,224,003)	-	(3,224,003)	(8,560,256)	-	(8,560,256)	(8,382,203)	-	(8,382,203)
Net gain/(loss) on revaluation of									
- Property, plant and equipment	-	8,154	8,154	-	299,403	299,403	-	301,280	301,280
- Intangible assets	-	6,693	6,693	-	15,478	15,478	-	18,137	18,137
- Assets held for sale	-	-	-	-	88	88	-	88	88
Remeasurement of pension schemes									
- LSC pension scheme	25.1	-	-	-	-	-	(3,006)	-	(3,006)
- By-analogy pension schemes	-	-	-	233	-	233	(150)	-	(150)
- Probation Trust pension schemes	25.2	-	-	-	-	-	(114,976)	-	(114,976)

Note	Core Department			Core Department & Agencies			Departmental Group			
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Non-cash adjustment										
- Auditors' remuneration	4, 5	532	-	532	1,224	-	1,224	1,224	-	1,224
- Corporate overhead charges	4, 5	(302,459)	-	(302,459)	(11,830)	-	(11,830)	-	-	-
Movements in reserves										
- Transfers from revaluation reserve		11,177	(11,177)	-	102,191	(102,191)	-	103,737	(103,737)	-
Adjustment in respect of prior periods		-	-	-	-	(13,923)	(13,923)	-	(13,923)	(13,923)
Intra-departmental adjustment		250,017	-	250,017	(318)	-	(318)	-	-	-
Other		-	-	-	3,593	-	3,593	1,291	-	1,291
Balance at 31 March 2013		(255,762)	22,394	(233,368)	5,892,033	1,461,844	7,353,877	3,482,555	1,473,753	4,956,308

The Notes on pages 71 to 127 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2014

1a) Statement of accounting policies

1.1 Basis of preparation

These Accounts have been prepared in accordance with the FReM 2013-14 issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context.

In addition to the primary statements prepared under IFRS, the FReM also requires MoJ to prepare the SoPS, and supporting notes, reporting outturn against Estimate in terms of the net resource requirement and the net cash requirement.

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. The particular policies adopted by MoJ are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The functional and presentational currency of MoJ is the British pound sterling (£).

1.2 Accounting convention

These Accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of non-current assets, inventories and assets held for sale, where material.

1.3 Changes in accounting policy and disclosures

a) Changes in accounting policies

Accounting for levy income of the Office of Legal Complaints (OLC) and Legal Services Board (LSB)

The Legal Services Act 2007 requires all levy income collected by OLC and LSB to be surrendered to the Consolidated Fund. In return, OLC and LSB receive Grant in Aid (GiA) funding from the MoJ Core Department (MoJ Core) equal to the income surrendered.

In complying with this Act, the Department has made a change in respect of the accounting for levy income, reporting all levy income as CFERs in the CSocNE as opposed to operating income, and creating CFERs payable to the Consolidated Fund for a corresponding amount.

The change in accounting for levy income and the receipts of GiA funding do not alter the independence of OLC and LSB's operation and existence from MoJ Core, and it is expected all future costs continue to be met through levy income.

This change has no impact on Departmental Group net operating costs, whilst there is a decrease of £19.7m in net assets resulting from recognition of levy income (CFER) payable to the Consolidated Fund. In Estimates, levy income is treated as non-voted DEL income and the impact of this is an increase on voted DEL. Comparative balances have not been restated due to immateriality.

b) New and amended standards adopted

IAS 1 'Presentation of Financial Statements' - Other Comprehensive Income (effective for accounting periods beginning on or after 1 July 2012). The impact on MoJ is that items presented in Other Comprehensive Net Expenditure will be grouped on the basis of whether they may be subsequently reclassified to net operating costs

IAS 19 'Employee Benefits' was revised in June 2011 (effective for accounting periods beginning on or after 1 January 2013). The impact on MoJ is that all past service costs will be recognised immediately, and that the interest cost and expected return on plan assets have been replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability or asset. Comparative balances have not been restated due to immateriality.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2013 and not early adopted

New standards which are not yet effective are not expected to have a material impact on the Group's future accounts.

1.4 Basis of consolidation

These Accounts consolidate the Core Department, Executive Agencies and NDPBs which fall within the Departmental Boundary as defined in the FReM and make up the Departmental Group. A list of entities included within the Departmental Boundary is given at Note 24.

All significant intra-departmental balances and transactions between entities within the Departmental Boundary are eliminated.

All consolidated entities have accounting reference dates that align with the Core Department.

1.5 Property, plant and equipment**Recognition and capitalisation threshold**

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost. The Core Department's capitalisation threshold for individual assets is £10,000. The thresholds across the Departmental Group range from £500 to £10,000.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. The Core Department's capitalisation threshold for grouped assets is £1m. The thresholds across the Departmental Group range from £500 to £1m. 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 capitalised.

All thresholds include irrecoverable Value Added Tax (VAT).

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 until completed. On completion, the asset's carrying value is transferred to the respective asset category.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition, such as external consultant costs, relevant employee costs and an appropriate portion of relevant overheads.

Valuation method

In accordance with the FReM, property, plant and equipment is carried at fair value.

Subsequent to initial recognition, land and buildings (including dwellings) are recorded 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 at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with the 'Red Book', taking into account the functional obsolescence of the property. Leasehold improvements are fair valued using the Building Cost Information Service Tender Price Index, compiled by RICS.

For other property assets in continuing use, fair value is interpreted as market value or value in 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.

Depreciated historical cost is used as a proxy for fair value for those assets with short useful lives or low values, as allowed by the FReM.

Revaluation

Gains arising on revaluation are credited to the revaluation reserve and show in Other Comprehensive Expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the CSoCNE to the extent of the previous amount expensed, and any excess is credited to the revaluation reserve.

When an asset's carrying value 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 net operating costs in the CSoCNE, with any remaining revaluation reserves balance released to the general fund.

A revaluation decrease (other than as a result of a permanent diminution) is reversed against any existing amount held in the revaluation reserve in respect of that same asset, with any residual decrease taken to net operating costs in the CSoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the CSoCNE and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives or for leased assets, over the life of the lease or the period implicit in the repayment schedule. The useful lives of buildings are reviewed annually. Where a change in asset life is determined, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation commences in the month following the acquisition of a non-current asset for land, buildings and dwellings and in-month for all other non-current assets.

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

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Leasehold land	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
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 under construction	Not depreciated
Assets held for sale	Not depreciated
Investment properties	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 CSoCNE.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the general fund.

1.6 Intangible assets

Intangible assets comprise of internally developed software for internal use (including such assets under construction), software developed by third parties, and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by MoJ are capitalised when they meet the criteria specified in the FReM, which has been adapted from IAS 38 'Intangible Assets'.

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

Purchased software licences are recognised when it is probable that future service potential will flow to MoJ and the cost of the licence can be measured reliably. Such licences are initially measured at cost.

Subsequent to initial recognition, intangible assets are recognised at fair value. As no active market exists for MoJ's intangible assets, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses (DRC). Intangible assets are revalued at each reporting date using the Producer Price Index (PPI) produced by the Office for National Statistics (ONS).

Intangible assets under construction are not amortised until the assets are ready for use, at which point they are amortised using the straight-line method over their expected useful lives. The useful lives of internally developed software range from 3 to 10 years. Purchased software licences are amortised over the licence period.

Capitalisation thresholds - software projects

The Core Department's capitalisation threshold for software projects is £1m (including irrecoverable VAT). The thresholds across the Departmental Group range from £500 to £1m (including irrecoverable VAT).

1.7 Impairment

An impairment reflects a diminution in value of an asset as a result of a clear consumption of economic benefits or service potential. At 31 March each year, MoJ assesses all assets for indications of impairment. If any such indication exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use' (defined under 'Valuation Method'). Any impairment loss is recognised in the CSoCNE. If the impaired asset had previously been revalued, any balance in the revaluation reserve (up to the level of the impairment loss) is transferred to the general fund.

Each year, MoJ also reviews impairment losses recognised in previous periods. Any reversal of an impairment loss is then recognised in the CSoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the revaluation reserve.

1.8 Leases

A distinction is made between finance leases and operating leases.

Finance leases

Leases of assets where MoJ retains substantially all the risks and rewards of ownership are classified as finance leases. At the commencement of the lease term, finance lease assets and liabilities are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short term or long-term payables, depending on the dates MoJ is contractually obliged to make rental payments. The interest element of the finance cost is charged to the CSoCNE over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the CSoCNE on a straight-line basis over the period of the lease. Any upfront payments not yet released to the CSoCNE are recognised as a lease prepayment in the Consolidated Statement of Financial Position (CSoFP).

1.9 Service Concession Arrangements

Service Concession Arrangements (SCAs), including PFI arrangements, are where private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. MoJ defines such arrangements as SCAs if they meet the conditions set out in the FReM and IFRIC 12 'Service Concession Arrangements'.

The future payment streams of SCAs are assessed to separately identify the infrastructure interest and service components.

MoJ recognises the infrastructure asset at fair value (or the present value of the future minimum infrastructure payments, if lower) as a non-current asset in the CSoFP with a corresponding liability for future payments under the agreement.

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

For budgeting purposes, SCAs 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 SCAs recognised in the Accounts are treated differently for budgetary purposes against HM Treasury budgeting controls.

1.10 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 CSoCNE. Assets classified as held for sale are not depreciated.

1.11 Employee benefits

Employee leave accrual

An accrual is made for untaken employee 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 and are not expected to have a material impact.

Defined benefit pension schemes

Principal Civil Service Pension Scheme and Judicial Pension Scheme

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees, and salaried judicial office holders are covered by the Judicial Pension Scheme (JPS). Both the PCSPS and the JPS are unfunded defined benefit schemes although, in accordance with FReM 12.2.5, MoJ accounts for these as defined contribution schemes. MoJ recognises contributions payable to defined contribution schemes as an expense in the year in which it is incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund

MoJ is responsible for the administration of the JPS that provides for the pension entitlements of salaried judicial office holders of five participating departments across government. The JPS is not consolidated within these Accounts.

A UK Supreme Court hearing on 6 February 2013 ruled that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder. This lead case set the precedent for other stayed cases.

Consistent with the accounting for salaried judicial office holders, and in accordance with FReM, MoJ accounts for employer contributions payable to the JPS for eligible fee paid judicial office holders as they are incurred, but does not recognise a liability in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, provision for the fee paid judicial pension entitlement is recognised in the JPS Accounts.

However, provisions have been recognised in these Accounts for both the liability to fee paid judicial office holders in respect of the Judicial Service Award, and a separate element of the pension liability relating to retired fee paid judges, as neither of these is a liability covered by the JPS and its governing Acts. Additionally, further claims that relate to fee paid judicial office holders'

employment terms and conditions that historically have not matched salaried comparators have also been provided. Further information about these provisions is set out in Note 1(b) and Note 13.

Funded pension schemes

Unlike the schemes described above, funded pension schemes are accounted for through MoJ's CSoFP, applying IAS 19 in full. These Accounts contain the Local Government Pension Scheme (LGPS) for past and present employees of the Probation Trusts and the Legal Services Commission Pension Scheme (LSCPS). The cost of providing benefits is determined using the projected unit credit method, with formal actuarial valuations being carried out at the end of every third reporting period (the most recent valuations being 31 March 2013).

The liability or asset recognised in the CSoFP is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (the 'asset ceiling').

The present values of the schemes are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (including irrecoverable surplus adjustments), and the return on plan assets (excluding interest) are recognised within Other Comprehensive Expenditure in full in the period in which they arise. Service costs are recognised immediately in the CSoCNE in the period in which they are incurred. Past service cost, and gains and losses on curtailments and settlements are recognised in the CSoCNE in the period of plan amendment. The net interest charge to the CSoCNE is calculated by applying the discount rate to the net defined benefit liability or asset.

In accordance with IAS 19, the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date.

Further information on these schemes is set out in Note 25 and the individual Probation Trust accounts.

Other defined benefit pension schemes

MoJ has separate schemes that are 'by-analogy' or similar to the PCSPS, as set out in Note 25.3. Provision has been made for the future cost of benefits under these schemes.

Early departure and injury benefit 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. The total cost is provided in full when the early departure programme has been announced and is binding on MoJ.

The Civil Service Injury Benefits Scheme (CSIBS) requires MoJ to pay benefits to any individual who is injured in connection with their employment. Benefits are paid only in respect of loss of earning capacity, and a provision is made for expected future costs.

The early departure and injury benefit provisions are discounted in accordance with Note 1.18.

1.12 Operating income

Operating income is generated directly from the operating activities of the Departmental Group and includes both budgetary and non-budgetary income. Non-budgetary income is outside the ambit of the Departmental Group and is surrenderable to the Consolidated Fund as CFERs, refer to SoPS 5.1.

Operating income is stated net of VAT and comprises mainly fees and charges for services which are set on a full cost recovery basis, refer to Note 6.

Details regarding the treatment of operating income by individual bodies within the Departmental Group can be found in the accounts of each consolidated body.

1.13 Administration and Programme expenditure

The CSoCNE is analysed between Administration and Programme income and expenditure. The classification of expenditure and income as Administration or Programme follows the definition set out in HM Treasury's Consolidated Budgeting Guidance.

Administration expenditure reflects the cost of support activities such as business and corporate support services, back-office administration and administration of grants. Programme expenditure reflects costs directly related to frontline service delivery.

1.14 Grants payable and paid

Financing to MoJ's NDPBs through GiA payments is reported on a cash basis in the period in which payments are made. Co-funding grants from other government departments are paid to NDPBs via MoJ Core, and are included as part of the GiA funding for the year. All GiA and Supply funding made by MoJ Core to its Agencies and NDPBs are fully eliminated within the Departmental Group.

MoJ also makes a small number of grants to a variety of public sector, private sector and voluntary bodies including £91.7m in 2013-14 (2012-13: £107.3m) to Youth Offending Team partnerships. 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.

1.15 Research and development

Expenditure on research and development is charged to the CSoCNE in the year in which it is incurred, unless it meets the criteria set out under IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets', in which case it is capitalised.

1.16 Costs borne by the Consolidated Fund

The salary and social security costs of senior judges are included in these Accounts as a cost and are funded from the Consolidated Fund. Senior judges also receive service award payments under an agreement with MoJ which are paid from the Consolidated Fund. Other costs funded from the Consolidated Fund include salary and pension entitlements of the Information Commissioner.

1.17 Notional costs

Notional costs comprise external auditors' remuneration, which represents the NAO's cost for the audit of MoJ and Executive Agencies' Accounts, and notional costs for corporate overheads which are recharged to business areas. Such notional costs are credited directly to the general fund.

1.18 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 below current discount rates set by HM Treasury based on the underlying cash flows. Where future cash

flows related to the obligation are forecast in monetary amounts, rather than on the basis of current cost, these discount rates are adjusted upwards based on HM Treasury's forecasts for inflation in the relevant time period. Early departure and injury benefit provisions are discounted using the HM Treasury post-employment benefits real discount rate of 1.80%.

	Real rate	Nominal rate
Short-Term (due within 5 years)	-1.90%	0.70%
Medium-Term (due between 6-10 years)	-0.65%	2.35%
Long-Term (due after 10 years)	2.20%	5.95%

1.19 Contingent liabilities

A contingent liability is disclosed when the likelihood of a payment is less than probable, but more than remote. In addition to contingent liabilities disclosed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', 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 and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be reported under IAS 37 are stated at the amounts reported to Parliament.

1.20 Value Added Tax

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.

1.21 Third party assets

MoJ holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSoFP and are disclosed within Note 23 since neither MoJ nor the government has a direct beneficial interest in them.

Other third party monies held at the Government Banking Service (GBS) or Office of HM Paymaster General at 31 March are recognised as both Cash and cash equivalents (refer to Note 11) and Trade and other payables (refer to Note 12), and therefore have no net impact on the CSoFP.

1.22 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

Financial assets are derecognised when the contractual rights to receive future cash flows have expired or are transferred and MoJ has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

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 accrued income 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 impairment, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Financial Assets at fair value through profit and loss (FVPL)

Fair value is equal to the market value at the reporting date, and the movement in the value of the assets is recognised immediately in the CSoCNE, as income or as an expense.

MoJ, through NOMS, holds a number of investments (comprising shares in limited companies and special shares) as a result of its farming activities. MoJ has designated its quoted and unquoted investments as fair value through profit and loss. The fair values of quoted investments are based on bid prices in an active market at the reporting date. The fair value of unlisted securities is established using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and earnings multiples.

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. If there is objective evidence that an impairment loss on such an asset has been incurred, MoJ recognises this in the CSoCNE as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Classification and measurement - financial liabilities

MoJ has financial liabilities, comprising finance lease liabilities, trade payables, other payables and accruals. 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. Where the effect is material, the estimated cash flows of financial liabilities are discounted.

1.23 Cash and cash equivalents

Cash and cash equivalents recorded in the CSoFP and Consolidated Statement of Cash Flows 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.

1.24 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 Committee (ExCo).

The segmental analysis at Note 2 presents the financial information based on the structure reported to ExCo. The segments reflect the operational structure within the Department and allow the Board to have a clear view of the costs of front-line operations.

1.25 Transfers under absorption accounting

The LSC, formerly a NDPB of MoJ, was abolished on 1 April 2013. The assets and liabilities were transferred to the newly formed LAA, an Executive Agency of MoJ. In accordance with the FR&M, this has been accounted for as a transfer using absorption accounting. The impact of this is a

transfer of the net liabilities between the transferor (LSC) and transferee (LAA), at their carrying value, reflected as a non operating loss in the agency column of the CSoCNE that cancels out in the Departmental Group. This transfer has no budgetary impact.

The impact of the transfer on these financial statements is summarised below:

				2013-14 £000
Inter-group transfers	Core Department	Agencies	NDPBs	Departmental Group
Net movement in assets less liabilities	-	(760,102)	760,102	-
Non-operating (gains)/losses	-	760,102	(760,102)	-

1.26 Prior period adjustment

There were no prior period adjustments (PPAs) in 2013-14. PPAs in component accounts were not material to the Group, so have been treated as current year adjustments.

Comparative figures within some notes have been reclassified between sub-headings and disclosure notes restated to ensure consistency with current year reporting.

1b) Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

Valuation of non-current assets

Land and buildings (including dwellings) comprise mainly prisons and court facilities that are shown at fair value, based on professional valuations. The value of land and buildings fluctuates with changes in construction costs and the current market conditions.

Net pension assets and liabilities

The present value of the net pension assets and liabilities detailed in Note 25 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors and mortality rates. The estimated net liability or asset is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events.

Provisions for liabilities and charges

Provisions rely on the application of professional judgment, historical experience, and other factors expected to influence future events. Where the likelihood of a liability crystallising is deemed probable and can be measured with reasonable certainty, a provision is recognised. Provision balances which contain regular, homogeneous transactions are often derived from complex financial models. Estimates and assumptions applied in these models are continually evaluated and reviewed. Further information is set out in Note 13.

Critical judgements in applying MoJ's accounting policies

Lease accounting

Judgement is required on 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 Departmental Group is party to a number of SCAs, including Private Finance Initiatives (PFI). The classification of such arrangements as SCAs requires MoJ to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure. Where the Departmental Group is judged to control or regulate the infrastructure, the contract assets are reflected in the CSoFP.

Accounting for receivables impairment

LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. Consideration is given to macroeconomic factors such as the downturn in the economy, and inherent risks, such as potential changes to recoveries arising from revisions to legal aid schemes, in assessing the levels of impairment. For further detail regarding LAA impairment refer to Note 19.

Valuation of prisons and court buildings earmarked for closure

As part of an ongoing estate rationalisation review, Ministers have earmarked a number of prisons and under-utilised court buildings for closure over the next few years. Following this decision, management considers these properties to be excluded from the operational estate in the future. Prison buildings are specialised properties for which there is no active market, so on announcement of closure, their value is reduced to nil. As this change in valuation method indicates a permanent diminution in value, any impairment has been taken directly to the CSoCNE, with the balance of any revaluation reserve taken to the general fund. The land on which the prisons are situated is non-specialised property, and its valuation method is altered to fair value less costs to sell, determined from market-based evidence.

2. Statement of Operating Costs by Operating Segment

The following segmental analysis shows the information based on the structure reported to ExCo.

For reporting and operational management the Department is split into seven segments. The Core Department is split into four business groups plus the Department's three largest Executive Agencies. These segments are: Finance, Assurance and Commercial Group (FAC), Criminal Justice Group (CJG), Law & Access to Justice Group (LAJG), Corporate Services, HM Courts & Tribunals Service, NOMS, and LAA.

FAC focuses on the key role of finance, analysis and assurance in challenging and supporting MoJ's business. It also leads on all commercial activities that support the Department and incorporates Criminal Injuries Compensation Authority (CICA).

CJG brings together the three criminal justice priority programmes of Transforming Rehabilitation and includes Parole Board, Youth Justice Board (YJB) and Criminal Cases Review Commission (CCRC).

LAJG leads on all other justice issues (including civil and family justice and legal aid), and on law, rights and international policy. LAJG incorporates Office of the Public Guardian (OPG), LSB, OLC, Information Commissioner's Office (ICO) and Judicial Appointments Commission (JAC).

Corporate Services brings together, into a single group, the key cross-cutting corporate functions which provide the support to help MoJ deliver its objectives.

ExCo does not receive a CSofP analysed by operating segment and therefore such an analysis is not presented here. Instead, they receive a summary CSofP that excludes the NDPBs and Probation Trusts. This analysis equates to the amounts shown in the Core Department & Agencies column in the CSofP reported on page 65.

There are no reconciling items between individual operating segments' net expenditure and their share of the Departmental Group's net expenditure as reported in the CSofCNE. The total net expenditure of all operating segments equals the total net expenditure of the Departmental Group.

2013-14										
	FAC	CJG	LAJG	Corporate Services	HM Courts & Tribunals Service	NOMS	LAA	Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	260,434	476,587	226,497	136,152	1,867,100	4,333,503	2,150,735	9,451,008	(88,010)	9,362,998
Income	(154,844)	(71,147)	(88,235)	(11,135)	(638,145)	(508,317)	(211,218)	(1,683,041)	88,010	(1,595,031)
Net expenditure	105,590	405,440	138,262	125,017	1,228,955	3,825,186	1,939,517	7,767,967	-	7,767,967
2012-13										
	FAC	CJG	LAJG	Corporate Services	HM Courts & Tribunals Service	NOMS	LAA	Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	492,166	479,251	125,245	158,478	1,920,134	4,438,685	2,280,702	9,894,661	(139,262)	9,755,399
Income	(153,970)	(21,922)	(76,019)	(17,932)	(595,451)	(394,412)	(252,752)	(1,512,458)	139,262	(1,373,196)
Net expenditure	338,196	457,329	49,226	140,546	1,324,683	4,044,273	2,027,950	8,382,203	-	8,382,203

	2013-14							
	FAC	CJG	LAJG	Corporate Services	HM Courts & Tribunals Service	NOMS	LAA	Gross Total (pre-eliminations)
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Revenues from external customers	(147,163)	(99,120)	(68,522)	(11,135)	(123,979)	(70,295)	(211,218)	(731,432)
Revenues from transactions with other operating segments of MoJ	-	-	-	-	(7,500)	(80,510)	-	(88,010)
Interest revenue	-	27,973	(26)	-	-	(163,731)	-	(135,784)
Material items of income								
EU Grant	-	-	-	-	-	(30,050)	-	(30,050)
CFERs	(7,681)	-	(19,687)	-	-	(163,731)	-	(191,099)
Fee income	-	-	-	-	(506,666)	-	-	(506,666)
Total income	(154,844)	(71,147)	(88,235)	(11,135)	(638,145)	(508,317)	(211,218)	(1,683,041)
Individual items of income and expenditure								
Depreciation	852	2,657	1,757	27,468	105,009	233,910	2,621	374,274
Amortisation	713	362	2,033	14,599	17,068	24,603	6,329	65,707
Material items of expenditure								
Accommodation, maintenance and utilities	2,757	71	3,253	27,044	251,405	327,964	3,725	616,219
Offender related costs	-	-	-	-	-	313,248	-	313,248
Service concession charges	82	18,223	735	87,743	34,619	576,583	-	717,985
IT services and telecommunications (non-SCAs)	3,479	6,090	6,300	(12,182)	96,470	135,086	-	235,243
Payments of GiA to NDPBs which eliminate with receipts of GiA by NDPBs	247,091	245,232	28,187	-	-	-	-	520,510
Cost of legal services and disbursements (crime)	-	-	-	-	-	-	977,026	977,026
Cost of legal services and disbursements (civil)	-	-	-	-	-	-	980,910	980,910
Provisions provided for in year	175,138	2,161	68,478	11,393	20,622	90,373	23,264	391,429
Corporation tax	-	-	5	-	-	893	149	1,047
Rentals under operating leases	1,520	132	1,840	22,643	84,848	2,769	3,235	116,987
Finance charges on leases and SCAs	-	1,004	-	11,657	9,080	24,026	-	45,767
Current Grants	5,725	157,974	1,121	-	15	-	-	164,835

	2012-13							
	FAC	CJG	LAJG	Corporate Services	HM Courts & Tribunals Service	NOMS	LAA	Gross Total (pre-eliminations)
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Revenues from external customers	(148,315)	(21,922)	(76,138)	(17,932)	(118,359)	(236,272)	(255,199)	(874,137)
Revenues from transactions with other operating segments of MoJ	-	-	95	-	-	(127,756)	(139)	(127,800)
Net interest on LSC pension scheme	-	-	-	-	-	-	2,586	2,586
Interest revenue	-	-	24	-	-	-	-	24
Material items of income								
EU Grant	-	-	-	-	-	(30,384)	-	(30,384)
CFERs	(5,655)	-	-	-	-	-	-	(5,655)
Fee income	-	-	-	-	(477,092)	-	-	(477,092)
Total income	(153,970)	(21,922)	(76,019)	(17,932)	(595,451)	(394,412)	(252,752)	(1,512,458)
Individual items of income and expenditure								
Depreciation	1,117	2,354	1,767	30,791	102,010	258,084	2,660	398,783
Amortisation	487	978	2,240	16,246	15,368	20,884	6,095	62,298
Material items of expenditure								
Accommodation, maintenance and utilities	3,173	1,013	2,798	27,756	236,953	344,060	3,703	619,456
Offender related costs	-	-	-	-	-	314,489	-	314,489
Service concession charges	3,677	-	2,546	78,317	36,266	628,561	-	749,367
IT services and telecommunications (non-SCAs)	3,768	2,655	3,542	91,998	21,232	125,523	-	248,718
Payments of GiA to NDPBs which eliminate with receipts of GiA by NDPBs	330,161	337,850	8,750	-	-	-	2,099,957	2,776,718
Cost of legal services and disbursements (crime)	-	-	-	-	-	-	1,004,741	1,004,741
Cost of legal services and disbursements (civil)	-	-	-	-	-	-	1,109,333	1,109,333
Provisions provided for in year	277,841	(326)	439	739	24,139	31,274	421	334,527
Corporation tax	-	22	5	-	-	733	1,521	2,281
Rentals under operating leases	848	164	1,806	25,266	80,656	3,103	4,196	116,039
Finance charges on leases and SCAs	5,889	1,043	-	11,921	9,646	25,502	88	54,089
Current Grants	5,699	169,794	1,226	-	65	-	-	176,784

3. Staff and judiciary numbers and related costs

3.1 Staff costs

Departmental Group

					2013-14	2012-13
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,289,295	139,536	206	136	2,429,173	2,530,357
Social security costs	170,287	1,068	21	14	171,390	179,879
Other pension costs	426,459	769	22	30	427,280	495,470
Sub Total	2,886,041	141,373	249	180	3,027,843	3,205,706
Early departure costs	75,014	-	-	-	75,014	25,852
Early departure provisions	1,897	-	-	-	1,897	22,398
Add inward secondments	660	4,453	-	-	5,113	663
Less recoveries in respect of outward secondments	(19,746)	-	-	-	(19,746)	(18,365)
Total Net Costs	2,943,866	145,826	249	180	3,090,121	3,236,254
<i>Of which:</i>						
Core Department	188,209	37,911	249	180	226,549	221,926
Agencies	2,045,242	78,316	-	-	2,123,558	2,225,043
NDPBs	710,415	29,599	-	-	740,014	789,285
	2,943,866	145,826	249	180	3,090,121	3,236,254
Core Department						
Charged to Administration costs	142,038	12,893	249	180	155,360	154,957
Charged to Programme costs	46,171	25,018	-	-	71,189	66,969
	188,209	37,911	249	180	226,549	221,926
Core Department & Agencies						
Charged to Administration costs	268,607	25,996	249	180	295,032	248,519
Charged to Programme costs	1,964,844	90,231	-	-	2,055,075	2,198,450
	2,233,451	116,227	249	180	2,350,107	2,446,969
Departmental Group						
Charged to Administration costs	303,327	27,128	249	180	330,884	337,003
Charged to Programme costs	2,640,539	118,698	-	-	2,759,237	2,899,251
	2,943,866	145,826	249	180	3,090,121	3,236,254

During the year £9.6m of staff costs (2012-13: £15.2m) have been capitalised.

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 2013-14 the Lord Chancellor's salary was £68,169 (2012-13: £68,827) and the associated social security costs were £7,177 (2012-13: £7,695). Other staff costs paid directly from the Consolidated Fund include salary and pension entitlements of the Information Commissioner of £190,507 (2012-13: £190,507).

The PCSPS is an unfunded multi-employer defined benefit scheme but MoJ is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2007. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation at: www.civilservice.gov.uk/pensions.

For 2013-14, employers' contributions of £313,208k were payable to the PCSPS (2012-13: £329,020k) at one of four rates which ranged from 16.7% to 24.3% (2012-13: 16.7% to 24.3%) of pensionable pay, based on salary bands (25.8% for prison officer grades with reserved rights). The Scheme Actuary reviews employer contributions approximately 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.

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

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions to partnership pension accounts were £437k (2012-13: £174k) and were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related which ranged from 3% to 12.5% (2012-13: 3.0% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

For 2013-14 employers' pension contributions and contribution rates for the LSC pension scheme and Probation Trust pension schemes, refer to Note 25.

208 persons (2012-13: 222 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £352k (2012-13: £809k).

3.2 Judicial costs

Departmental Group

				2013-14	2012-13
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	126,327	101,848	136,386	364,561	349,170
Social security costs	15,558	12,036	14,117	41,711	40,459
Other pension costs	40,269	32,499	-	72,768	73,118
Total Net Costs	182,154	146,383	150,503	479,040	462,747
<i>Of which:</i>					
Core Department	1,053	-	5,629	6,682	5,264
Agencies	181,101	146,383	144,874	472,358	457,483
NDPBs	-	-	-	-	-
	182,154	146,383	150,503	479,040	462,747
Core Department					
Charged to Administration costs	618	-	951	1,569	1,821
Charged to Programme costs	435	-	4,678	5,113	3,443
	1,053	-	5,629	6,682	5,264
Core Department & Agencies					
Charged to Administration costs	618	-	951	1,569	1,971
Charged to Programme costs	181,536	146,383	149,552	477,471	460,776
	182,154	146,383	150,503	479,040	462,747
Departmental Group					
Charged to Administration costs	618	-	951	1,569	1,971
Charged to Programme costs	181,536	146,383	149,552	477,471	460,776
	182,154	146,383	150,503	479,040	462,747

The Judicial Pension Scheme (JPS) is an unfunded multi-employer defined benefit scheme which prepares its own accounts, but for which MoJ (through HM Courts & Tribunals Service) is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as of 31 March 2009. Details can be found in the JPS Accounts at: www.gov.uk.

Judicial pensions are paid out of the Consolidated Fund where the judicial office holder's salary was paid from that fund, or the JPS where the salary has been paid from the Department's supply estimate. Contributions to the JPS have been made at a rate of 32.15% (2012-13: 32.15%).

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

Pension entitlements are provided to salaried judges under the JPS. Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, provisions have been recognised in the MoJ and JPS Accounts in relation to the claims made against MoJ. Further information on these provisions is set out in Note 13.

3.3 Average number of staff employed

Departmental Group

					2013-14	2012-13
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
MoJ Headquarters and Associated Offices						
Corporate Services	1,782.4	279.3	0.1	0.3	2,062.1	2,092.3
Law and Access to Justice	751.8	3.0	1.6	0.3	756.7	632.1
Criminal Justice	377.4	5.9	0.9	0.3	384.5	568.3
Finance, Assurance & Commercial	888.3	49.1	0.6	0.2	938.2	879.0
Agencies						
HM Courts & Tribunals Service	16,999.0	830.0	0.7	0.3	17,830.0	18,270.2
Office of the Public Guardian	543.0	139.0	-	-	682.0	615.0
National Offender Management Service	38,552.0	743.0	0.9	0.3	39,296.2	43,161.3
Legal Aid Agency	1,205.0	283.0	0.7	0.3	1,489.0	-
Non-Departmental Public Bodies						
Non-Departmental Public Bodies	17,803.3	820.5	-	-	18,623.8	20,458.3
Capital Projects						
Staff engaged on capital projects	86.0	54.0	-	-	140.0	251.0
Total	78,988.2	3,206.8	5.5	2.0	82,202.5	86,927.5
<i>Of which:</i>						
Core Department	3,850.9	351.3	5.5	2.0	4,209.7	4,328.2
Agencies	57,334.0	2,035.0	-	-	59,369.0	62,044.0
NDPBs	17,803.3	820.5	-	-	18,623.8	20,555.3
	78,988.2	3,206.8	5.5	2.0	82,202.5	86,927.5

Ministers and special advisors are employed and paid by MoJ Headquarters. However, the Full Time Equivalent (FTE) analysis for Ministers and special advisors reflects the proportion of time spent across the different functions within the Departmental Group.

MoJ Headquarters and Associated Offices 2012-13 staff numbers have been reclassified to reflect the new Director General governance structure implemented in 2013-14.

3.4 Average number of judiciary in post

Departmental Group

				2013-14	2012-13
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
Agencies					
HM Courts & Tribunals Service	914.0	936.0	1,487.0	3,337.0	3,320.0
Total	914.0	936.0	1,487.0	3,337.0	3,320.0
<i>Of which:</i>					
Core Department	-	-	-	-	-
Agencies	914.0	936.0	1,487.0	3,337.0	3,320.0
NDPBs	-	-	-	-	-
	914.0	936.0	1,487.0	3,337.0	3,320.0

Members of the judiciary are independent of MoJ. Their payroll costs are met either from the Consolidated Fund, in the case of senior judiciary, or by MoJ for other judiciary. All costs are included within these Accounts to ensure that the full cost of operations is disclosed.

3.5 Reporting of Civil Service and other compensation schemes - exit packages

Departmental Group

Exit package cost band	2013-14			2012-13		
	Compulsory redundancies	Other departures	Total exit packages	Compulsory redundancies	Other departures	Total exit packages
	Number	Number	Total number	Number	Number	Total number
< £10,000	8	143	151	9	289	298
£10,000 - £25,000	6	1,095	1,101	10	724	734
£25,001 - £50,000	2	869	871	8	694	702
£50,001 - £100,000	1	672	673	12	565	577
£100,001 - £150,000	-	36	36	-	113	113
£150,001 - £200,000	-	8	8	-	28	28
£200,001 - £250,000	-	4	4	-	10	10
£250,001 - £300,000	-	3	3	-	3	3
£300,001 - £350,000	-	-	-	-	1	1
£350,001 - £400,000	-	-	-	-	-	-
£400,001 - £450,000	-	-	-	-	-	-
£450,001 - £500,000	-	-	-	-	-	-
Total number of exit packages by type	17	2,830	2,847	39	2,427	2,466
Total cost of exit packages by type (£000)	293	97,030	97,323	1,384	95,576	96,960
Number of exit packages						
<i>Of which:</i>						
Core Department	1	75	76	1	79	80
Agencies	-	2,570	2,570	4	1,844	1,848
NDPBs	16	185	201	34	504	538
	17	2,830	2,847	39	2,427	2,466
Cost of exit packages (£000)						
<i>Of which:</i>						
Core Department	83	4,640	4,723	82	4,819	4,901
Agencies	-	87,245	87,245	139	80,008	80,147
NDPBs	210	5,145	5,355	1,163	10,749	11,912
	293	97,030	97,323	1,384	95,576	96,960

Excluding Probation Trusts, 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 the exit package is confirmed. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Principal Civil Service Pension Scheme.

For Probation Trusts, redundancy and other departure costs have been paid in accordance with the Trust's redundancy policies. The Trusts pay the statutory minimum redundancy allocation based on age and length of service as set out in the Employment Rights Act 1996 and, where applicable, subject to the Pension Plan and Redundancy rules, meet the additional costs of early retirement.

Ill health retirement costs are met by the pension scheme and are not included in the table above.

4. Other Administration costs

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
<i>Lease/service concession charges</i>						
PFI service charges	5,976	5,976	6,677	10,323	10,323	12,836
Other service concession charges (non-PFI)	-	-	-	-	5	5
Finance charges on leases and service concession arrangements	11,660	11,660	11,660	11,926	11,931	13,057
Rentals under operating leases	22,972	26,323	28,362	24,956	25,071	31,287
<i>Other administration costs</i>						
Judicial costs	110	1,487	1,487	161	1,127	1,127
Accommodation, maintenance and utilities	25,943	33,660	35,353	24,518	29,182	35,600
Communications, office supplies and services	2,240	17,647	19,108	1,998	3,449	19,117
IT services and telecommunications (non-service concession arrangements)	6,769	18,094	22,715	45,634	64,207	68,230
Travel, subsistence and hospitality	3,530	8,393	9,593	5,450	10,278	11,534
Training and other staff related costs	3,597	11,577	12,112	3,558	12,333	14,814
Professional services	20,183	25,247	25,935	5,291	7,067	13,308
Research and development expenditure	1,613	1,613	1,613	1,687	1,687	1,719
Bank fees and charges	45	45	45	45	45	45
Other contracted out services	2,813	4,931	5,002	4,495	8,635	8,751
Auditors' remuneration and expenses*	-	2,599	4,731	-	2,691	5,155
Other administration expenditure	4,531	12,415	12,652	4,145	7,882	8,773
Non-cash items						
<i>(Increase)/decrease in the valuation of Property, plant and equipment</i>	(4,718)	(4,718)	(4,718)	(1,251)	(1,251)	(1,251)
<i>Net (profit)/loss on disposal of Property, plant and equipment</i>	1,949	1,950	1,951	3,145	2,994	3,185
<i>Intangible assets</i>	-	-	-	-	-	38
<i>Other non-cash</i>						
Depreciation	11,377	15,086	16,857	11,418	13,249	17,986
Amortisation	3	7,157	8,602	71	292	7,013
Auditors' remuneration and expenses	430	1,020	1,020	470	770	770
Notional corporate overhead charges	(100,623)	(6,424)	-	(110,519)	(11,830)	-
Increase/(decrease) in receivables impairment	-	266	287	85	(908)	(951)
Straight lining of operating lease payments	1,046	1,046	1,046	1,486	1,486	1,486
Other non-cash	-	(183)	(183)	-	-	(138)
Total other Administration costs	21,446	196,867	221,907	49,092	200,715	273,496

* Auditors' remuneration and expenses includes internal and external audit fees. Refer to page 23 for a breakdown of external audit fees.

The following bodies have not been allocated an Administration budget as their full spend is deemed to be Programme expenditure: OPG, OLC and LSB.

5. Other Programme costs

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
<i>Grants</i>						
Current	73,158	73,173	164,835	69,386	69,451	176,784
Capital	-	-	-	-	5,809	6,112
<i>Lease/service concession charges</i>						
PFI service charges	81,887	673,525	691,744	71,704	711,496	711,496
PFI service charges paid on behalf of YJB	55,475	55,475	-	38,883	38,883	-
Other service concession charges (non-PFI)	-	19,564	19,564	-	25,030	25,030
Finance charges on leases and Service Concession Arrangements	-	33,104	34,107	5,889	41,032	41,032
Rentals under operating leases	32	86,728	88,625	43	82,736	84,752
<i>Criminal Justice costs</i>						
Offender related costs	-	1,091,711	313,248	-	1,121,771	314,489
Young Offender Institutions	19,606	19,606	22,805	-	-	11,768
Secure children's homes	-	-	34,415	-	-	33,545
Secure training centres	-	-	696	-	-	14,439
Intensive Fostering	-	-	2,116	-	-	1,930
Judicial costs	15,043	52,390	52,390	13,256	49,510	49,551
Juror costs	-	39,396	39,396	-	39,948	39,948
Compensation payments	-	-	1,244	-	-	6,144
Cost of legal services and disbursements (civil)	-	980,910	980,910	-	-	1,109,333
Cost of legal services and disbursements (crime)	-	977,026	977,026	-	-	1,004,741
<i>Other Programme costs</i>						
Accommodation, maintenance and utilities	2,849	511,350	580,866	5,303	507,648	583,856
Auditors' remuneration and expenses	-	-	113	-	-	137
Taxation	-	149	1,047	-	-	2,281
Communications, office supplies and services	488	45,652	62,557	810	39,289	58,019
IT services and telecommunications (non-Service Concession Arrangements)	(10,160)	179,243	212,528	49,580	144,276	180,488
Other contracted out services	19,467	57,433	57,755	6,635	37,202	37,727
Cost from Central Funds	-	65,575	65,575	59,988	59,988	59,988
Professional services	25,401	47,835	60,166	13,082	28,283	39,807
Travel and subsistence	3,127	21,276	35,621	2,982	20,501	35,195
Training and other staff related costs	1,113	29,166	42,001	1,178	26,931	40,844
Other grants and similar	-	7,012	7,486	-	-	19,024
Bank fees and charges	65	4,130	4,130	35	3,771	3,910
Research and development expenditure	334	334	585	459	459	904
Local authority loan interest	-	1,674	1,674	-	1,828	1,828
Other programme costs	23,574	53,024	73,655	15,440	43,639	96,676
Non-cash items						
<i>(Increase)/decrease in the valuation of</i>						
Property, plant and equipment	123	124	124	404	(29,326)	(29,396)
Intangible assets	160	159	159	(481)	(697)	(894)
Assets held for sale	-	(1)	(1)	-	(283)	(283)
Investments	-	35	35	-	(60)	(60)
<i>Impairment</i>						
Property, plant and equipment	-	28,608	28,608	-	86,462	86,462
Intangible assets	-	1,840	1,840	15,071	15,071	15,523
Assets held for sale	-	6,533	6,533	-	2,084	2,084
<i>Net (profit)/loss on disposal of</i>						
Property, plant and equipment	1,410	3,729	3,778	-	4,204	4,231
Intangible assets	34	394	394	677	693	692
Assets held for sale	-	(3,713)	(3,713)	-	(1,862)	(1,862)
<i>Provisions</i>						
Civil legal help and representation - Solicitors' charges, counsel fees and disbursements	-	(1,637)	(1,637)	-	-	(5,373)
Criminal cases - Solicitors' charges, counsel fees and disbursements	-	(45,520)	(45,520)	-	-	(20,566)
Provisions provided for in year net of releases	87,106	220,907	391,429	146,739	202,106	334,527

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Borrowing costs of provisions - discount unwinding	1,684	9,881	(20,422)	5,627	12,036	45,560
<i>Other non-cash</i>						
Depreciation	16,091	352,372	357,417	19,373	376,001	380,797
Amortisation	14,599	55,790	57,105	16,222	52,467	55,285
Notional charges	-	-	53,879	-	-	36,695
Auditors' remuneration and expenses	124	526	526	62	454	454
Notional corporate overhead charges	(103,875)	-	-	(191,940)	-	-
Increase/(decrease) in receivables impairment	8	35,223	35,223	(35)	795	57,427
Interest on pension deficit transfer	-	-	-	-	10,094	10,094
Net interest on pension schemes	(2,865)	(2,707)	55,346	-	193	432
Other pension costs	9,904	15,782	15,782	-	13,304	5,282
Straight lining of operating lease payments	-	6,159	6,159	-	13,325	13,325
Amortisation of operating lease prepayments	-	5	5	-	5	5
Other non-cash	-	-	1	-	682	683
Subtotal other Programme costs	335,962	5,810,950	5,571,930	366,372	3,857,229	5,782,902
Grant in Aid to NDPBs	520,510	520,510	-	2,776,718	2,776,718	-
Total other Programme costs	856,472	6,331,460	5,571,930	3,143,090	6,633,947	5,782,902

6. Income

6.1 Operating income

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Income within the Department's ambits						
Court Funds Office	8,851	8,851	8,851	9,855	9,855	9,855
Official Solicitor and Public Trustee	2,029	2,029	2,029	2,330	2,330	2,330
Other Core Department income *	200,584	200,584	200,584	177,529	177,529	177,529
HM Courts & Tribunals Service	-	630,645	630,645	-	595,451	585,551
Office of the Public Guardian	-	42,626	42,626	-	37,870	37,870
National Offender Management Service	-	275,322	234,026	-	331,618	234,666
EU Income	-	24,084	30,050	-	23,814	30,384
Criminal Injuries Compensation Authority	-	-	-	-	-	(58)
Criminal Cases Review Commission	-	-	5	-	-	8
Office for Legal Complaints	-	-	143	-	-	16,662
Legal Services Board	-	-	-	-	-	4,264
Information Commissioner's Office	-	-	15,775	-	-	15,724
Judicial Appointments Commission	-	-	7	-	-	4
Legal Aid Agency	-	211,218	211,218	-	-	252,752
Youth Justice Board	-	-	27,973	-	-	-
Total Income within the Department's ambits	211,464	1,395,359	1,403,932	189,714	1,178,467	1,367,541
Payable to Consolidated Fund						
Consolidated Fund Extra Receipts **	7,681	171,412	191,099	5,655	5,655	5,655
Total payable to Consolidated Fund	7,681	171,412	191,099	5,655	5,655	5,655
Total operating income	219,145	1,566,771	1,595,031	195,369	1,184,122	1,373,196
<i>Of which:</i>						
Administration income	23,854	29,773	43,370	24,351	29,932	43,691
Programme income	195,291	1,536,998	1,551,661	171,018	1,154,190	1,329,505
Total operating income	219,145	1,566,771	1,595,031	195,369	1,184,122	1,373,196

* Other Core Department income includes fines income of £104.4m (2012-13: £105.4m), recoveries from other government departments (including co-funding of NDPBs) of £43.4m (2012-13: £52.3m), victims surcharge income of £39.3m (2012-13: £10.7m) and £13.5m (2012-13: £9.1m) of miscellaneous income.

** Analysis of income payable to the Consolidated Fund is shown at SoPS 5.1.

6.2 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 levied. The analysis provided below is for fees and charges purposes and is not intended to meet the requirements of IFRS 8 'Operating Segments'.

			2013-14		2012-13
	Gross income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Office of the Accountant General	8,851	8,851	-	100%	100%
Official Solicitor and Public Trustee					
Litigation	1,567	6,950	(5,383)	23%	11%
Trust and Estates	462	1,109	(647)	42%	39%
HM Courts & Tribunals Service					
Family	161,168	204,365	(43,197)	79%	100%
Civil	348,354	413,981	(65,627)	84%	100%
Asylum & Immigration	10,890	101,113	(90,223)	11%	-
Employment Tribunals	5,149	76,364	(71,215)	7%	-
Other Tribunals	1,159	13,498	(12,339)	9%	-
Office of the Public Guardian	48,877	31,894	16,983	153%	100%
Information Commissioner's Office	15,747	15,747	-	100%	100%
Legal Services Board	4,266	4,266	-	100%	100%
Office for Legal Complaints	15,709	15,709	-	100%	100%
	622,199	893,847	(271,648)		

Office of the Accountant General

The Office of the Accountant General (OAG) invests money on behalf of its clients in the Court Funds Investment Account (CFIA) which pays interest or in the Equity Index Tracker Fund for long term investments. Clients do not pay fees for investment services but the operational costs of OAG are paid out of the surplus interest earned on their funds. OAG therefore runs at nil net cost to the MoJ Vote and in terms of the principles of cost recovery is 100% self-funding. If the surplus interest earned on the CFIA is not sufficient to cover OAG's costs then it has a legal entitlement to call on the Consolidated Fund through its parent department MoJ.

Official Solicitor and Public Trustee

The Official Solicitor's litigation services continue to be largely publicly funded due to the nature of the cases dealt with. However, where appropriate to do so, the Official Solicitor charges clients at full cost for services provided.

The Official Solicitor and the Public Trustee (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'. As at 31 March 2014 the caseload was 251 (2012-13: 258). The lower caseload means that there is a smaller base over which to absorb fixed costs. The fee income associated with Public Trustee cases is capped by a Fees Order and there are some cases for which the OSPT is not empowered to charge fees.

HM Courts & Tribunals Service

HM Courts & Tribunals Service covers the following business areas: civil and family courts, tribunal, criminal courts and other. Only the civil and tribunal businesses have a system of charging fees. The policy and financial objective for civil business is to recover the full costs of the processes involved less the cost of funding fee remissions. Separate cost recovery targets have been agreed for the tribunal business. The system of fee remissions exists to ensure that individuals are not denied access to the courts if they genuinely cannot afford the fee.

HM Courts & Tribunals Service reports on both the civil and tribunal business segments. Civil business contains two business streams: family (including non-contentious probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts); whilst tribunal business contains three business streams: asylum and immigration,

employment and other fee charging tribunals (including lands, residential property, gambling and gender recognition).

Further detail regarding current fees orders can be found within the HM Courts & Tribunals Service Accounts.

Office of the Public Guardian

Ministers and HM Treasury agreed a financial objective for OPG of 100% cost recovery, excluding fee exemptions and remissions. A subsidy is provided as planned to ensure clients are not denied access to services through inability to pay the requisite fees by way of fee exemptions and remissions.

In 2011, the fees strategy was reviewed to allow OPG to invest in the future to ensure it had sufficient and efficient capacity to meet growing demands for its services and spread this cost over the remaining four years of the Parliamentary period. Cost recovery is planned to be balanced by March 2015.

Information Commissioner's Office

Expenditure on data protection activities is financed through collection of an annual notification fee from data controllers under the Data Protection Act 1998.

Legal Services Board and Office for Legal Complaints

LSB and OLC income relates to levies receipted from approved regulators. This income is surrendered to the Consolidated Fund as explained in Note 1.3a.

7. Property, plant and equipment

Departmental Group 2013-14

	Land £000	Buildings £000	Dwellings £000	Information technology £000	Plant and equipment £000	Furniture, fixtures and fittings £000	Payments on account and assets under construction £000	Total £000
Cost or valuation								
At 1 April 2013	1,145,836	7,760,519	63,186	427,273	373,667	104,092	194,193	10,068,766
Additions	69	15,604	501	9,321	16,295	346	232,395	274,531
Disposals	-	(589)	-	(72,743)	(74,254)	(32,811)	(425)	(180,822)
Reclassifications	(42,372)	153,999	(2,835)	13,848	7,362	(2,475)	(204,016)	(76,489)
Revaluations	83,213	(88,581)	4,529	(5,327)	5,067	592	-	(507)
Transfers	2,994	632	-	11,557	476	(19)	(12,015)	3,625
Impairments	4,807	(72,876)	(1,107)	(570)	(657)	(844)	(6,276)	(77,523)
At 31 March 2014	1,194,547	7,768,708	64,274	383,359	327,956	68,881	203,856	10,011,581
Depreciation								
At 1 April 2013	-	(304,445)	(1,713)	(288,783)	(228,149)	(74,151)	-	(897,241)
Charged in year	(451)	(285,207)	(1,613)	(49,215)	(30,220)	(7,568)	-	(374,274)
Disposals	-	98	-	71,485	71,999	31,233	-	174,815
Reclassifications	-	288	128	(10)	2	1,066	-	1,474
Revaluations	384	315,257	581	2,989	(2,717)	(421)	-	316,073
Impairments	67	47,677	344	74	472	281	-	48,915
At 31 March 2014	-	(226,332)	(2,273)	(263,460)	(188,613)	(49,560)	-	(730,238)
Carrying amount at 31 March 2014	1,194,547	7,542,376	62,001	119,899	139,343	19,321	203,856	9,281,343
Carrying amount at 1 April 2013	1,145,836	7,456,074	61,473	138,490	145,518	29,941	194,193	9,171,525
Asset financing								
Owned	1,127,898	6,312,867	56,606	81,901	111,889	19,321	203,856	7,914,338
Finance leased	44,989	388,228	5,395	6,594	27,454	-	-	472,660
On-balance sheet PFI and other Service Concession Arrangements	21,660	841,281	-	31,404	-	-	-	894,345
Carrying amount at 31 March 2014	1,194,547	7,542,376	62,001	119,899	139,343	19,321	203,856	9,281,343
Of the total								
Core Department	-	102,142	-	53,091	1,170	4,927	2,248	163,578
Agencies	1,182,682	7,377,098	62,001	63,791	133,959	13,345	201,608	9,034,484
NDPBs	11,865	63,136	-	3,017	4,214	1,049	-	83,281
Carrying amount at 31 March 2014	1,194,547	7,542,376	62,001	119,899	139,343	19,321	203,856	9,281,343

Departmental Group 2012-13

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2012	1,130,388	7,676,021	61,842	326,778	359,345	101,842	267,276	9,923,492
Additions	586	4,505	(1)	9,001	23,461	1,335	224,664	263,551
Disposals	(283)	(1,336)	(14)	(13,408)	(29,197)	(2,984)	(3,350)	(50,572)
Reclassifications	(49,420)	173,567	(908)	21,879	6,802	2,279	(237,722)	(83,523)
Revaluations	62,939	(40,111)	2,228	46,092	14,527	1,928	-	87,603
Transfers	2,639	763	1	36,931	-	-	(36,932)	3,402
Impairments	(1,013)	(52,890)	38	-	(1,271)	(308)	(19,743)	(75,187)
At 31 March 2013	1,145,836	7,760,519	63,186	427,273	373,667	104,092	194,193	10,068,766
Depreciation								
At 1 April 2012	(1)	(304,678)	(922)	(200,147)	(219,816)	(60,999)	-	(786,563)
Charged in year	(388)	(283,970)	(1,516)	(69,700)	(30,086)	(13,123)	-	(398,783)
Disposals	1	93	-	11,551	28,254	2,791	-	42,690
Reclassifications	2	187	57	(330)	1,779	(1,779)	-	(84)
Revaluations	386	283,923	668	(30,157)	(9,251)	(1,245)	-	244,324
Transfers	-	-	-	-	9	(9)	-	-
Impairments	-	-	-	-	962	213	-	1,175
At 31 March 2013	-	(304,445)	(1,713)	(288,783)	(228,149)	(74,151)	-	(897,241)
Carrying amount at 31 March 2013	1,145,836	7,456,074	61,473	138,490	145,518	29,941	194,193	9,171,525
Carrying amount at 1 April 2012	1,130,387	7,371,343	60,920	126,631	139,529	40,843	267,276	9,136,929
Asset financing								
Owned	1,078,535	6,265,709	56,144	100,705	116,505	29,941	194,193	7,841,732
Finance leased	42,710	389,690	5,329	8,706	29,013	-	-	475,448
On balance sheet PFI and other Service Concession Arrangements	24,591	800,675	-	29,079	-	-	-	854,345
Carrying amount at 31 March 2013	1,145,836	7,456,074	61,473	138,490	145,518	29,941	194,193	9,171,525
Of the total								
Core Department	5,350	113,126	-	68,934	213	8,115	22,104	217,842
Agencies	1,131,321	7,285,620	61,473	62,900	140,262	18,634	168,901	8,869,111
NDPBs	9,165	57,328	-	6,656	5,043	3,192	3,188	84,572
Carrying amount at 31 March 2013	1,145,836	7,456,074	61,473	138,490	145,518	29,941	194,193	9,171,525

Land, buildings and dwellings are shown at fair value based on professional valuations performed at 31 March each year by the Valuation Office Agency (VOA), who are independent of MoJ, in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Each year 20% of the land, buildings and dwellings are physically visited and valued. The remaining 80% are valued on a desktop basis. The majority of operational buildings are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis. All other buildings are measured at fair value determined from market-based evidence.

All assets other than land and buildings and assets under construction are revalued at each reporting date using the Producer Price Index (PPI) prepared by the Office for National Statistics (ONS).

Included in the carrying values above are 44 non-operational sites with a combined value of £26.3m (2012-13: 18 with a combined value of £25.1m). These sites are now vacant, but do not yet meet the criteria for classification as assets held for sale.

8. Intangible assets

Departmental Group 2013-14

	Software licences	Information technology	Internally generated software	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2013	54,700	184,029	183,981	86,179	508,889
Additions	137	283	271	89,573	90,264
Disposals	(2,184)	(2,789)	(9)	(393)	(5,375)
Reclassifications	2,669	1,033	11,768	(10,294)	5,176
Revaluations	(673)	(4)	(4,156)	-	(4,833)
Transfers	(106)	52,096	3,136	(55,144)	(18)
Impairments	-	(43)	(271)	(1,526)	(1,840)
At 31 March 2014	54,543	234,605	194,720	108,395	592,263
Amortisation					
At 1 April 2013	(30,495)	(102,722)	(104,724)	-	(237,941)
Charged in year	(5,563)	(31,441)	(28,703)	-	(65,707)
Disposals	2,184	2,787	9	-	4,980
Reclassifications	(300)	309	-	-	9
Revaluations	193	39	2,169	-	2,401
At 31 March 2014	(33,981)	(131,028)	(131,249)	-	(296,258)
Carrying amount at 31 March 2014	20,562	103,577	63,471	108,395	296,005
Carrying amount at 1 April 2013	24,205	81,307	79,257	86,179	270,948
Asset financing					
Owned	20,557	103,521	63,471	108,395	295,944
Finance leased	-	-	-	-	-
Contracts	5	56	-	-	61
Carrying amount at 31 March 2014	20,562	103,577	63,471	108,395	296,005
Of the total					
Core Department	16,551	-	11,983	68,160	96,694
Agencies	1,660	101,133	50,726	36,983	190,502
NDPBs	2,351	2,444	762	3,252	8,809
Carrying amount at 31 March 2014	20,562	103,577	63,471	108,395	296,005

Departmental Group 2012-13

	Software licences £000	Information technology £000	Internally generated software £000	Payments on account and assets under construction £000	Total £000
Cost or valuation					
At 1 April 2012	48,357	164,276	151,667	65,474	429,774
Additions	2,575	102	2,394	60,517	65,588
Disposals	(40)	(121)	(877)	(74)	(1,112)
Reclassifications	(470)	135	10,135	(9,515)	285
Revaluations	4,117	5,098	20,662	-	29,877
Transfers	161	14,539	-	(14,700)	-
Impairments	-	-	-	(15,523)	(15,523)
At 31 March 2013	54,700	184,029	183,981	86,179	508,889
Amortisation					
At 1 April 2012	(22,514)	(74,297)	(68,680)	-	(165,491)
Charged in year	(7,226)	(26,599)	(28,473)	-	(62,298)
Disposals	25	83	256	-	364
Reclassifications	330	-	-	-	330
Revaluations	(1,110)	(1,909)	(7,827)	-	(10,846)
At 31 March 2013	(30,495)	(102,722)	(104,724)	-	(237,941)
Carrying amount at 31 March 2013	24,205	81,307	79,257	86,179	270,948
Carrying amount at 1 April 2012	25,843	89,979	82,987	65,474	264,283
Asset financing					
Owned	24,013	80,862	79,257	84,141	268,273
Finance leased	-	-	-	-	-
Contracts	192	445	-	2,038	2,675
Carrying amount at 31 March 2013	24,205	81,307	79,257	86,179	270,948
Of the total					
Core Department	21,267	-	22,433	57,716	101,416
Agencies	2,169	58,731	54,421	189	115,510
NDPBs	769	22,576	2,403	28,274	54,022
Carrying amount at 31 March 2013	24,205	81,307	79,257	86,179	270,948

9. Assets held for sale

	2013-14			2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April	-	51,498	51,498	-	15,491	15,491
Reclassifications	23,750	69,830	69,830	-	83,942	83,942
Disposals	-	(55,122)	(55,122)	-	(46,222)	(46,222)
Revaluations	-	-	-	-	371	371
Impairments	-	(6,533)	(6,533)	-	(2,084)	(2,084)
Balance at 31 March	23,750	59,673	59,673	-	51,498	51,498

The Department has committed to a plan to sell surplus properties. An active programme to locate buyers and complete the sale of each property has commenced and estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification to assets held for sale.

10. Trade and other receivables

10.1 Analysis by type

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year						
Trade receivables	1,560	22,079	24,188	1,685	21,110	22,789
Other receivables	182	20,658	28,770	14,370	51,942	59,392
Capital receivables	-	7,000	7,000	-	-	-
Contributions due from funded clients	-	4,271	4,271	-	-	2,771
Statutory charge	-	67,978	67,978	-	-	66,656
Amounts due from service providers	-	24,769	24,769	-	-	27,889
VAT receivables	17,941	103,953	104,795	17,869	97,191	100,247
Deposits and advances	926	926	980	860	860	925
Government receivables	19,935	52,200	57,503	-	31,216	36,883
Prepayments and accrued income	54,438	99,440	104,508	33,356	82,690	89,444
Intra-departmental receivables	100,661	9,441	-	88,202	26,012	-
Receivables related to CFERs	1,228	1,228	1,228	455	455	455
	196,871	413,943	425,990	156,797	311,476	407,451
Amounts falling due after more than one year						
Other receivables	-	2,024	2,249	-	2,031	2,268
Prepayments and accrued income	878	1,013	1,019	-	140	142
	878	3,037	3,268	-	2,171	2,410

The LAA debt includes a receivables impairment provision of £207.4m (2012-13: £187.2m). For further detail regarding the LAA impairment provision refer to Note 19.

10.2 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Balances with other central government bodies	172,848	161,689	-	-
Balances with local authorities	28,851	8,366	135	140
Balances with NHS bodies	12,883	11,221	-	-
Balances with public corporations and trading funds	1,001	2,943	-	-
Subtotal: intra-government balances	215,583	184,219	135	140
Balances with bodies external to government	210,407	223,232	3,133	2,270
Total receivables	425,990	407,451	3,268	2,410

11. Cash and cash equivalents

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	73,118	(2,754)	198,153	74,875	74,333	325,188
Transfers within group	-	23,658	-	-	-	-
Net change in cash and cash equivalents	49,044	117,978	83,778	(1,757)	(77,087)	(127,035)
Balance at 31 March	122,162	138,882	281,931	73,118	(2,754)	198,153
<i>Of which:</i>						
Government Banking Service (GBS)	122,146	153,366	219,372	73,063	74,826	118,650
Commercial banks and cash in hand	16	4,780	82,057	55	1,373	158,456
	122,162	158,146	301,429	73,118	76,199	277,106
Overdraft (GBS)	-	(19,264)	(19,264)	-	(78,953)	(78,953)
Overdraft (Commercial)	-	-	(234)	-	-	-
	122,162	138,882	281,931	73,118	(2,754)	198,153

12. Trade and other payables

12.1 Analysis by type

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year						
Trade payables	6,735	58,471	52,448	3,339	16,365	31,478
Taxation and social security	54,353	72,198	103,810	56,680	74,305	112,748
Capital payables	20,364	65,791	65,785	-	30,379	35,970
Other payables	45,857	90,844	97,058	36,947	88,624	105,983
Accruals and deferred income	109,384	587,209	705,410	89,820	445,887	652,985
Amounts due to solicitors, counsel and advice agencies	-	148,330	148,330	-	-	149,871
Contribution refunds to funded clients	-	1,951	1,951	-	-	1,625
Creditor for pension transfer deficit: amounts payable to LGPS	-	-	-	-	2,404	2,404
Finance lease creditors	4,261	5,802	5,877	3,562	4,215	4,606
Imputed finance lease element of on-balance sheet PFI contracts	10,685	45,597	46,898	11,354	47,609	49,915
Amounts issued from the Consolidated Fund for supply but not spent at year end	117,852	117,852	117,852	37,944	37,944	37,944
CFERs due to be paid to the Consolidated Fund:						
- received	50,341	50,341	50,341	1,675	1,675	1,675
- receivable	1,228	1,228	1,228	455	455	455
Intra-departmental payables	64,919	56,425	-	54,662	64,434	-
Third party monies	6	6	6	231	231	231
	485,985	1,302,045	1,396,994	296,669	814,527	1,187,890
Amounts falling due after more than one year						
Local Authority loan balances	-	32,885	32,885	-	36,076	36,076
Lease incentive creditors	-	15,949	15,949	-	16,548	16,548
Straight lining creditors	38,553	105,050	105,050	-	59,372	59,372
Accruals and deferred income	-	742	742	-	-	377
Creditor for pension transfer deficit: amounts payable to LGPS	-	173,970	173,970	-	200,778	200,778
Finance lease creditors	132,715	147,067	147,067	136,976	156,560	157,268
Imputed finance lease element of on-balance sheet PFI contracts	15,802	444,806	461,548	23,436	487,322	505,364
Other payables	1,197	1,197	50,679	41,124	41,124	129,121
	188,267	921,666	987,890	201,536	997,780	1,104,904

12.2 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Balances with other central government bodies	370,796	238,033	604	200
Balances with local authorities	60,008	37,352	206,855	236,854
Balances with NHS bodies	2,064	2,559	-	-
Balances with public corporations and trading funds	519	622	-	-
Subtotal: intra-government balances	433,387	278,566	207,459	237,054
Balances with bodies external to government	963,607	909,324	780,431	867,850
Total payables	1,396,994	1,187,890	987,890	1,104,904

13. Provisions for liabilities and charges

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	284,336	537,490	1,546,904	199,460	596,797	1,789,840
Transfers within group	-	627,881	-	-	-	-
Provided in the year	174,601	329,957	516,200	166,996	274,261	487,444
Provisions not required written back	(87,276)	(155,108)	(169,994)	(20,227)	(49,727)	(156,806)
Provisions utilised in the year	(18,704)	(93,535)	(338,434)	(67,520)	(237,434)	(560,691)
Borrowing costs (unwinding of discount)	1,684	9,881	(20,422)	5,627	12,036	45,560
Interest on pension deficit	-	-	-	-	10,094	10,094
Amount reclassified (to) / from trade and other payables	-	7,078	7,078	-	(68,537)	(68,537)
Transfer of Central Funds from MoJ Core to LAA	(17,100)	-	-	-	-	-
Balance at 31 March	337,541	1,263,644	1,541,332	284,336	537,490	1,546,904
Analysis of expected timing of discounted flows						
Not later than one year	159,560	809,769	934,880	102,366	169,726	983,426
Later than one year but not later than five years	117,207	225,962	373,080	86,884	170,713	344,416
Later than five years	60,774	227,913	233,372	95,086	197,051	219,062
Balance at 31 March	337,541	1,263,644	1,541,332	284,336	537,490	1,546,904

Provisions by type

	2013-14										
	Judicial Service Award	Early departure costs	Injury benefit scheme	Costs from Central Funds	Legal claims	CICA Pre-tariff Scheme	CICA Tariff Scheme	Leasehold dilapidations	LAA outstanding balances on funded cases	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	234,625	154,120	-	17,102	70,190	42,444	334,593	30,183	624,463	39,184	1,546,904
Provided in the year	7,900	9,677	72,058	24,797	56,712	12,470	170,286	25,715	-	136,585	516,200
Provisions not required written back	(73,911)	(542)	-	(1,304)	(19,503)	(14,328)	-	(438)	(47,157)	(12,811)	(169,994)
Provisions utilised in the year	(12,740)	(38,631)	(3,941)	(15,796)	(17,748)	(28,230)	(213,460)	(2,548)	-	(5,340)	(338,434)
Borrowing costs (unwinding of discount)	1,600	4,639	7,700	-	148	-	(30,308)	(1,638)	-	(2,563)	(20,422)
Amount reclassified from trade and other payables	-	-	-	-	-	-	-	-	-	7,078	7,078
Reclassifications	-	1,459	-	-	-	-	-	9,139	-	(10,598)	-
Balance at 31 March 2014	157,474	130,722	75,817	24,799	89,799	12,356	261,111	60,413	577,306	151,535	1,541,332
Analysis of expected timing of discounted flows											
Not later than one year	20,348	14,836	3,669	24,799	24,526	12,356	109,786	11,181	577,306	136,073	934,880
Later than one year but not later than five years	89,508	40,599	14,000	-	55,957	-	146,325	19,824	-	6,867	373,080
Later than five years	47,618	75,287	58,148	-	9,316	-	5,000	29,408	-	8,595	233,372
Balance at 31 March 2014	157,474	130,722	75,817	24,799	89,799	12,356	261,111	60,413	577,306	151,535	1,541,332

Judicial Service Award and Fee Paid Judicial Claims

The Judicial Service Award (JSA) was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004. In the case of salaried members of the judiciary, the liability has been estimated by the Government Actuary's Department, 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 (discount rates are set out in accounting policy 1.18). The liability is based on an actuarial assessment as at 31 March 2014.

Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, provisions have been recognised in the MoJ and JPS accounts in relation to the claims made against the MoJ.

Because of the nature of the various claims made, the claims have been separately classified and recognised in the annual accounts of the entity that is responsible for satisfying the liability. The following table summarises the liabilities arising from the fee paid judicial office holders' claims recognised in the MoJ Accounts:

	2013-14	2012-13
	£000	£000
Provision recognised - MoJ		
Judicial Service Award (see <i>JSA and Fee Paid Judicial Claims provisions</i>)	35,689	109,215
Separate pension liability element for retired fee paid judges (see <i>Other provisions</i>)	5,229	16,115
Employment Pay Related Claims (see <i>Other provisions</i>)	132,764	-
Total provisions recognised in relation to Fee Paid Judicial Office Holder litigation	173,682	125,330

The provisions recognised in the MoJ Accounts have been calculated based on the following assumptions as determined by the latest judgments issued by the appropriate tribunal.

- **Non-legal members:** Certain members of the judiciary (medical and lay members) have been found not to have salaried comparators. As such these have been excluded from the provision calculations.
- **Time limit:** The time limit to submit a claim to the Employment Tribunal is three months from the end of each fee paid appointment. A number of judiciary who have retired or had changed their appointment lodged claims outside this time limit. These claims have been excluded from the provision calculations. Judiciary who were still in service when moratoriums were announced have been included.
- **Compensation claims:** Several types of pay related claims have been made and only certain types of judicial office holders are eligible to make these claims. The provisions have been calculated on the latest judgements available at the date of signing of these Accounts.
- **Entitlement date:** Current judgements indicate the claimant's service period commences from the date the Part Time Workers Regulations came into force (7 April 2000). This is the date provisions entitlements have been based upon.

The judgements upon which these assumptions have been based are considered lead cases which bind all related stayed cases. These judgments are subject to appeal and therefore the assumptions on which the provisions have been estimated are subject to a degree of uncertainty. However, these judgments are considered the best information available at the time the Accounts were prepared and that application of these judgments results in the best estimate of the expenditure required to settle the obligations.

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.

Included in these costs are those that relate to the Voluntary Early Departure scheme. The terms of the scheme offered were in accordance with the Civil Service Compensation scheme introduced by the government in December 2010.

Injury benefits scheme

NOMS meets the costs of the CSIBS for payments granted under the scheme after 1 April 1998. CSIBS pays benefits to any individual who suffers an injury which is wholly or partially attributable to the nature of their duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum figure.

Costs from Central Funds

Following the passing of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, the LAA became an Executive Agency of the MoJ on 1 April 2013 and the Central Funds were subsequently transferred from Core Department to LAA to manage and administer with effect from that date.

Under the terms of the Prosecution of Offences Act 1985, acquitted defendants who have applied for legal aid and been found ineligible may, in limited circumstances, obtain an order from the Crown Court to recover their costs out of Central Funds. LAA 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, LAA 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 20.

CICA Pre-tariff scheme

The pre-tariff scheme provision reflects CICA's liabilities in respect of all outstanding cases incurred prior to 1996 which remain to be settled in future years. In accordance with CICA's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year-end based on the circumstances of each application at that time. CICA does not hold any assets in respect of these liabilities; compensation will be paid from Grant in Aid in the year of settlement.

The pre-tariff scheme provision has not been discounted due to uncertainties surrounding both the final liability and settlement date. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases.

CICA Tariff scheme

The tariff scheme provision, reflecting CICA's liabilities under the 1996, 2001, 2008 and 2012 schemes, is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £217.2m (2012-13: £258.5m)). The additional element relates to those events, occurring on or before reporting period end, that CICA deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £43.9m (2012-13: £76.0m)).

CICA does not hold any assets in respect of these liabilities; compensation will be paid from Grant in Aid in the year of settlement.

In line with IAS 37, areas of uncertainty surrounding the tariff scheme provision have been noted. The valuation is based upon a financial analysis of the historical settlement averages and the assessed tariff banding attributed to cases in progress.

The following are key assumptions that affect the valuation and are variables that reflect CICA's recent operational experience in processing tariff applications:

- The apportionment of cases received, but as yet unallocated to tariff bands. 66% of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends.
- The likelihood of known cases received in the current year that will resolve at £nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where £nil value cases are likely to be expected.

- For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends. This has been reduced from prior year estimates in accordance with the introduction of the 2012 tariff scheme which will apply to all future emergent cases, regardless of the date the incident occurred.

Leasehold dilapidations

Dilapidation costs are an estimate of the expenditure required to return vacated leased buildings to their original condition as at the date of commencement of the lease. The movement in year is as a result of updated information relating to property vacations, new properties leased during the year and a change in the discount rate applied.

LAA outstanding balances on funded cases

LAA estimates the value of unbilled live cases each year to arrive at the amounts disclosed as a provision. The amount is an estimate of the expenditure required to settle any obligation at the end of the reporting date. In estimating the provision, LAA has adopted prudent measurement techniques based on the latest data available.

Based on average historical case lengths, substantially all of the costs for the amounts outstanding on unbilled cases are expected to be incurred within the next 12 months and accordingly, no discounting has been used.

The LAA uses complex valuation models to estimate the value of unbilled amounts on live cases. These models utilise inputs for historical price, quantity profiles, forecast spend, and underlying business knowledge, to estimate work completed but not yet billed at the end of the reporting date. The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models. The impact of reasonable alternatives to these inputs has been quantified below.

Assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Price profiles	+5%	3.7	-4%	(2.7)
Quantity profiles	+12%	9.1	-12%	(9.1)
Forecast spend	+6%	18.1	-6%	(17.7)

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2014 could be higher by up to £30.9m (2012-13: £16.1m) or lower by up to £29.5m (2012-13: £16.1m).

The assumptions exclude the model variables used in the calculation of the civil representation work in progress provision of £328.7m (2012-13: £313.1m).

The civil representation work in progress (WIP) provision is calculated on a case by case basis using past patterns of activity, with multiple potential duration and cost outcomes. The calculations are segmented between the different expenditure streams and between different milestones in a case's lifecycle. The model estimates activity to the next financial event in each expenditure stream, reflecting the business realities of billing timing.

The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models, adjusted for projected future trends. The impact of reasonable alternatives to these inputs has been quantified below.

Civil representation assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Transition cost and duration profile	4%	17.3	-4%	(17.3)
Billing duration	4%	19.5	-4%	(19.5)
Dormancy cut off	2%	11.6	n/a	n/a

The inputs are case data driven, with an overlay of management judgement, for example choosing the number of years historical case data to use in creating historical profiles. It should be noted the inherent sensitivity of the Civil Representation WIP provision is such that relatively small percentage movements in the inputs could lead to the estimate crystallising at a materially different amount. Furthermore a significant proportion of certificated work does not operate on a fixed fee basis and as such, case costs can be subject to fluctuations. All assumptions are reviewed periodically and amended where sufficient evidence exists that such action is appropriate. Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2014 could be higher by up to £48.4m (2012-13: £25.2m) or lower by up to £36.8m (2012-13: £58.3m).

Other provisions

The fee paid judicial office holder provisions account for £138.0m (2012-13: £16.1) of the Other provisions total, (refer to JSA provisions above). The remaining balance relates to onerous lease and miscellaneous provisions of the Department.

14. Impairments

Impairments recognised during the reporting period, net of impairment reversals, were as follows:

	Note	31 March 2014			31 March 2013		
		Core Department £000	Department & Agencies £000	Departmental Group £000	Core Department £000	Department & Agencies £000	Departmental Group £000
Impairment charged directly to the CSocNE							
Property, plant and equipment	5	-	28,608	28,608	-	86,462	
Intangible assets	5	-	1,840	1,840	15,071	15,523	
Assets held for sale	5	-	6,533	6,533	-	2,084	
Total impairments charged to the CSocNE		-	36,981	36,981	15,071	103,617	
						104,069	

Impairments represent permanent diminutions in the value of non-current assets, as distinct from devaluations which are temporary downward fluctuations in value.

15. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Contracted capital commitments not otherwise included in these financial statements						
Property, plant and equipment	4,681	127,124	127,254	15,501	96,007	96,274
Intangible assets	33,602	33,602	33,796	6,644	6,644	7,912
Total capital commitments	38,283	160,726	161,050	22,145	102,651	104,186

Capital commitments include capital expenditure associated with a house block building programme and software projects.

16. Commitments under leases

16.1 Operating leases

MoJ leases various land and buildings, primarily comprised of court facilities, under non-cancellable operating lease agreements. The lease terms are between 3 and 125 years. MoJ do not have purchase options and no contingent rents are payable on operating leases; however some leases have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

MoJ also leases various equipment and cars under non-cancellable operating lease agreements. The lease terms are between 1 and 14 years.

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

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and buildings						
Not later than one year	21,787	117,912	229,368	24,420	126,158	277,551
Later than one year but not later than five years	81,777	402,043	435,399	90,678	441,151	468,158
Later than five years	224,232	1,219,279	1,223,349	266,888	1,463,738	1,468,019
Total land and buildings	327,796	1,739,234	1,888,116	381,986	2,031,047	2,213,728
Other						
Not later than one year	69	1,571	1,931	26	1,753	2,316
Later than one year but not later than five years	105	1,505	1,887	43	1,949	2,527
Later than five years	-	-	-	-	2	2
Total other	174	3,076	3,818	69	3,704	4,845
Total obligations under operating leases	327,970	1,742,310	1,891,934	382,055	2,034,751	2,218,573

The minimum lease payments are determined from the relevant lease agreements and do not reflect possible increases as a result of market based reviews.

The lease expenditure charged to the CSoCNE during the year is disclosed in Notes 4 and 5.

16.2 Finance leases

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

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and buildings						
Not later than one year	15,600	16,528	16,528	15,219	16,296	16,296
Later than one year but not later than five years	66,398	69,880	69,880	64,778	69,074	69,074
Later than five years	148,147	172,340	172,340	165,367	326,793	326,793
	230,145	258,748	258,748	245,364	412,163	412,163
Less: interest element	(93,169)	(110,772)	(110,772)	(104,826)	(253,508)	(253,508)
Present value of obligations	136,976	147,976	147,976	140,538	158,655	158,655
Other						
Not later than one year	-	2,000	2,075	-	766	1,224
Later than one year but not later than five years	-	4,207	4,207	-	2,019	3,110
Later than five years	-	-	-	-	-	-
	-	6,207	6,282	-	2,785	4,334
Less: interest element	-	(1,314)	(1,314)	-	(665)	(1,115)
Present value of obligations	-	4,893	4,968	-	2,120	3,219
Total present value of obligations	136,976	152,869	152,944	140,538	160,775	161,874

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

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and buildings						
Not later than one year	4,261	4,462	4,462	3,562	3,743	3,743
Later than one year but not later than five years	25,541	26,273	26,273	21,975	22,787	22,787
Later than five years	107,174	117,241	117,241	115,001	132,125	132,125
Present value of obligations	136,976	147,976	147,976	140,538	158,655	158,655
Other						
Not later than one year	-	1,340	1,415	-	472	863
Later than one year but not later than five years	-	3,553	3,553	-	1,648	2,356
Later than five years	-	-	-	-	-	-
Present value of obligations	-	4,893	4,968	-	2,120	3,219
Total present value of obligations	136,976	152,869	152,944	140,538	160,775	161,874

The finance lease liability primarily relates to the refurbishment of MoJ Headquarter offices at 102 Petty France, London. The liability does not contain contingent rent.

17. Commitments under PFI and Service Concession Arrangements

17.1 Arrangements not recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Estimated capital value (£m)	Description
ARAMIS	Core Department	January 1998	16	39.5	The ARAMIS agreement with Liberata provides Finance and Payroll services to HM Courts & Tribunals Service, Wales Office, LAA and some of MoJ's NDPBs. The contract commenced in January 1998 - at that time including corporate IT services - and will terminate on 31 December 2014. Whilst the ARAMIS contract has been extended in its entirety, thus remaining PFI in nature, the capital investment underlying the initial contract term was paid for by 2006-7.

Total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods.

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	2,863	2,863	2,863	6,228	6,228	6,228
Later than one year but not later than five years	-	-	-	619	619	619
Later than five years	-	-	-	-	-	-
Total	2,863	2,863	2,863	6,847	6,847	6,847

17.2 Arrangements recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Description
Development, Innovation and Support Contracts (DISC)	Core Department	October 2006	10	Provision of infrastructure and application services to MoJ Headquarters and Executive Agencies other than NOMS. The DISC contract has been extended by three years to October 2016.
Network Optimisation Programme	Core Department	April 2012	5	Provision of infrastructure and application services to MoJ Headquarters and Executive Agencies other than NOMS. This project runs in parallel to DISC but has its own payment schedule and a different timeframe.
Services Integration and Management	Core Department	September 2013	5	Provision for ICT infrastructure and associated services to MoJ Headquarters and Executive Agencies.
Protective Monitoring	Core Department	November 2013	5	Contract for monitoring the security of ICT systems, the information they store and process, and the people who use them.
Networks (Voice, Video and Integration)	Core Department	January 2014	5	Contract to deliver a range of network services including fully managed Voice, Video and Network Integration Services to MoJ Headquarters and Executive Agencies.
Hereford & Worcester Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	Provision of serviced accommodation for magistrates' courts at Bromsgrove, Kidderminster, Worcester and Redditch. The contract term can be extended for another 10 years.
Humberside Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	Provision of serviced magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, HM Courts & Tribunals Service has the option of taking the assets back for a nominal amount of £3m.
Manchester Magistrates Court	HM Courts & Tribunals Service	March 2001	25	Provision of an 18-courtroom courthouse.
Derbyshire Magistrates' Courts	HM Courts & Tribunals Service	August 2001	27	Provision of serviced accommodation for magistrates' courts at New Mills, Chesterfield and Derby. The contract term can be extended (subject to agreement of mutually acceptable terms) by up to five years.

Project name	Entity	Contract start date	Duration (years)	Description
East Anglia	HM Courts & Tribunals Service	October 2002	25	Provision of Crown Court centres in Ipswich and Cambridge. Ipswich consists of five criminal courtrooms; Cambridge consists of three criminal courtrooms. At the end of the contract term the buildings in Ipswich and Cambridge will revert to HM Courts & Tribunals Service at no cost.
Exeter	HM Courts & Tribunals Service	November 2002	30	Provision of a courthouse comprising four criminal courts, one civil court and four District Judge hearing rooms. At the end of the contract term the building will revert to HM Courts & Tribunals Service at no cost.
Sheffield	HM Courts & Tribunals Service	November 2002	25	Provision of a Family Hearing Centre in Sheffield. At the end of the contract term HM Courts & Tribunals Service has the option of acquiring the under lease at the lower of its open market value or £2m.
Avon & Somerset Magistrates' Courts	HM Courts & Tribunals Service	August 2004	27	Provision of serviced accommodation for magistrates' courts and offices in Bristol, Weston-Super-Mare and Flax Bourton.
HM Prisons (HMP) Altcourse	NOMS	December 1995	25	Design, build, finance and operate a category B prison at HMP Altcourse, Liverpool.
HMP Parc	NOMS	January 1996	25	Design, build, finance and operate a category B prison near Bridgend, South Wales.
HMP Lowdham Grange	NOMS	November 1996	25	Design, build, finance and operate a category B prison at HMP Lowdham Grange, Nottingham.
HMP / Young Offenders Institution (YOI) Ashfield	NOMS	July 1998	25	Design, build, finance and operate a young offenders and juveniles category B prison at Pucklechurch, near Bristol; converted in 2013 to hold adult offenders.
HMP Forest Bank	NOMS	July 1998	25	Design, build, finance and operate a category B prison HMP Forest Bank, on site of former Agecroft power station.
HMP Rye Hill	NOMS	July 1999	25	Design, build, finance and operate a category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate	NOMS	September 1999	25	Design, build, finance and operate a category B prison and therapeutic community facility at HMP Dovegate, Marchington.
HMP Bronzefield	NOMS	December 2002	25	Design, build, finance and operate a category B prison at Ashford in Middlesex.
HMP Peterborough	NOMS	February 2003	25	Design, build, finance and operate a category B prison at Peterborough in Cambridgeshire.
HMP Thameside	NOMS	June 2010	25	Design, build, finance and operate a category B prison at Woolwich in London.
Prison Escort and Custody Service	NOMS	August 2011	7	Supply and running of the prison vans and escorts.
IT and Telephony System	NOMS	January 2013	3	Supply and support of an IT and telephony system.
Electronic Monitoring System	NOMS	February 2014	1	Supply of an electronic tagging system; interim contract started in 2013-14 and initial term runs to August 2014.
Rainsbrook Secure Training Centre	YJB	July 1999	15	A 76 place capacity secure training centre, located near the town of Rugby.
Hassockfield Secure Training Centre	YJB	November 1999	15	A 58 place capacity secure training centre, in County Durham.
Oakhill Secure Training Centre	YJB	May 2004	25	An 80 place capacity secure training centre, located in Milton Keynes, Oakhill.

Details of the imputed finance lease charges under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Rentals due not later than one year	12,426	76,515	78,822	13,658	81,374	84,853
Rentals due later than one year but not later than five years	17,774	247,731	254,577	25,700	271,868	281,021
Rentals due later than five years	199	421,156	438,984	938	469,775	487,603
	30,399	745,402	772,383	40,296	823,017	853,477
Less: interest element	(3,912)	(254,999)	(263,937)	(5,506)	(288,086)	(298,198)
Present value of obligations	26,487	490,403	508,446	34,790	534,931	555,279

The present value of liabilities under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Rentals due not later than one year	10,685	45,597	46,898	11,354	47,609	49,915
Rentals due later than one year but not later than five years	15,526	152,203	155,637	21,400	165,137	168,062
Rentals due later than five years	276	292,603	305,911	2,036	322,185	337,302
	26,487	490,403	508,446	34,790	534,931	555,279

Details of the minimum service charge under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Service charge due within one year	48,687	627,273	653,873	86,856	680,965	724,502
Service charge due later than one year but not later than five years	73,031	1,958,908	2,040,743	186,619	2,192,755	2,278,616
Service charge due later than five years	-	2,448,617	2,656,616	-	3,089,252	3,315,287
Total	121,718	5,034,798	5,351,232	273,475	5,962,972	6,318,405

17.3 Charge to the Consolidated Statement of Comprehensive Net Expenditure

The total amount charged to the CSoCNE in respect of PFI or Service Concession Arrangements not recognised on the CSoFP and the service element of PFI or Service Concession Arrangements which are recognised on the CSoFP was £718m (2012-13: £750m).

18. Other financial commitments

MoJ has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of services including the management of prisons and other contracted out services. The payments to which MoJ is committed are as follows:

	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	10,509	172,667	172,719	10,391	161,796	162,732
Later than one year but not later than five years	24,280	379,829	379,829	30,137	366,051	366,114
Later than five years	10,890	740,471	740,471	898	626,948	626,948
Total other financial commitments	45,679	1,292,967	1,293,019	41,426	1,154,795	1,155,794

19. 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 minimal market, liquidity or interest rate risk. The Department's exposure to financial risk is mainly in respect of credit risk for LAA's activities.

The LAA's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks. Systems have been established to review and reflect changes in the legal aid market and the LAA's activities.

Credit risk

Credit risk is the risk that counterparties to financial instruments will cause a financial loss to MoJ by failing to discharge their objectives.

Legal Aid Agency receivables

LAA's immediate credit exposure is primarily in funded legal aid receivables and the maximum exposure for this category is the carrying value of outstanding trade and other receivable balances as at year end. LAA uses market knowledge and changes in credit ratings to identify significant changes to the financial profile of its counterparties.

LAA has an inherent risk within trade receivables and other current assets, as LAA is not predisposed to straightforward cash collections. LAA recognises this risk and mitigates it in the case of statutory charge debts, where repayment of the debt may be deferred, by securing land charges and using active credit management policies to recover unsecured debts. In some cases the debt collection activities are outsourced to commercial debt collectors. The size of the risk is reflected in the receivables impairment provision which totals £207.4m (2012-13: £187.2m).

The majority of LAA's trade and other receivables are the result of a statutory charge, i.e. £68.0m (2012-13: £66.7m) out of LAA's total receivables balance after impairment of £105.5m (2012-13: £103.1m). A high proportion of these are secured on property and settlement is deferred until the property is sold. These, along with other receivables, carry an impairment provision based on expected settlement receipts.

LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. Consideration is given to macroeconomic factors, such as the downturn in the economy, and inherent risks, such as potential

changes to recoveries arising from revisions to legal aid schemes, in assessing the levels of impairment provision. LAA's impairment model uses historical recovery profiles by debt category to estimate the provision required against debt balances. For further details refer to the LAA Accounts.

Other credit risks

Credit risk related to fines and penalties collection activities is explained in the HM Courts & Tribunals Service Trust Statement.

MoJ is exposed to minimal credit risk in respect of other financial assets. The maximum exposure to credit risk is equal to the carrying amount of outstanding receivable balances. MoJ manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship.

20. Contingent assets and liabilities

20.1 Contingent assets

MoJ has no contingent assets as defined within IAS 37 at 31 March 2014.

20.2 Contingent liabilities disclosed under IAS 37

MoJ has contingent liabilities as defined within IAS 37. Unless otherwise stated, the amount of each contingent liability cannot be determined with sufficient reliability or to quantify it would jeopardise the outcome of the legal case.

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

The UK Supreme Court ruled on 6 February 2013 that the retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. This lead case set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible judicial office holders.

During 2013-14, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and which judicial office holders were eligible to make claims. In addition to pension entitlements, these hearings also addressed claims for non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions.

Based on the UK Supreme Court ruling and the latest judgments from the Employment Tribunal and Employment Appeal Tribunal, an estimate of the liability to the group of fee paid judges to which the eligible claimants belong to has been prepared. The liability has two main elements:

- the pension entitlement, with a separate element of the pension liability relating to retired fee paid judges, and a Judicial Service Award which compensates retirees for the tax paid on pension lump sums paid on retirement; and
- the non-pension entitlement, relating to fee paid judicial office holders' employment terms and conditions, such as holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured. These non-pension entitlement claims were previously disclosed as a contingent liability in the 2012-13 Accounts as the Employment Tribunal hearing that these matters would be addressed at did not take place before the Accounts were finalised.

The provisions recognised by the JPS and the MoJ reflect the best estimate of the expenditure required to settle these claims at the end of the reporting period. Further information on these provisions is set out in Note 1.11 and Note 13.

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

Employment Tribunals: MoJ is currently defending several Employment Tribunal claims at various stages.

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

Other European Court of Human Rights claims: MoJ is currently engaged in 13 other cases at the European Court of Human Rights, some of which may involve possible financial liability and others which are unquantifiable. These cases represent several topics including claims for breach of article 6 of the European Convention on Human Rights.

Headquarters legal claims: There are seven outstanding legal claims against MoJ Headquarters, some of which involve possible financial liabilities. Cases where it is probable that MoJ will incur future costs have been included within provisions. These legal claims include a Judicial Review challenging refusal to pay compensation for miscarriages of justice.

Data Protection Act: There are two claims against MoJ for alleged failure to comply with the Data Protection Act. These cases are ongoing.

Payment by Results - Employment and Reoffending Pilot Scheme: The Employment and Reoffending pilot scheme runs for four cohort periods, the first of which was seven months from 1 September 2011 to 31 March 2012, and the remainder full years from 1 April to 31 March up to 2015. After the cohorts have been formed, there is a lag of 21 months before the levels of payment are known. This comprises 12 months follow up, six months waiting period for offences to proceed through the courts and a three month period to for data collection and analysis. As the level of reoffending for any of the cohorts will not be known until the end of the 21 month period, the liability as at 31 March 2014 is uncertain.

Community Payback: Following the outsourcing of Community Payback Services from London Probation Trust to a private sector provider in October 2012, NOMS has a contingent liability to fund the first £2m of any future pension deficit that may arise.

Civil Service Injury Benefit Scheme: NOMS meets the costs of the CSIBS for payments granted under the scheme after 1 April 1998. CSIBS pays benefits to any individual who suffers an injury which is wholly or partially attributable to the nature of their duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum figure. NOMS considers that at 31 March 2014 the potential future liability arising from unsettled cases is not material to these accounts.

Criminal Injuries Compensation: On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service - Criminal Injuries Compensation, may go to judicial review. These could have an impact on CICA's future liabilities. These cases are not included within provisions due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA.

HM Courts & Tribunals Service is involved in a number of legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for HM Courts & Tribunals Service is £20.8m (2012-13: £3.8m). The most significant contingent liability relates to a claim for losses of £16.4m (2012-13: £nil).

Other claims: NOMS has claims for injury to staff, prisoners and the public amounting to £49.2m (2012-13: £51.0m) where it is deemed possible, but not likely, that a liability will arise.

20.3 Contingent liabilities not required to be disclosed under IAS 37 but included for Parliamentary reporting and accountability purposes

British Airports Authority indemnity: An indemnity of up to £50m (2012-13: £50m), in respect of any one accident, has been given to the British Airports Authority. 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 uncertain.

Privately managed prisons: NOMS would be liable as underwriter or last resort to meet losses incurred by the privately managed prisons.

21. Losses and special payments

21.1 Losses statement

Values	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Cash losses	73	844	846	88	1,193	1,508
Claims abandoned	-	291	296	-	42	50
Administrative write-offs	378	15,455	15,475	156	8,025	39,291
Fruitless payments	7	11	14	1	35	78
Store losses	-	1,397	1,397	-	1,306	1,306
Constructive losses	56,334	103,856	103,856	507	507	507
Total value of losses	56,792	121,854	121,884	752	11,108	42,740

Numbers	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	Cash losses	51	3,238	3,260	38	2,791
Claims abandoned	-	12	44	-	202	240
Administrative write-offs	225	5,884	5,951	67	64,572	80,290
Fruitless payments	20	36	43	9	156	159
Store losses	-	6,832	6,832	-	5,760	5,760
Constructive losses	1	12	12	1	1	1
Total number of losses	297	16,014	16,142	115	73,482	89,294

In 2013-14 there were 17 losses (2012-13: one) over £300k, as follows:

- MoJ aimed to secure cost savings in operations through the provision of a single Shared Services Organisation which was designed to deliver HR, operational finance, procurement, payroll and end-to-end transactional services. Since the programme began, the government announced its Next Generation Shared Services strategy which is largely based on an outsourced model. MoJ has decided to adopt this model, resulting in a constructive loss of £56.3m of expenditure relating to the development of MoJ's original in-house solution.
- A constructive loss of £1,727k was recognised in respect of a software programme roll out which was curtailed following a reappraisal of the economic benefits of the business case.

- Four supplier balances were written off as a result of the suppliers going into administration with no prospect of a dividend. The amounts written off were £3,601k, £1,386k, £965k and £656k.
- One write-off of a historical balance within a control account of £439k.
- During the year HM Courts & Tribunals Service completed a review of sites previously acquired to accommodate potential future court construction projects. The projects all commenced before the 2010 Spending Review. The business cases for these projects have been reassessed in light of changing operational requirements. Following a reappraisal of the economic benefits of the business cases some projects will no longer proceed in the planned format. These sites have been re-valued in accordance with accounting policy requirements and some acquisition costs are declared as constructive losses as follows:
 - A constructive loss of £23,488k was recognised in respect of eight court construction projects which were curtailed in their original format following a reappraisal of the business cases. The assets were reported under the heading 'assets under construction' with £19,005k impaired during 2012-13 and a further £4,483k impaired in 2013-14.
 - A constructive loss of £4,389k was recognised in respect of securing a lease on a land site for a court construction project which was curtailed following a reappraisal of the economic benefits. The impairment of the finance leased land was recorded and disclosed in the 2009-10 Annual Report and Accounts.
 - A constructive loss of £17,921k was recognised in respect of securing a lease on a land site for a court construction project which was curtailed following a reappraisal of the economic benefits.

21.2 Special payments

Values	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Compensation payments	4,778	26,121	26,470	194	19,920	22,233
Ex gratia	203	1,214	1,219	154	1,183	1,242
Extra-contractual payments	-	163	163	-	351	366
Special severance payments	-	-	-	-	73	73
Total value of special payments	4,981	27,498	27,852	348	21,527	23,914

Numbers	31 March 2014			31 March 2013		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	Compensation payments	108	7,755	7,826	41	5,245
Ex gratia	15	1,384	1,388	22	1,550	1,598
Extra-contractual payments	-	442	442	-	796	797
Special severance payments	-	-	-	-	1	1
Total number of special payments	123	9,581	9,656	63	7,592	7,840

In 2013-14 there were three (2012-13: one) special payments over £300k in respect of compensation payments to members of NOMS staff, of £464k, £408k and £315k.

22. Related party transactions

Associated departments and other central government bodies

MoJ is the parent of the HM Courts & Tribunals Service, LAA, NOMS, and OPG agencies and the sponsor of NDPBs as listed in Note 24. All of these bodies are regarded as related parties with which MoJ has had various material transactions during the year.

In addition, MoJ has had a number of transactions with other government departments and central government bodies. The most significant of these transactions have been with the Central Office of Information; Children and Family Court Advisory and Support Service (Cafcass); Department for Communities and Local Government; Department for Education (DfE); HM Revenue & Customs (HMRC); Home Office; Principal Civil Service Pension Scheme (PCSPS); Department of Health; The Insolvency Service and The Treasury Solicitor's Department.

Key management personnel

Helen Grant MP, Parliamentary Under Secretary of State, and her husband are equity partners and designated members of Grants Solicitors LLP, providers of professional services to the LAA. Total payments to Grant Solicitors LLP in 2013-14 were £301,068 of which £173,977 were made on or before 7 October 2013.

The son of Ann Beasley, Director General, Finance, has been employed by PwC since September 2013. PwC are providers of professional services to MoJ.

Other

Other interests and related parties of Ministers which do not concern MoJ are disclosed at: www.gov.uk/government/collections/ministerial-conduct-and-guidance.

23. Third party assets

MoJ holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSoFP and neither MoJ nor the government has a direct beneficial interest in them. Third party assets over and above those monies disclosed in Notes 11 and 12 are disclosed below. Due to differing accounting year ends for these monies, they are presented in two sections.

Funds in Court (as at 28 February 2014)

The Office of the Accountant General (OAG), previously the Courts Funds Office, manages money held in court on behalf of clients who may be involved in a civil legal action, patients who are under the Court of Protection because they are not able to manage their property and affairs, and children under the age of 18. Client assets held at year-end comprised cash, an Equity Index Tracker Fund and securities. These monies are invested at bank, on deposit through the Commissioners for the Reduction of National Debt's Court Funds Investment Account, or in securities. Market values are as follows:

	28 Feb 2014	28 Feb 2013
	£000	£000
Cash at bank and on deposit	2,868,000	3,122,000
Securities	147,000	167,000
Total	3,015,000	3,289,000

Further details can be found in Funds in Court in England and Wales Annual Report and Accounts.

Other third party assets (as at 31 March 2014)

	Official Solicitor and Public Trustee	Criminal Injuries Awards (CICA)	Pending legal aid amounts (LAA)	Bail monies (HM Courts & Tribunals Service)	Prisoner monies (NOMS)	Other	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cash	10,190	64,573	12,597	17,360	11,149	241	116,110
Investments	53,074	-	6,235	-	-	-	59,309
Non-cash assets	13,063	-	-	-	-	-	13,063
At 31 March 2014	76,327	64,573	18,832	17,360	11,149	241	188,482
At 31 March 2013	76,529	67,076	20,950	10,841	10,038	216	185,650

The rationale for each principal holding of third party assets is as follows:

- The Official Solicitor (OS) administers estates and trusts as Administrator/Trustee of Last Resort. The Public Trustee (PT) acts as Executor or Trustee where they have been appointed under a will or a new settlement. The figures above represent the most up to date information available about assets managed by the OS and PT on behalf of clients. The Accounts for 2013-14 have not yet been presented for audit.
- CICA holds third party compensation awards to minors. The purpose of this action is to ensure that the victim will be the sole beneficiary of the award (including accrued interest) when they reach their maturity (18 years of age). Where appropriate, interim payments are made on an 'as needs' basis against an agreed framework.
- LAA also receives awarded damages awaiting the final settlement of a case and contribution monies from clients towards legal costs, including contributions towards costs awaiting the final judgement and calculation of the total costs of a case. The outcome of the case will determine whether the contribution monies from clients transfers to LAA or is returned to the third party.
- HM Courts & Tribunals Service holds bail monies which are received and held while a criminal case progresses.
- NOMS holds monies on behalf of prisoners.

24. The Departmental Boundary

Entities within the Departmental Boundary

Entities within the Departmental Boundary are set out within the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013, known as the Designation Order, and set out below.

The Core Department

- Administrative Justice and Tribunals Council (abolished 19 August 2013);
- Advisory Committees on Justices of the Peace in England and Wales;
- Advisory Council on National Records and Archives;
- Advisory Panel on Public Sector Information;
- Assessor of Compensation for Miscarriages of Justice;
- Chief Coroner's Office;
- Civil Justice Council;
- Civil Procedure Rule Committee;
- Criminal Procedure Rule Committee;
- Family Justice Council;
- Family Procedure Rules Committee;
- Independent Advisory Panel on Deaths in Custody;
- Independent Monitoring Boards of Prisons, Immigration Removal Centres and Immigration Holding Facilities;
- Independent Restraint Advisory Panel (successor of the Restraint Advisory Board);
- Judicial Appointments and Conduct Ombudsman;
- Judicial College;
- Judicial Communications Office;

- Judicial Office;
- Law Commission;
- Office of the Accountant General (formerly Court Funds Office);
- Judicial Conduct and Investigations Office (formerly Office for Judicial Complaints);
- Office of HM Inspectorate of Prisons;
- Office of HM Inspectorate of Probation;
- Office of the Judge Advocate General;
- Official Solicitor and Public Trustee;
- Prison Service Pay Review Body;
- Prisons and Probation Ombudsman;
- Sentencing Council for England and Wales;
- Tribunal Procedure Committee;
- Victims' Advisory Panel; and
- Victims' Commissioner.

Supply financed Agencies

- Her Majesty's Courts & Tribunals Service;
- Legal Aid Agency;
- National Offender Management Service; and
- Office of the Public Guardian.

Other entities captured in the Departmental Group including Executive NDPBs

- Criminal Cases Review Commission;
- Criminal Injuries Compensation Authority (Executive Agency effective 1 April 2014);
- Judicial Appointments Commission;
- Legal Services Board;
- National Offender Management Service 35 Probation Trusts;
- Office for Legal Complaints;
- Office of the Information Commissioner;
- Parole Board for England and Wales; and
- Youth Justice Board for England and Wales.

Copies of Annual Report and Accounts for the individual entities can be found at: www.gov.uk.

25. Pension costs

25.1 LSC Pension Scheme (LSCPS) - closed

In prior periods the LSC operated two pension schemes - Scheme No. 4 and Scheme No. 3. On 1 April 2013, under the power of the Legal Aid Sentencing and Punishment of Offenders (LASPO) Act 2012, Scheme No. 3 was merged into Scheme No. 4, and the LSC was abolished and replaced with a new Executive Agency of the MoJ, the Legal Aid Agency (LAA).

On 1 April 2013, all new LAA employees were automatically enrolled in the Principal Civil Service Pension Scheme (PCSPS). Active members of the LSCPS were given the option to transfer their accrued pension entitlement to the PCSPS or to retain their past pension service in the LSCPS. During June - August 2013, 435 LSCPS members opted to transfer their accrued pension entitlement to the PCSPS, and subsequently £35.6m was transferred from Scheme No. 4 to the Cabinet Office in November 2013.

A full actuarial valuation of Scheme No. 4 and Scheme No. 3 was carried out at 31 March 2013 by qualified independent actuaries Hymans Robertson LLP.

As at 31 March 2013, Scheme No. 3 and Scheme No. 4 had a net surplus for IAS 19 purposes of £68.4m; however LSC did not recognise this surplus as an asset as there was no future economic benefit expected due to the forthcoming transfer of the LSCPS to MoJ on 1 April 2013. This resulted in an irrecoverable surplus in 2012-13 of £68.4m.

Since MoJ is now responsible for the LSCPS and will be in a position to receive future economic benefits from plan surpluses, recoverable surpluses may be recognised. For the 2013-14 year this results in a remeasurement through Other Comprehensive Expenditure due to changes in the effect of the asset ceiling of £68.4m, effectively reversing the irrecoverable surpluses recognised in prior periods.

Nature of benefits, regulatory framework, and other entity's responsibilities for governance of the LSCPS

The LSCPS is a registered defined benefit final salary scheme. It has a Crown Guarantee, with MoJ as the sponsoring employer, but in effect retains most of the UK regulatory framework for pensions including Scheme Specific Funding. The LSCPS is operated under trust and as such, the trustees of the Scheme are responsible for operating the Scheme and they have a statutory responsibility to act in accordance with the Scheme's Trust Deed and Rules, in the interests of the beneficiaries of the LSCPS, and UK legislation (including Trust Law). Any contributions that are paid to the LSCPS are defined by a funding arrangement between the trustees and MoJ.

Risks to which the LSCPS exposes MoJ

The nature of the LSCPS exposes MoJ to the risk of paying unanticipated contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

- Members living for longer than expected;
- Higher than expected actual inflation;
- Lower than expected investment returns; and
- The risk that movements in the value of the Scheme's liabilities are not met by corresponding movements in the value of the Scheme's assets.

Expected contributions over the next accounting year

MoJ does not expect to contribute to the LSCPS over the year to 31 March 2015.

Funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated 16 January 2014 sets out the current contributions payable by MoJ to the Scheme. At present the only contributions are to meet Scheme expenses. Future contributions depend on the Scheme's funding position at each formal valuation and are set out in the Scheme's funding framework.

The key assumptions used by the actuary were:

	2013-14	2012-13
	%	%
Inflation assumption	2.70	2.50
Pension increase rate	2.70	2.50
Discount rate	4.30	4.40

Reconciliation of net pension asset:

	2013-14			2012-13*		
	Present value of obligation	Fair value of plan assets	Net (liability) / asset	Present value of obligation	Fair value of plan assets	Net (liability) / asset
	£000	£000	£000	£000	£000	£000
Balance before irrecoverable surplus	(278,095)	346,510	68,415	(255,128)	305,483	50,355
Irrecoverable surplus carried forward	-	-	(68,415)	-	-	(44,512)
Balance at 1 April	(278,095)	346,510	-	(255,128)	305,483	5,843
<i>Service costs</i>						
Current service cost	-	-	-	(5,491)	-	(5,491)
Effect of settlements (Bulk transfer to the PCSPS)	25,678	(35,582)	(9,904)	-	-	-
Net interest	(11,677)	14,542	2,865	(11,767)	14,353	2,586
Termination benefits	-	-	-	(904)	-	(904)
Total recognised in the CSocNE	14,001	(21,040)	(7,039)	(18,162)	14,353	(3,809)
Scheme participant's contributions	-	-	-	(2,168)	2,168	-
Employer contributions	-	-	-	-	971	971
Benefits paid after net transfers	8,304	(8,304)	-	6,338	(6,338)	-
Total cash flows	8,304	(8,304)	-	4,170	(3,199)	971
<i>Actuarial gains/(losses)</i>						
Changes in demographic assumptions	1,009	-	1,009	-	-	-
Changes in financial assumptions	(14,907)	-	(14,907)	867	-	867
Experience gains/(losses)	2,533	-	2,533	(9,842)	-	(9,842)
Return on assets excluding amounts included in net interest	-	(14,442)	(14,442)	-	29,873	29,873
Changes in asset ceiling	-	-	68,415	-	-	(23,903)
Remeasurements through Other Comprehensive Net Expenditure	(11,365)	(14,442)	42,608	(8,975)	29,873	(3,005)
Balance at 31 March	(267,155)	302,724	35,569	(278,095)	346,510	-

* As Scheme No.3 was merged into Scheme No. 4 on 1 April 2014, the prior year figures have been amalgamated for comparability.

Asset-liability matching strategies used by the LSCPS or MoJ

The LSCPS invests approximately 58% of its assets in gilts to broadly match the funding liabilities. The majority of the remaining assets are invested in global equities and absolute return funds. The Trustee's current investment strategy is designed to strike a balance between:

- Maximising the returns on the Scheme's assets; and
- Minimising the risks associated with lower than expected returns on the Scheme's assets.

The major categories of scheme assets were:

	Value at 31 March 2014	Value as a percentage of total scheme assets	Value at 31 March 2013	Value as a percentage of total scheme assets
	£000	%	£000	%
Global equities	65,663	22	158,722	46
UK index-linked gilts	175,922	58	175,848	51
Absolute return funds	50,727	17	-	-
Insurance contracts	9,850	3	10,374	3
Cash and cash equivalents	562	-	1,566	-
Total	302,724	100	346,510	100

Sensitivity analysis - change in assumptions relative to 31 March 2014 actuarial assumptions:

The sensitivity analysis is intended to provide an indication of the impact on the value of the Scheme's liabilities from the risks highlighted above.

	Actuarial value of liabilities on 31 March 2014	Actuarial value of annuities on 31 March 2014
	£000	£000
0.25% increase in discount rate	254,703	9,665
1 year increase in life expectancy	275,171	10,145
0.25% p.a. increase to pension increases and deferred pension increases	279,794	9,850

25.2 Probation Trust pension schemes

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 Schemes (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 provides benefits on a final salary basis at a normal retirement age of 65. Benefits accrue at the rate of one-sixtieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three-eighths 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 ranging from 5.5% to 7.5% 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 2013 by various actuaries. For 2013-14, employers' contributions of £87.7m were paid to the LGPS (2012-13: £92.1m) in a range from 10.1% to 27.8% (2012-13: 10.1% to 26.5%). 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 the past experience of the schemes. Employer's contributions to 31 May 2014 will be in the range of 10.1% to 35.1% of salaries. Employer's contributions from 1 June 2014 will not be required to be paid by the Probation Trusts as they have ceased trading. Future contributions are referred to in Note 26.

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

	2013-14	2012-13
	%	%
Inflation assumption	2.4 to 2.9	2.4 to 3.4
Rate of increase in salaries	3.6 to 4.7	3.9 to 5.1
Rate of increase for pensions in payment and deferred pensions	2.3 to 2.9	2.4 to 4.5
Discount rate	4.2 to 4.5	4.2 to 4.9

Reconciliation of net pension liability:

	2013-14			2012-13		
	Present value of obligation	Fair value of plan assets	Net (liability) / asset	Present value of obligation	Fair value of plan assets	Net (liability) / asset
	£000	£000	£000	£000	£000	£000
Balance at 1 April	(3,973,087)	2,635,202	(1,337,885)	(3,503,326)	2,306,648	(1,196,678)
<i>Service costs</i>						
Current service cost	(108,235)	(1,080)	(109,315)	(93,223)	-	(93,223)
Past service cost (including curtailments)	(3,059)	-	(3,059)	(4,140)	-	(4,140)
Effect of settlements (bulk transfer)	-	-	-	14,804	(6,782)	8,022
Net interest	(174,067)	116,238	(57,829)	(165,864)	136,923	(28,941)
Total recognised in the CSocNE	(285,361)	115,158	(170,203)	(248,423)	130,141	(118,282)
Scheme participant's contributions	(29,637)	30,688	1,051	(29,874)	29,874	-
Employer contributions	-	86,668	86,668	-	92,051	92,051
Benefits paid after net transfers	124,417	(124,417)	-	109,135	(109,135)	-
Total cash flows	94,780	(7,061)	87,719	79,261	12,790	92,051
<i>Actuarial gains/(losses)</i>						
Changes in demographic assumptions	(4,444)	-	(4,444)	(6,002)	-	(6,002)
Changes in financial assumptions	66,450	166	66,616	(295,932)	-	(295,932)
Experience gains/(losses)	94,894	(2,471)	92,423	1,335	47,590	48,925
Return on assets excluding amounts included in net interest	-	18,618	18,618	-	138,033	138,033
Remeasurements through Other Comprehensive Net Expenditure	156,900	16,313	173,213	(300,599)	185,623	(114,976)
Balance at 31 March	(4,006,768)	2,759,612	(1,247,156)	(3,973,087)	2,635,202	(1,337,885)
Plan assets	-	2,759,612	2,759,612	-	2,635,202	2,635,202
Funded liabilities	(3,964,059)	-	(3,964,059)	(3,928,113)	-	(3,928,113)
Unfunded liabilities	(42,709)	-	(42,709)	(44,974)	-	(44,974)
Balance at 31 March	(4,006,768)	2,759,612	(1,247,156)	(3,973,087)	2,635,202	(1,337,885)

The major categories of scheme assets were:

	Value as a percentage of total scheme assets		Value as a percentage of total scheme assets	
	Value at 31 March 2014	31 March 2014	Value at 31 March 2013	31 March 2013
	£000	%	£000	%
Equities	1,517,401	55	1,491,671	57
Government bonds	139,093	5	161,833	6
Other bonds	190,300	7	189,767	7
Property	184,345	7	159,956	6
Cash and cash equivalents	81,891	3	74,293	3
Other	646,582	23	557,682	21
Total	2,759,612	100	2,635,202	100

Sensitivity analysis:

The sensitivity analysis regarding the principal assumptions used to measure the scheme liabilities varies between actuaries, and the results are set out in the individual Probation Trust accounts.

25.3 By-analogy pension schemes

'By-analogy pension schemes' are similar to the PCSPS. However, these schemes are funded by provisions from the Department's Vote and pension payments are administered by the Department and made via the payroll system.

The value of scheme liabilities recorded within the CSoFP are as follows:

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£000</u>	<u>£000</u>
HM Courts & Tribunals Service	4,493	3,887
CCRC	6,065	5,498
Total present value of scheme liabilities	<u>10,558</u>	<u>9,385</u>

Further information on the pension schemes of HM Courts & Tribunals Service and CCRC are included within their respective Accounts.

26. Events after the reporting period

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post CSoFP 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.

Transfer of Children and Family Court Advisory and Support Service

Cafcass, a sponsored NDPB of the Department for Education (DfE), is the largest employer of social workers in England. Cafcass plays a major role in family court, assisting children and young people involved in family proceedings, such as divorce or separation, care or adoption proceedings. They act as the voice of the children in family courts, helping to ensure that children's welfare is put first during proceedings. As of 1 April 2014, the sponsorship of Cafcass was transferred to MoJ from DfE; Cafcass will continue its regular operation as a NDPB of MoJ.

Transition of the Criminal Injuries Compensation Authority

As of 1 April 2014 CICA became an Executive Agency of MoJ, previously operating as a NDPB of the Department. This change was announced following a Cabinet Office programme of triennial reviews of NDPBs, in line with CICA's delivery mechanism and its governance structure.

Dissolution of Probation Trusts

All Probation Trusts ceased operations on 1 June 2014. The operations of the Trusts have been divided between the National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs), all public sector entities. MoJ and NOMS have committed to ensuring all services will continue under the new structure, using the same assets and resources, for the foreseeable future.

On 1 June 2014 a Property Transfer Scheme and Staff Transfer Scheme, under the Offender Management Act 2007 Schedule 2, effected the transfer of existing assets, liabilities and staff of the Trusts to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trusts to be settled as soon as practically possible. All land and building assets used by the Probation Trusts were managed and owned centrally by NOMS and recorded on their Statement of Financial Position. These assets continue to be managed and owned by NOMS post transfer.

With respect to pension liabilities of the Probation Trusts, from 1 June 2014 responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS have transferred with the employee (to the CRCs or the NPS). MoJ ensures that the past service liabilities that transfer to the CRC are 100% funded

on an ongoing basis from the date the employees transfer. The responsibility for funding past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS has transferred to the NPS.

A tender process is currently under way with bidders due to take ownership of the CRCs in winter 2014-15. Further information regarding the allocation of balances after the Trusts ceased can be found within the NOMS Accounts.

Once the reforms have been fully implemented, the 21 CRCs will be owned and run by successful bidders in the present competition and will deliver services under contract to NOMS. The NPS will be a delivery arm of NOMS and will deliver services under a service level agreement. CRCs will manage the majority of offenders in the community sentenced to Community Orders, Suspended Sentence Orders, and those subject to licence conditions or supervision requirements and will offer innovative rehabilitative support to offenders. The NPS will be responsible for advice to courts, management and rehabilitation of Multi-Agency Public Protection Arrangements cases, high risk of serious harm and other public interest offenders, and delivery of their sentences. The NPS will also manage Approved Premises that were previously managed by Probation Trusts, Victim Liaison, and accredited programmes for sex offenders as well as bespoke interventions for some of the NPS cohort.

Annex A: Public expenditure core financial tables

Table 1 Total Departmental Spending (£000)

Section headings are based on 2013-14 Supplementary Estimate headings.

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Resource DEL							
Policy, Corporate Services and Associated Offices	528,224	489,563	1,036,308	880,079	766,505	746,737	677,595
National Offender Management Service	4,173,617	4,056,421	3,493,446	3,533,100	3,436,304	3,306,227	3,259,131
HM Courts & Tribunals Service	1,071,599	1,092,170	1,091,883	1,203,496	1,027,975	865,000	601,621
Office of the Public Guardian	3,579	1,079	(5,737)	(12,830)	(14,481)	(6,400)	(3,023)
Legal Services Commission/Legal Aid Agency - Administration	119,485	119,471	103,032	100,596	97,377	94,200	89,100
Legal Aid Fund: Criminal/Legal Aid Agency - Fund: Criminal	1,100,785	1,175,637	1,115,359	995,394	966,504	889,000	862,000
Legal Aid Fund: Civil/Legal Aid Agency - Fund: Civil	960,548	1,025,389	965,594	945,547	824,791	741,000	703,000
Legal Aid Agency: Central Funds	88,439	78,026	100,598	97,765	81,371	55,700	40,000
Youth Justice Board	471,009	454,457	377,819	326,766	224,345	261,000	247,000
Criminal Injuries Compensation Authority	272,234	301,576	450,036	345,651	262,109	129,000	124,414
Parole Board	8,882	14,178	10,388	10,766	11,479	14,210	8,813
Criminal Cases Review Commission	6,973	6,185	5,283	4,876	5,173	5,302	4,156
Judicial Appointments Commission	7,534	6,201	5,013	4,921	4,202	4,900	4,735
Information Commissioner's Office	5,509	4,765	4,037	4,682	5,079	3,963	3,770
Office for Legal Complaints	(37)	(80)	(117)	(5)	15,028	13,866	282
Legal Services Board	(785)	-	-	-	4,266	4,298	(69)
Higher Judicial Salaries	144,255	143,281	142,039	152,513	148,610	141,000	141,000
OLC/LSB Levy	-	-	-	-	(19,687)	(18,164)	-
Total Resource DEL	8,961,850	8,968,319	8,894,981	8,593,317	7,846,950	7,250,839	6,763,525
<i>Of which:</i>							
Staff Costs	4,033,588	3,963,856	3,728,616	3,552,063	3,397,061	3,210,624	3,102,926
Purchase of Goods & Services	5,727,465	5,681,749	6,009,981	5,844,799	5,345,358	4,762,235	4,478,511
Income from Sales of Goods and Services	(1,278,598)	(1,158,638)	(1,481,423)	(1,506,803)	(1,491,438)	(1,510,000)	(1,586,449)
Current Grants to Persons and Non Profit Bodies	29,934	93,075	68,080	176,784	164,835	213,970	168,537
Net Public Service Pensions	6,517	-	-	-	-	-	-
Rentals	52	51	-	-	-	-	-
Depreciation	432,961	354,158	442,061	526,474	450,821	592,174	600,000
Take up of Provisions	11	-	-	-	-	-	-
Change in Pension scheme Liabilities	2,530	-	-	-	-	-	-
Unwinding of discount on Pension Schemes	353	-	-	-	-	-	-
Other Resource	7,037	34,068	127,666	-	(19,687)	(18,164)	-
Resource AME							
Policy, Corporate Services and Associated Offices	74,964	56,916	58,044	133,956	135,959	4,894	46,500
National Offender Management HQ	547,465	120,108	(12,755)	58,780	135,896	110,500	60,000
Legal Services Commission / Legal Aid Agency - Administration	(3,551)	(21,548)	(22,080)	3,721	-	-	-
Legal Aid: Criminal	-	(45,836)	(14,294)	(20,368)	-	-	-
Legal Aid: Civil	-	(40,019)	58,329	(3,856)	-	-	-
Criminal Injuries Compensation Authority (net)	(173,664)	60,558	(248,440)	(154,326)	(103,392)	-	(25,000)
Office of the Public Guardian	2,111	-	(3,968)	156	(187)	-	-
HM Courts & Tribunals Service	27,735	190,089	22	(202,256)	(16,508)	6,300	(10,000)
Youth Justice Board (net)	-	-	39	22	-	-	-
Parole Board (net)	-	(21)	36	(107)	27	-	-
Criminal Cases Review Commission	(140)	(16)	271	568	438	(79)	-
Judicial Appointments Commission (net)	115	(27)	(24)	(29)	(29)	(7)	-
Information Commissioner's Office (net)	-	93	(9)	(6)	502	(8)	-
Office for Legal Complaints (net)	-	80	117	5	393	-	-

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Legal Aid Agency - Administration	-	-	-	-	(698)	(500)	(500)
Legal Aid Agency - Fund Criminal	-	-	-	-	(45,523)	-	-
Legal Aid Agency - Fund Civil	-	-	-	-	(1,488)	-	-
Legal Aid Agency - Fund Central Funds	-	-	-	(37,777)	7,699	-	-
Total Resource AME	475,035	320,377	(184,712)	(221,517)	113,089	121,100	71,000
<i>Of which:</i>							
Net public service pensions ²	78	92	-	-	-	-	-
Depreciation ¹	751,750	46,570	61,207	(27,693)	26,141	-	-
Take up of provisions	2,179,677	2,858,466	2,579,593	2,692,164	425,382	2,086,146	1,942,426
Release of provisions	(2,457,333)	(2,584,659)	(2,825,512)	(2,885,988)	(338,434)	(1,965,046)	(1,871,426)
Change in pension scheme Liabilities	7,416	-	-	-	-	-	-
Release of provisions covering payments of pension benefits	(6,595)	(92)	-	-	-	-	-
Other resource	42	-	-	-	-	-	-
Total Resource Budget	9,436,885	9,288,696	8,710,269	8,371,800	7,960,039	7,371,939	6,834,525
<i>Of which:</i>							
Depreciation ¹	1,184,711	400,728	503,268	498,781	476,962	592,174	600,000
Capital DEL							
Policy, Corporate Services and Associated Offices	25,658	300,893	248,513	184,028	228,964	241,908	283,700
National Offender Management Service	615,519	55,249	49,573	26,836	26,816	31,000	40,000
HM Courts & Tribunals Service	176,629	146,134	26,865	50,087	-	-	-
Office of the Public Guardian	809	411	861	1,067	4,288	3,430	6,000
Legal Services Commission/Legal Aid Agency - Administration	12,915	15,706	15,636	16,180	-	-	-
Legal Aid Fund: Criminal	-	(62)	-	-	-	-	-
Legal Aid Fund: Civil	-	(2)	-	-	-	-	-
Youth Justice Board	12,825	748	4	1,654	924	4,000	-
Criminal Injuries Compensation Authority	1,713	1,642	633	608	853	1,730	-
Parole Board	117	1,140	197	406	53	-	-
Criminal Cases Review Commission	241	205	91	44	182	132	-
Judicial Appointments Commission	-	-	-	-	134	200	-
Information Commissioner's Office	1,208	2,982	1,428	971	564	850	-
Office for Legal Complaints	389	5,190	294	203	258	1,800	-
Legal Services Board	-	51	-	-	80	50	-
Legal Aid Agency - Administration	-	-	-	-	9,745	16,000	20,000
Total Capital DEL	848,023	530,287	344,095	282,084	272,861	301,100	349,700
<i>Of which:</i>							
Capital Support for Local Government (net)	-	1,388	281	-	-	-	-
Capital grants to persons & non-profit bodies (net)	-	-	-	6,986	-	-	-
Purchase of assets	874,674	591,460	419,659	327,050	361,762	330,100	349,700
Income from sales of assets	(36,211)	(62,561)	(75,845)	(51,952)	(88,901)	(29,000)	-
Other capital	9,560	-	-	-	-	-	-
Total Capital Budget	848,023	530,287	344,095	282,084	272,861	301,100	349,700
Total Departmental Spending ³	9,100,197	9,418,255	8,551,096	8,155,103	7,755,938	7,080,865	6,584,225
<i>Of which:</i>							
Total DEL	9,376,912	9,144,448	8,797,015	8,348,927	7,642,849	6,959,765	6,513,225
Total AME	(276,715)	273,807	(245,919)	(193,824)	113,089	121,100	71,000

¹ Includes amortisation and impairments.

² Pension schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

³ 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.

Notes to table

Policy, Corporate Services and Associated Offices Outturn increased from 2011-12 due to the centralisation of functions across MoJ. This increase was offset by decreases in other areas of MoJ, primarily in NOMS.

As a result of the Legal Aid Sentencing and Punishment of Offenders Bill, the Legal Services Commission ceased to exist from 1 April 2013 and became the Legal Aid Agency, an Executive Agency of MoJ.

Following passage of Legal Aid reforms in the Legal Aid Sentencing and Punishment of Offenders Bill, MoJ recognised reductions in Central Funds and Legal Aid Fund: Civil Expenditure in 2013-14, and forecast further reductions in 2014-15 and 2015-16.

Reductions in Youth Justice Board expenditure is due to a number of external contracts being transferred to the Core Department.

Historical Outturn for the Criminal Injuries Compensation Authority includes payments from the existing tariff scheme as well as the scheme's historic (that is, the pre-tariff scheme) liabilities from when awards were open-ended. The outturn figure in 2011-12 and 2012-13 includes funding from the Reserve to discharge pre-tariff liabilities in-year.

The reduction in the Criminal Injuries Compensation Authority from 2013-14 is a result of no budget being allocated for pre-tariff liabilities. Any payments will be drawn down from the reserve when liabilities crystallise. Expenditure is also expected to reduce as a result of a revised scheme - The Criminal Injuries Compensation Scheme 2012 - which came into force for new applications lodged on or after 27 November 2012.

The 2015-16 allocations process has not been completed and therefore the breakdown of numbers presented in the table above are likely to change.

Table 2 Provisional Outturn v Opening and Final Budget (£000)

Section headings are based on 2013-14 Supplementary Estimate headings.

	2013-14 Opening Budget	2013-14 Final Budget	2013-14 Outturn
Resource DEL			
Policy, Corporate Services and Associated Offices	763,900	948,276	766,505
Central Funds	50,000	-	-
National Offender Management Service	3,383,523	3,435,626	3,436,304
HM Courts & Tribunals Service	1,015,414	1,097,463	1,027,975
Office of the Public Guardian	(4,043)	(9,661)	(14,481)
Legal Aid Agency: Administration	97,200	98,325	97,377
Legal Aid Agency - Fund: Criminal	941,000	953,000	966,504
Legal Aid Agency - Fund: Civil	887,000	865,875	824,791
Legal Aid Agency - Central Funds	-	53,000	81,371
Youth Justice Board	310,500	228,453	224,345
Criminal Injuries Compensation Authority	172,700	172,700	262,109
Parole Board	10,200	12,562	11,479
Criminal Cases Review Commission	5,340	5,419	5,173
Judicial Appointments Commission	4,911	4,911	4,202
Information Commissioner's Office	3,150	4,213	5,079
Office for Legal Complaints	-	-	15,028
Legal Services Board	-	-	4,266
Higher Judicial Salaries	138,200	141,000	148,610
Levy income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	(19,687)
Total Resource DEL	7,778,995	8,011,162	7,846,950

	2013-14 Opening Budget	2013-14 Final Budget	2013-14 Outturn
Resource AME			
Policy, Corporate Services and Associated Offices	48,105	589,346	135,959
National Offender Management HQ	59,900	144,900	135,896
Criminal Injuries Compensation Authority	(26,500)	(27,223)	(103,392)
HM Courts & Tribunals Service	(9,518)	86,482	(16,508)
Criminal Cases Review Commission	(79)	403	438
Information Commissioner's Office	(8)	(8)	502
Legal Aid Agency: Administration	(500)	(500)	(698)
Office of Public Guardian	-	-	(187)
Parole Board	-	-	27
Judicial Appointments Commission	-	-	(29)
Office for Legal Complaints	-	-	393
Legal Aid Agency - Fund: Criminal	-	-	(45,523)
Legal Aid Agency - Fund: Civil	-	-	(1,488)
Legal Aid Agency - Central Funds	-	-	7,699
Total Resource AME	71,400	793,400	113,089
Total Resource Budget	7,850,395	8,804,562	7,960,039
<i>Of which: Depreciation</i>	562,902	562,902	476,962
Capital DEL			
Policy, Corporate Services and Associated Offices	211,549	217,914	228,964
National Offender Management Service	38,000	31,100	26,816
Office of the Public Guardian	6,051	5,051	4,288
Youth Justice Board	-	4,000	924
Criminal Injuries Compensation Authority	900	900	853
Parole Board	-	-	53
Criminal Cases Review Commission	-	235	182
Judicial Appointments Commission	-	600	134
Information Commissioner's Office	-	850	564
Office for Legal Complaints	-	2,100	258
Legal Services Board	-	150	80
Legal Aid Agency - Administration	20,000	13,500	9,745
Total Capital DEL	276,500	276,400	272,861
Total Capital Budget	276,500	276,400	272,861
Total Departmental Spending ¹	7,563,993	8,518,060	7,755,938
<i>Of which:</i>			
Total DEL	7,492,593	7,724,660	7,668,990
Total AME	71,400	793,400	86,948

¹ 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.

Notes to table

The Resource budget for 2013-14 increased from the original budget due to the following:

- Drawdown of additional funding for pre-tariff cases within the Criminal Injuries Compensation Authority;
- Drawdown of additional funding to fund additional cost pressures within MoJ (NOMS prisons costs);
- Drawdown of additional funding to fund Magistrates' Courts Committees Pension Provisions; and
- Various other transfers into/out of MoJ to Other Government Departments (OGDs).

Table 3 Capital Employed (£000)

Assets and liabilities on the Consolidated Statement of Financial Position at end of year:	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Assets							
Fixed assets							
Intangible	278,064	274,956	264,283	270,948	296,005	298,965	301,955
Tangible	8,892,917	9,092,391	9,136,929	9,171,525	9,281,343	9,302,373	9,385,651
<i>Of which:</i>							
Land and buildings	7,980,605	8,186,886	8,562,650	8,663,383	8,798,924	8,880,805	9,007,600
Plant and machinery	124,590	114,179	139,529	145,518	139,343	121,442	107,383
Information technology	141,107	146,725	126,631	138,490	119,899	84,604	61,727
Other tangible fixed assets	646,615	644,601	308,119	224,134	223,177	215,522	208,941
Investments	2,013	1,404	1,292	402	367	367	367
Other non-current assets	43,409	43,986	8,757	2,410	38,837	38,837	38,837
Current assets	836,145	827,767	894,200	776,944	825,773	810,909	796,313
Liabilities							
Payables (<1 year)	(1,608,957)	(1,452,829)	(1,509,756)	(1,266,843)	(1,396,994)	(1,362,069)	(1,328,018)
Payables (>1 year)	(824,081)	(907,902)	(1,006,710)	(1,104,904)	(987,890)	(1,027,406)	(1,068,502)
Other	(1,438,056)	(806,214)	(1,205,710)	(1,347,270)	(1,277,212)	(1,244,005)	(1,211,660)
Provisions	(2,057,111)	(2,037,514)	(1,789,840)	(1,546,904)	(1,541,332)	(1,450,393)	(1,364,820)
Capital employed within main Department	4,124,343	5,036,045	4,793,445	4,956,308	5,238,897	5,367,578	5,550,123

Notes to table

The figures for 2014-15 and 2015-16 are projected plans based on the Department's latest CSR13 settlement. Values for both years headed 'Plans' are provisional and subject to revision.

Table 4 Administration costs (£000)

Section headings are based on 2013-14 Main Estimate headings.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Policy, Corporate Services and Associated Offices	238,187	242,762	413,295	300,920	266,086	283,628	242,561
National Offender Management Service	132,508	132,327	65,152	107,758	97,232	122,998	122,510
HM Courts & Tribunals Service	47,820	44,833	26,293	31,823	26,932	26,629	24,508
Legal Services Commission							
Administration / Legal Aid Agency - Administration	-	-	95,296	99,892	97,230	94,200	96,957
Youth Justice Board	-	-	17,537	16,855	13,532	14,000	13,426
Criminal Injuries Compensation Authority	-	-	17,449	16,646	15,871	12,885	12,875
Parole Board	-	-	1,072	1,076	862	1,171	409
Criminal Cases Review Commission	-	-	903	1,071	990	1,077	429
Judicial Appointments Commission	-	-	801	743	570	466	480
Information Commissioner's Office	-	-	4,037	4,682	5,079	3,963	3,770
Higher Judicial Salaries	-	-	77	267	265	-	-
Total Administration Budget	418,515	419,922	641,912	581,733	524,649	561,017	517,925
<i>Of which:</i>							
Paybill	233,830	241,789	399,055	338,974	332,453	319,529	287,347
Other	187,505	174,007	233,838	262,044	204,604	241,121	234,225
Income	(19,655)	(14,510)	(33,256)	(42,680)	(37,867)	(37,907)	(42,647)
Rentals	52	51	-	-	-	-	-
Depreciation	15,558	16,335	23,854	23,395	25,459	38,274	39,000
Change in pension scheme liabilities	120	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities	111	-	-	-	-	-	-
Other resource	994	2,250	18,421	-	-	-	-

Notes to table

As part of the Spending Review, HM Treasury redefined the definition of Administration expenditure; the effect of this has been to significantly increase the Administration expenditure for each business area and increase the overall baseline of the Department from c£420m in 2010-11 to c£642m in 2011-12. This was offset by a reduction in Programme expenditure.

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

Previous years 2009-10 and 2010-11 have not been restated to reflect this change.

The split of expenditure between Paybill, Other expenditure and Income has not been finalised for 2014-15 and 2015-16.

Table 5 Ministry of Justice: Staff numbers Full-time equivalents - FTEs

	2011-12 Actual	2012-13 Actual	2013-14 Actual
Permanent	89,935	84,275	78,988
Consultants	17	12	19
Contingent labour	2,108	2,634	3,188
Total	92,060	86,921	82,195

The figures relate to Full-time equivalents (FTEs) as at 31 March each year.

Contingent labour represents workers used to cover business-as-usual or service delivery activities within an organisation, also often referred to as Temporary or Agency Staff.

Consultants relates to the provision to Management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

Table 6 Ministry of Justice: Total spending by country and region (£m)

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn
North East	464	449	456	433
North West	1,385	1,379	1,300	1,286
Yorkshire and Humberside	949	916	863	837
East Midlands	639	613	591	568
West Midlands	922	881	866	867
Eastern	638	652	615	546
London	2,129	2,043	1,906	1,807
South East	1,063	1,066	958	928
South West	615	620	617	599
Total England	8,804	8,619	8,172	7,871
Scotland	64	31	45	39
Wales	488	476	472	463
Northern Ireland	-	1	1	1
Total UK identifiable expenditure	9,356	9,127	8,690	8,374
Outside UK	-	-	-	-
Total identifiable expenditure	9,356	9,127	8,690	8,374
Non-identifiable expenditure	-	-	-	-
Total expenditure on services	9,356	9,127	8,690	8,374

Table 7 Ministry of Justice: Total spending per head by country and region**(£s per head)**

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn
North East	180	174	176	167
North West	198	196	184	182
Yorkshire and Humberside	182	174	163	157
East Midlands	143	136	130	124
West Midlands	167	158	154	154
Eastern	111	112	105	92
London	268	253	232	217
South East	125	124	111	106
South West	118	118	116	112
England	169	164	154	147
Scotland	12	6	9	7
Wales	161	156	154	151
Northern Ireland	-	-	-	-
UK identifiable expenditure	150	145	137	131

Table 8 Total identifiable expenditure on services by function, country and region, for 2012-13 (£m)

	General public services		Public order and safety			Social protection			Total Ministry of Justice
	Executive and legislative organs, financial and fiscal affairs, external affairs	Total general public services	Law courts	Prisons	Total public order and safety	Old age of which pensions	Old age of which personal social services	Total social protection	
North East	0.2	0.2	245.4	187.3	432.8	0.4	0.0	0.4	433.3
North West	0.6	0.6	671.2	612.0	1,283.2	2.4	0.0	2.4	1,286.2
Yorkshire and The Humberside	0.4	0.4	399.7	435.6	835.2	1.5	0.0	1.5	837.2
East Midlands	0.4	0.4	294.4	272.4	566.9	0.8	0.0	0.8	568.0
West Midlands	0.5	0.5	470.9	393.9	864.8	1.3	0.0	1.3	866.5
East	0.5	0.5	286.7	257.1	543.8	1.7	0.0	1.7	546.0
London	0.7	0.7	1,029.1	771.8	1,800.9	5.0	0.0	5.0	1,806.6
South East	0.7	0.7	503.5	419.3	922.8	4.0	0.0	4.0	927.5
South West	0.4	0.4	355.4	241.1	596.5	1.7	0.0	1.7	598.7
England	4.4	4.4	4,256.4	3,590.5	7,846.9	18.7	0.0	18.7	7,870.0
Scotland	0.1	0.1	35.4	0.0	35.4	3.3	0.0	3.3	38.7
Wales	0.1	0.1	234.6	227.3	461.9	0.9	0.0	0.9	462.9
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.8
UK Identifiable expenditure	4.6	4.6	4,526.4	3,817.8	8,344.2	23.7	0.0	23.7	8,372.5
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Identifiable expenditure	4.6	4.6	4,526.4	3,817.8	8,344.2	23.7	0.0	23.7	8,372.5
Not Identifiable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	4.6	4.6	4,526.4	3,817.8	8,344.2	23.7	0.0	23.7	8,372.5

Notes to tables

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 the November 2013 release. The figures were largely taken from the Online System for Central Accounting and Reporting (OSCAR) during the summer of 2013 and the regional distributions were completed by the following autumn (taking on board any revisions to departmental totals). Please note that totals may not sum due to rounding.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central

government and public corporation elements of TES. They include current and capital spending by 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 2013.

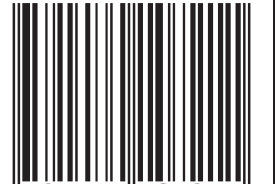
The data feature both identifiable and non-identifiable spending:

- 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 and cannot be disseminated by individual country or region is considered to be non-identifiable.

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 A of the CRA November 2013 release. These are not the same as the strategic priorities shown elsewhere in the report.

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